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STUDENT SATISFACTION, RESULTANT OF MARKETING ORIENTATION OF UNIVERSITY UNDER CURRENT CONDITIONS

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Abstract: *The purpose of this work is to present a relevant aspect of marketing approach of the activities carried by universities, respectively knowing, understanding and satisfying students' needs, the main consumer category of the university product, in the conditions of current market of high education institutions. The universities are put in the position to find solutions to the problems caused by the stakeholders' characteristics and by the existing competition on the educational market. The approach of marketing orientation in the university implies adapting the educational and scientific research step to create for the institution a brand image as a warranty of its sustainability on a competitive market by considering the needs and expectations of students. The conclusion is that there is a wide specialized literature that shows models that allow an adequate quantification of the students' satisfaction as a resultant of concerning the insurance of high education quality by using university marketing tools. Starting from the specialized literature, in the work was handled the quantification of the students' satisfaction that have completed Bachelor and Master cycle in order to improve the activity of the university.*

Keywords: *university marketing, student's satisfaction, the education quality, the university's image*

JEL Classification Codes: A23, I21, M31

1. INTRODUCTION. THE ROLE OF MARKETING IN THE UNIVERSITY ACTIVITY

The growth of competition in the academic environment has determined the universities to think marketing strategies designed to lead to the growth of student's satisfaction. Considering the students expectations and their perceptions regarding the quality of the activities conducted in the university represent an important step that leads to the growth of the university's notoriety. „The universities, as any other organization, exist to meet consumer needs of high education. That's why their main purpose is to provide consumers satisfaction by the offered products and activities” (Maringe, 2006, p.130). In this context, the university marketing has the primary role in the mission undertaken by the university, that of knowledge provider. In the field of high education, the need to analyze the demands and desires of knowledge existent in the society to meet these and to satisfy them at high quality standards both by the education process and scientific production is even more acute. Ever since medieval times, „the university was perceived as a source of science/high quality knowledge and advanced practice, useful for the members of the community, regardless the level of their welfare.” (Korka, 2009, p10)

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High education turned from an education orientated to teaching-learning into an education orientated to the consumer given that it is increasingly speaking about the need of promoting the student-centered learning. According to OCDE (2008, p.13), high education contributes to the economic and social development by:

- human capital formation through teaching;
- building a solid base of knowledge through research;
- dissemination of knowledge in order to incorporate it into practice;
- transfer knowledge to new generations by training specialists.

All these activities can be in as many university marketing objectives that contribute to the fulfillment of the university's mission into a more and more complex competitive market.

The implementation of marketing orientation in the universities was determined by the growth of the number of universities, the opening of national borders, the legislative changes in the education field, the increased competition. The marketing activities started to be treated by university management as being as important as financial aspects and the aspects related to the quality of the activity. The correct appliance of marketing in the academic field can bring significant benefits also to the entire society because it creates the adequate frame for a more profound understanding of the consumers needs, for the position occupied by the high education institution in the competition, to a better management of resources and a better understanding of the market's trend on which operates.

The concept of marketing acquires in the academic fields the same valences as in the business environment and contributes substantially to the institutional development.

The university marketing strategy is in relationship with the high education strategy because directs the efforts and resources to accomplish the mission and strategic objectives, it facilitates the decision making on the components of marketing mix.

"It is considered a successful strategy that step by which there are identified the target groups and their needs by using the marketing research, followed by the conceiving and implementing a balanced marketing mix. The strategies by which is aimed to obtain the competitive advantage are those who take into account the variables: quality, material and human support used in the process of education and research, the price and facilities in the price." (Diaconu, Pandelică, 2010, p.100)

University marketing strategic objectives refer to:

- image development and academic reputation among stakeholders;
- promoting professionally the educational offer and facilities for students;
- development of an interactive communication with students;
- the intensification of the collaboration with other universities and business environment.

Obtaining a positive reaction from the target market is conditioned by building the vision of the education market from the perspective of the university. In this respect, it is necessary to build the marketing mix, respectively **the five P (Product, Price, Placement, Promotion, Personnel)**, to establish marketing tactical tools that high education can combine and control. Kotler recommends that in building the marketing mix to start from the client, respectively the student with his needs and wishes, the acquisition convenience and the communication activity.

2. THE STUDENT'S SATISFACTION – THE RESULTANT OF MARKETING APPROACH

"The universities as any other organizations exist to serve the consumers' needs, and a first objective of this mission would be to deliver satisfaction to the consumer by the products and services specific to the academic environment." (Mariange, 2006, p.130).

In the literature of marketing, the concept of satisfaction gained a special significance. The satisfaction is defined in Explanatory Dictionary of the Romanian Language as *a feeling of contentment, pleasure*. Kotler et al. (2009, p.120) defines satisfaction as *"a feeling of pleasure of a person, resulted from comparing the perceived performance with the individual waiting."*

By the deeper knowledge of the student's expectations and by building the adequate university marketing strategy, the university will gain a positive image as a result of their satisfaction.

In the academic field, satisfaction is the consequence of the effectiveness, and the laborious effort of identifying the values, attitudes and students expectations, it is necessary for the insurance of quality in the high education, and, implicitly, the growth of student's satisfaction.

According to Korka M. (2009, p.17) *"the education quality is defined as a set of characteristics of a study program and of its supplier who satisfies the beneficiaries expectations."*

Starting from this definition, we can affirm that there is a casual relationship between education quality, student's satisfaction and the individual performance of the student, respectively the performance of education supplier.

The high education quality is dimensioned as is shown in the model developed by Al-Alak Basheer A., Alnaser Ahmad Salih Mheidi (2012, p.159) by: tangibility, empathy, responsiveness, ensuring trust, fairness. Ahmed Ishfaq, et al. (2010, p.2528) studied the impact of quality over the satisfaction and motivation of students and affirmed that satisfaction in education is the most important goal to which the education has to tend because *"the students satisfaction represents the source of all competitive advantages and the source of communication by word of mouth of the image of education institutions."*

European Association for Quality Assurance in Higher Education - ENQA consider as being strategic elements of the assurance of high education quality the following (Gvaramadze, 2008, p.444):

- assuming the responsibility by universities in terms of internal quality assurance;
- the development of an internal culture;
- the improvement of organizational structures;
- ensuring transparency;
- access to public and private funds;
- considering the education beneficiaries interests in the quality systems of high education;
- continuous improvement of the quality assurance system.

Among recent Romanian studies referring to the quality of high education and the satisfaction of education beneficiaries it is included that made by Raboca Horia Mihai and Solomon Adina (2010, p.127).

In the conditions of international market development of high education, the positive image of the university is conditioned by the preoccupation for ensuring the quality to confer credibility to the students and competitive advantage. It is more and more necessary that the universities to know which are the student's perceptions about the university due to the experience acquired therein.

Table 1. Dimensions of quality perceived in high education institutions

Nr	Dimensions of quality perceived in high education institutions	Author
1.	Personal attitude, aspect, objectives of training and evaluation, seriousness, sustained effort	Casanueva, Peribanez and Rufino (1997)
2.	Study programmes, institution reputation, tuition costs, career opportunities, location, time,	Joseph and Joseph (1997)
3.	Communicating with the teaching staff, reputation, material base, communication with administrative staff, syllabus, ease of access	LeBlanc and Nguyen (1997)
4.	Tangibility, credibility, security, empathy, response capacity.	Li and Kaye (1998)
5.	Office environment, staff outfit, availability to help, availability program.	Galloway (1998)
6.	Attitude, content, academic resources, competence.	Owlia and Kaye (1998)
7.	Staff, functional size of the teaching staff, accessibility and teaching methods of teachers, staff outfit and other services.	Camisón, Gill and Roca (1999)
8.	The content of the course, different facilities, evaluation, offering counseling services, communication in the university, concern shown by teachers towards students, social activities.	Kwan and Ng (1999)
9.	Offering base activities, wanted activities and some functional elements	Oldfi Eld and Baron (2000)
10.	Tangibility, security credibility empathy, feed-back.	Bigne, Moliner and Sánchez (2001)
11.	The attitude and behavior of teachers, teaching abilities, the content of education plans, offered facilities and equipment.	Campelleras and Viciana (2001)
12.	Implying top management, the way of transmitting the information, facilities offered in campus, respect, feedback offered to students, the capacity of improving the university activities,	Sakthivel and Rajendran (2005)
13.	The content of courses, offering marketing courses, recruitment system of students, the way of teaching, the evaluation and monitoring system, different offered services.	Telford and Masson (2005)
14.	The abilities of the teaching staff, IT facilities, providing additional training materials, the quality and coherence in teaching, the facility of approach of teachers.	Douglas and Barnes (2006)
15.	Functionality, socialization, motivation, friendship, accessibility, receptivity, communication, teamwork, credibility, flexibility, comfort, competence, security, implication, integrity.	Douglas, McClelland and Davies (2008)
16.	<u>Syllabus</u> , educational effectiveness, material equipment and provided facilities.	Raboca and Solomon (2009)

Source: Raboca Horia Mihai, Solomon Adina, *Measuring the Quality of a Master's Program Course in Public Administration*, *Transylvanian Review of Administrative Sciences*, No. 29E/2010, p. 129, in Emanuela Maria Avram, "Marketing universitar - abordare din perspectiva consumatorului de educație superioară", PhD thesis, ASE, Marketing Faculty, 2012

The specialized literature offers models that catch the consumers' perceptions related to the quality of the activities which they beneficiate of. Cronin and Taylor developed in 1992 the SERVPERF model which, in their opinion, has the capacity to supply a representative score of quality by considering the 22 items of the SERVQUAL model, validated by Parasuraman et al (1985) who evaluates the quality as the result of the comparison between perceptions and expectations. In 2005 Firdaus proposed the HEDPERF (Higher Education Performance-only), an authentic model of determining the quality in the academic environment created by considering those two models already mentioned to which have been added six dimensions: *non-academic*

aspects, academic aspects, reputation, access, programme issues, understanding[‡] (Firdaus, 2006, p.33).

All the perceptions that the students form, related to the university where they have studied, shape the notion of image, positioning tool that influences the attitude of students and graduates over the high education institution. The universities are more and more preoccupied about the image improvement with the purpose of attracting students and to transform them in opinion makers.

From the marketing point of view, the image represents “a set of meanings or realistic, affective, symbolic opinions, with which are perceived the products, brand or firm by the consumers.” (Papuc, 2007, p.26). The image of the university is (Diaconu, Pandelică, 2011, p.104) „a strategic component because university marketing operates especially with the intangible aspects whose mental representation is essential”. The mission of the university, the pursued objectives, the functionality of the organizatoric structure are aspects taken into account by the stakeholders in building the image. All thoughts, perceptions, attitudes that result from the educational services consuming experience are often associated with the notion of brand, defined by the American Association of Marketing as a „name, term, design, symbol, or any other characteristic by which a good or service is identified as being different from those of other sellers”. In high education there is a series of general determinants of the university brand and also many factors that influence the university brand. These are given in the above table:

Table 2. Determinants of high education brand

General determinants of brand	Determinant factors of high education brand	Source
Consumer-university staff relationship	Academic and non-academic performances Support for students	Cheng & Tam, 1997; Davies & Ellison, 1997; Kent, Lian, Khan & Anene, 1993; Smith & Ennew, 2000
Size of university	Positive influence over the reputation and market classification	Ferris & Stallings, 1988; Hagstrom, 1971; Kent et al., 1993; Oromaner, 1970; Temple, 2006; Chen, 2008
Availability of information	University curriculum Extra-curriculum Posters Magazines Local media Regional media National media Radio, TV Golden Pages Press Releases, Web	Davies & Ellison, 1997
The quality of university activities	Academic services Curriculum structure Academic facilities Library General facilities Accommodation for students The modernity of the building	Cheng & Tam, 1997 Davies & Ellison, 1997 Kent et al., 1993 Smith & Ennew, 2000

[‡] Firdaus A., *Measuring service quality in higher education: HEDPERF versus SERVPERF*, Marketing Intelligence & Planning Vol. 24 No. 1, 2006, p. 33

	Sports facility Laboratories The availability of courses Availability for consulting the program	
Study fee	Study fee represents the main source of income for the private universities and exerts a major influence over the students and their families. In the level of university taxes the quality of supplied services is reflected.	Davies & Ellison, 1997 Kotler & Fox, 1995
Personality and style	General environment of the university	Cheng & Tam, 1997

Source: Mourad M., Ennew C., Kortam W., Descriptive Evidence on the Role of Corporate Brands in Marketing Higher Education Services, Service Science, 2(3), 2010, p. 160, in Emanuela Maria Avram - "Marketing universitar - abordare din perspectiva consumatorului de educație superioară", PhD thesis, ASE, Marketing Faculty, 2012

It is important that universities work to continuously improve the image by modernising the tangible elements and by building a durable relationship of the university staff with stakeholders.

3. RESEARCH METHODOLOGY

We started from the size of quality perceived in high education as it was identified by Campelleras and Vicianá (2001), respectively, the attitude and behavior of the teachers, the teaching abilities, the content of education plans, the offered facilities and equipments and we made a qualitative analysis using focus group to collect information regarding the senior students' experiences, perceptions and opinions of a economic master program of the university to establish how satisfied they are about the global educational product that they have consumed and if the university has a positive image on the educational market.

The topics proposed for discussion were the dimensions of quality perceived in high education mentioned above. In the discussion attended 11 master terminal year from the economic masters.

4. CONCLUSIONS

The conclusions that appear from the horizontal and vertical analysis are the following:

- the attitude and behaviour of teaching staff was appreciated as being properly, the well professional training and experience of the teaching staff contributing mainly to the design of a positive image of the faculty and university towards students;
- there is a good communication with the teaching staff, but some of them do not take into account students point of view;
- are perceived as being more efficient the oral final examinations than those written;
- seminar activities are perceived by students as interactive and it is desirable that the time for these to be bigger than the time for the lectures;
- students highlighted the fact that there should exist much more preoccupation from the teaching staff to increase the share of practical examples in the presented lectures;
- although most of them are pleased by the offered facilities and equipments, the students appreciate that there is not the same level of comfort in all buildings where they operate ;
- the direct relationship with the students cultivated by the non-teaching staff must be substantially improved also as the vertical communication in the institution to offer clear and comprehensive information;

- hospitality services and those of leisure offered in the university campus, although they have been improved comparing with the stage where they were at the beginning of their license cycle, these services are still far of the perception that the students have about it;
- the services offered by the library are perceived as being inappropriate from the perspective of the new book fund;
- the relationship between the university and the labour market is perceived as being a less intense one, especially regarding the openness that the potential employers manifest for high education graduates; from this perspective, the university's image is positive, especially for the students from technical faculties;
- the stage of practical training is perceived as a tool that should be substantially improves, especially by growing the involvement in the student's tutorial.
- the university is perceived by students as a university that ensures a medium level of satisfaction in accordance with students expectations; the image can be substantially improved if they think of awareness strategies of business environment in accordance with the educational and scientific offer of the study curriculum from the university and internal marketing strategy with strict reference to motivating the staff.

This study can be seen as a starting point in the development of new studies concerning the marketing policy of the university with an impact over the quality of formative process of students.

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ANALYSING THE MAIN INDICATORS OF GLOBAL TOURISM FLOWS IN EVOLUTION AND STRUCTURE

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Abstract: *Tourism is one of the most important economic sectors and the largest industry in the world, as it contributes to 5% of gross domestic product (GDP) worldwide and 6-7% of total employment. The international tourist flow has increased significantly during the latest 15 years. In 2011 there was a record number of international tourist arrivals (980 million), although during this year the global economic recovery has been slow and there have been major political changes in the Middle East or North Africa and natural disasters in Japan. The UNWTO forecasts show that the record of 1 billion international tourists (growth rate of 3-4%) will be reached in 2012.*

Keywords: *tourism, tourist regions, indicators of tourist flow, tourism flows.*

JEL Classification Code: L83

1. INTRODUCTION

Tourism means all activities related to the movement of people for leisure recreational purposes (rest, treatment, entertainment) in another city or country. Tourism is a social, cultural, and recreational activity that developed spectacularly over the last century, due to rising living standards, income, and leisure time; the developing means of transportation allowed travel at great distances in a short time and emerged new tourist destinations. Thus tourism became the main source of income in countries like Greece, Italy, Spain, Switzerland, the countries around the Caribbean Sea, some Pacific islands, etc.

On the other hand, tourism is the industry of goods and services created to meet tourists' desires, preferences and motivations in a destination. The tourism industry also includes those facilities for tourists' accommodation, dining, entertainment, transport, treatment.

The unitary, coherent and effective development of tourism as any other field of activity, requires an appropriate institutional framework, a proper tourist destination management, whose performances will reflect certainly in economic and social progress of the respective region.

2. RESEARCH OBJECTIVES AND METHODOLOGY

The main objectives of the research consisted of gathering, synthesizing and analyzing the evolution and structure of the main indicators of tourist flows globally. This paper considered both physical and value indicators.

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The structure and evolution of the global tourist flows were analyzed first in terms of international tourist arrivals, including comparisons between advanced and emerging economies, and then in terms of the main tourist regions.

Since this analysis includes the evolution of the main value tourism indicators, the authors collected and processed statistical data on tourism receipts by tourist destinations.

An important issue in measuring the tourism phenomenon is collecting the information, register methods and tools used for this purpose. The reference studies show that the basic tools for tourism research are the *direct and complete observations* of the phenomenon, such as censuses, inventories and *partial observations*, such as surveys on samples with behavior identical to the assembly. They may be applied on key areas of tourism, namely customs, accommodation facilities, or points of financial transactions.

Statistics and research studies in tourism are very important in supporting sustainable investments and capacity planning decisions in tourism. The information from statistical sources is the starting point in the documentation process of a prospective study in tourism (especially regarding quantitative side). The detailed investigation of the statistical sources provides most of the information for a prospective study, highlighting the most important laws, directions, guidelines and scale of development in the tourism market phenomena [1].

Data collection from bibliographic sources and statistics on tourism was performed considering the following aspects:

- the bibliographic and statistical sources must inspire confidence (to provide accurate, objective and valid information,), such as those provided by the World Tourism Organization (UNWTO), or specialists' papers;
- the information was collected carefully to avoid various mistakes (of inattention, or technical mistakes);
- the direct information about the investigated phenomena was supplemented with indirect information concerning tangential or interdependent issues;
- we consulted the most recent statistical sources and selected the most valuable and representative information (based on the latest theoretical and practical concepts in the field);
- all information has been assessed according to the stated purpose of the study.

This study is based on reliable bibliographic research and data sources available on the internet, on some leading global organizations' websites. Primary data on tourism statistics were taken from the Department of Statistics and Economic Quantification of Tourism of the World Tourism Organization, United Nations World Tourism Organization (UNWTO) and the Tourism Satellite Account and processed into pertinent conclusions.

3. INDICATORS OF TOURISM – A SHORT LITERATURE REVIEW

The statistical analysis of the tourism market is a method aimed at the evolution of some indicators expressing the satisfied demand. Based on these indicators and using analytical techniques and processes, one may determine the main characteristics of tourism demand (volume, structure, distribution, density, development and territorial distribution of tourism demand trends and changes) and research the origin and destination of tourist demand, motivation of travel, the average overnight stay, or loyalty to a particular destination [1].

The tourism indicators capture and render synthetically and mathematically, information on different aspects of travel, useful information to measure the phenomenon and its effects, to anticipate trends and to substantiate evolution of development policy. These diverse indicators depend on the existence of some primary sources of data collection, as well as on appropriate methods and techniques [2].

Tourism flow is one the most important indicators of tourism. Tourist flows are measured in physical units and value units.

The *physical units* are represented by the number of tourists that can be recorded as arrivals and departures, either at the border or at the accommodation units [3].

The *value indicators* of tourist flows refer to the effect of tourism consumption and effort. The effect is measured by sales volume for domestic tourism, while the effort is measured by the total tourism consumption expenditure for domestic tourism [3].

From the category of value indicators, the most important are the volume of expenditure and the amount of tourism receipts.

By combining the value and the physical indicators, other two indicators may be determined: average receipt/ expenditure per tourist and average receipt/ expenditure per tourist daily [4].

4. ANALYSIS OF INTERNATIONAL TOURIST ARRIVALS DURING THE LAST 15 YEARS AND THEIR STRUCTURE ON TOURIST REGIONS

International tourist flow increased spectacularly in the last 15 years (Table 1), from 561 million tourists in 1996 to 980 million tourists in 2011.

Table 1. Global international tourist arrivals during the last 15 years															
(million tourists)															
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
561	586	603	625	674	673	693	682	753	797	842	898	917	882	939	980

(Data source: World Tourism, Barometer, UNWTO, Jan. 2012)

2000-2003 period was one of stagnation, and in 2009 there was a slight decrease in the number of international tourists, due to the economic crisis that affected this sector (Figure 1).

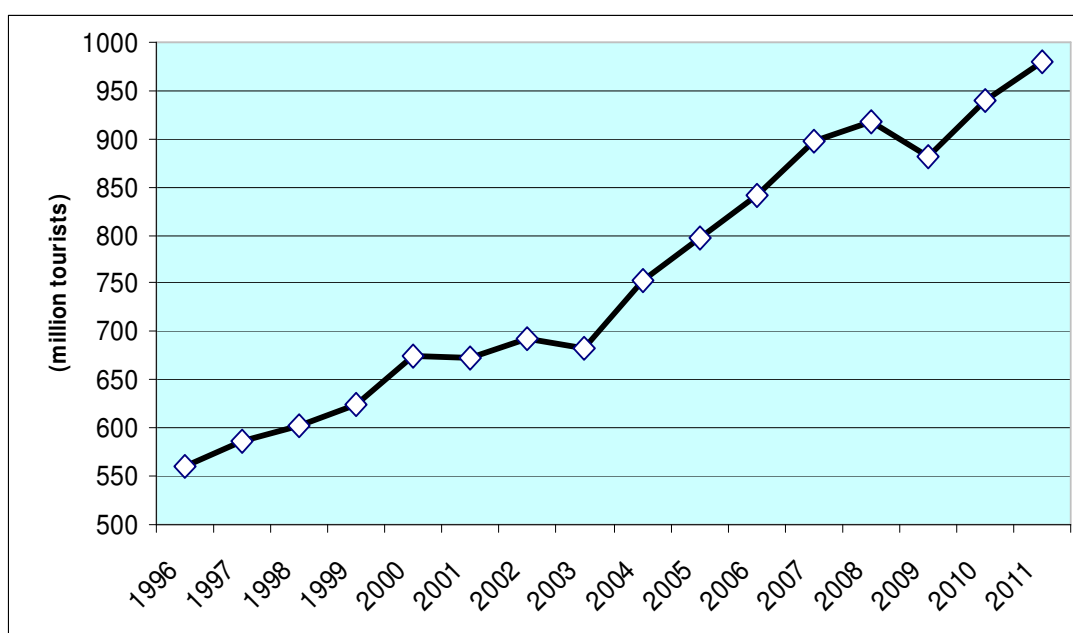


Figure 1. Global international tourist arrivals during the last 15 years

In 2011, there was a record number of international tourist arrivals (980 million), although during this year the global economic recovery was slow, and there were major political changes in the Middle East or North Africa, and natural disasters in Japan (earthquakes, tsunamis) [6].

Globally, tourism has experienced a dramatic recovery in 2010-2011, whereas the economic sector was affected by the global financial crisis and economic recession, especially in 2009. The present average multi-yearly growth rate of international tourism is 3.4% and reached 4.4% in 2010-2011.

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Advanced economies	349	363	376	393	417	409	414	405	430	453	476	497	496	474	498	523
Emerging economies	211	223	226	232	257	264	279	277	323	345	365	400	421	407	440	457

(Data source: World Tourism, Barometer, UNWTO, Jan. 2012)

Contrary to previous years, and reflecting the economic situation, the tourism recovery was more pronounced in advanced economies (Table 2), where arrivals increased by 5% compared to emerging economies - 3.8% increase - Figure 2. This was due to higher results in Europe (+6%) and decreases in the Middle East (-8%) and North Africa (-12%).

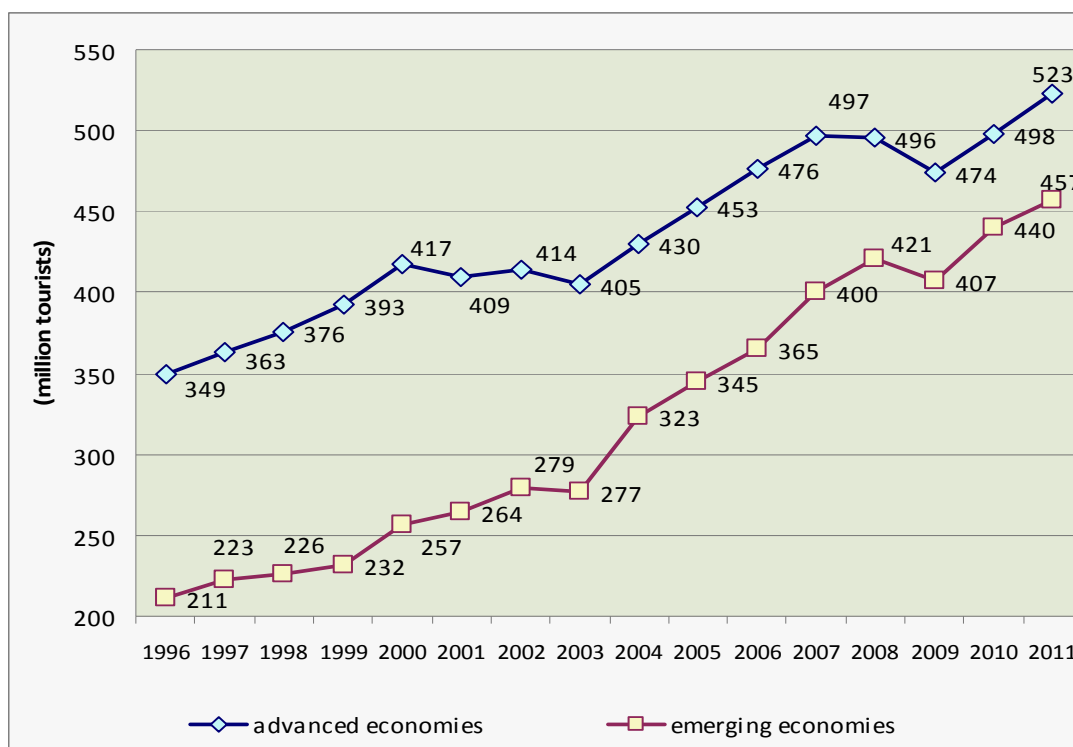


Figure 2. International tourist arrivals during the last 15 years in advanced and emerging economies

The relatively small differences of arrivals growth in countries with advanced economies and in emerging countries are predictable taking into account the situation:

- **travel motivations** - approximately 50% of international tourists traveled for leisure, recreation and holidays, 15% for business and professional activities, other 34% for other purposes such as visiting friends and relatives, pilgrimages, treatment and health;

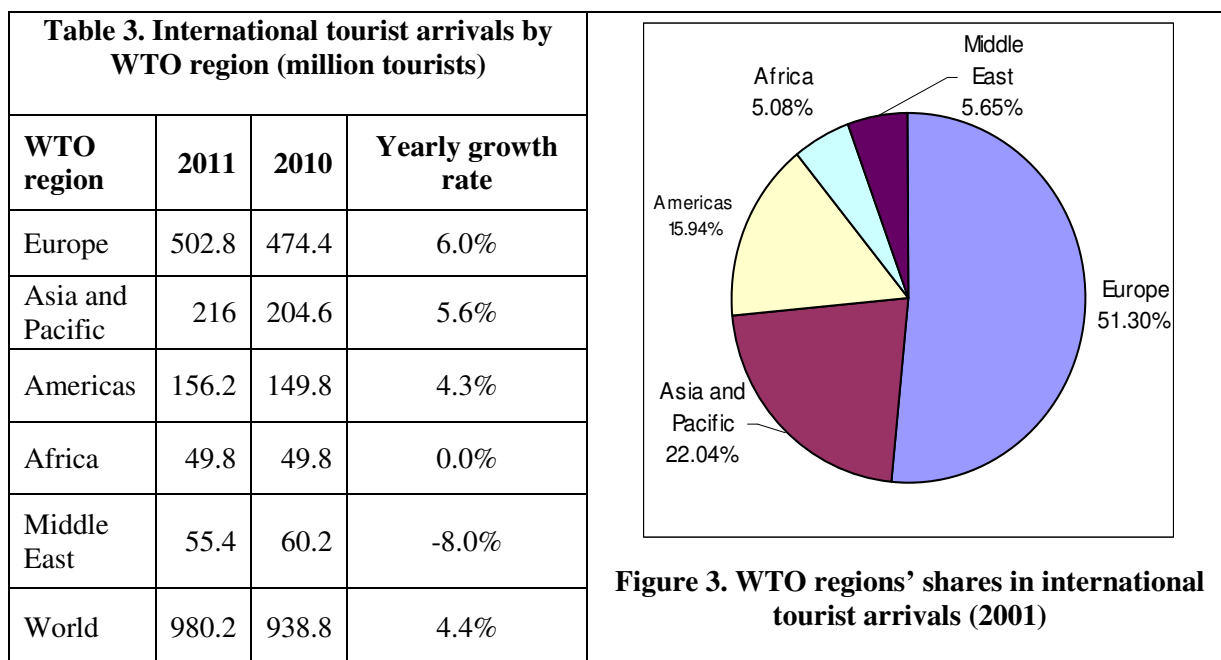
- **means of transportation** used in international travel - over 50% is air transport, more than 40% road, 6% waterway and 2% railway (considerable share of air transport limits the adverse effect of road infrastructure in emerging economies, often inadequate for a civilized tourism).

5. ANALYSIS OF INTERNATIONAL TOURIST ARRIVALS BY TOURIST REGIONS

Given a set of criteria (geographical, tourist potential, international tourist arrivals, receipts from international tourism, tourism potential, tourism infrastructure, environmental quality), the World Tourism Organization (UNWTO) distinguished **five main tourist regions** in world: Europe, Asia and the Pacific, the Americas, Africa and the Middle East, each with its subregions.

The top tourist regions of the world regarding international tourist arrivals and tourism receipts are: Europe, Asia-Pacific and the Americas. The international tourist arrivals the international tourist receipts are the two key indicators in tourism.

In case of international tourist arrivals by WTO regions in 2011 (Table 3), the top ranks Europe (502.8 million visitors and 51% of world tourist flow), followed by Asia and the Pacific (216 million tourists and 22 % of world tourist flow), the Americas (156.2 million visitors, or 16% of world tourist flow) - Figure 3.



(Data source: World Tourism, Barometer, UNWTO, Jan. 2012)

The growth rate of tourist arrivals worldwide was 4.4% (in 2011 compared to 2010), above average, occurring in the same regions mentioned above (Table 3). Thus, due to armed conflicts and political changes, North Africa showed stagnation (49.8 million visitors, and 5% of world tourist flow) and the Middle East (55.4 million visitors, representing 6% of world tourist flow) a decline in tourist flow (-8%) - Figure 4.

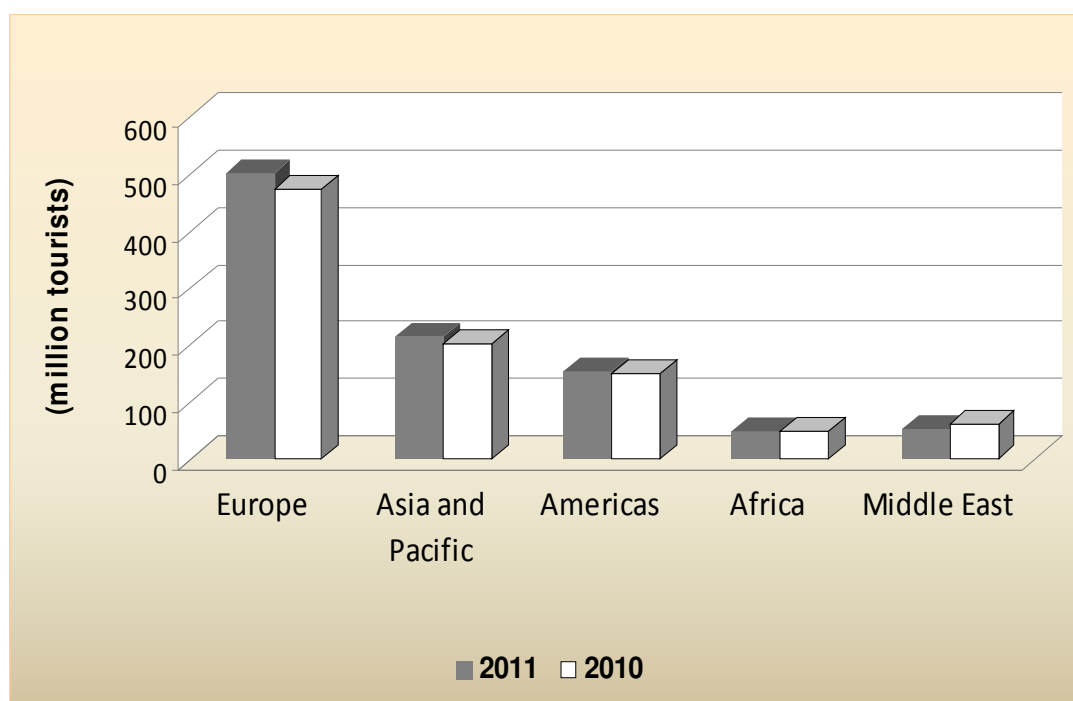


Figure 4. The international tourist arrivals by WTO regions

Despite the economic uncertainty in the analyzed period (2009-2011), the number of international tourists in Europe continued to grow, reaching 503 million in 2011 (Table 4 and Figure 5).

Table 4. International tourist arrivals by WTO subregions (2009-2011)					
WTO subregions	International tourist arrivals (millions)			Yearly growth rate of international tourism	
	2009	2010	2011	2010/2009	2011/2010
World	882	939	980	6.5%	4.4%
Northern Europe	57.8	57.98	60.9	0.3%	5.0%
Western Europe	148.5	154	158.3	3.7%	2.8%
Central and Eastern Europe	9.2	93.5	100.8	916.3%	7.8%
Southern Mediterranean Europe	164.5	169	182.8	2.7%	8.2%
European Union	353.9	362.4	382.4	2.4%	5.5%
North-East Asia	98	111.6	115.5	13.9%	3.5%
South-East Asia	62.1	69.8	76.2	12.4%	9.2%
Oceania	10.9	11.6	11.6	6.4%	0.0%
South Asia	10.1	11.6	12.6	14.9%	8.6%
North America	92.1	98.2	101	6.6%	2.9%
Caribbean	19.5	20.1	20.8	3.1%	3.5%
Central America	7.6	7.9	8.2	3.9%	3.8%

South America	21.4	23.6	26.1	10.3%	10.6%
North Africa	17.6	18.7	16.4	6.2%	-12.3%
Sub-Saharan Africa	29.1	31.1	33.3	6.9%	7.1%
Middle east	52.2	60.2	55.4	15.3%	-8.0%

(Data source: World Tourism, Barometer, UNWTO, Jan. 2012)

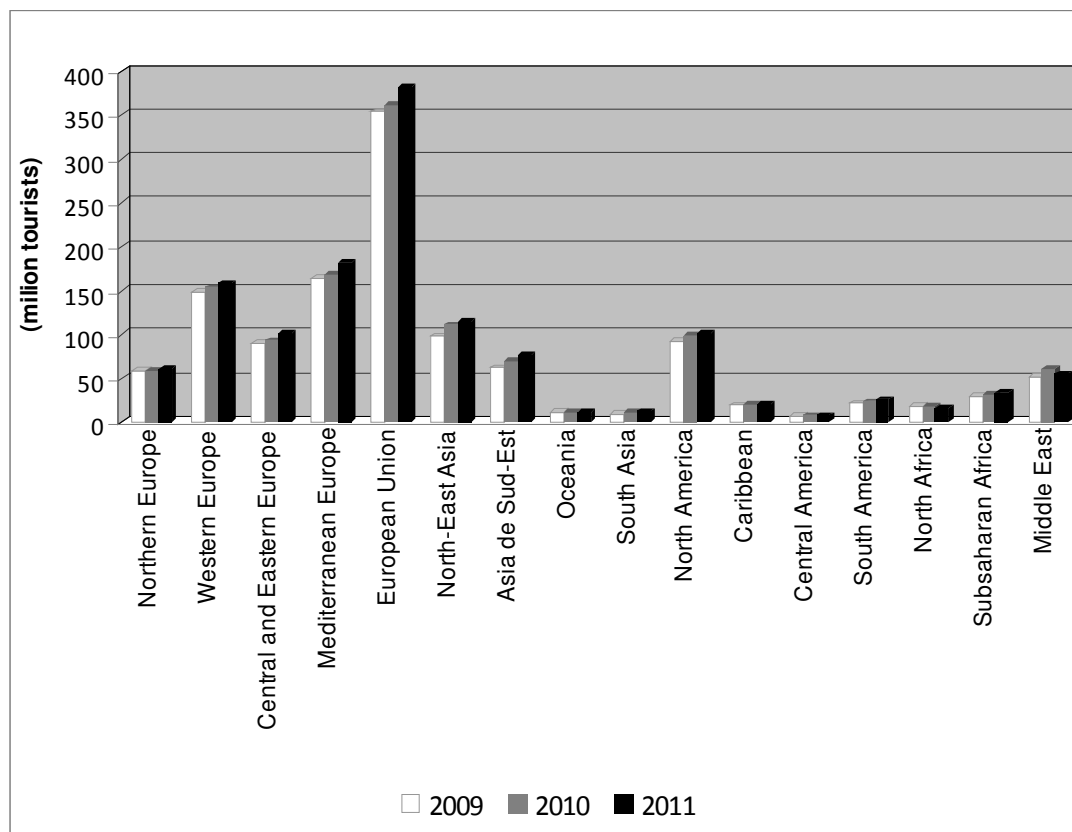


Figure 5. International tourist arrivals by WTO regions (2009 – 2011)

As can be seen in Figure 6, the best results by WTO subregions were registered in Mediterranean Europe (+8.2%), Central and Eastern Europe (+7.8%).

The Mediterranean Europe experienced this growth due to tourist flow reorientation from North Africa and the Middle East. Asia and Pacific region grew by 11 million tourists during the period 2010-2011, the best result subregions being South Asia and South-East Asia (both by about 9%). Lower values of tourism growth rate occurred in North-East Asia subregions (+3.5%) and Oceania (0%), due to the temporary decrease in tourist flows from Japan.

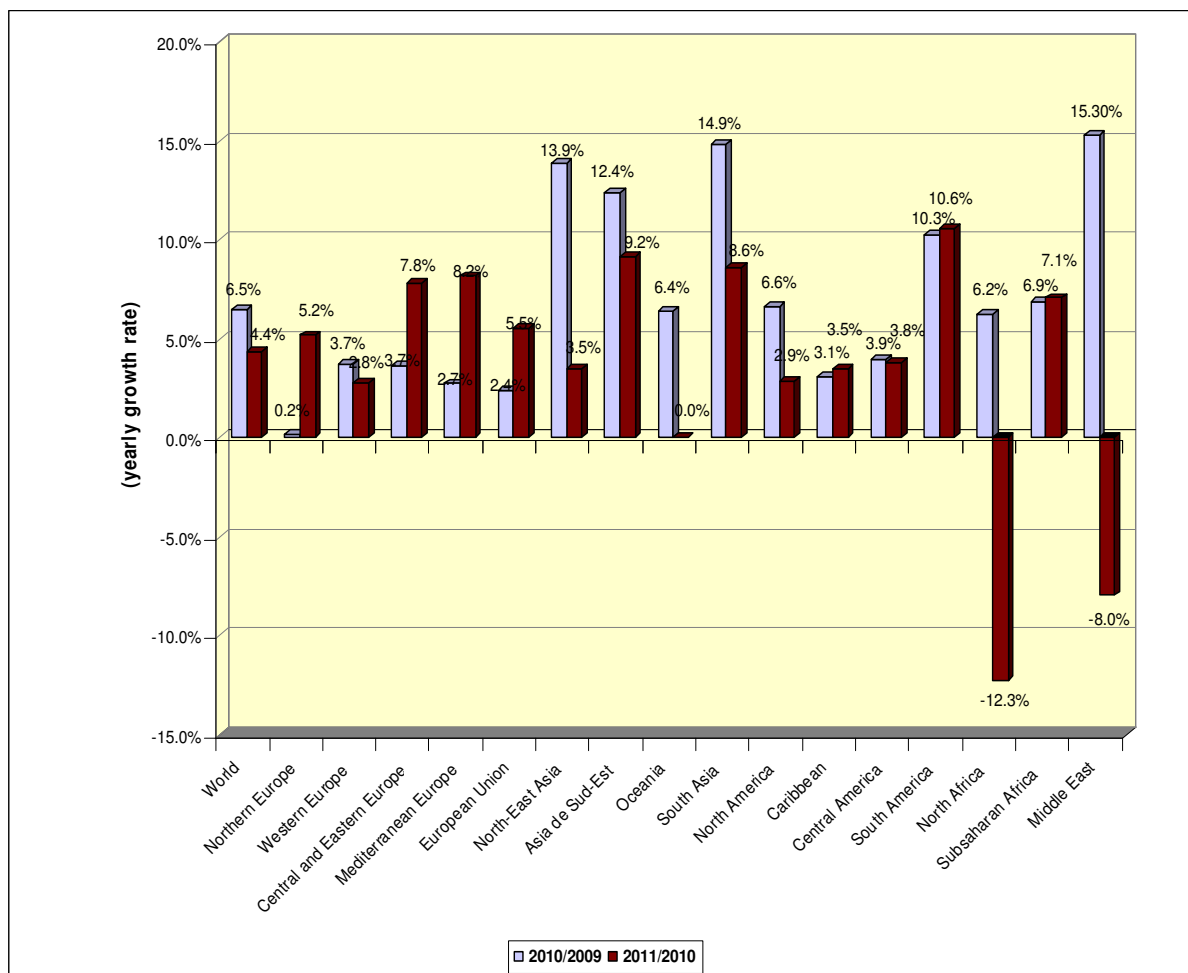


Figure 6. The yearly growth rate of international tourism by WTO subregions during the periods 2009 – 2010 and 2010 – 2011

The UNWTO forecasts show that the record of 1 billion international tourists (3-4% growth rate) will be reached in 2012. Countries with emerging economies will regain their positions, especially those in Asia-Pacific (with a growth rate estimated at 4-6%), followed by those in America and Europe (2-4%). The Middle East is expected to recover the number of international tourists with 0-5% compared to 2011 losses.

As the worldwide tourist destinations try to stimulate demand for travel even in economic crisis, the UNWTO advises governments to develop travel facilities, improve information and communication technologies, facilitate visa formalities and analyze the possible impact of tourism flow growth on economic growth in tourism.

6. ANALYSIS OF TOURIST ARRIVALS BY TOURIST DESTINATIONS AND THEIR INFLUENCES ON THE VALUE INDICATORS OF TOURIST FLOWS

In terms of international tourist arrivals, the major tourist destinations are: France (76.8 million), the U.S.A. (59.7 million), China (55.7 million), Spain (52.7 million), Italy (43.6 million), the UK (28.1 million), Turkey, Germany, Malaysia and Mexico. Among the top ten tourist destinations, significant increases in international tourist arrivals were recorded by the U.S. (+12%), Spain (+9%), the UK (+7%) and Hong Kong (+25%).

The highest values of tourism expenditure in emerging source markets belong to: China (+38%), Russia (+21%), Brazil (+32%), followed by traditional markets, with increasing expenditures of tourists from Germany (+4%) and the USA (+5%), compared to previous years [6].

International tourism receipts exceed \$ 900 billion annually (919 billion dollars or 693 billion euro in 2010), an increase of 4.7% over 2009. Therefore, tourism is one of the most important industries. Furthermore, tourism is the largest industry in the world, as it contributes to 5% of gross domestic product (GDP) worldwide and 6-7% of the total number of jobs [5].

As Figure 7 shows, the U.S.A. ranks first in receipts from international tourism (\$ 103.5 billion), followed by Spain (52.5 billion dollars), France (46.3 billion dollars), China (45.8 billion dollars), Italy (38.8 billion dollars), Germany (34.6 billion dollars), the UK (30.4 billion dollars), Australia, Hong Kong and Turkey.

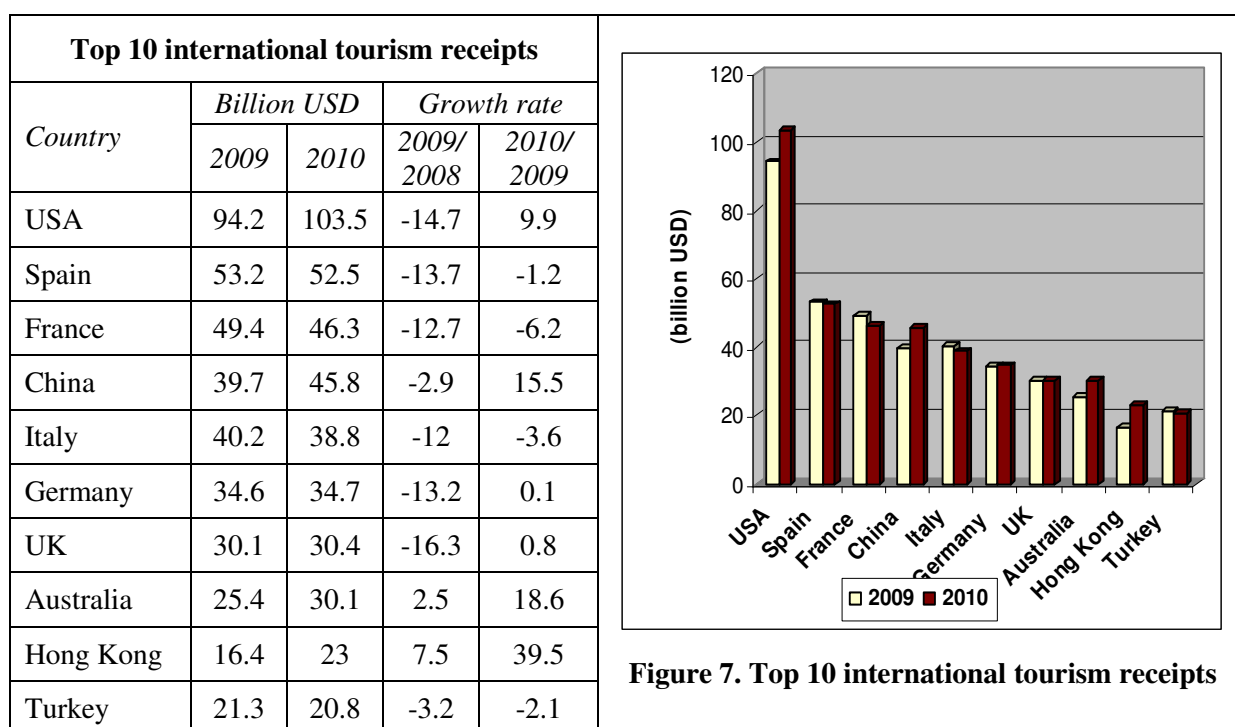


Figure 7. Top 10 international tourism receipts

(Data source: Tourism Highlights, UNWTO, 2011)

Regarded as an internationally traded service, tourism has become one of the major components of world trade. Exports generated by international tourism which includes passenger transport, exceeded 1000 billion dollars in 2010, in other words \$ 3 billion a day. Export of travel services represents 30% of total world exports of commercial services and 6% of total world exports of goods and services.

Worldwide, viewed as a category of exports, tourism ranks fourth after fuels, chemicals and automotive products. For many developing countries, tourism is the main source of income from foreign exchange, ranking first as export category, creating jobs and opportunities for development [5].

7. CONCLUSIONS

Over time, the number of tourist destinations has increased, as well as the investments in tourism development, so that that modern tourism has become a key driver of socioeconomic progress by creating enterprises and jobs, infrastructure development and considerable revenue from tourism [5].

Europe is the largest tourist region in the world, attracting annually about 480 million tourists, meaning 51% of international tourist arrivals and 44% of international tourism receipts. Among its subregions, the highest growth trends have been registered by Mediterranean Europe (7%) and Central and Eastern Europe (4.5%). In Northern and Western Europe, the growth was lower, about 2-3%.

The European countries with the largest increase in international tourist arrivals are: Ukraine, Turkey, Greece, Portugal, Croatia, and Switzerland.

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EVALUATING THE COMPATIBILITY BETWEEN THE ACTIVITY OF S.C. ARPECHIM AND THE ECOLOGICAL RESTRICTIONS

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Abstract: *The environmental policy is the moving element for the implementation and improvement of a S.M.M. by which the companies can keep and improve the environmental performance. Therefore it is recommended that the environmental policy reflects at the highest degree the management commitment of the economic agent, to comply with legislation in force and seek the continuous improvement of the environmental performance. The environmental policy represents the foundation on which the organization lays in order to establish its general and specific environmental objectives. It is recommended for the environmental policy to be clear enough in order to be understood by the interested parties, both within the company and outside and to be analysed and revised periodically, so it reflects the modification of the conditions and information. Evaluating the compatibility between the activity of S.C. Arpechim and the ecological restrictions requires a global diagnostic based on 6 analysis grills. The purpose of the present work is of formulating that diagnostic.*

Key words: hierarchic level, environmental expenses, environmental policies, representation level

JEL Classification Codes: J410, O120, Q560

1. INTRODUCTION

Each type of organization has its organizational and functioning characteristics and from this point of view, it is difficult to recommend a common methodology, applicable wherever and at and whose success it's always guaranteed. Although consultants usually have their own methodologies, sometimes very advanced, based on a wide professional experience, nevertheless one cannot say that it's only one successful way.

From the category of the obstacles encountered in the way of making an ecological organization we can enumerate: (Oprean C., Suciu O., 2003):

- Opposition towards new ideas and approaches, for which the personnel has no formal training. Demonstration projects are vital to show that clean productions can function also in our country or in our company;
- Lack of financial resources, awareness and training, experience, information and access to existent knowledge;

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- Uncertainties regarding adequate information, technologies or legal regulations;
- Policies or governmental regulations based on reducing a single type of pollutant that does not encourage innovative solutions to reduce pollution and the ones offering incentives for investments in technologies to eliminate pollution at the end the pipe;
- Lack of familiarization of engineers and consultants with the practices and techniques of clean productions. Usually, they do not pay enough attention to the improvement of self-management, of the small modifications necessary to the existent equipment, or to other less technical problems, that can be very economically efficient;
- The fear to occupy a disadvantageous position from a competitive point of view due to high costs.

An organisation that adopts a clean production process, can achieve one or more of the following benefits, on the same time with pollution reduction:

- raw materials and energy savings;
- waste management lower costs;
- improved quality of the products;
- high productivity;
- reducing the risks of diseases of the workers and of the dangers upon environment;
- improvement of the public image of the company (Popescu E., 2006).

2. RESEARCH METHODOLOGY

In order to achieve the purpose of the research an analysis of the literature has been made (see Paul de Backer, *Le Management Vert*, Paris, Dunod.) that proposes the 6 analysis grills structured in 5 levels of representation of the phenomenon and environment processes at S.C. Arpechim.

Evaluation of the compatibility between the activities of the industrial ecological S.C. ARPECHIM restrictions means, in the end, expressing a global diagnosis, within the meaning mentioned, which can be based on six analysis grids:

- a) the importance of the environmental problems in the general strategy of the organization;
- b) the reflection of the environmental problems in communication and marketing strategy;
- c) the reflection of the environmental problems in the production strategy;
- d) the reflection of environmental problems in the ensuring strategy with human resources;
- e) the reflection of the environmental problems in the legal and financial strategy;
- f) the reflection of the environmental problems in the research – development strategy.

I propose the following content of the analysis grids, structured on five levels for representing the phenomena and environmental processes, in the general effort and, on fields, at ecological organization level.

3. EXPRESSING A GLOBAL DIAGNOSIS BASED ON ANALYSIS GRIDS

a) The place of the environmental conservation in the general strategy of S.C. ARPECHIM:

Table 1. The importance of the evaluation given to environmental conservation in the general strategy of S.C. ARPECHIM.

Presentation level (elements)	1	2	3	4	5
1. Hierarchic level for taking the environmental responsibilities			*		
2. Environment expenses (besides investments) in the budget of the organisation				*	
3. Investments for the conservation of the environment			*		
4. The importance given to in communication policy in the environ. management					*

5.The importance of the external communication policy within the environmental					*
6. The importance given to increasing the number of sustainers of the ecological activity					*
7.Efficient distribution (efficient and economical) of the environmental responsibilities				*	
8. Perceiving the need to ecologies the activity for internal environment of the organisation				*	
9. Perceiving the need to ecologies the activity for external environment of the organisation				*	
10.The share of environmental problems in the research - development activity.				*	
Presentation level (elements)	$Msg = (\sum Ei/50)*100$ $Ei = \text{representation level of the element } i$				

$$Msg = (41/50)*100=82\%$$

The evaluation of the global importance in environmental conservation, the general strategy (Msg) of the organisation, has as starting point the hierarchic level for taking environmental responsibility, the practice, having in this respect several situations:

1. taking on responsibilities by the general manager;
2. taking on responsibilities by a compartment;
 - public relations;
 - supervise and verify the production quality
 - ensuring safety in the development of the technical – productive processes
3. taking on responsibilities by more compartments
4. taking on responsibilities by a specialised compartment

b) Communication and marketing strategy

Table 2. Evaluation of the importance given to communication and marketing in the general strategy of the organisation S.C. ARPECHIM

Representation level (elements)	1	2	3	4	5
1. Are the objectives of the ecologisation of the activity clearly expressed?					*
2. Do you intend to increase the number of an ecological activity supporters?				*	
3. Do you request from your partners behaviour and an efficiency according with the objectives of the ecologisation?				*	
4. Can the present obtained products (services) benefit of a “green label”?			*		
5. Do you take into account to obtain products with “green label”?					*
6. Do you budget resources for the external communication with the clients, in connection to the ecological characteristics of the products (services?)				*	
7. Do you have a green card in the relationships with the supplies?				*	
8. Do you intend to modify the structure of the product s(services) in a favourable aspect for the environment taking into account:					*
- the public?					
- the clients?					*
- the suppliers ?					*
- the insurers?		*			
- the shareholders?		*			
- the collaborators ?			*		
9. How big is the effort of the “green” external communication?			*		

10. Do you have means for the prognoses of the ecological parameters of the products (services) realized?		*			
Reflection of the environmental problems in the communication and marketing strategy (Mcm)	$M_{cm} = (\sum E_i / 75) * 100$ E_i = representation level of the element i				

$$M_{cm} = (56/65) * 100 = 74.66 \approx 75\%$$

As the communication in the environmental management is a continuous process, is considered that the most aimed institution is the one of the organisation, for which the projection of the concept of environmental protection in the image plan presents various advantages. Separated, in point of the reference system, the internal and external communication in the environmental management, are in feed-back relation, because the internal communication give consistency to the mechanism of sending the image, increasing the efficiency of the external communication. The most important share must be held by the internal communication as it is necessary to transmit any information, first in the internal social environment, than in the external one as a condition to give value to the institution in question, of the experience achieved in time.

c) Reflection of the environmental problems in the production strategy

Table 3. Reflection of the problems in the strategy of S.C. ARPECHIM.

Presentation level (elements)	1	2	3	4	5
1. Is the safety of the activity one of the prior objectives?					*
2. Do you have organisational structures and means to promote the total quality?					*
3. Are the technological processes conceived according the ecological restrictions?				*	
4. Are the collaborators formed and informed for taking on the environmental responsibilities?					*
5. Does the organisation have an investment plan according to the adequate environmental legislation for its activity?					*
6. Do you take into account the position of the organisation on the competitive market of the transformation technologies used?					*
7. What place does the organisation occupy in the field of clean using technologies?				*	
8. What place do the impact studies have in the integration process of the environmental policy in the general policy of the organisation?				*	
9. Is there an analyse system even for the less severe ecology. crisis situations?			*		
10. Do you have a manual explicitly comprising maintenance and safety measures for the area where the activity is carried out?					*
11. Are they put into practice the safety and maintenance measures and instructions of the impact area?					*
12. Does the internal safety service regarding the activity realize an objective evidence of the impact of the technical – productive system on the environment?				*	
13. Do the structures of the organisation with responsibilities in the field of quality take into account the quality of life generally speaking?				*	
14. Are the “weak” and “strong” points regarding the observance of the ecological restrictions periodically analysed?					*
15. Does the decision to invest reflect a possible evolution of the public opinion and the regulations regarding environmental conservation?					*
Reflection of the environmental problems in the production strategy (Mp)	$M_p = (\sum E_i / 75) * 100$ E_i = representation level of the element i				

$$M_p = (68/75) * 100 = 90,66 \approx 91\%$$

d) Reflection of the environmental problems in ensuring strategy with human resources:

Each organisation should have in the organisation a person responsible for environmental problems and complying aspects depending on the size of the company and the type of business, disposition may not be a permanent responsibility. The environmental leaders should be selected taking into account the abilities proved and not appointed in the position because they were available. The management of the organisation should understand that this person will represent the organisation in the relations with the authorities and will be responsible for obtaining information for different internal and external reports. As the management has to take the final legal responsibility for these reports, it needs a person on which it can count. The candidate should be selected for his integrity and proved ability in solving different situations accurately.

Table 4. Reflection of the environmental problems in the insurance with human resources at S.C. ARPECHIM

Representation level (elements)	1	2	3	4	5
1 .Does the environmental policy reflects in the insurance policy with human resources at organisational level?			*		
2. Do the collaborators take the initiative by themselves to promote the objectives of the environmental policy?			*		
3. Is the ecological criterion part of the criteria system for choosing subordinates?	*				
4. Does the forming, informing of the collaborators in point of environmental object represent a consequent material and financial effort?			*		
5. Is the importance for environmental conservation a concern that is reflected in the establishment of the hierarchic structures?			*		
6. Can we talk about a generalized responsibility about the environmental problems at organisational level?				*	
7. Is it made responsible the perceiving of the ecological risks generated by the activity of the organisation at the level of the management structures?					*
8. Is there an action plan to involve all the collaborators in case of a technical accident?					*
9. Is there an action plan for the assembly of collaborators for the purpose of environmental safeguarding?				*	
10. Does the job description of the collaborators reflect the experience of some accidents and the results of the research in the environmental field?			*		
The reflection of the environmental problems in the insurance strategy with human resources (Mru)	$M_{ru} = (\sum E_i / 50) * 100$ E_i = representation level of the element i				

$$M_{ru} = (34/50) * 100 = 68\%$$

e) The reflection of the environmental problems in the legal and financial strategy:

The main regulations in force regarding environmental protection are:

- Law 73/2000 – Environmental fund law
- Order 340/2000, for the approval of the works and services Classification, that are provided by the environmental protection authorities in tax regime and the amount of related prices ;
- Law 107/1996 – Water Law;
- Order 125/1996 – The regulation procedure of the economical- social activities with impact on the environment;
- Order 756/1997, for the approval “of the regulation regarding environmental pollution assessment”;

- Order 278/1996, for the approval of the certifying Regulation for the elaboration of the impact study on the environment and of the environmental balances;
- Order 699/1999, for the approval of the Procedures and competences for issuing the water management permits and authorisations ;
- Law 8/1991, for the ratification of the Convention regarding trans boundary air pollution at long distances, concluded at Geneva, the 13th of November 1979;
- Law 84/1993, Romania's adherence to the Convention on the Protection of the Ozone Layer, adopted in Vienna on 22nd of March 1985, and to the Protocol regarding Substances that deplete the ozone layer, adopted in Montreal on 16th of September 1987, and for the acceptance of the amendment to the Montreal Protocol on Substances that deplete the ozone layer, adopted at the Second Meeting of the Parties in London, 27-29th of June 1990;
- Law 24/1994, ratifying the United Nations Frame Convention on climate changes signed in Rio de Janeiro on the 5th of June 1992.

According to Law 137/1995 – The Environmental Protection Law, the strategic principles and elements to ensure sustainable development are:

1. Precautionary principle in decision making;
2. The principle of prevention of environmental risks and damage occurrence;
3. The principle of conservation of biodiversity and natural ecosystems specific to the natural bio geographic frame;
4. The polluter pays principle;
5. Maintaining, improving environmental quality and reconstruction of damaged areas;
6. Creating a national system of integrated environmental monitoring.
7. Surface and underground water protection, and improvement and maintaining their quality and natural productivity in order to avoid certain negative effects on environment, human health and material goods.

Natural and legal persons should:

- to ask the environmental permit and/or authorisation for the activities foreseen. Do not make the object of authorisation the wells drilled at depths up to 50 m, at the established deadline, water samples to be analysed.
- to ensure, at the request of the environmental protection authorities, the reduction, modification or ceasing of the activity generating pollution, to ensure measures and special equipment for the insulation and phonic protection of the sources generating noise and vibrations, to verify their efficiency and to exploit only those that do not exceed the allowed phonic threshold.
- to ensure their own monitoring systems of the installations and technological processes for the analysis and pollutant control on the range of incidence where the activities are carried out and the evidence of their results, in order to prevent and avoid technological risks and accidental losses of pollutants in the environment, to monthly report the results of the environmental monitoring to the competent authority for environmental protection.

Shall be punished with imprisonment from 2 to 7 years:

- to issue the environmental permit and/or authorisation without the complete mandatorily documentation required;
- to present in the impact studies and analyses, false studies and analysis;
- to introduce in the country wastes or hazardous substances for storage and/or destruction;
- disobedience for testing any new substances from the country or from abroad;
- failure to report promptly any major accident;

- misapplication or failure in taking intervention measures in case of a nuclear accident;
- to knowingly provoke pollution by discharger or direct sinking in natural waters;
- refusal to intervene in case of accidental water pollution.

Table 5. The reflection of the environmental problems in the legal and financial strategy at S.C. ARPECHIM

Representation level (elements)	1	2	3	4	5
1. Is the observance of the environmental regulations at organisational level a responsibility at the highest hierarchic level?					*
2. Is there at organisational level an own system of legal audit on environmental problems?				*	
3. Are the responsibilities: moral, penal, civil, administrative in case of ecological crisis expressed?			*		
4. Is there an action plan in case of ecological crisis?				*	
5. Does the organisation have the capacity to finance at any time an expertise in the legal field and in the field of environmental problems regulations?				*	
6. Does it exist concern for updating the ecological objectives of the organisation in financial terms?				*	
7. Are the objectives of the environmental management decided at the highest hierarchic level in the organisation?					*
8. Does it exist a medium and long term plan of the actions to maintain the environmental quality?					*
9. Does the functional relations diagram contain also the ones from environmental accountancy?					*
10. Does the annual report regarding the company's activity foresee also a medium capital?					*
Reflection of the environmental problems in the legal and financial strategy (Mjf)	$Mjf = (\sum E_i / 50) * 100$ $E_i = \text{representation level of the element } i$				

$$Mjf = (44/50) \times 100 = 88\%$$

f) The reflection of the environmental problems in the research – development strategy.

In the case of S.C. ARPECHIM, the research-development department does not function at the highest parameters. Each month it is performed the monitoring of the emissions in the case of the air – this is done by a specialized company in this respect.

For waters, the monitoring is done by a specialized company, but water is daily checked in the own laboratory.

Table 6. The reflection of environmental problems in the research – development strategy at S.C. ARPECHIM

Representation level (elements)	1	2	3	4	5
1. Are the techniques and technologies used now harmless for the environment?			*		
2. Does it exist at organizational level technological resources for improving the ecological performance?				*	
3. Is the concern for the environment the main object of the research – development activity?				*	
4. Are the restrictions for obtaining the licences / certificate a reduced margin of manoeuvre in favour of environment?		*			
5. Is the balance price / technology favourable for an environmental policy?					*
6. Does it exist a plan to develop the “green” techniques and technologies?					*

7. Do you know the impact of technologies used in a normal exploitation conditions?				*	
8. In crisis conditions?				*	
9. Are you concern about the most advanced technologies/ techniques in point environment?					*
10. Can we understand that the technological structure is influenced by the external requirements (to the organisation) in point of environmental management?				*	
The reflection of the environmental problems in the research – development strategy (Mcd)	$Mcd = (\sum Ei/50) * 100$ $Ei = \text{representation level of the element } i$				

$$Mcd = (40/50) \times 100 = 80\%$$

Within the S.C. ARPECHIM, we present a global diagnosis regarding the importance given to the environmental policy in the strategy of the organisation- Table 7 and the normal curve for reflecting the environmental policy Figure 1.

Table 7. Global diagnosis regarding the importance given to environmental policy in the organisation strategy la S.C. ARPECHIM

The field	Representation level	
1. General strategy	82	a = 0.17
2. Communication strategy	79	a = 0.16
3. Production strategy	91	a = 0.19
4. The insurance with human resources strategy	68	a = 0.14
5. Legal and financial strategy	88	a = 0.18
6. Research – development strategy	80	a = 0.16
Global diagnosis (Mg)	$Mg = \sum ajmj/6$ $Mj = \text{the importance given to the environmental policy}$ $Aj = \text{the importance of field } j \text{ in report with environmental problems}$	

$$Mg = 13.6\%$$

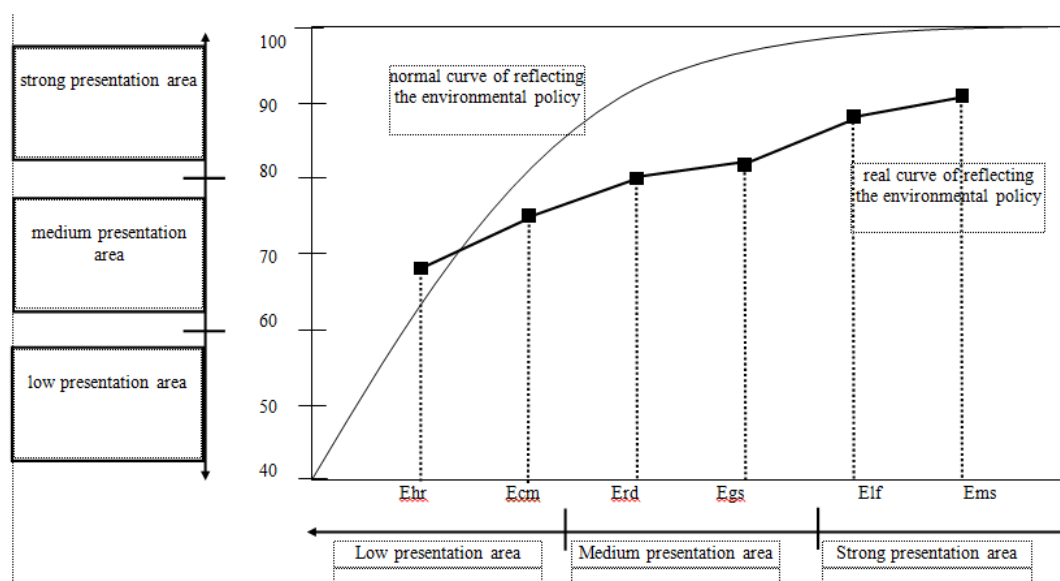


Figure 1 Normal curve of reflecting the environmental policy (Rojanschi V., Bran F., 2003)

3. CONCLUSIONS

Following the grids solved within S.C. ARPECHIM, one can notice that: the higher score was obtained by the production strategy – this thing is very important, because in any organisation it is necessary to have a production as high as possible so that the company obtains the expected profits.

The second place was occupied by the legal and financial strategy with a representation level of 88, this reflects the fact that the society observes the laws of the state having a particular care in this respect.

On the third place it is the general strategy with a representation level of 82, followed in the fourth place by the communication strategy- pointing out an increased interest towards communication, with implications both in the internal communication and in the external communication, because the internal communication gives consistency to the mechanism of sending the image, increasing the efficiency of the external communication.

The last place it's occupied by the strategy of insuring with the human resources, this is due to employments.

From the figure presented above, one can notice the following aspect: the real curve of reflecting the environmental policy comes very close to the normal curve of reflecting the environmental policy.

The low importance and representative area was obtained by the strategy of insuring with human resources. The communication strategy fell under the medium representative area and in the low importance area.

The production strategy fell under the major importance area and under the strong representative area.

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MANAGEMENT ASPECTS IN THE PERSONNEL REMUNERATION AND STIMULATION ACTIVITIES AT S.C. TASMANIA S.R.L.

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Abstract: *Through this scientific research report “MANAGEMENT ASPECTS IN THE PERSONNEL REMUNERATION AND STIMULATION ACTIVITIES AT S.C. TASMANIA S.R.L.” we plan to investigate the remuneration and stimulation method from the human resources department within S.C. Tasmania.*

Studying in detail the personnel’s remuneration and stimulation we have tried to present the main policy aspects at S.C. Tasmania in human resources domain:

- *Integration of the human resource management in the overall management of the company;*
- *Creating a favorable climate for conducting the activities;*
- *Professional development;*
- *Evaluation and motivation;*
- *Employee involvement in the decision making process.*

We conclude that the development of management theory and practice in personnel remuneration and stimulation in an open field for performance and professionalism of the managerial team of Tasmania S.R.L.

Keywords: tariff wage, reward system, costs evaluation, salary curve, performance and professionalism

JEL Classification Codes: O150, J300

1. INTRODUCTION

The issue in the personnel remuneration and stimulation at S.C. Tasmania was and it is approached from different perspectives such as in terms of the itself payroll process or from the stimulated personnel point of view and without forgetting the useful importance of this management task.

This paper aims at an overview on the phenomenon investigated at S.C. Tasmania by creating a diagram which represents the basic conceptual elements and their interaction Figure 1.

For a depth analysis and for knowing the researched framework of the phenomenon was necessary to identify and attending the specialized bibliography, which gave evidence on the following.

* PhD Professor

† PhD Professor

‡ Master student

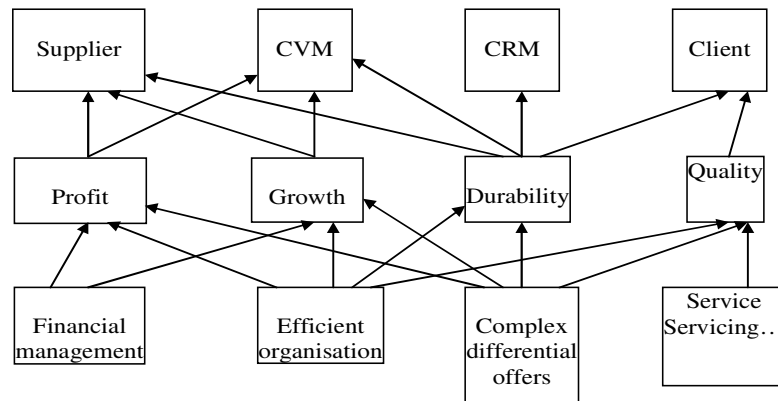


Figure 1.Interaction of the key conceptual elements and the general imaging of the interactions

In figure 2, are presented the main basic sources for the documentation.

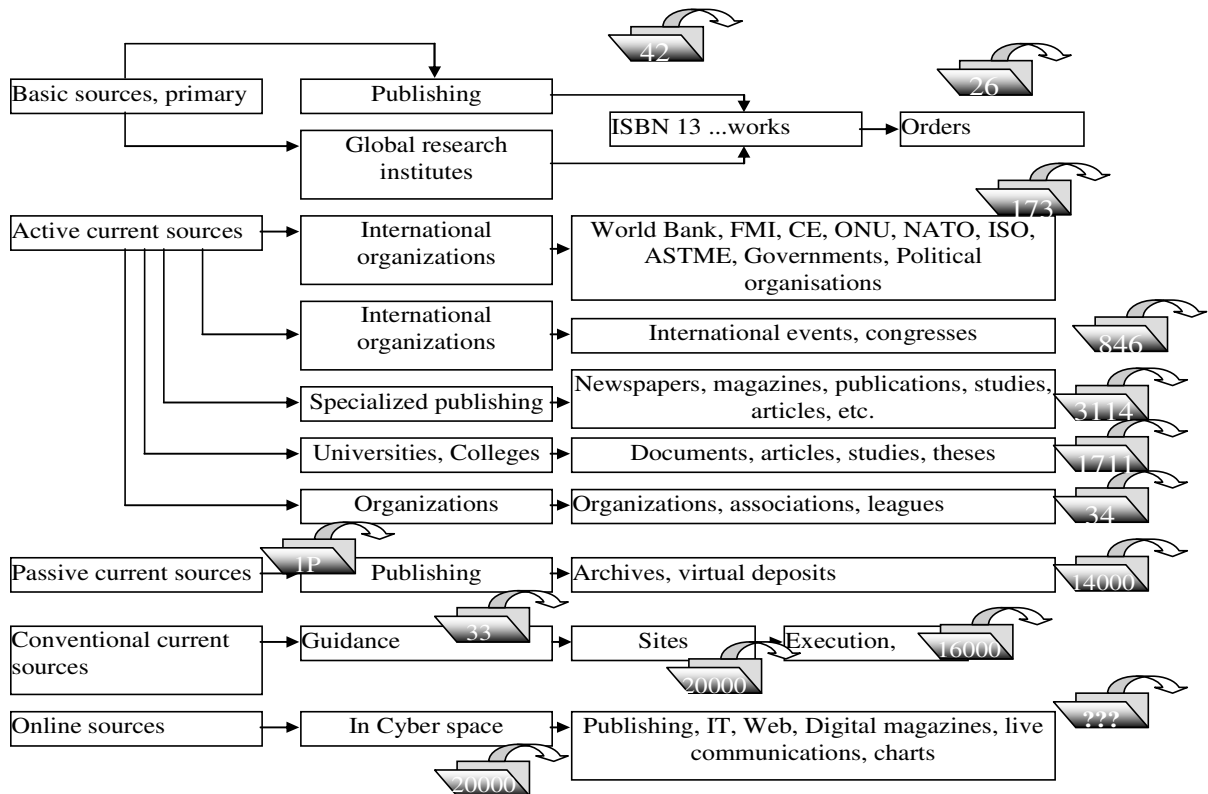


Figure2. Documentation at S.C. TASMANIA and the basic sources

2. LITERATURE REVIEW

Employee Motivation

Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with competitive edge as compared to others (Manzoor, 2011). Employee performance depends on many factors like performance appraisals, employee motivation, employee satisfaction, compensation, training and development, job security, organizational structure and other, but the area of study is focused only on employee motivation as this factor highly influences the performance of employees.

Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Devadass, R., 2011). Getting employees to do their best work is one of the employees most stable and difficult challenges and this can be made possible through motivating them.

Motivation is recognized, in the modern theory of organizations, as an essential attribute of leadership, with an important role in determining and performance of the activities which implies the performances of the organization, its evolution in a competitive environment.

The employee's motivation for work at *S.C. Tasmania* means the certitude that will obtain, doing a job under specified conditions, elements that will meet their needs.

3. EMPLOYEES'S MOTIVATION

Performances at *S.C. Tasmania* represents, to some extent, the amount of the individual performance of its members, which in turn depends on several factors, according to relationship (Armstrong M. 2003):

$$P_i = f(M, C, I) \quad (1)$$

in which:

P_i – the performance level of a member of the organization;

M – its motivation;

C – ability to work;

I – the image that he has about his own role in the company.

We notice that motivation is based on necessities and causes a chain reaction, according to the following scheme (Figure 3):

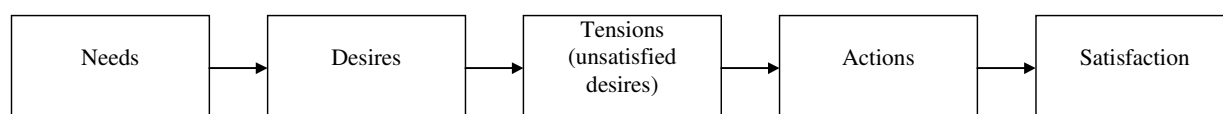


Figure 3. The needs – satisfaction chain [Source: C. Russu, Op. cit., p. 162]

The motivational process at *S.C. Tasmania* can be structured according Figure 4.

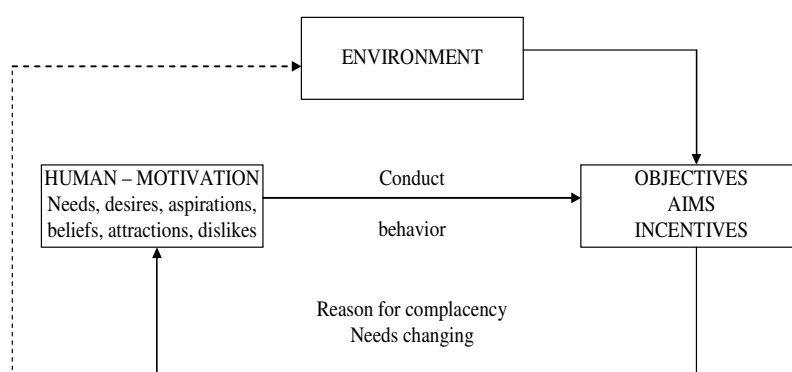


Figure 4. Restructuring motivation. Motivation flow diagram

[Source: C. Rusu, M. Voicu, Op. cit, p. 219.]

We find that within the company there is a relationship between mentality, creativity and results (Figure 5).

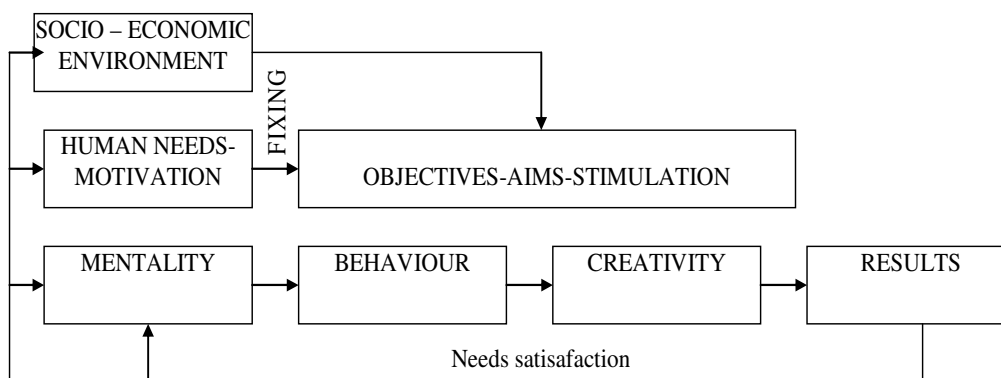


Figure 5. Mentality – creativity – results relationship.

The hierarchy of needs carried out by Maslow proves to be a useful way to analyze the employee's motivation at *S.C. Tasmania*, and a guide for leaders.

According to expectations theory, motivations depend on the extent to which *S.C. Tasmania* employees want something and in the extent to which they think they can get.

After the conducted research at *S.C. Tasmania* we notice a conditioning between motivation, job satisfaction and integration, from which it results that motivation does not act directly on the degree of integration, but through job satisfaction.

4. SALARY AS A LEVER OF BALANCE AT S.C. TASMANIA

On the labor force market, *the salary* plays a particularly significant role, acting as a basic tool in sizing the occupational volume, inquiry adjustment and of the demand for labor.

The salary system represents all methods, forms and instruments economic and organizational through which the level of employee's remuneration is based.

In *determining the minimum salary at S.C. Tasmania* should be considered the following:

- ◆ The employee's needs and their families;
- ◆ The national level of salaries;
- ◆ Cost of living;
- ◆ Provision of social protection;
- ◆ Standard of living in social groups;
- ◆ Economic factors and employment.

At *S.C. Tasmania* we propose the following Principles – strategies for providing salaries (of the reward in general):

1. Equal pay for equal work.
2. Fairness in awarding salaries (rewards)
3. Linking costs at *S.C. Tasmania* with the utility functions and for company employees
4. Rewarding outstanding performance
5. Compliance with the requirements of the labor market
6. Reward structure
7. Methods of payment

Basic elements of the remuneration system at *S.C. Tasmania* are:

Basic salary

For salary determination an analyze of job difficulty is made by statistical means which lead to establishing of a certain score (Manolescu, A., 2003).

Between the difficulty of an item (expressed by the number of points obtained) and the award level, there is a proportional linear correlation which can be expressed by a regression – Figure 6.

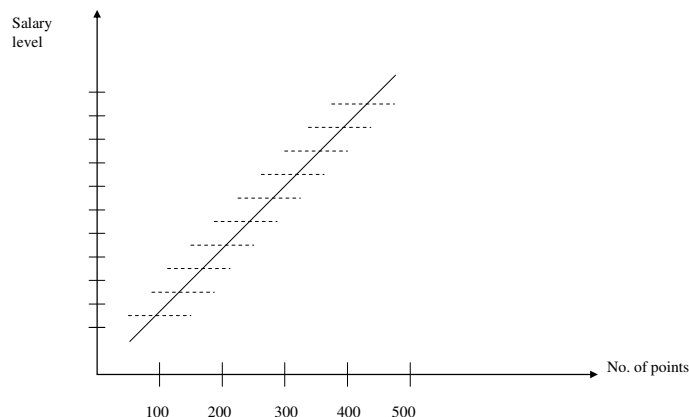


Figure 6. Reward level expressed by regression

Usually, the company divides the jobs into classes or grades, compared to the number of points, resulting in a limited number on classes or salary degrees Figure 7. Each degree corresponds (Manolescu A. 2004) a minimum wage level, jobs fitted in the same degree, receiving salaries between these limits.

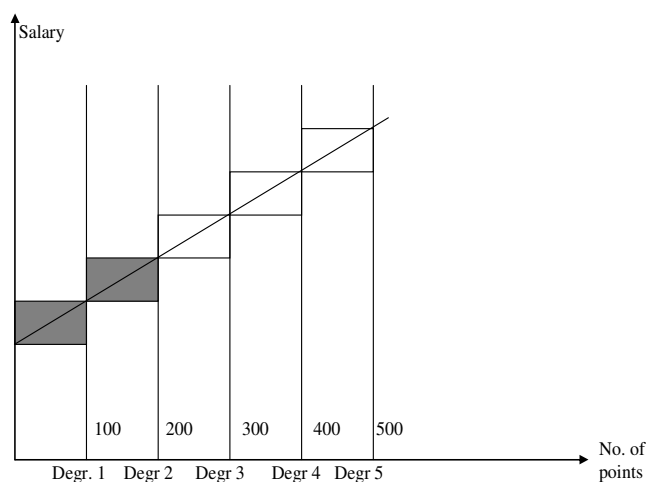


Figure 7. Jobs sharing in degrees or salary classes

Additions and bonuses include the addition of agreement, bonuses for special working conditions for hours worked beyond normal working hours and / or as appropriate seniority.

Awards and other recompenses, granted to stimulate certain performances of employees.

Basic salary, with additions, bonuses, awards and other recompenses belong to the direct awards group.

The system salary at S.C. Tasmania must ensure the fulfilling of some objectives such as (Moldovan – Sholz, 2000):

- ◆ Minimizing fluctuation, grievances and inequality perception as a result of dissatisfaction with the content of the salary system and other compensation;
- ◆ Careful control of costs with labor, designing programs to identify the value of a function and the value of each employee of the company;
- ◆ Establish and identify a good frequency and size of salary increasing, and also restrict / limit the manager competition granting undue increases in salaries and rewards;

- ◆ Differentiated reward for the higher levels of performance;
- ◆ Identify prevailing salary levels and for the rewards practiced on labor market;
- ◆ Ensure correlation of salaries with the law.

5. HUMAN RESOURCES AND CREATIVITY. PERSONNEL STIMULATION METHODS AT S.C. TASMANIA

The need to create can be determined by the existence of a malfunction (there is a real problem), but also the desire to progress, for example, without any real disruption, to strengthen its position against competition, by a competition spirit.

Within *S.C. Tasmania* are three big families of applications for creativity:

- ◆ Creation, invention, innovation;
- ◆ Solving problems;
- ◆ Optimizing what exists.

Stimulating creativity at *S.C. Tasmania* is the solution to resolve the crisis, for the implementation of change, of response for the delays of the company in relation to others, of some business over others.

We propose in Figure 8 the qualities that a creator must have within *S.C. Tasmania*.

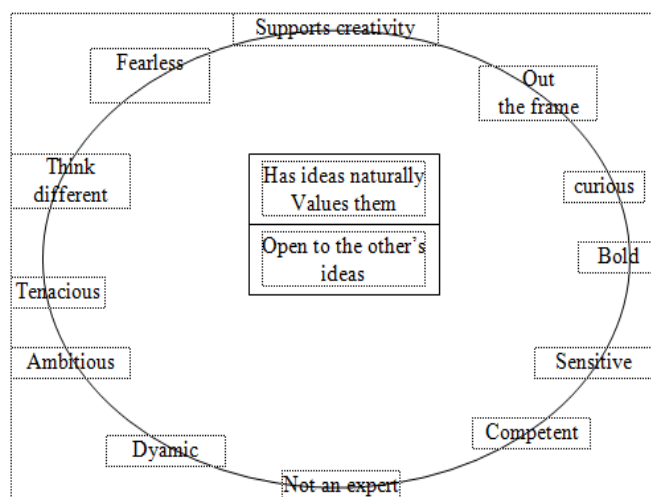


Figure 8. The characteristics of a creator

We propose in order to optimize the creativity at *S.C. Tasmania* a set of rules:

- ◆ Knowledge the involved people and of their creating skills, in addition to their contribution;
- ◆ Knowledge of improvements that are required through innovation, setting goals;
- ◆ Preserve realism in innovation – not to exceed the achievable level;
- ◆ To be assured that the created product will be explored;
- ◆ Creating as long as it is appropriate, without delay, but without anticipating too long the needs.

6. REWARD MANAGEMENT AND ITS IMPLICATIONS IN WORK PERFORMANCE AT S.C. TASMANIA

After the research at *S.C. Tasmania* for a reward or a result of work to act as an effective motivator the following prerequisites must be met:

- ◆ The person in discussion must want the reward, so this, definitively, will not become a motivating factor;
- ◆ The person must be clear that the additional effort will improve the performance, fact which should not be hindered by factors that cannot control;
- ◆ The person must be convinced that his improved performance will bring, as a result, the desired award. The link between extra effort, the achieving of a superior performance and reward receipt must be clear, direct and powerful, or at least, to be perceived in that way.

The reward system involves the integration of the managerial policies, processes and practices in the reward domain (Lefter V., 2008) and is developed in the context of organizational philosophy and policy strategies (Figure 9).

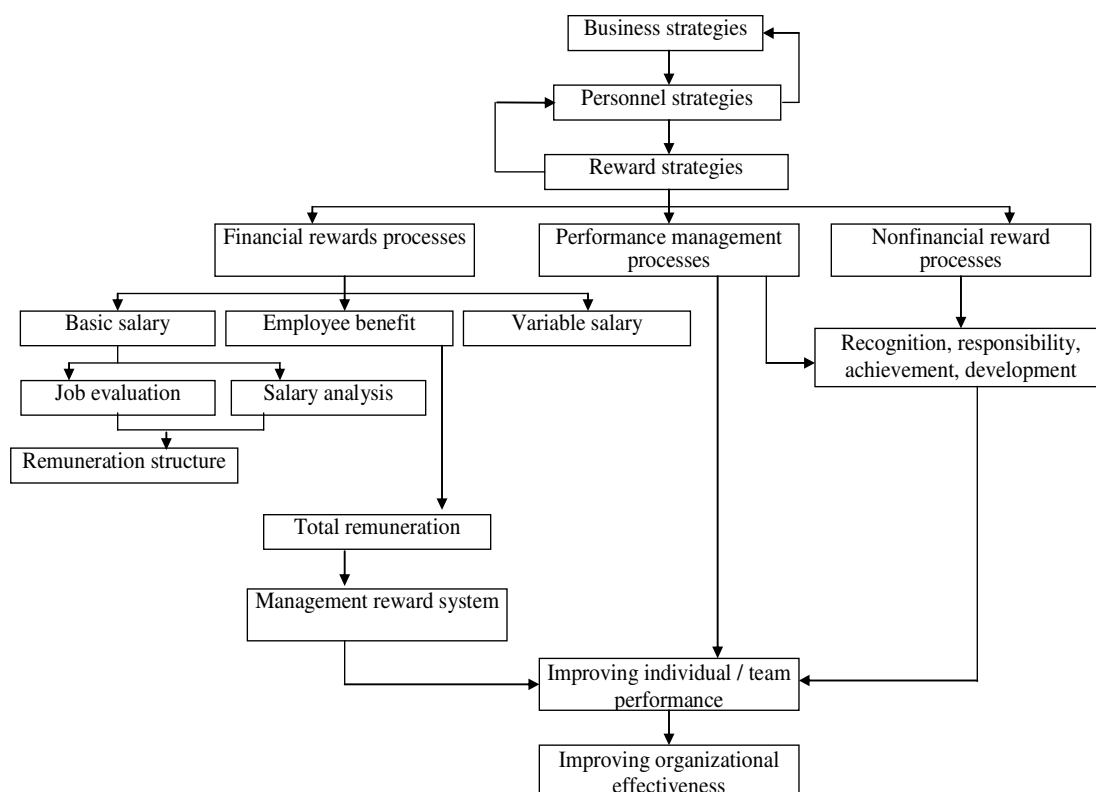


Figure 9. Reward system

7. JOB EVALUATION. PROPOSALS FOR CALCULATING THE MONTHLY EARNINGS AT S.C. TASMANIA

Job's objective defines quantitative and qualitative the reason for which it was created.

Job evaluation must consider the fallowing important issues:

- ◆ Factors taken into account in the job evaluation;
- ◆ Job evaluation approach;
- ◆ Job evaluation methods

The salary curve at *S.C. Tasmania* represents the relationship between relative salary and labor, being plotted as a line and a point cloud which means the salary distribution within the organization (Figure 10). Salary distribution under the curve results from a job evaluation activity (Radu E., 2003).

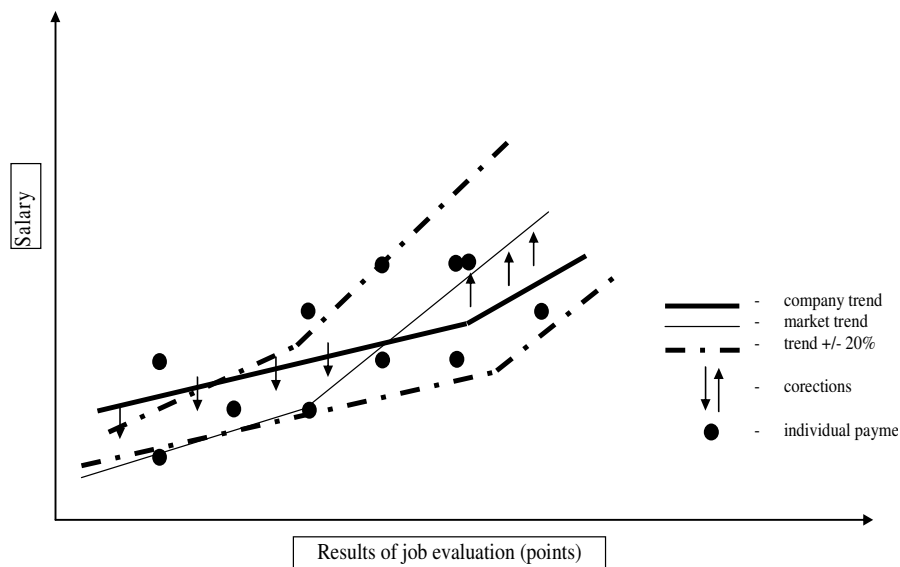


Figure 10. Comparing an organization salary curve with the market

8. CONCLUSIONS

The remuneration system and stimulation should provide material co interest for employees. It makes intertwining of personal interests of employees with the general development interests of *SC Tasmania*.

Remuneration and stimulation of the staff and optimal use of the rewards system used as stimulating leverage to increase employee performance have the expected efficiency, only when the reality of the organization is well known.

The hypothesis was confirmed to the personnel of *SC Tasmania*, which benefits of a stimulating system of remuneration and stimulation and for granting rewards which is permanently mobilized to achieve more and better, to participate in the management process, starting from the premise that the performance of the products which are made in the company will determine the increase of its salary level and stimulation and hence of its level of living.

Theoretical aspects studied in this research have provided a number of items that were set up in individual contributions, some of them being presented during the research, at which we can add the following:

- ◆ Highlighting the main theoretical aspects of management personnel remuneration and stimulating
- ◆ Clearing of ways and means of improvement in the personnel remuneration and stimulation field
- ◆ Identification and analyze of the key characteristics in the personnel remuneration and stimulation domain as a first component of the company life
- ◆ Development and trend treatment that are occurring, investigation of the managerial perspective of the phenomenon for personnel remuneration and stimulation
- ◆ Determining the particularities of the managerial activity in the personnel remuneration and stimulation process
- ◆ Determining the role of the managerial activity in the personnel remuneration and stimulation process and its implication in obtaining the performance
- ◆ The diagnostic analyze as a stage, process, outcome and instrument within the training action of the management system in personnel remuneration and stimulation process

- ◆ Investigating employees awareness at *SC Tasmania* regarding procedures, forms and methods that may positively influence personnel remuneration and stimulation management
- ◆ Exploiting classic and modern tools of analysis and presentation we tried to come to meet certain needs which turn out to be new directions for the elements to come with capturing the aspects for remuneration and stimulation of the personnel

Further development of this theme can lead us to:

- ◆ The critical analysis of the current system for remuneration and stimulation and determination of other levers to stimulate the personnel in different companies
- ◆ Optimization possibilities in the business decisions regarding personnel remuneration and stimulation
- ◆ Adapt global trends in the personnel remuneration and stimulation management
- ◆ Widespread use of modern methods to stimulate creativity in business personnel involved

We conclude that the development of management theory and practice in personnel remuneration and stimulation in an open field for performance and professionalism of the managerial team of *SC Tasmania*.

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A STUDY ON THE NECESSITY OF VOCATIONAL CAREER COUNSELING IN EDUCATION

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Abstract: *A person's fulfillment may be achieved only when the three levels: personal, family and professional interweave. In the dynamic society in which we live, the trend is to emphasize only one of these levels, in the prejudice of the others. Therefore, the term "workaholic" is very often used. This, namely having a job to consume almost all our time, is often associated with the idea of career.*

The concept of vocational career has recently appeared in Romania, along with the transition to a society founded on performance. A strong emphasis is laid on vocational career in multinational companies as the managers cover all the necessary stages when hiring an individual, their choice being founded on the convenient profile of the employee, suitable for the company needs. Thus, vocational motivation appears as a gain for both parts. The respect towards the employee is shown through the company concern for his career development. It is what is called in the specialty literature the paternalist model of welfare, promoted by David Guest. The reciprocity within a company will bring forth the desire of assertion, of improvement and implicitly of performance. In general, the choice of a career in a field or another is a subjective motivation, dictated by certain factors at a given time. The study carried out in this article is based on the administration of questionnaires in the attempt to discover which are the motivations of pupils and students in choosing a university, a profession, if such choice is based on judicious information or influence of subjective factors. Also, the role that skills and qualities of each plays in choosing the career path is not negligible, aiming to whether individuals are aware of their professional profile. The importance of vocational counselor in educational institutions, schools, universities is of great significance because it is a professional who can guide pupils and students objectively in choosing a future profession that is consistent with their abilities and skills.

Keywords: *career, counseling, career guide, counselor, performance, organizational success, needs, skills, competences.*

Jel Classification Codes: O15, J24, J28

1. INTRODUCTION

Need to have a career arise as an important need of any evolved man. Awareness of this need is becoming even more present in the Romanian society, as a result of development which the labor market experienced in the recent decades. Changes made in the society require an alert evolution of the modern man's needs. Human adaptation to the demands of society, to the needs that different organizations have in terms of know-how is becoming increasingly obvious. The term "career", as well as becoming aware of the need for personal and vocational development are relatively recent in the society to which we belong. Most times, the haste by which people want to obtain vocational success may just lead to failure. This is caused by lack of information or incorrect information on what is a vocational success.

By treating this subject, my approach will focus on identifying the main weaknesses that we may encounter in trying to configure our vocational career. The study will analyze two

aspects: on the one hand testing real skills that an individual has to develop a career in a particular field, on the other hand, the need to train some teachers who might identify the students' potential (in preschool and school education) and students (higher education). Subsequently, by questionnaires applied, I will seek to identify aspects regarding the motivation of teachers, their job satisfaction and thus the effects generated.

2. LITERATURE REVIEW

Although in the current language, „career” notion is widely used, „career” concept has a lot of meanings, because, so far, there has not been any official widely accepted definition meeting the agreement of specialists; in the specialized literature are known many statements or views. Generally, the popular meaning of the term „career” is associated with the idea of upward movement or promotion of a person in a desired field of activity, in order to get more money, more responsibility or gain more prestige and more power (Ivancevich, J.M., Glueck, W.F., 1986, p. 521).

Although the concept of „career” is clearly work-related, it must be broad enough to include not only work experience, but also the livelihood or living conditions, as extra-professional life of a person plays a significant role within the career (Gibson, J.L., Ivancevich, J.M., Donnelly, J.M., 1988, p. 652).

According to specialized literature, the concept of „career” has several meanings (Klatt, L.A., Murdick, R.G., Shuster, F.E., 1985, p. 380): promotion, profession, sequence of positions throughout life.

Other authors (Mathis, R.L., and his collaborators, 1997, p. 135) understand, by career, the sequence of positions, in ascending order of prestige, which an employee crosses in an orderly manner, according to a predictable rule.

Also, Gary Johns, in his reference paper, „Organizational Behavior”, presents career as an „evolutionary sequence of professional activities that a person reaches, as attitudes, skills and related knowledge that develops over time.”

In the same meaning, other specialists in the field (Torrington, D., Hall, D.T., 1995, p. 437) define career as a series of separate interrelated experiences, whereby any person passes throughout life. The carrier problematic is very actual, making the subject of many studies. It's obvious that the career and the management's career are important for the activity of the organizations (Manolescu, A., 2003, p. 303) and have an main role in their efficiency. That's why every human resources department needs a career guide (Secara, C., 2009, p. 287).

3. THE PUPILS AND TEACHERS CAREER'S PERCEPTION

Approaching the careers of teachers in the Romanian education is a very important aspect, due to the fact that the training of the future generations depends on their vocationalism. The concept of vocational career corresponds to the education field, because the two prerequisites are met, namely stability and continuity. Fluctuations in taking up a job or other work will lead to vocational instability, the inability or failure to have a vocational career. Although apparently it is relatively easy to build a career in education, results coming out from the study will look completely different.

Based on Abraham Maslow's (Kermally, S., 2004, p. 47) hierarchy of needs, the need for social status and esteem would coincide with the need to develop a vocational career. This need arises from the need for power, the ability to make decisions. Satisfactions which the development of a career generates are often large. This is commonly met in multinational companies, where vocational development and training coincide with financial satisfaction (financial reward). In those companies where the stated purpose is to obtain performance

measured quantitatively as profit, care towards the employee is high. In schools, teachers' performance may be measured qualitatively through the performance of pupils and students. In this case, the interest shown by employers towards the staff's motivation is much diminished.

Tools/ methodology used in the treating the proposed subject are particularly qualitative (questionnaires applied, interview) and quantitative (analysis, statistical interpretation of results). The career's analysis is based on a pilot-study who included 100 students from some colleges in Pitesti, with different specializations, studying in the final year and 120 students at the University of Pitesti. Every student has to complete a formular with a number of questions and after this operation the answers will be evaluated.

3.1. Route of vocational career at students

Projection of a career should begin as soon as a child is able to be evaluated in terms of skills, abilities and capacities. Initial idea is "right person at the right place." Each individual has a series of personal qualities that, being identified in their early stage, may progress and turn into real skills. The skill we may acquire must be in close relation with our skills. A frequent mistake is that people think they can take almost any job, that they can do almost anything as well enough. This is the trap where very many young people may fall, leaving themselves wrongly influenced by family, friends and acquaintances. This influence is not beneficial. It should turn into proper career counseling, made by vocational counselors, psychologists and teachers qualified in this respect.

The role of neuro-linguistic programming is significant because, unconsciously, parents are the first ones to plan the career for their children, according to their own desires, ambitions, omitting the most important aspect, namely what inclination the children have to do in their life.

In this respect, the first questionnaire aims at issues such as self-knowledge, communication skills and awareness of their own skills to pursue a career in a particular field. The questionnaire contains 20 questions and has been applied to a number of 100 students from some colleges in Pitesti, with different specializations, studying in the final year.

Responses to some of the most relevant questions revealed the following:

When asked, "Do you think that choosing high school/ college that you attend was a good one?", 46% of students respondents said yes, it was a very good choice, 28% - it was a good choice and 26% - it was not a good choice.

As regards the desire to have a career, 85% say they want very much to have a vocational career, 12% of them want it much and 3% do not want that.

When asked, 'Do you think you know your skills and capacities?', 7% think that they know them very well, 25% responded that they know them relatively well, while 68% said they do not know them.

When asked, "Do you think that the skills, capacities, information gained so far will help you to have a successful career in a particular field?", 20% believe that the information and skills they possess will help them, while 50% consider that they will be helpful to a little extent and 30% believe they are insufficient at the present time.

As regards the person who will guide them in choosing a faculty, students responded as follows: 82% of parents, family, 9% teachers, friends and colleagues and the remaining 9% say that the decision belongs exclusively to them.

To highlight the role of teachers in the training of students, the following question was formulated:

"Are the recommendations made by your teachers about the real possibility of developing a career in a particular field important for your further choice?". Answers were: 30% believe that teachers' recommendations are very significant, 20% - significant and 50%- less important.

When asked, "Do you know what having a career suppose to mean?", 45% answered they know very well, 25% - relatively well, while 30% - do not know.

Question "What is important to you in your vocational career?", 45% responded that the financial aspect, 32% responded that it is the vocational reputation and the respect from others, while 23% answered that both aspects.

To succeed in their careers rely on" 41% rely on their own forces (information gained, skills acquired, etc.), 18% rely on luck, chance, while 41% hope to have support from the parents, acquaintances.

When asked, "How confident are you that you will succeed vocationally?", 38% are very confident, 25% are fairly confident and the rest of 27% are not confident that they will succeed.

Regarding the competence of teachers in counseling them for a career: 28% believe that teachers have the necessary competence, 41% believe that teachers are fairly competent in counseling them and 21% do not believe that teachers have such competence.

When asked, "Do you want to attend a college following high school graduation?", 82% said yes, 9% - are not determined and 9% - do not want.

Regarding the question "Do you know what kind of jobs / professions are currently required on the labor market?", 53% of the responding students answered "yes", 31% answered they knew fairly well, while 16% do not know this.

When asked "Have you ever been vocationally counseled?": 5% responded "yes" and 95% responded "no".

When asked "Would you like to be counseled in choosing faculty?", 84% of students want this, while 16% did not deem necessary the counseling for choosing high school to attend.

Regarding the need for vocational counseling, 43% of students deem it necessary since during primary and secondary school, 32% deem it appropriate during high school years and 25% of the surveyed students deem it necessary during university studies.

As regards the confidence shown towards vocational counselors, students show the following attitudes: 42% have a high degree of confidence, 31% - a medium confidence level and 27% show a little confidence.

If we analyze the answers given by students surveyed, we shall notice the following:

- The notion of career is relatively familiar to them;
- The overwhelming majority of them want to have a career (97%);
- The benefits gained by career are clearly defined to them, attracting them (financial, as well as emotional- moral issues);
- Choosing high school/ college was a relatively appropriate one;
- Both in choosing a school and in the decision to follow a particular career, the role of family and friends is a large one (91%), to the prejudice of school and teachers (9%);
- One of the problems identified occurs at the following aspect: self-knowledge, where students got the lowest score (only 7% know themselves very well);
- Regarding vocational counseling, students answered negatively (95% had never been counseled);
- Need to be helped, advised related to the chosen career direction is felt by students (84% want this);
- Lack of information held on vocational counseling makes students consider it necessary no earlier than during high school studies (32%) and during faculty studies (25%).

Thus, the desire to make a career is expressed by most respondents but they do not know very clear what job would suit them best. The main cause is the lack of counseling since the elementary school and throughout the school studies. Also, the confidence shown in individuals less specialized in vocational counseling (parents, friends, colleagues) will lead very often to vocational failure of future employees. In schools, at the time being, are taught classes of counseling parents by teachers, but, as will be seen, most of these teachers do not have the necessary training to provide counseling. However, this type of counseling offered by the

teaching staff (teachers, schoolmasters – form-masters) is not a vocational, but a general one, rather informative - advisory.

Need for vocational counselors appear as an urgent necessity in schools. They must be vocational, have interpersonal communication skills, psychological knowledge and human resources.

3.2. Awareness of need for a career at students

Switching to another stage of personal development is made at the same time with the transition to another level of cognitive and information development within the university studies. It is assumed that at this level, students have already begun vocational specialization on the field chosen by them (medicine, economics, engineering and so on). If we relate to the previous questionnaire, we find that the decision to attend a particular college is largely dictated by the family and not by objective people specialized in this respect.

Questionnaire applied to second and third year students aims at correctness of the choice made in attending the faculty chosen, the extent to which the studies made will help in developing a career etc. the questionnaire consists of 16 questions aiming at specified scales, comprising a number of 120 students at the University of Pitesti.

Answers to questions relevant for the studied aspect revealed the following:

When asked "Choosing the attendance of the selected faculty was a proper one?", 20% of students responded that it was a very good choice, 45% answered that it was a good choice and 35% - a wrong, inappropriate choice.

When asked "Do you think that will make a career in the field for which you attend university education?", 18% said "yes, certainly", 23% responded that it is possible and 59% responded that it is unlikely to build a vocational career in the same field.

As regards the question "Do you think you have enough information and knowledge in the field to develop a successful career?", students responded as follows: 34% - yes, to a great extent, 41%- relatively much, while 25% considered as insufficient the knowledge acquired.

When asked 'Have you been vocationally counseled during college years?', only 15% answered positively, while the rest of 85% responded negatively.

„Who provided you vocational counseling?", 81% - teachers entitled thereto, within projects developed by European funds, 7% - teachers at seminars and 12% responded that they had received both advice from specialists within POSDRU (Sectoral Operational Program Human Resources Development) projects, as well as teachers' counseling in certain subjects.

As regards the question "Do you believe that the recommendations received during counseling are helpful to you?", 76% answered that they are helpful to a very large extent, 15% responded that they are useful to a large extent and 9% believe that they are useful in a less extent.

When asked "How necessary is the presence of vocational counselor in your college?", 92% said it is necessary to a large extent, 5% said it is necessary to a small extent and 3% said it is not necessary at all.

Following the review of answers provided, the following ideas are to be considered:

- Students received vocational counseling in a great measure due to projects undertaken by European funds and following the attendance of certain courses;
- Need for existence of vocational counseling in university is an urgent necessity (92% deem it necessary to a large extent);
- Vocational counseling usefulness has been proven and it materially helped the students in choosing the right career.

As regards the reason and motivation of teachers to develop a successful career in the Romanian education, the following conclusions resulted from the interviews and questionnaires applied:

- Financial motivation is the largest deficiency noted in the education system, along with legislative instability on promotion criteria;
- Motivation of each person is different, but the desire for social status and esteem as a result of the profession ranks the first position.

4. CONCLUSIONS

Therefore, practical treatment of the vocational path still has many gaps. On the one hand, the pupils and students are confused about the skills needed to conduct a vocational career in a particular field, reaching to choose by chance, on the other hand those who train the next generation, teachers are demotivated both financially and in terms of career.

After the answers evaluation, the conclusions are:

- The notion of career is relatively familiar to them;
- The overwhelming majority of them want to have a career (97%);
- The benefits gained by career are clearly defined to them, attracting them (financial, as well as emotional- moral issues);
- Choosing high school / college was a relatively appropriate one;
- Both in choosing a school and in the decision to follow a particular career, the role of family and friends is a large one (91%), to the prejudice of school and teachers (9%);
- One of the problems identified occurs at the following aspect: self-knowledge, where students got the lowest score (only 7% know themselves very well);
- Regarding vocational counseling, students answered negatively (95% had never been counseled);
- Need to be helped, advised related to the chosen career direction is felt by students (84% want this);
- Lack of information held on vocational counseling makes students consider it necessary no earlier than during high school studies (32%) and during faculty studies (25%).

The proposal to have a vocational career is the establishment of some vocational counseling centers for young persons since primary and middle school and parents should co-operate actively with the vocational counselors in order to choose the successful path for their children, the future workforce of an efficient and modern society.

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THE IMPACT OF THE INDUSTRIAL PROCESSING ACTIVITY OF THE OIL AT S.C. ARPECHIM ON THE AIR QUALITY

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Abstract: *The atmospheric air is the main component of the surrounding environment directly involved in the pollution phenomenon. Together with the other sequences of the biosphere it represents a prior element for maintaining life, for keeping its natural quality, representing a major objective for human communities. As Barde I. Ph., Economie et Politique de l'environnement, P.V.F. Paris 1992 showed, we can talk about air pollution when the presence of a foreign substance from its normal composition, or the variation of its natural components, in important proportions, are susceptible to determine a harmful effect or to create a prejudice or discomfort. The European Council environmental protection Committee stated even since 1967 that a normal constituent of the air must be considered pollutant when its concentration exceeds the normal background with 0, 03%.*

The purpose of the present work is to analyze the pollution degree of the environment (air) generated by S.C. ARPECHIM in the areas of Pitesti – Environment protection agency, Pitesti – Stadium, Pitesti – Prundu neighborhood, Bradu, Oarja, Topoloveni, Stefanesti – Valea Mare.

Keywords: *pollutants, chemical compounds, industrial processing, monitoring, quality indicators, emission concentration, monitoring*

JEL Classification Codes: Q530, L500

1. INTRODUCTION

The main sources of the atmospheric air pollution are:

- industrial pollution;
- pollution generated by transports;
- agricultural pollution;
- anthropogenic pollution due mainly to combustion.

The pollutants generated in the atmosphere from these four categories of pollution sources, can be classified from a chemical point of view as follows, as Vivien F.D., Economie et ecology, Editions La Deconverte, Paris, 2002, mentioned:

- gases or inorganic substances comprising:
 - sulfur oxygenated derivates: sulfur dioxide and trioxide, sulfuric acid, sulfates;

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- oxygenated derivatives of nitrogen: nitrogen oxides, nitrous and nitric acid;
- other inorganic pollutants: lead derivatives, ammonia, hydrogen sulfide, chlorine, etc.
- gases or organic substances comprising:
 - saturated and unsaturated aliphatic hydrocarbons, cyclic, aromatic, polycyclic condensed;
 - aldehydes and ketones: formaldehyde, acrolein, acetone
 - other organic pollutants: alcohols, mercaptans, chlorinated derivatives, various compounds with complex and undefined structure.
- aerosols comprising:
 - solid particles as smoke, dust;
 - liquid particles as oil fog, tars, entrained droplets etc.

This particularization of the emissions illustrates the special complexity of the atmospheric pollution, where the great number of pollutant substances is in close connection with the simultaneous presence of several chemical compounds, with different generation sources, the interconnection between chemical compounds having a prior place (Bran P., 2004).

Worldwide, the data regarding the quality of the air is studied by WMO (the World Meteorological Organization) within the program „Background Air Pollution Monitoring Network” and on national plan, by INMH in collaboration with the county environmental protection agencies.

It is known that any constituent of the surrounding environment has influence on human and animal health due to a close relation, as showed by NEGULESCU M. and collaborators, in “The surrounding environment protection”, Technical Publishing House, Bucharest 1995.

In this context, the impact of the irritating, suffocating or allergy pollutants, as well as the toxic ones from the atmosphere, affects mainly the respiratory and cardiovascular system provoking most of the times chronic intoxications leading in the end to a morbidity and mortality increasing.

The effect of the pollutants on the living world cannot exclude the plants which are directly influenced by the presence of emissions in the atmosphere. It must be underlined the fact that generally, the inorganic substances have a more accentuated harmful effect than the organic compounds. (Popescu E., 2005).

2. THE METHODOLOGY OF THE RESERCH

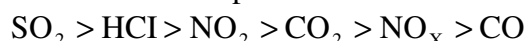
To reach the purpose of the research an analysis has been done of the specialty literature to identify the main indicators used in measuring the pollution degree.

Thus the following quality indicators were identified:

- sulfur dioxide, STAS limit 0,25, variation domain: 0,0045-0,0972, no exceeding were recorded;
- chloride acid, STAS limit 0,1, variation domain: 0,0040-0,0220 no exceeding were recorded;
- ammoniac, STAS limit 0,1, variation domain: 0,0120-0,0481, no exceeding were recorded;
- azoth oxides, STAS limit 0,1, variation domain: 0,0040-0,0468, no exceeding were recorded;
- aldehyde, STAS limit 0,012, variation domain: 0,0005-0,0056 no exceeding were recorded.

3. THE MAIN ATMOSPHERIC POLLUTANTS AND THEIR ACTION ON PLANTS

The different emissions present in the atmosphere, directly influence the development of the plants as shown by HILL A. Agricultural Ecosystem Effect son Trace Gases and Global Climate Change – Ed. Mc. Graw – Hill New York 1998, who made a classification of the chemical compounds based on their effect on plants:



Hereunder there are briefly presented the main atmosphere pollutants and their action, as follows:

➤ **sulfur dioxide**

This occupies a prior place in the atmosphere pollutants class, being released in all the combustions, its generation sources being very different, from the petrochemical industry to the household heating, to waste incineration and nevertheless the increasing contribution of transports etc.

The SO₂ concentrations are constantly fluctuating not only because of the intake variation but also of the air masses movement. The intensity of the sulfur dioxide effect on the surrounding environment is very different depending not only on the concentration, area ecological characteristics, but also on the climate conditions.

Along with humans and animals, the plants are very sensitive to SO₂, with different foliar symptoms, accompanied by damages and drying although the concentration registered in the atmosphere is reduced.

Sulfur dioxide is not a systemic poison, the intensity of the damages that its presence determines depending on environmental conditions.

Recent studies have highlighted how easy the enzymatic systems get out of order, as well as the essential physiological processes, these negative effects being accompanied by a chlorophyll loss up to 40%.

The harmful effects of this emission are fragmented after the level of concentrations as follows:

- in high doses of over 50 ppm towards 0.25 ppm as CMA represents through STAS 12574/87, this chemical compound generates serious, irreversible damages, at the level of the entire plant.

The external symptoms caused by this pollutant is a characteristic one, especially in acute cases where large amounts of SO₂ present in the atmosphere give drops of sulfuric acid on all the organs of the plant, causing burns and white, dried stains, by removing the magnesium in chlorophyll.

In case the sulfuric acid is formed in the atmosphere, the different native resistance of the plants loses its meaning, the phytotoxic effect exceeding the possible resistance limits.

- Small, intermittent doses of SO₂ with chronic character destroy the chlorophyll, the leafs having a mosaic aspect. At monocotyledonous it appears white stripes parallel with the main rib.

The sensitiveness of the plants is different at this chronic pollution, depending on their genetic nature and their physiological state.

Recent physiological studies have demonstrated that there is a difference in sensitiveness between leafs of different ages, variation that is due to height and number of stomata. (Cămășoiu C., 1994).

It is possible that an atmosphere with SO₂ in reduced concentration, to favorably influence the nutrition of the plant.

For the growing of the plants, the phytotoxic effects prevail on these advantages, which induce the precipitations of the tannins in the leafs, the plasmoliza of the cell content, auxins blocking, magnesium and fitolului hydrolysis of the chlorophyll molecule, the phytohormones impaired balance, etc.

The researches of .C.D.A. – Albota in controlled spaces regarding the effect of certain doses of SO₂ from the atmosphere on white clover, considered as an indicating plant for the pollution level with sulfur dioxide emphasize the following:

- in the option with 0,15 mg SO₂/m³ in the air, 5% of the plants have their first top leafs damaged, the rest of the plants not being damaged. The burning of the leafs appears like a loss of color arriving at a pale yellow, without necrosis or malformations.
- in the option with 0,25 mg SO₂/m³ in the air, 20% of the plants had their first top leafs damaged, the first leaf level in proportion of 20%, and the second, in proportion of 15%. The rest of the plants hidden under the leafs of the surface vegetal carpet were not damaged.
- in the option with 0,50 mg SO₂/m³ in the air, 85% of the plants had the top leafs damaged, the first level being damaged in proportion of 90% and the second level in proportion of 65%.
- in the option with 0,75 mg SO₂/m³ in the air, 90% of the plants were damaged, the first leafs level being damaged 100% and the second level in proportion of 75%. Small plants delayed as growing rhythm and hidden under the surface leafs of the vegetal carpet are damaged only a little, under 10%.
- the option with 1,00 mg SO₂/m³ in the air, 95% of the plants were damaged. There were not damaged the leaf levels and young sprouts from the base, protected by the vegetal carpet.
- The option with 1,50 mg SO₂/m³ in the air, all leafs levels are 100% damaged except for the young sprouts at the base.

After 48 hours from the treatment the aspect of the options has not changed and, after seven days from the treatment the young and not damaged plants from each option have redone the clover culture.

The presence of increased amounts of SO₂ in the air, has besides the losing of color phenomenon effect, that is visually noticed, also the effect of reducing dry substance production.

➤ **ethylene and other organic compounds specific to the plant.**

At the industrial processing of the oil it results a wide range of organic compounds, with very different chemical structures and which, in high concentrations can negatively influence the development of the plants.

So, the ethylene in high concentrations, can cause damages to the leafs or even to the entire plant.

The other chemical compounds that can exist in the atmosphere except for the aldehydes do not show aggression towards the plant because they are found in small quantities.

➤ **hydrochloric acid**

Another chemical compound, possibly pollutant for the agricultural cultures is the hydrochloric acid, which arises both from incinerations and from industrial activity in the presence of moisture in the air.

The hydrochloric acid present in the atmosphere in concentrations below the phytotoxic limit with a CMA of 0,1 ppm, it has a benefic effect upon plants growing. In high concentration this compound induces the color of the leafs and in very high quantities the plants are affected by necrotic points.

➤ **ammonia**

The ammonia has on plants a toxicity similar to the one produced by the hydrochloric acid. The limit of the concentration bore by sensitive species, during a long period of time, is of approximately 3 ppm.

➤ **nitrogen oxides**

The nitrogen oxides present in the air, over the maximum admission concentration limit, can cause to plants chronic intoxications and leafs burns, and at concentrations over 10 ppm, generalized burns appear.

FS – very sensitive SR – reduced sensitiveness S – sensitive R – resistant

➤ aldehydes

One does not have to omit from the study of the atmospheric pollutants the photochemical oxidant pollutants, which generate chemicals compounds that emphasize the toxic character of certain emissions.

Catalytic transformation of gasoline in internal combustion engines is a source of aldehydes, but if they are within the limits quantitatively standardized, do not have a harmful effect on plants.

On the other hand, in the incomplete burnt organic combinations, resulting in exhausting gas, there are also the aldehydes, which in the presence of solar radiations initialize reactions, leading to more toxic and irritating compounds than the initial aldehydes.

If in the air there are also lower valence nitrogen oxides, which happens frequently, when the pollutant gases come from internal burning engines, the aldehydes can react with these, leading to chemical compounds of type PAN, very toxics and carcinogenetic. (Nicolae A., 2004). These aspects regarding pollutants and their effects on plants have been synthesized in Table 1.

Table 1. Pollutants and their effects

Nr. crt.	Plant	Pollutant		
		SO ₂	HCl	NO _x
A	CEREAL			
1	wheat	SR	SR	S
2	barley	FS	S	S
3	oat	S	S	S
B	FODDER PLANTS			
1	clover	FS	FS	S
2	alfalfa	SR	SR	S
C	VEGETABLES			
1	cabbage	R	R	-
2	beans	SR	SR	S
3	pepper	R	SR	-
4	Cucumbers, zucchini	SR	-	-
5	tomatoes	R	R	-
6	onion	R	R	-
D	DECORATION PLANTS			
1	lilac	R	S	-
2	rose	SR	SR	SR
3	carnations	SR	SR	-
E	FRUIT TREES			
1	fleshy fruits	S	S	S
2	dried fruit	SR	S	SR
3	nuts	S	S	S
4	grape vine	FS	S	S

4. DETAILING ON STATION POINTS OF THE PARTICULAR ASPECTS REGARDING AIR QUALITY

The chemical- analytical data obtained underlines the following aspects.

- the modifications of the concentrations are presented under the form of variation fields for: hydrochloric acid, ammonia, nitrogen oxides, sulfur dioxide, aldehydes, phenols, carbon monoxide;

- the dispersion in the air of the analyzed emissions follows at different levels the one of the wind vector
- the emission concentrations monitored were much below the admission limit by STAS 12574/87.
- approximately equal phenol contents on the entire monitor space which indicated the fact that they do not come from the industrial processing activity of the oil;
- sulfur dioxide is closely following the wind vector. The highest concentration of these emission was registered in May 2010 at Oarja, but below the maximum standardized limit, and the lowest one at the Stadium in September 2011;
- the variation fields of the ammonia and the hydrochloric acid indicate also the existence of other generators than the industrial processing activity of the oil, the highest concentration not being correlated with the direction of the wind.
- the increased contribution of the internal combustion cars traffic to the atmosphere pollution
- the air quality indicators situated at maximum level were register at Pitesti - Environmental Protection Agency which indicates an increased contribution of the cars to pollution
- towards 2010, when it had been performed an air quality monitoring, in 2011, this has improved significantly following SO^2 content reduction.

The quality of the air in each station - point has a certain particularity, well defined, through which it is performed a classification of the effect of the industrial processing activity of the oil on the surrounding environment.

In this context, hereunder there are detailed on station - points certain particular aspects regarding the quality of the air, namely:

- **Pitești – The Environmental Protection Agency**

In this station - point the monitoring of the air quality during the warm period of the year indicates:

- the standardized concentrations were not exceeding, except for the carbon dioxide content in May 2010;
- the SO_2 content has registered a decreasing tendency from spring towards autumn, from July being almost constant;
- very reduced content of phenols and aldehydes, at traces levels most of the time;

- **Pitești – Stadium**

The monitoring data of the air quality in this station - point reveals the following aspects:

- the amount of the chemical compounds tested are much below the maximum admissible limit, the highest emissions coefficients being registered at NO_2 and NH_3 ;
- the emissions coefficients had a decreasing tendency from spring towards autumn, thing also confirmed by the very reduced modifications of the general pollution coefficient.
- phenols were present in the atmosphere in very reduced amounts, their presence in the air being a consequence of increasing vehicles traffic.

- **Pitești – Prundu**

In this station - point the monitoring of the air quality during the warm period of the year indicates:

- during the entire investigated period there were not registered exceeding of the chemical compounds concentrations taken into consideration in the study, the emissions coefficients being situated in a subunit field.

- the highest emissions concentrations registered in the warm period of the year, but which were below the standardized admissible maximum limit, were for ammonia.
- it is interesting to be noticed the fact that in June, considered a very polluted month, the evolution of the main monitoring emissions indicates a tendency to diminish
- the phenols were dosed in small amount, way below the standardized limit, which indicated the fact that by the oil industrial processing the atmosphere is not polluted with this emission.

- **Bradu**

Sampled in an amount of 15 samples per day, the quality of the air at Bradu presents the following aspects:

- the air was quite with impurities during the warm period of the year, the highest emission coefficients being registered at aldehydes and sulfur dioxide in July, then the concentration of these compounds decreased in September, but not up to spectacular levels;
- all the possible pollutant tested were below the standardized maximum admissible limit;
- certain chemical compounds as ammonia and aldehydes have diminished quite a lot, twice in September towards July;
- the variation fields are quite high for all the chemical compounds tested;

- **Oarja**

The chemical - analytical data obtained after testing the quality of the air in this station-point, indicates the following aspects:

- the atmosphere was not polluted, the concentrations of chemical compounds considered emissions, being much below the maximum admissible limit, except for May 2010 when the sum of the concentrations of the system ($\text{NH}_3 + \text{NO}_2 + \text{SO}_2$) was over the standardized value;
- the concentrations of the main possible pollutants, specific to the activity of the plant, have registered uneven variations;
- the highest concentrations were registered at SO_2 , the emission coefficients being at very reduced levels in 2011;
- the emission coefficients had quite reduced values towards the others plant points;
- the emission coefficients of phenols and aldehydes were situated at quite high levels towards the other plants point;
- the quality of the air from this station point registered improvement at the end of the monitoring period;

- **Topoloveni**

The air samples taken in this station point underlines the following:

- whether it's about chemical compounds specific to the plant or to the human community activity, the emissions have registered quite reduced coefficients, way below the maximum admissible limit, only the sulfur dioxide having a higher value, but below CMA.
- in the case of phenols, these have registered quite low values, even the maximum values were far away from the maximum admissible limit;
- the emission coefficients registered indicate a cleaner atmosphere.

- **Ștefănești – Valea Mare**

In this station point upon analyzing the quality of the air the followings are to be noted:

- low emission contents, way below CMA and more reduced than in other station points from the area;

- the highest emission coefficient and concentration were registered at sulfur dioxide.
- the phenols and the aldehydes registered emission coefficients below the standardized value;
- the emission coefficients for the compounds tested have a quite constant value, situated at reduced levels during the monitoring period. On the one hand, this proves that the atmospheric air was not polluted, and on the other hand it illustrates the fact that the existent emissions are not due to the activity of the plant but have another generator.

With the help of the emission coefficients established based on the concentrations it was calculated a pollution coefficient for the system ($\text{NH}_3 + \text{NO}_2 + \text{SO}_2$), the substances having a synergic effect on the surrounding environment. (Ionescu C., Manoloiu M., 2000).

By putting on a diagram the modification of the pollution environmental coefficient, on months and station points, in Figure 1, the following aspects are noticed:

- the representation on the diagram, under the form of a “radar” of the synergic indicator for pollution for the system ($\text{NH}_3 + \text{NO}_2 + \text{SO}_2$) is more adequate for the illustration of the general tendencies of evolution of the quality of the air and of dispersion of the pollutants in a larger space, as the one monitored in this study;
- nitrogen oxides and ammonia are not emissions specific to the industrial processing activity of the oil but to transports, agriculture and animals breeding;
- the existence of a direct connection between the quality of the air, represented by the monthly average indicator for pollution for the substances that action synergic ($\text{NH}_3 + \text{NO}_2 + \text{SO}_2$), the direction of the wind and the amount of rainfall;
- the average monthly indicator of the air pollution for the system ($\text{NH}_3 + \text{NO}_2 + \text{SO}_2$), is generally situated in a variation field below the standardized limit of STAS 12574/87. During the month of May 2010 at Oarja and August 2010 at APM there were registered exceeding in a field of over 10%.
- monthly variation fields almost equal of this indicator, regardless the station point monitored;
- the increasing area tendency of this indicator towards the South – West of the areal at the beginning of the monitoring period, so that in 2011 the accumulation of the emissions to take place especially in the city;
- the poorest quality of the air from the monitoring area was registered generally in June;
- in the area Prundu – Ștefănești – Călinești, the general pollution indicator for the system taken into consideration has registered the lowest values, the quality of the air being superior towards the area Bradu- Oarja;

Comparing this data with the values obtained in 2010 and presented in Table 2, it results the complex effort and especially the financial effort made by S.C. Arpechim to improve the quality of the air at the above mentioned levels.

Table 2. Quality indicators in 2010

City	SO ₂		HCL		Atrazine
	Medium Conc.	Emissions coef.	Medium Conc.	Emissions coef.	
Pitești – Prundu	0,057	0,228	0,2130	2,13	0,0116
Albota	0,074	0,296	0,1793	1,793	0,0022
Bradul	0,041	0,164	0,2117	2,117	0,015
Oarja	0,096	0,384	0,2113	2,113	0,008
Ștefănești	0,051	0,204	0,1265	1,265	0,0111

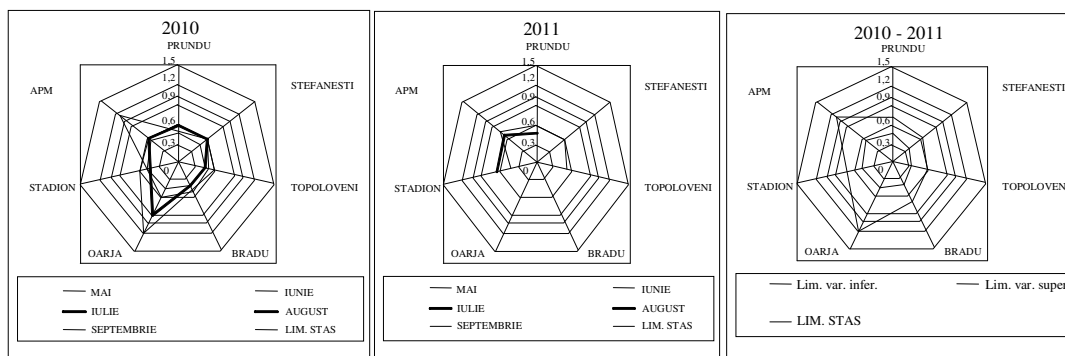


Figure 1. Monthly variation of the SYNERGIC ACTION INDICATOR for the air of the influence area of S.C. Arpechim, between May – September 2010- 2011

5. CONCLUSIONS

Conclusions regarding the scientific research performed at S.C. Arpechim

This study of the environment from the influence area of S.C. Arpechim is extremely complex due to the multiple aspects monitored starting from air, rainfall, plants, soil and water wells.

It was tried the quantification of the modifications of SO_2 and HCl content from the system air – rainfall – soil.

The atmospheric air represents the main component of the surrounding environment directly involved in the pollution phenomenon, constituting together with the other sequences of the biosphere a prior element for maintain life.

The quality of the air tested according to STAS 12574/87, through the determinations of hydrochloric acid, aldehydes, ammonia, nitrogen oxides and sulfur, phenols and sediment particles, was monitored between May- September 2010-2011 in the following station points Pitești – The Environmental Protection Agency, Pitești Stadion, Pitești Prundu, Bradu, Oarja, Topoloveni and Ștefănești Valea Mare.

- **The sources of the emissions present**, which can pollute the air are various:
 - anthropogenic activity.
 - industrial activity.
 - transport.
 - climatic conditions.
- **The emission concentrations** and the quality of the air depend directly of the rainfall and in the wind direction;
- **The accentuated and uneven variations of the emissions** and of the emission coefficients;
- **The emission concentrations monitored**, were way below the CMA limits according to STAS 12574/87, during the entire researched period and in all the station points.
- **The highest emission content** present in the air was registered at Pitești the Environmental Protection Agency in June and September and the most clean air was at Pitești Stadium and Bradu in September and at Oarja in June when the general pollutions coefficients registered an almost identical value, slightly over 0,4.
- **The dynamic evolution of the average monthly coefficient** of air pollution for the synergy system $\text{NH}_3 + \text{NO}_2 + \text{SO}_2$, in the influence area of the industrial processing activity of the oil by S.N.P. PETROM București - Sucursala Arpechim – Pitești clearly demonstrates that the AIR IS CLEAN, the emissions specific to the plant being way below the CMA limits accepted by STAS 12574/87.

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BANCASSURANCE – MAIN INSURANCE DISTRIBUTION AND SALE CHANNEL IN EUROPE

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Abstract: Before the emergence of the crisis, banks' incomes were preponderantly oriented towards the lending activity, which activity is unsustainable in these circumstances. With the financial crisis, banks have diversified revenues and identified the benefits of sustainable partnerships with insurance institutions (the bancassurance), achieving convergence towards common platforms. The driving factor of the bancassurance system must also be sought in the common need of banks and insurance companies to optimize the structure and efficiency of the distribution channels. Thus, if credit institutions seek to obtain additional revenue by capitalizing the potential of regional networks, initially configured based on own marketing policies, insurance companies are interested in diversifying without significant capital investment, the traditional distribution methods, so that the products and services offered have access to a large number of potential customers.

Keywords: bancassurance, credit institution, insurance company

JEL Classification codes: G220, E500

INTRODUCTION

The term *bancassurance* was used, for the first time, in France (its universal use reflects the fact that this business model is most developed in France) and indicates the simple distribution of insurance products by bank branches. Now constitutes the dominant model in a number of European and other countries. During the time, bancassurance definitions are becoming more and more general, as in the following examples:

Bancassurance is the process of using a bank's customer relationships to sell life and non-life insurance products and it is emerging as a natural pathway for the effective development of insurance. (Gonulal S., Lester R., Goulder N., 2012)

Bancassurance is basically the provision of and selling of banking and insurance products by the same organisation under the same roof. (Elkington W., 1993)

Bancassurance can be described as a strategy adopted by banks or insurance companies aiming to operate the financial market in a more or less integrated manner. (Swiss RE, 1992)

According to the definition of the Center for Insurance & Financial planning, "Bancassurance assumes a wide range of detailed arrangements between banks and insurance companies, but in all cases it includes the provision of insurance and banking products or services from the same sources or to the same customer base".

Bancassurance is a system in which a bank has a corporate agency agreement with one insurance company to sell its product (life and general insurance) and by selling insurance products bank earns a revenue stream apart from interest. (Shah H. A., Salim M., 2011)

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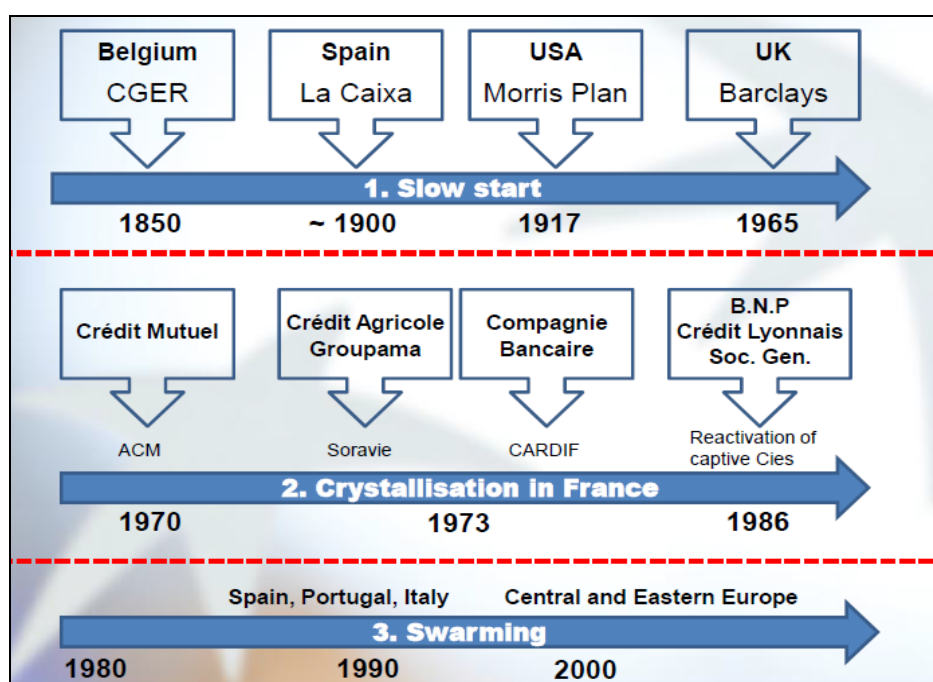


Figure nr. 1. Historical roots and main drivers of development phase of bancassurance

Source: Binet G., *Bancassurance Past and current trends, Bancassurance - quo vadis? IVth Bancassurance Congress, Warsaw, October 25th 2012*

Forms of Bancassurance Arrangements are:

a. Strategic Alliance

Under a strategic alliance, there is a tie-up between a bank and an insurance company. The bank only markets the products of the insurance company. Except for marketing the products, no other insurance functions are carried out by the bank.

b. Full Integration

This arrangement entails a full integration of banking and insurance services. The bank sells the insurance products under its brand acting as a provider of financial solutions matching customer needs. Bank controls sales and insurer service levels including approach to claims. Under such an arrangement the Bank has an additional core activity almost similar to that of an insurance company.

c. Mixed Models

Under this approach, the marketing is done by the insurer's staff and the bank is responsible for generating leads only. In other words, the database of the bank is sold to the insurance company. The approach requires very little technical investment.

1. THE DEFINITIONS AND THE FORMS OF BANCASSURANCE

In the context of globalization of the economy, of the overlap and integration of international capital markets, of information and technologies, the insurance market has become one of the most promising options to expand the banking business. Bankers' interest in insurance capital is also determined by significant incomes from insurance activities, obtained by domestic insurers, which is confirmed, at the payment level constituted on most insurance branches.

If, at the emergence of the bancassurance model, its definition referred to the distribution - through credit institutions - of the insurance products attached to loans and of other banking products, currently the concept has a much wider sense, including both the sale of the products in question through the distribution networks of non-bank financial institutions (NBFIs) and

providing complex products / services distributed through a common distribution channel and/or using the same portfolio of clients.

Beyond these definitions, bancassurance is a concept of operating in financial markets, which provide opportunities for an intensive use of the purchasing power of the portfolio of clients of the banks through a substantial improvement of the financial service offer, obtained with a minimum administrative and, implicitly, financial effort (Ghețu D., Popescu M., 2003).

The historical evolution of bancassurance partnerships took place in different periods and countries with significant features regarding: the legal framework, the market conditions, the level of development of the partner entities, the degree of internationalization of the operations and other factors that generated a wide variety of models through which the concept in question was institutionalized, from bilateral agreements regarding the (paid) distribution of insurance policies through the network of a bank to strategic partnerships, with property or brand assignments and transfers.

From simple distribution contracts and continuing with complex processes, such as acquisitions or mergers, the diversity of the bancassurance models is marked even by the cultural environment and by the regulatory and supervisory systems, especially for multinational organizations. Thus, **distribution protocols** can take several forms:

The distribution agreement a formal or informal agreement or one through which a bank recommends clients to an insurer. The agreement is characterized by a single product or a limited relationship. Two different forms of agreement are known:

- In a non-exclusive distribution agreement, the bank basically has the role of a broker, selling the products of the associated company, together with the products of other insurance companies;
- In a limited distribution agreement, the insurance company provides one or more products or types of products exclusively for the associated credit institution; both sides may have different contracts with different partners only for products not covered by the bilateral agreement.

The exclusive distribution agreement is a formal and exclusive relationship in which the bank sells only the insurance products of its partner through its channels; so the credit institution acts as a designated representative of the insurer.

The strategic partnership emerges when between the two parties there are common ownership and / or a consistent strategic objective and preserves the exclusiveness relationship between bank and insurer.

Joint Venture systems involve the creation of a new company by an insurer and a bank. Both parties have a well-defined economic interest, while the structure of such business, the equity contributions, the goodwill used, the business longevity, may vary considerably.

The integrated operations systems, known under the name **M&A** (mergers and acquisitions), are established by securities transactions of banks and insurance companies, through which the redistribution between the participants of the ownership and control rights on such entities takes place. The object of such transactions may be the takeover of a significant stock of the agreed partner (*acquisition*), or the reunion of two associates in the distribution process into a new company (*merger*).

The role of the bancassurance partnership in the quality of the insurance product distribution

A. At the insurance product supplier, the quality increase is manifested on several levels:

1. *The expansion of the potential market* by expanding the distribution network through the access to the client portfolio of the bank or the access on new market segments through its network, while the traditional distribution channels indicates a relative saturation of the clients with the traditional products (liability insurance and property insurance), and the process of

liberalization and deregulation of financial markets determines an increase in the competitive pressure. Following the concluded distribution protocol, the insurer benefits from the *brand* (brand and confidence image) of the credit institution and, moreover, there is a reduction of dependence on intermediaries involved in conventional distribution systems (agents, brokers). The partnership provides the possibility of designing more sophisticated and more adequate products for potential customers.

2. *Financial benefits* relate mainly, to cost-sharing - both the distribution ones by using the existing territorial structures (with implications aiming at reducing premium rates for clients), as well as the operational ones, as it is a well-known fact that insurance companies mobilize less own funds than banks to cover claims. If, in the process of globalization, risks often exceed the financial capacity of traditional insurers, their ability to obtain additional capital from partner banks in order to expand their business and improve solvency indicators is another significant benefit of the bancassurance system. The bancassurance partnership can also influence the value of the insurance company.

B. The quality increase for the business partner (**the involved credit institution**) can be structured according to several criteria.

1. *In relation to bank customers*, a first advantage is to offer an extensive and comprehensive range of products, as appropriate, as adequate as possible – by associating them – to customer requirements, able to contribute to the increase of their loyalty. Moreover, we are witnessing a resizing (growing) of the clients, by mixing the databases of the bank and of the insurer, in addition to the progress of information technologies that allow for the management of a much more structured portfolio of clients oriented towards the target categories. The bank counter is therefore a first step towards the operationalization of the concept of "financial supermarket", and the common offer of products and services ("one stop access point") is likely to contribute to scale and purpose economies, both for the customer and for the credit institution.

2. *The financial advantages* of the bank are also significant: the diversification of the profit sources – by including incomes from the insurance product distribution, but also by the implication in bancassurance activities that decrease the dependence of profitability indicators on the management of interest margins. The distribution costs can be considered to be marginal, if insurance products sale is performed by the existing employees of banks. Moreover, the capital requirements (compared to the undertaken risks) are significantly lower for, for the same level of income, under a partnership of this kind.

Another potential benefit is related to reduction of the volatility concerning the return on capital, based on the synchronization between banking and insurance products in relation to cycles of profitability. The access to the funds owned by life insurance companies, including for reasons of a fiscal nature, may be likely to increase – in terms of volume of liquidities available – the level of competitiveness of credit institutions, compared to captive banks (*in house banking*), dedicated to the preferential (cost) refinancing of large corporations.

3. *The operational arguments* refer to providing continuity in the activity if the bank network, by providing integrated services tailored to consumer lifecycle. Basically, we are talking about optimizing the use of the existing network, to increase its usability and profitability. In addition, over time, insurance companies have developed advanced risk management techniques that can be exploited by partner banks. It is easy to see that due to synergy system, o part of the advantages mentioned concern both partners. Moreover, as we will see below, they also reverberate - favorably, of course - on the consumer of financial services.

The practical level capitalization of the aforementioned potential benefits depends on a number of factors, among which we mention: the size of the partners, the applicable law, the level of market development, cultural factors, and in particular, the institutional model through which the partnership is made. (Table 1.1)

Table 1. Comparative advantages of the bancassurance system

<i>Advantages for banks</i>	<i>Contractual</i>	<i>Joint-Venture</i>	<i>M & A</i>	<i>Advantages for insurers</i>	<i>Contractual</i>	<i>Joint-Venture</i>	<i>M & A</i>
Additional and stable source of incomes, reducing their dependence on the interest margin	X	X	X	Access to the bank's client database, usually more consistent	X	X	X
Expanding potential client portfolio	X	X	X	Reducing dependence on agents/brokers	X	X	X
Diversifying the range of products and services as a manner of increasing clients' loyalty		X	X	Sharing certain categories of services with the bank		X	X
Reducing the capital requirement (compared to the undertaken risks) at the same level of incomes	X			Increased efficiency in the development of new products in partnership with the bank		X	X
Continuity of the activity by providing integrated services tailored to consumer lifecycle		X	X	Quick access to new markets without being necessary to have a an own (distribution) network	X	X	X
Access to the funds of the life insurers, including for reasons of a fiscal nature		X	X	Obtaining capital to increase solvency and to develop the business		X	X

Source: Wong, C., Cheung, L., *Bancassurance developments in Asia - shifting into a higher gear*, in „Sigma” no. 7/2002, Swiss Re, p. 3-38

C. At the consumer level the additional quality induced by the quality bancassurance system ultimately determines the level of the demand for products and services and, implicitly, the volume of transactions carried out by the distribution channel in question.

1. *The reduction of tariffs and fees* is undoubtedly a positive aspect with maximum visibility. It is based on sharing the bank network, the lower distribution costs as compared to the traditional ones coming even from the increase of the level of usage of this network. Moreover, the methods of payment of the insurance premiums are simplified, the collection being made directly from customers' bank accounts.

2. *Facilitating the access* through an extensive network to a comprehensive range of financial products and services is another element of comfort, substantiated in the opportunity to use a single counter, or even an ATM, for payments and reimbursements of premiums, loan installments, benefits related to life insurances, establishment and liquidation of deposits.

3. *The suitability of the products* to the consumer's needs generates a special relationship between client and bank, within which the stimulation of the loyalty of the former is done by the reorientation of the services, from the emphasis on the product to focusing on the client and his needs: the (monthly) premium scheduling, the deposit insurance, including insurances in the mass of the loan guarantees and so on.

D. For the supervisory authorities the increase in the quality must be considered in relation to their essential mission, aiming at configuring and observing the legal framework, that regulates the fact that risks undertaken by financial institutions are constantly monitored and controlled in a manner appropriate to need of stability of the national finances.

2. THE EVOLUTION OF BANCASSURANCE IN EUROPE IN 2009

Bancassurance, which was introduced in Europe in the 1980s, is the main distribution channel for life insurance products in many European countries, with a market share ranging from 42% in Belgium to 87% in Portugal in 2009. Chart 24 shows that bancassurance is particularly dominant (ie accounting for more than 50%) in south European countries as well as in Austria. In most of these markets there were significant increases in the share of bancassurance in 2009, the highest being reported in Austria (from 52% to 65%), Turkey (from 46% to 56%) and Italy (from 62% to 74%). Most of these changes were to a large extent to the detriment of agents. In France, the market share of bancassurance remained stable at 60% in 2009. Among western European markets, in the UK, the largest European life insurance market, bancassurance only accounts for 15–20% of new business. In Eastern Europe, bancassurance is generally not common, with the notable exception of Poland, where life insurance products are evenly distributed between direct sales, intermediaries and bancassurance.



Figure 2. European life distribution channels — 2009

Notes: Data for Germany and the UK refers to new business only; For the UK, bancassurance is included in all other channels; For the Netherlands and Slovakia, brokers are included with agents; Data for Spain is from 2008

Source: *European Insurance in figures* <http://www.insuranceeurope.eu/uploads/Modules/Publications/european-insurance-in-figures-2011.pdf>

Bancassurance is generally not a common channel for non-life. As previously stated, and conversely to the sale of complex life products, direct sales through employees and distance-selling are relatively common in the distribution of non-life products. In two countries direct writing is even the main distribution channel; namely Croatia (market share 72%) and the Netherlands (49%). Direct writing also fares well in Ireland (42%) and in Austria and France, which both recorded a market share of 35%.

Whereas life insurance products are mainly purchased through bancassurance in most European countries, this channel generally plays a minor role in non-life insurance, and is still extremely rare in central and eastern European markets. Chart 25 shows that bancassurance accounts for a maximum of 14% of the total. This record level was reported in Portugal, where it grew almost 4.0pp over the previous year. Bancassurance is also the most popular distribution

channel for life insurance policies in Portugal. With respective market shares of 12% and 10%, Turkey and France closely follow Portugal.



Figure 3. European non-life distribution channels — 2009

Notes: For the Netherlands, brokers are included with agents; Data for Spain and the Netherlands is from 2008

Source: *European Insurance in figures* <http://www.insuranceeurope.eu/uploads/Modules/Publications/european-insurance-in-figures-2011.pdf>

Global life insurance distribution life cycle can be described during the crises:

- Bancassurance momentum slowed down –but structurally remaining a growth engine gaining share
- Broker / IFA important –but often getting under control of manufacturers
- Tied agents professionalization is key for survival

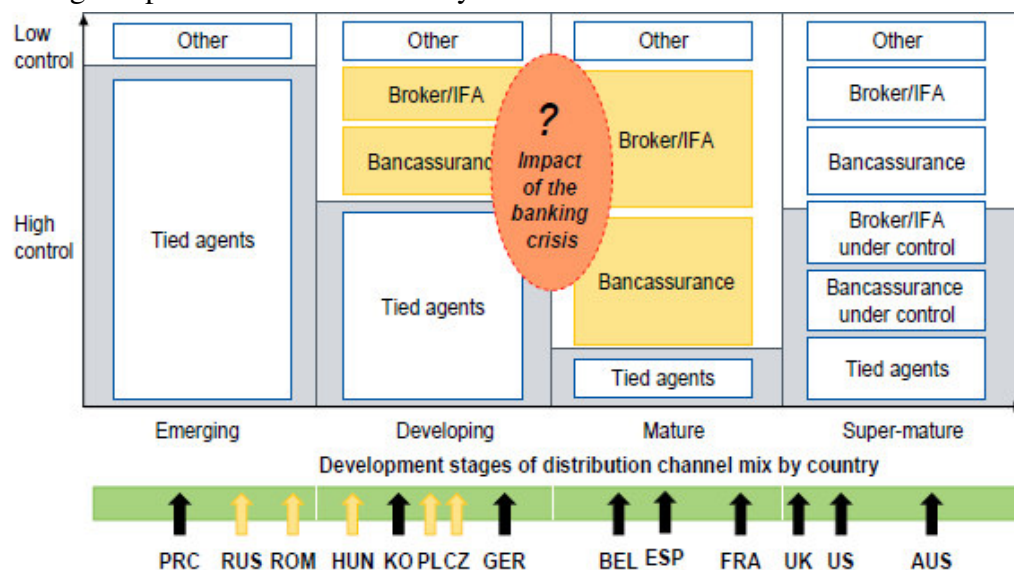


Figure 4. Global life insurance distribution life cycle

Source: *Bancassurance in CEE: The Value Proposition* – Vienna May 12th 2010, http://www.insure.ru/images/lib/files/Elisabeth_Stadler.pdf

Global P&C insurance distribution life cycle can be described during the crises:

- Tied agent model remains strong in Continental Europe
- Direct largely focused on Motor
- Bancassurance not consistently successful
- Independent platforms yet to be rolled out

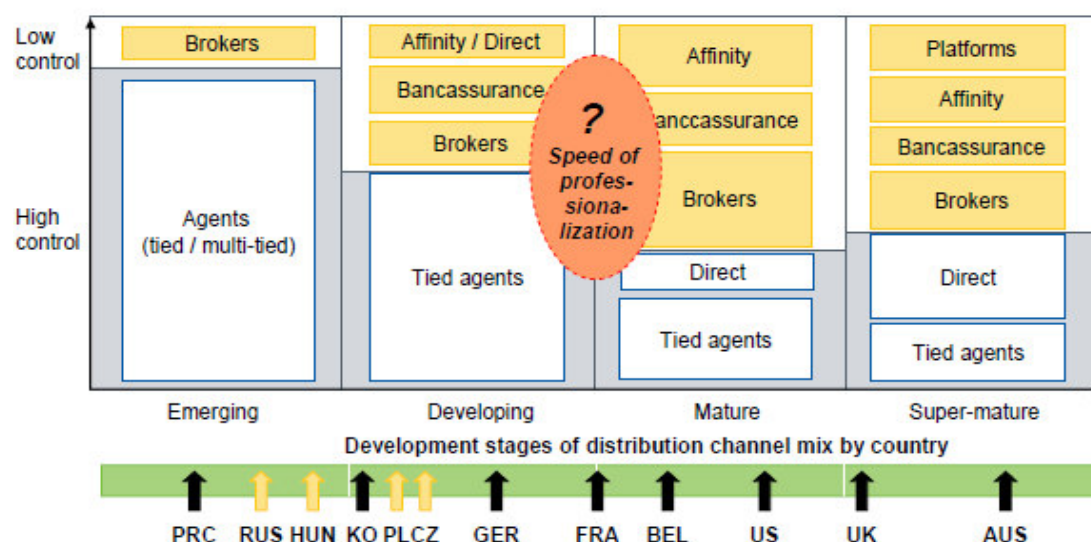


Figure 5. Global P&C insurance distribution life cycle

Source: *Bancassurance in CEE: The Value Proposition – Vienna May 12th 2010*, http://www.insure.ru/images/lib/files/Elisabeth_Stadler.pdf

In Romania, the evolution of bancassurance is is:

Table 2. Breakdown of life insurance premiums by distribution channel 2009-2010

Direct writing	Agents	Brokers	Bancassurance	Other
10.6%	42.5%	16.6%	29.9%	0.4%
10.6%	55.0%	20.8%	13.6%	0.0%

Source: *European Insurance in figures* <http://www.insuranceeurope.eu/uploads/Modules/Publications/european-insurance-in-figures-2011.pdf>

Table 3. Breakdown of non-life insurance premiums by distribution channel 2009-2010

Direct writing	Agents	Brokers	Bancassurance	Other
25.8%	34.6%	33.1%	2.6%	3.9%
26.1%	36.4%	33.8%	0.4%	3.2%

Source: *European Insurance in figures* <http://www.insuranceeurope.eu/uploads/Modules/Publications/european-insurance-in-figures-2011.pdf>

CONCLUSIONS

At first glance, the ability of financial institutions to diversify their activities in related sectors should contribute to the reduction of systemic risk. Banks will be able to benefit from a reduction in the volatility and insurance companies could obtain additional capital in order to permanently cover the required solvency level. In addition, for the partners involved, the bancassurance system diversifies the income sources so that the business becomes more stable and implicitly, safer for both shareholders and customers.

On the other hand, the very increase of the level of complexity of the activity is likely to induce additional sources of risk, which is why in some countries, the authorities are reluctant to allow supervised financial institutions carry out other operations outside the core activity.

At the level of the European area we witness a trend of gradual and progressive liberalization of the financial system in this regard, i.e. the balance between risk and opportunity begins to tilt in favour of the bancassurance system.

The bancassurance phenomenon that is unquestionably one of the most important trend in the evolution of the European financial services industry and it can be considered as a consequence of the progressive relaxation of regulatory barriers to financial conglomerates.

Bancassurance brings many benefits in the times of increasing competition among participants in the financial market, both to banks and to insurance companies. Common benefits are reflected in: increasing sales/profits; expanding the base of clients; retaining the existing clients; improving the supply through a creation of new products according to the structure and needs of clients.

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STUDY REGARDING THE IDENTIFICATION OF THE KEY CULTURAL VALUES OF MULTINATIONAL COMPANIES. A COMPARATIVE STUDY: EUROPE, ASIA, USA.

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Abstract: *Organizational culture is an important aspect of the company success. Each company develops an authentic culture. Still it is important to know what are the key cultural commune values that are linked with the company success. Thus, the purpose of present study is to identify such key values, taking as analysis base the most performant companies worldwide. With this purpose 28 multinational companies were selected from Forbes 500 companies and were analyzed in Hofstede model perspective. The results of the study emphasized that the multinational companies have strong and some fundamental cultural values that are shaped to some extent by national culture.*

Keywords: organizational culture, multinational companies

JEL Classification codes: D230, F230

1. INTRODUCTION

Organizational culture could be considered a model of norms, values, beliefs and attitudes which affects behavior of the employees (Schein, 1986). The definition of the organizational culture exists in many versions, organizational culture became a fashion topic in the 1980' when a few authors talked about the importance of the shared values that provide employees with norms in the firm (Baird, 2007), others consider that organizational culture is a set of cognitions shared by members of a social unit (O'Reilly, Chatman, and Caldwell, 1991)

Berson (1992) defines culture as a pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with norms for behavior in the organization (Berson, 2003.) Organizational culture may be consider a strategic asset for the company in that it increases the adaptability of and fit between an organization and its environment (Kotler, 1992).

Corporate culture consists of a set of values, beliefs, customs, principles and way of thinking that their members have in common (Markoczy and Xin, 2010).

Organizational culture is a combination of human elements of conscious and unconscious, rational and irrational, group and individual with a major impact on the functionality and performance of the company (Nicolescu, Verboncu I, 1999).

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An organization culture is reflected by what is valued, the dominant leadership styles, the language and symbols, the procedures and routines, and the definitions of success that make an organization unique. Inside an organization, subunits such as functional departments, product groups, hierarchical levels, or even teams may also reflect their own unique cultures (Kim, Cameron and Quinn, 2006).

Organizational culture can be defined as "the collective programming of the mind that distinguishes the members of one organisation from others"(Hofstede, 2001).

In this study we were focusing on identification of the main cultural values that ensure the success of multinational companies from three regions with different national cultures.

2. LITERATURE REVIEW

In this part we tried to analyze previous researches of the relationship between organizational culture and national culture from the multinational corporate point of view, especially the way in which organizational culture is influenced by the national culture. Further on, we are going to talk about different points of view on organizational culture and national culture as well as their dimensions, highlighting Geert Hofstede's perspective.

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In our vision, organizational culture can be defined as the optimum combination of the human characteristics: values, beliefs, attitudes, individual or group which manifest in a company that strongly influence the success or failure of members and the company as a whole.

Hofstede has shown that the differences between organizations are especially identified on the level of practices, thus, he developed a model with 8 dimensions of corporate culture, but in this study we were analyzed just 6 dimensions(www.geert-hofstede.com): **Means oriented vs Goal oriented** - in a means oriented culture the key feature is the way in which work has to be carried out; people identify with the "how", but in a goal oriented culture employees are primarily out to achieve specific internal goals or results; **Internally driven vs. externally driven-**

this dimension is distinguishable from means versus goal orientation because in this case it is not impersonal results that are at stake, but the satisfaction of the customer, client or commissioning party; ***Easy going work discipline vs strict work discipline***- this dimension refers to the amount of internal structuring, control and discipline; ***Local vs. professional***- in a local company employees identify with the boss and/or the unit in which one works. In a professional organization the identity of an employee is determined by his profession and/or the content of the job; ***Open system vs closed system***- this dimension relates to the accessibility of an organization; ***Employee oriented vs work oriented***- this aspect of the culture is most related to the management philosophy per se because In **very** employee oriented organizations members of staff feel that personal problems are taken into account and in **very** work oriented organizations there is heavy pressure to perform the task even if this is at the expense of employees.

A lot of researchers believe that national culture has a powerful influence and is the essence of organizational culture and the resulting behaviors of employees (Adair et al. 2001; DeVoe and Iyengar 2004; Tsui et al.2007).

Although many authors had given different definitions of organizational culture, they all consider that national culture plays an important role in the way a strong corporate culture is created, developed, shaped and maintained.

Social scientists define national culture as way of thinking, feeling, and acting rooted in common values and conventions of a society. The conceptualization that embodies this definition and appears most useful for our framework is Hofstede and Bond culture factors. Through separate studies, they arrived at similar conclusions about the nature and structure of national culture.

The national culture dimensions(www.geert-hofstede.com) are: ***Power Distance (Pdi)***- the fundamental issue here is how a society handles inequalities among people, this index informs about the dependence relationships in a country; ***Individualism Versus Collectivism (Idv)***- the value of an individual's rights, characteristics, and identity over those of the group, a society's position on this dimension is reflected in whether people's self-image is defined in terms of "I" or "we"; ***Masculinity Versus Femininity (Mas)***- this dimension represents a preference in society for achievement, heroism, assertiveness, a competitive society or its opposite, femininity, who prefer cooperation, modesty, caring quality of life; ***Uncertainty Avoidance (Uai)***- The fundamental problem is how a society deals with the fact that the future can never be known; , ***Long-Term Versus Short-Term Orientation (Lto)***- the long-term orientation dimension can be interpreted as dealing with society's search for virtue; ***Indulgence Versus Restraint (Ivr)***- the issue is that the society wants to be more indulgent or wants to be more restraint.

In one editorial, entitled "The World's View of Multinationals", the well known British magazine "The Economist" concludes that multinationals are the most representative factor of economic progress. They spread wealth, work, technologies that raise living standards and better ways of doing business.

Understanding the balance between local and global forces which occur in the process of developing and maintaining organizational culture is important to understand the extent to which an multinational corporate can function efficiently. They are unique in each different region where the enterprise blends the social cultural influences of that particular context with the shared goals of one organization, and the necessity of functioning smoothly as units of a single, global entity (Kwantes).

Bartlett and Ghoshal (1998) consider that there are three models which can talk about the degree to which the organizational culture of a multinational corporate headquarters influence organizational culture at the local level.

The first model is of the *Japanese companies*, where control over subsidiaries tends to be very centralized. In this case, local organizational cultures tend to be highly reflective of the organizational culture of the headquarters of the organization.

The second model developed from the management styles and practices of *European multinational organizations*, where localization is emphasized, along with intentional attempts to be sensitive to local norms and behavioral expectations. This model results in organizational cultures at the local level bearing a resemblance to the organizational culture at the headquarters only to the extent to which the national contexts are similar.

The third model was built on the *American management style*. According to Bartlett and Ghoshal (1998), American organizations tend to set formal policies and practices at headquarters, and then expect that these policies and practices will be adhered in local subsidiaries as well. This approach is more flexible than the centralized approach, yet more structured than the socialization approach.

A lot of authors found that the first model of the Japanese companies was quite different from the American model or the European model and that the Japan model had a strong effect on the research and development activities of the subsidiaries of the company. Therefore, this model can be used to better understand the relationship between the organizational culture of the mother company and the subsidiaries.

Hofstede (2003, 2004) was one of the few researchers who study the relationship between the national and organizational culture, and he believes that national and organizational cultural aspect derived from different sources. National culture in terms of Hofstede, encompassing a set of guidelines rather diffuse appeared as primary values formed at the beginning of life in the family and other social mechanisms that operate early in childhood. Although there are specific values can be established at the organizational level, however, the cultural dimension is based here on work practices learned in the organization, especially through social processes that act later in the life of the individual, thus reveals the existence of a culturally and a certain level of employment that interferes and is influenced by both value and practical.

In his research Hofstede found significant cultural differences within a single multinational organization. According to his study, national culture explained 50% of the differences between employees about their attitudes and behavior. National culture explained more differences than reveal together: age, occupation and gender. In conclusion, employees and managers bring their ethnicity at work.

The research made in 2010 by Kwantes , Boglarsky and Kuo regarding a multinational company, analyzed the organizational cultural of headquarters and 2 subsidiaries, three countries (U.S., U.K., China) confirmed the result of professor Hofstede, thereby the employees in the organization viewed almost half of the organizational culture styles similarly, indicating both a degree of commonality of experience in the organization and differences based on the local context of the organizational locale. Also, in their study was confirmed that the organizational culture experienced in the Hong Kong context by employees in this study was distinctly different than the organizational culture in either the United States or the United Kingdom.

Thus, foreign subsidiaries tend to maintain the organizational cultures of their home culture firms.

Given our analysis regarding the relationship between national culture and corporate culture and the way in which organizational culture of the headquarters tends to transfer herself to the company's subsidiaries it's important for future research to concentrate on finding more instruments, methods to study and measure the performance and success of top multinational companies for better understanding the way in which an corporate culture can be adapted to a national culture.

In the conceptual and empirical context described above, the present study is focusing on identification of the key organizational culture values of the multinationals companies settled in different national cultures – Europe, Asia and United States of America.

3. RESEARCH METHODOLOGY

In the first stage of the research process it was established the base of selection of the multinational companies in order to be introduced in the analysis for organizational cultural values identification. In order to achieve the purpose of the study, it was decided to be used Forbes 500 companies 2012 as selection base. From this list there was selected the 30th top companies, two of them being excluded taking into account that their home country was Brazil. Thus, in the analysis there were introduced: Exxon Mobil, JPMorgan Chase, General Electric, Berkshire Hathaway, Wells Fargo, Chevron, CitiGroup, Wal-Mart Stores, Apple, ConocoPhillips, Samsung Electronics, Toyota Motors, Sinopec China Petroleum, Bank of China, Agricultural Bank of China, China Construction Bank, PetroChina, ICBC, Royal Dutch Shell, HSBC Holdings, British Petroleum (BP), Gazprom, Volkswagen, Total, BNP Paribas, Banco Santander, Vodafone, ENI.

In the analyzing process the secondary sources of data were used – websites, different internal and external reports. Base on the data gathered a full report was generated that reflects the key organizational culture values in the three cultures – Europe, Asia and United States of America.

4. ANALYSIS OF THE MULTINATIONAL ORGANIZATIONAL CULTURE AND RESULTS

Organizational culture is an important aspect of a multinational company because the organizational culture is the perfect combination of beliefs, principles, values, attitudes and others human elements in which all the employees believe, for every company the organizational culture is vital in order to fulfill their goals and their objectives, to gain profit.

In the multinational companies the organizational culture is influenced by the national culture because the companies are operating on the global markets where we can find big differences from one economic environment to another, from one national culture to another and the diversity of the national cultures proves how strong is a multinational's organizational culture because the company has a lot of employees of different nationality who share the same values, attitudes giving the companies the opportunity to achieve their goals.

The following analysis is based on Hofstede's researches regarding the organizational culture and national culture of the multinational companies from United States, Asia, Europe.

4.1. The organizational culture in United States Multinational Companies

Top U.S. companies have achieved success by developing strong organizational cultures, but they are also influenced by national culture in which the subsidiaries operate. American society is strongly focused on individualism, there are equal opportunities for men and women to succeed, power distance is rather small which helps the communication between manager and subordinates, thereby the manager receive efficiently feedback from his employees. Short-term orientation of U.S. companies shows a strong goal orientation, innovation which are typical values for a society focused on performance.

The United States companies which we have analyzed are among the best companies in the world and they are: *Exxon Mobil, JPMorgan Chase, General Electric, Berkshire Hathaway, Wells Fargo, Chevron, CitiGroup, Wal-Mart Stores, Apple, ConocoPhillips.*

The organizational culture dimensions of United States multinational companies:

1. Means oriented vs Goal oriented - In the American society goal orientation prevail, it's a culture with masculine characteristics, the focus is on results, profit, competition between employees occurs at all levels in the United States multinational companies. Achieving performance, achieving the goals is desired in a relatively short period of time. Innovation is the combination of hard-work, skills, performances of the company's employees and large amounts of money invested, which helped **Apple, General Electric, Exxon Mobil** to develop new technologies and new products becoming the most important in their field, in the same time protecting the environment. Companies constantly seek to improve their work activities and means, manufacturing methods, their technologies but the organization's goals are more important, a good example of combining efficiently **means orientation** and **goal orientation** is **Apple**.

Goal orientation is proven in almost every company's mission or visions statement or the way how the multinational companies define their organizational culture, here are some examples of missions, visions, values of the companies: **Exxon Mobil** describes its culture in key-words: *informal, results oriented, down-to-earth, leading in technology, international*, while **Chevron** is passionate about achieving results that exceed expectations - their own and those of others, **Wells Fargo** is a growth company that believes the key to the bottom line is the top line, **General Electric** consider its culture to be among her innovations. General Electric's culture is a place for creating and bringing big ideas to life, **Apple** is committed to bring the best personal computing, portable digital music and mobile communication experience to his costumers through its innovative hardware, software, peripherals, services, and internet offerings (Apple Inc. - [Annual Report](#) 2007), for **Citigroup** the key values that guide the company are: *common purpose* - one team with one goal; *responsible finance*; *ingenuity*; *leadership* - talented people with the best training.

2. Employee oriented vs. work oriented - **Employee orientation** is the most common for the United States multinational companies, the employees are considered most valuable assets that a company such as **Exxon Mobil, Apple, General Electric, CitiGroup, Chevron** can have and therefore the companies offer their employees a lot of opportunities, internships to learn, to improve their work and develop a career in the organization, only with great employees the companies can hope to reach this objectives and his targets, achieving the success which the companies wants. Big companies manage to combine in an efficient way the **employee orientation** with the **work orientation** because they have the knowledge, experience and well trained people which help the company to achieve success.

United States multinational companies talk about how important are their people in the mission, vision statements, definitions of organizational culture or into the human resources policies, here are a few examples: **General Electric** - People are GE's greatest asset and they are passionate about making life better with new ideas and technologies, **JPMorgan** said: "Along with our reputation, our people are our most valuable asset", **ExxonMobil's** greatest strength is the exceptional quality of her employees and the combined talents of the workforce help us to lead the competition, **Wal-mart** said, "Our people make the difference, we've worked hard to build an environment that emphasizes integrity, respect, open communication and innovation, at **ConocoPhillips** people are the driving force behind the company's success, its people have been the catalyst for innovation in all aspects of the business.

3. Local vs professional - American companies are **internal oriented** because the employees know that they are in the company for their skills and capabilities and they have to anticipate, to decide their future. The employees identify with their work and the content of their work in these companies, an example is an engineer at **Apple** who develops a new technology.

This approach is common to the societies which have masculine features and is found in organizations such as *Citigroup, Exxon, General Electric, Apple, Wal-Mart, etc.*

General Electric says: “Our employees’ performance can only flourish in a sound work environment. That is why General Electric is committed to supporting its leadership culture through systems and policies that foster open communication, maintain employee and partner privacy, and assure employee health and safety”.

JPMorgan says: “We – and our clients – have experienced first-hand the benefits of being actively inclusive, operating as a meritocracy, and embracing diversity to harness the talent and experience of our best individuals. These and other aspects of our culture enable creativity and entrepreneurship to thrive.”

4. Open system vs closed system - open system orientation is encountered in America, the companies combine perfectly this orientation with employee orientation by creating especially for the new employees training programs, internships, team building activities and programs for integrating much faster the new employees into the organization and to share the company’s values, believes, to join to the organizational culture of the company.

Here are few examples of how the companies described their open system orientation: *JPMorgan* is proud of the strong and open culture that exists within his firm. The employees are able to deliver candid and constructive feedback to their colleagues, *Exxon Mobil*’s new employees get straight down to work. Employees can always ask their co-workers in case they have any questions, because *Exxon Mobil* strongly believes in an open-door policy, where anyone can approach anyone else across the world if they have questions to ask, *Wal-Mart point of view is defined by Sam Walton* who believes in the power of teamwork. As the stores grows, the philosophy of teamwork has only become more important (and successful) over the years.

5. Easy going work discipline vs strict work discipline – United States companies have *strict work discipline orientation*, therefore the employees are confronting with an intense control because the company focuses on results, so in order to achieve its goals in a period of time it’s necessary an intense control over the employees activity, the *easy going work discipline* can be used by the companies only on very short period of time because otherwise achieving the goals in a reasonable period of time will not be possible.

Exxon Mobil describes very well this orientation in its corporate culture regarding the results orientation: “At regular intervals, the employees will meet with their supervisor to discuss their responsibilities and their performance.

6. Internally driven vs externally driven- Externally driven is present in almost all U.S. companies, in the actual global context all companies must realize the importance of their costumers in order to assure a successful business, on international markets where are a lot of companies which are fighting for customers, companies need to understand their customers desires to provide them good products and services. Corporations such as *Wal-Mart, Citigroup, Exxon, Chevron, Apple*, etc. consider customer’s needs as the most important challenges that the companies have to solve.

Companies take into account the internally driven perspective and have a constant concern regarding developing new technologies, new products, improving the processes, systems but the costumer is more important because if there isn’t a costumer who needs that product and the product is not bought, then the whole production process will be in vain.

We present a few examples from the companies point of view: *Berkshire Hathaway* understands that his customers are the most important part of his business and they are trying to provide the highest level of customer service and integrity for his clients, *CitiGroup* has a key word in his values statement - Common Purpose - One team, with one goal: serving our clients and stakeholders, *JPMorgan* says “Our clients appreciate that we understand their needs and act

in their interest.”. *Wells Fargo* says “*We want to satisfy all our customers’ financial needs and help them succeed financially.*”

4.2. The organizational culture in Asian Companies

Organizational culture of the Asian corporations was a important factor in the ascension of these companies by 1960 - 1970. Compared with the United States, Asian countries such as Japan, China, South Korea would be at the opposite because of the dimensions of the national cultures, so it could be said that Asian companies shouldn’t have succeed.

Asian culture is that special something that made possible for companies from China, Japan to achieve success. Asian companies are strongly oriented towards collectivism, the male is the one who has all privileges, the power distance is quite large but the way of decision making, mainly consensus drastically reduce this distance. There are many companies that have restrictions, the orientation is focused on long-term and the risk assumption is almost nonexistent.

The Asian companies analyzed by us are within the world's best companies: *Samsung Electoronics, Toyota Motors, Sinopec China Petroleum, Bank of China, Agricultural Bank of China, China Construction Bank, PetroChina, ICBC.*

Dimensions of organizational culture in Asian companies:

1. Means oriented vs Goal oriented - In Asian culture the *means orientation* prevalent, but there is a big concern *for results, for goals too*, in a society with strong features of collectivism, with a long-term orientation that focuses on improving and perfecting processes, competition between employees and companies is almost missing. Companies such as *Samsung Electoronics, Toyota Motors, Sinopec China Petroleum, Agricultural Bank of China, Petrochina* concentrate on improving the process, systems and on innovation.

Innovation is realized in Asian companies with well-trained people who are able to learn quickly which drives to new products, new technologies which are revolutionizing different fields of the global economy, examples are Samsung Electronics with their products which embed new technologies, Toyota made products that revolutionized the auto industry.

Asian companies which focus on process and means prove their orientation in how they define the mission, vision statements, values, organizational culture and these are a few examples: *ICBC* presents his values of "excels in integrity and quality services to achieve long-term ambitions" encompass five basic dimensions: "integrity, employee-centric, stable growth, innovation, and excellence, *Samsung Electronic* new vision reflects three key strengths: "*New Technology*," "*Innovative Products*," and "*Creative Solutions*." -- and to promote new value for Samsung's core networks -- *Industry, Partners, and Employees*, *Toyota* through improvements of conventional technology, as well as pioneering efforts in the application of new technologies, Toyota is taking great steps to develop eco-cars which will help us become a low carbon society, *Sinopec China Petroleum* says “We will emphasize development quality and efficiency, technological progress ,green and low carbon, and people-orientation further. Additionally, we will constantly improve our value creation ability and sustainable development ability, and to transform from a traditional energy and chemical company to a clean, environment-friendly, low-consumption and efficient company.”

2. Employee oriented vs work oriented - *Employee orientation* is well known for the Asian companies and comes from Asian culture. The employee is considered for the Asian companies a precious value that a company like *Samsung Electronics, Toyota Motors, Sinopec China Petroleum, Bank of China, Agricultural Bank of China, China Construction Bank, PetroChina, ICBC* can have. Therefore there is a great concern to provide to the employees means, programs to learn, to improve because in the Asian culture a man is hired for life in a

company, the company will help the employee to develop a career and helps him with his life's problems.

All the companies analyzed are *employee oriented*, in their mission and vision statements is obvious, here are some Asian companies which consider the employee an important value: **Samsung Electronics** shares and cares about its employees' concerns over their health, children's education and post-retirement life and helps them prepare for their future in order to enhance employee satisfaction and provide better working environments. In addition to the basic legal welfare programs such as premium subsidies for National Pension, Industrial Accident Compensation Insurance and Employment Insurance and Samsung encourage employees with the following statement: "We also offer incentives for idea suggestions to encourage our employees to proactively participate in knowledge sharing within Samsung Electronics. As a result, a total of 3,515 patents were filed in the U.S. in 2008", **Petrochina** consider that "The company is the platform for employee's existence and development, and for the realization of their career pursuit and individual value."

3. Local vs professional Asian companies are *strongly local oriented* and consider that the company is concerned and cares for the employee's career and in the same for his family situation, this dimensions has a lot of connection with the relationship **Oyabun – Kobun** because the new employee (**Oyabun**) is trained by an experienced employee (**Kobun**), so from the relationship **Oyabun – Kobun** the employees tend to identify with the boss of the unit in which they work. This orientation is something typical for the Japan companies, for Asian companies and here too the employees are seen as important assets for the company. This approach is encountered in big companies like **Samsung Electronics, Toyota Motors, Sinopec China Petroleum, Bank of China, Agricultural Bank of China**.

Sinopec has an *operation concept*: "Good Faith, Standards, Cooperation, Co-Win"—Make a concerted effort with all parties for mutual progress.

4. Open system vs closed system - Open system orientation is very common for the **American companies** as well as for the **Asian firms**, companies perfectly combines *open system orientation* with employee orientation for which creates training programs for the new employees and practice job rotation so that the new employees learned the way the company runs and with this aspects together with the relationship **Oyabun – Kobun** makes the new employees integrate much faster in the company and share the values, believes of the company.

China Construction Bank says: "We seek to become a world-class bank by providing the best service to our customers, maximizing shareholder value and providing excellent career opportunities to our employees. We intend to focus our efforts on our target customers, products and geographical regions"

5. Easy going work discipline vs strict work discipline - Asian organizational cultures are oriented towards an *intense control*, being a restrictive society, they are seeking to obtain results which requires an intense control over the employee activity and needs to take appropriate measures at the right moment.

Sinopec China Petroleum developed a company wide internal control system. The system has undergone amendment and update annually in light of the changes of external supervision and internal management, and in conjunction with problems and opinions arising in implementation. Meanwhile, the Group conducts systematic risk assessment on a regular basis and formulates risk management strategy and solution accordingly. As a result, risks of all kinds are kept under control and the level of business administration and ability of risk prevention is improved. Sinopec Corp. makes continuous effort to regulate its operation and improve its corporate governance. It adopts a corporate governance structure consisting of meeting of shareholders, board of directors, supervisory committee and senior management team.

6. Internally driven vs. externally driven – Externally driven prevail in U.S. and Asian companies, in the current economic climate all companies realize the importance of their customers for their business. Corporations such as *Samsung Electronics, Toyota Motors, Sinopec China Petroleum, Bank of China, Agricultural Bank of China* consider customers needs the most important problem that the companies need to find the best solutions.

Furthermore we present the point of view of the Asian companies: *Petrochina* consider: “Service creates the market: the company takes the customers' benefits as the focus, and satisfaction of customers' needs as the supreme end.”

China Construction Bank says: “We seek to become a world-class bank by providing the best service to our customers, maximizing shareholder value and providing excellent career opportunities to our employees. We intend to focus our efforts on our target customers, products and geographical regions”, *Bank of China's* mission is to: build customer satisfaction and provide quality and professional service; offer rewarding career opportunities and cultivate staff commitment; create values and deliver superior returns to shareholders.

4.3. The organizational culture in European Companies

European companies achieved success by developing powerful organizational cultures that are influenced by the national culture where are the corporate headquarters. The organizational culture of the companies in Europe can be considered a combination of the Asian culture with the United States culture, regarding national culture, as well as organizational culture. We can observe that European culture borrows from the American culture features such as low power distance, masculinity, individualism, short-term oriented for countries like Germany, Netherlands, United Kingdom, Italy. European culture borrows from Asian culture uncertainty avoidance, indulgence, femininity, power distance for countries such as Spain, France.

Short-term orientation of U.S. companies is borrowed by European cultures that demonstrate the strong orientation towards results, performance – key features for a society that relies on performance.

European companies which are among the world's best companies are: *Royal Dutch Shell, HSBC Holdings, British Petroleum (BP), Gazprom, Volkswagen, Total, BNP Paribas, Banco Santander, Vodafone, ENI*.

Dimensions of organizational culture in European companies:

1. Means oriented vs Goal oriented – Most of the European corporations are more *goal oriented* for example is goal orientation prevail in societies with masculine features like Germany, Great Britain Italy the focus is on results, profit-driven, recognition of merit, competition is high at all levels of multinational companies and on markets while firms in countries such as Holland, France, Russia which manifest feminine features concentrate on developing a favorable climate for work, relationships between employees, teamwork the *means orientation* is common. Goals achieving and performances at the job are important objectives that have to be accomplished on short-term. Big companies focus on the best result of their employees and invest a lot of funds to create and develop new technologies, improve production systems for achieving their purpose of being the best in the industry, but also protecting the environment. Companies constantly seek to improve processes carried out by the organizations, companies such as *Volkswagen, Vodafone, HSBC, Royal Shell, etc.* efficiently combine their resources with knowledge to have results and to keep their stakeholders happy.

The goal orientation of the European companies can be seen from their mission, visions statements, the companies values, believes, ideas and business principles, here are some examples:

HSBC Holdings goal orientation can be demonstrated by his values such as *performance-focus* - drive leading, competitive levels of performance, act with urgency and intensity prioritize, simplify; *efficiency* - focus on cost discipline and process efficiency and in fact that “We manage all post-trade activity for global markets across 60 countries. In order to stay ahead, we're investing in our infrastructure to build capacity and support business growth. In everything we do, we apply a results-driven, global focus,” **Royal Dutch Shell** says in his vision statement “We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environments in which we choose to operate. We aim to work closely with our customers, our partners and policymakers to advance more efficient and sustainable use of energy and natural resources.”, **Vodafone** consider that “We're ambitious. We're open-minded. We're flexible. We enjoy working together. We embrace technology. And we're excited by the future. Good thing, too – after all, we're leading an industry that's challenging, lightning-quick and constantly changing.”

2. Employee oriented vs work oriented – orientation towards employee is common in European organizations, all companies understand the importance of their employees because they are maybe the most powerful tool that can help a company like **Royal Dutch Shell, HSBC Holdings, BP, Gazprom, Volkswagen, Total, BNP Paribas, Banco Santander, Vodafone** or **Eni**, etc. to achieve the success because you can have important resources, funds but if u don't have capable employees to run the company and take the right decisions, then it can be useless. Work is important for the companies, better systems, improving procedures, better skills for the employees is a strong concern for organizations and they provide learning opportunities, training for employees. Big companies are oriented on a middle line, they are not to **employee oriented** **neither work oriented**.

Volkswagen's success is based on the qualification and personal commitment of around 500,000 people (December 31, 2011), A company will only be able to survive in the face of international competition if it has a top team, characterised by a high level of competence, dedication, inventiveness and fitness, active contribution of ideas and participation are expected of all staff members, **Gazprom** says that “The company affords ample opportunities for its employees to realize their potential and develop their careers. We are a team of professionals pursuing the Company's strategic goal of becoming a leader among the global companies.” **Royal Dutch Shell** Our people are central to the delivery of our strategy and we involve them in the planning and direction of their own work. We create a work environment that values differences and provides channels to report concerns. We value communication and consultation with our employees, directly or via staff councils or recognised trade unions, **Eni** says that a part of **Eni's** culture is “the central importance of the individual and their welfare, the development of their capabilities and skills, the fulfilment of potential through the full expression of their energy and creativity, creating a work environment that gives everyone the same opportunity on the basis of common standards of merit and without discrimination.

3. Local vs professional - European companies are more local oriented because the employees know that they are in the company due to the skills and capabilities which they have acquired in their trainings and they have to decide their own way and the role they want to play in the company. The employees identify more with his profession and with his results.

This approach is common to the organizations in societies with masculine characteristics such as **Germany (Volkswagen), Netherlands (Royal Dutch Shell), United Kingdom (Royal Dutch Shell, BP, HSBC Holdings, Vodafone), Italy (Eni), etc.**

4. Open system vs. closed system - Open system orientation type is common in Europe as well as in America, corporations combine these elements perfectly, employee orientation creating training programs, team building especially for the new employees to join to the

company's organizational culture as soon as possible and to share the firm's values, principles, believes.

HSBC demonstrate his *open system orientation* with the following statement "At every stage of your career, you will have the support you need to progress. We will offer a mix of formal and informal development activities, and you will be able to develop personally through involvement in our [Corporate Sustainability](#) and volunteer programmes, working at **Banco Santander** is an open opportunity to continue your professional growth. We help people to develop their full potential and to pursue careers which are increasingly rich in knowledge and experience: Participating in training programmes. Taking on new responsibilities. Participating in special projects. With career plans, staff development programmes, mobility programmes and programmes to evaluate potential, **Total** describes his *open system orientation* in this way "from integration of new hires to training for seniors, **Total** supports the development of employees throughout their career. A range of career management resources is deployed, coupled with an extensive training policy. Training must equip each employee to effectively meet the challenges of increasingly complex projects, evolving energy issues and the geographic expansion of our operations.

5. Easy going work discipline vs strict work discipline - European organizational cultures are facing intense control like the U.S., being companies that focus on results, short-term performance results need intense scrutiny over employee activity to take appropriate action to achieve goals.

British Petroleum "We recognize the need to constantly look at and improve our own organization. So, for example, we work to rigorous health and safety standards and hold all our employees to a global code of conduct. We hold all new projects to a set of environmental requirements. And we encourage each other, the people who work for BP, to raise any concerns they have about the business.

6. Internally driven vs externally driven - Externally orientation is common seen in companies from United States and has been adopted by European companies. In the current global context the organizations realize the importance of their customers for their business and for the welfare of the stakeholders. Corporations such as **Royal Dutch Shell, HSBC Holdings, BP, Gazprom, Volkswagen, Total, BNP Paribas, Banco Santander, Vodafone, Eni** consider the customer the most important element of their business so the companies try to make him happy and to provide him the best solutions for his needs.

Volkswagen considers that "The customers' needs are the foundation of our product strategies: diverse products and wide range fully satisfy customers' requirements and are self-accomplishing. We steadfastly uphold a "customer-centric" principle. We have in place a customer-service procedure and have developed a customer-relations management system. Our customers are not kept waiting by virtue of our accurate information and rapid response, **HSBC** present the values in which they believe "**Customer-focus** - provide outstanding customer experience integrated – align. **Sustainability** - take a long-term outlook, understand impact of actions on stakeholders, brand and reputation, our values and principles are carefully balanced with our commitments to all our stakeholders: customers, employees, shareholders, regulators and governments, suppliers, bondholders, other creditors, communities and societies.", **Banco Santander** says "Our goal is to offer comprehensive solutions to satisfy the financial needs of our clients and provide excellent value to our shareholders."

5. FINAL REMARKS

The present study had the purpose the identification of the key cultural values of the multinational companies, values that are linked with the success of these companies. Also, the study emphasized some differences in the key values, that are determinate by national culture. In order to achieve this purpose, 28 multinational companies were selected, the selection criterion was the performance of the companies. Thus, Forbes 500 companies was used as selection base. Into the analysis process there were introduced the top 28 companies. The analysis was conducted in Hofstede model perspective, taking into account six dimensions proposed in this model.

Organizational culture is a vital component for the performance and the success of any company, big or small. Without a strong organizational culture, a company has few chances to be competitive and to survive in a global market which is growing every day and where the competition is tough, the competitors are sharks, the companies have to develop strong organizational cultures or else the sharks will eat them alive.

In our point of view the relationship between organizational culture and national culture of the multinational companies can be explained very well with few examples, such as: In the Asian companies the decisions are taken in a consensual way although the power distance is quite large so we can see the influence of the national culture but in the same time the values of Confucianism prevail in the way the decisions are made; Companies from U.S. focused on results on short-term, Asian companies are more means orientated on a long period of time, European companies are somewhere in the middle; All twenty eight companies understand the importance of their employees, they consider their people the most important asset of the companies although they have different national culture, beliefs, values.

Hofstede and other researchers consider that national culture explain almost 50% of differences between the employees of one company so we can say that almost 50% of the national culture where the company has the headquarter is passed to the subsidiaries.

The organizational culture of the companies in Europe can be considered a combination of the Asian culture with the United States culture, regarding national culture, as well as organizational culture. We can observe that European culture borrows from the American culture features such as low power distance, masculinity, individualism, short-term oriented for countries like Germany, Netherlands, United Kingdom, Italy. European culture borrows from Asian culture uncertainty avoidance, indulgence, femininity, power distance for countries such as Spain, France.

Short-term orientation of U.S. companies is borrowed by European cultures that demonstrate the strong orientation towards results, performance – key features for a society that relies on performance, the employee orientation common with U.S. and Asian companies.

The key-features of organizational cultures for all companies that we analyzed are: a strong orientation towards goal and performance, a big concern for the employees, all companies are orientated towards an open system to help their employees build a career and to help improve their work, the customers are very important for the companies and they deserve great concern.

Analyzing the points of view of twenty eight big companies from around the world we gathered important information about the way how the organizational culture of big companies is influenced by national culture with the purpose to help developing, managing and improving strong organizational culture for companies.

The results of the study underline some certain distinctions in the dimension of the organizational culture of the companies, distinctions that are directly linked with national culture. These results sustain the previous empirical findings of the researchers that were done in international context.

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IS TURKEY READY TO JOINT THE EUROPEAN FISCAL UNION?

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Abstract: Since Turkey was officially recognized as a candidate for full membership in 1999 and negotiations were started in 2005 its membership bid has become and still is a major controversy in the ongoing enlargement process. This controversy contributes not only to the valuation of modern Turkey's social, cultural, political but also its economic situation. Most statements are based on scenarios derived from the perspective on how Turkey's membership would influence the EU as a whole and/or some of its member states. The development of Turkey as EU member was rarely researched. In particular it was not studied how Turkey's membership would change Turkey and how these changes would re-influence the development of the EU in a longer run. The present financial, debt crisis in the EU led to intensified short-term oriented analyses on just financial aspects. In order to define and discuss pros and cons of Turkey's accession it is not sufficient anymore to focus almost exclusively on the effects of Turkey's accession to the EU. Turkey is to be analyzed from three further perspectives and scenarios: 1) How will Turkey develop as non-member state? 2) How would Turkey develop as a member-state? And 3) How would Turkey as a member state re-influence the EU? As the present economic crisis of the EU (for instance about 46 % of young people in Spain are jobless) is aggravated by a major financial crisis in the Euro zone, the economic and financial perspectives of development have to be moved into focus. The "Europe 2020 Strategy" points the way, as it provides indicators to measure the EU's development from a long-termed perspective. Growth "at EU and national levels" has to be "smart", "sustainable" and "inclusive". Accordingly, "five targets were identified: (1) 75 % of the population aged 20-64 should be employed, (2) 3% of the EU's GDP should be invested in R&D, (3) The "20/20/20" climate/energy targets should be met, (4) The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree or diploma, (5) 20 million less people should be at risk of poverty.

In the following paper it will be discussed, if or how Turkey could meet these aims and if the EU could meet them if Turkey would become and be a member state. The EU's strategy targets will be complemented by financial targets, as the EU recently pushes ahead with a fiscal union. It will be checked if Turkey could become a Euro-country or at least join the fiscal union within the next decade. This will be investigated by looking at the Maastricht Criteria as well as the possibility to implement and meet the restrictions of the debt brake.

Keywords: Europe 2020 Strategy; debt brake; Fiscal Union; Maastricht Criteria.

JEL Classification Codes: O16, O23, O52

1. INTRODUCTION

In its conference held in Helsinki on 10 and 11 December 1999, the European Council (EC) declared:

"Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States. Building on the existing European strategy, Turkey,

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like other candidate States, will benefit from a pre-accession strategy to stimulate and support its reforms.”¹

Turkey, therefore has the status of a European Union (EU) candidate country and benefits from this status. Nevertheless, Turkey’s membership is still questioned by many EU member states. The present German government as well as the President of France are still against a full membership for Turkey and try repeatedly to offer a “privileged partnership” instead. This of course upsets Turkey. On the other hand, the unsolved Cyprus conflict upsets the EU. So, the accession process and the negotiations between EU and Turkey are endangered.

The EU membership of Turkey is not only a political but also economic risk. The population of Turkey is more than 70 million people. In 2011 this population generated a GDP of more than 550,000 million EUR (forecast).² This is the sixth-highest figure behind Germany, France, United Kingdom, Italy and the Netherlands, but ahead of Spain and all the other EU member states.³ Due to both its population and its economic power, Turkey would have a major influence on the EU27, politically and economically.

2. EUROPE 2020 STRATEGY TARGETS

On 3 March 2010, the European Commission (EC) announced its strategy for the decade from 2010 to 2020 and labeled it as “Europe 2020, a strategy for smart, sustainable and inclusive growth”. The decision was justified by pointing out that:

“Europe can succeed if it acts collectively, as a Union. We need a strategy to help us come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Europe 2020 sets out a vision of Europe’s social market economy for the 21st century.”⁴

Europe has to act collectively, i.e. each member state has to act as a part of the EU. So, if Turkey would join the EU, it would have to meet the strategy targets as all other member states. Due to the major controversy in the ongoing enlargement process about Turkey’s membership, we will assess Turkey’s importance and effectiveness by considering the Europe 2020 Strategy Targets. By doing so, we will have a solid basis to see if Turkey is ready and to what extent.

The Europe 2020 strategy is defined by “five EU headline targets” aiming at the creation of “jobs and smart, sustainable and inclusive growth”.⁵ In the following Turkey’s economic situation and development will be described and analyzed against each of the “EU level targets” that “have been agreed for the whole EU.”⁶

2.1 Employment

The first target aims at the employment. It indicates that “75 % of the population aged 20-64 should be employed”.⁷ TurkStat indicates that Turkey falls short of this objective. In the first 9 months of 2011, the labor force participation rate was about 50 %.⁸ Although this result is far behind the target, Turkey is making good progress as far as just males are concerned.

¹ The Council of the European Union, 2001, p. 13

² On basis of the first three quarters of 2011 according to TurkStat, Nr. 252, 2011

³ According to Eurostat, 2011, Gross domestic product, current prices

⁴ European Commission, 3 March 2010, p. 5

⁵ Eurostat, 2011, Headline Indicators

⁶ European Commission, 2011, Europe 2020 targets

⁷ Eurostat, 2011, Headline Indicators

⁸ TurkStat, 2011, Nr. 258

Because there is a huge difference in the labor force participation rate between males and females: The rate “was realized as 72.2 % with 1.1 percentage points increase for male compared to the same period of the previous year and realized as 29.5 % with 1.6 percentage points increase for female.”¹ This reflects the gender policy of the ruling party, AKP. According to Erdoğan each woman should give birth to at least three children (“en az 3 çocuk”).² This is to exploit “the demographic advantage”.³ Erdoğan is convinced that Turkey’s, “success, our power [...] results from our young population.”⁴ Although the share of younger people in the society is an important social-economic factor, the increase of the share of younger people becomes contra-productive, if the economic situation does not develop. Particularly the eastern provinces still characterized by their semi-subsistence agriculture cannot provide enough jobs.⁵ This illustrates the internal migration from the eastern to the western provinces, particularly to Istanbul (in table 1):

Table 1. Net migration and rate of net migration by statistical region (2009-2010)⁶

Region (Level 1)	Net migration	Rate of net migration (‰)
Total (balance)	0	0.00
Istanbul	102,583	7.77
Western Anatolia	39,128	5.59
Eastern Marmara	37,579	5.51
Western Marmara	14,599	4.62
Mediterranean	5,479	0.58
Aegean	0,955	0.10
In-migration (net total)	200,323	
Eastern Black Sea	-22,703	-8.98
South-eastern Anatolia	-28,917	-3.80
North-eastern Anatolia	-30,104	-13.58
Central-eastern Anatolia	-33,255	-9.08
Central Anatolia	-34,624	-8.95
Western Black Sea	-50,720	-11.16
Out-migration (net total)	200,323	

From 2009 to 2010 nearly 2 million people (ca. 2.7% of the population) left their home regions.¹ As Table 1 shows, Istanbul benefitted most from the internal migration movements.

¹ TurkStat, 2011, Nr. 258, p. 1

² Erdoğan, 16 May 2011; translated by the author

³ Gündem.tv, 04 February 2012

⁴ Erdoğan, 2011

⁵ iMOVE, 2011, p. 15

⁶ TurkStat, In-migration..., 2011

Even the Western Black Sea region was not attractive enough to compete with Istanbul. This region was the region with the highest net out-migration. According to TurkStat 132,326 people left this region; 49,510 of them (ca. 37%) moved to Istanbul.

Furthermore, the analysis of the other key indicators of the Europe 2020 Strategy will show that the AKP's gender policy is disastrous and not limited to just the enormous migration movements towards the west.

2.2 Investment in R&D

The Europe 2020 strategy indicates that at least “3% of the EU's GDP should be invested in R&D”.² This is a very challenging target, as it is almost 1 percentage point above the world average and surpassed only by two European countries, Finland and Sweden that achieved that level in 2007 (as table 2 shows):

Table 2. Research and development expenditure (% of GDP) in 2007³

Country Name	2007
Cyprus	0,45
Slovak Republic	0,46
Romania	0,53
Greece	0,57
Poland	0,57
Latvia	0,59
Malta	0,59
Turkey	0,72
Lithuania	0,81
Hungary	0,96
Estonia	1,11
Italy	1,18
Portugal	1,21
Spain	1,27
Ireland	1,28
Slovenia	1,45
Czech Republic	1,54
Luxembourg	1,62
Norway	1,64
Netherlands	1,72
United Kingdom	1,82
European Union	1,85
Euro area	1,87
Belgium	1,90
France	2,04
World	2,07
Austria	2,54

¹ TurkStat, 2011, Regional in-migration...; TurkStat, 2011, Nr. 19, p. 1

² Eurostat, 2011, Headline Indicators

³ The World Bank, Research and development...

Germany	2,54
Denmark	2,56
Europe 2020 Target	3,00
Finland	3,47
Sweden	3,61

It will be difficult for all the EU countries – with the exception of Finland and Sweden – to meet this Europe 2020 strategy target. Although Turkey is far behind this aim, seven other EU countries perform even worse.

2.3 Climate Policy

The EU's climate policy aims to support the world climate/energy change. Accordingly the EU formulates a "20/20/20" strategy with three specific objectives:

1. Reduction of the greenhouse gas (GHG) emissions – expressed in units of CO₂ equivalents – by 20% compared to 1990;
2. Increase in the share of renewable energy sources in final energy consumption to 20%; and
3. 20% increase in energy efficiency.¹

First of all it is to be stated that Turkey does not have an emission reduction target, as it is not a Party to the Kyoto Protocol. According to the European Environment Agency, Turkey's GHG emissions were not reduced, but steadily increased in the last years (see table 3).

Table 3. Greenhouse gas (GHG) emissions in Turkey (1990 and 2009)²

Key GHG data	1990	2009	unit
Total GHG emissions	187.0	369.6	Mt CO ₂ -eq.
GHG per capita	3.4	5.2	t CO ₂ -eq. / capita
GHG per GDP (constant prices)	925	952	g CO ₂ -eq. / EUR

The two main reasons for the increase of GHG are the economic growth and the increase of the population, as the European Environment Agency states:

“Emissions almost doubled between 1990 and 2007, increasing in all sectors except agriculture. The increase was driven by economic and demographic development, which resulted both in increasing energy demand and energy production. Turkey has the highest annual population growth of all European countries (+ 1.7 % population growth rate in 2005), but the lowest per capita greenhouse gas emissions in the region.”

The statements of the European Environment Agency correspond with the AKP's policy that aims at just economic growth. This growth is pushed by the AKP, as already said, by promoting a birth rate of at least three children per woman. For the AKP economic growth by increasing the birth rate is most important. Erdoğan points the way: “Until 2023 [... Turkey] will

¹ Eurostat, 2011, Headline Indicators

² European Environment Agency, 2011, p. 144

be among the 10 world's top economies".¹ Due to this target there is little room for aims like the reduction of GHG emissions that are rated as growth-inhibiting.

2.4 Education

Education was identified as another key part of the Europe 2020 strategy as "education and training are essential to the development of today's knowledge society and economy."² Two specific objectives were defined:

1. The share of early school leavers should be under 10%; and
2. at least 40% of the younger generation should have a tertiary degree or diploma.³

According to the European Commission's staff working paper on *Reducing early school leaving*, Turkey came bottom out of EU27 and 6 other European countries. According to the survey, 44.3% of Turkey's population aged 18-24 achieved at most lower secondary education, or was not in education or training in 2009.⁴

As far as the second education specific objective is concerned Turkey seems to be on track. In its *2011 National Report*, Turkey's Ministry of National Education stated that the "higher education schooling rate increased [from 20.8% in 2000⁵] to 30.42% in formal education for 2009-2010 academic year and reached 53% in total."⁶

Nevertheless, it is to be stressed that there is a huge difference between males and females. In its *Gender Review in Education, Turkey 2003* UNICEF states:

"Gender differences in literacy (80.6% for women as opposed to 93.9% for men according to the 2000 census) and current school enrolment rates (91.8% for girls and 100% boys at the primary level) show inequality in access to education.

Gender differences are greater in rural than in urban areas. Of women in urban areas, 16.6% cannot read or write and as much as 30.8% of their rural counterparts are illiterate while only 3.9% of urban and 9% of rural men are illiterate. Migration from the eastern to western region, usually from rural to urban settlements, is still common in Turkey so the problem of female illiteracy is carried to towns. [...]"⁷

The following table (table 4) shows that the gender gaps in primary and secondary education have been reduced significantly in the last five years.

Table 4: Gender gap in the gross enrolment, 2005-2010⁸

Gender gap	2005-	2006-	2007-	2008-	2009-
Primary Education	6.59	5.84	3.84	2.20	1.17
Secondary	20.19	19.59	13.34	8.91	10.17
Higher Education	8.84	9.18	9.06	9.77	9.66

But in higher education the gender gap remained in the range of 9-10%. It is to be feared that the AKP's gender policy will not only result in an increase of the gap, but also hinder women from starting a business life and career. There is a paradigm change in the AKP's identity building

¹ Erdoğan, 29 November 2011; translated by the author

² European Commission, 2011, Strategic framework...

³ Eurostat, 2011, Headline Indicators

⁴ European Commission, 2010, Commission staff working paper, p. 6, chart 1

⁵ Eurostat, 2009, The Bologna Process..., p. 220, Table D.2b

⁶ Ministry of National Education, Republic of Turkey, 2011, p. 9

⁷ Unicef, 2003

⁸ TurkStat, 2010, Schooling ratio...

policy away from Atatürk's modernistic, laical concept of man to the former male-dominated Islamic understanding of society. The latter view has traditional stereotype gender related norms and behavior that could lead to an economy in which women remain more and more passive as un-paid home-servants and consumers controlled by men.

2.5 Poverty Reduction

The headline indicator stipulates a poverty reduction "by aiming to lift at least 20 million people out of the risk of poverty or social exclusion".¹ This aim is to be achieved by the interaction of the following three sub-indicators:

1. Less than 20% of people "living in households with very low work intensity";
2. "People at-risk-of-poverty after social transfers"; and
3. "Severely materially deprived people".²

The first sub-indicator targets "people aged 0-59 living in households where the adults work less than 20% of their total work potential during the past year."³ Although the table provided by Eurostat indicates only 2006 figures, Turkey achieved 16.6%.⁴ With this level it is likely that Turkey will meet this target.

The second sub-indicator is related to "persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers)."⁵ The most recent figure Eurostat records, again refers to the year 2006 when 26.6% of the total population was at risk in Turkey.⁶ It was the highest figure of all analyzed European countries that year and exactly 10 percentage points or 60% higher than the EU27 average. In this regard, Turkey fails to come close to the EU27 target and this is a concern for the next few years.

The third sub-indicator

"covers indicators relating to economic strain, durables, housing and environment of the dwelling. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivation items: cannot afford

- i) to pay rent or utility bills,
- ii) keep home adequately warm,
- iii) face unexpected expenses,
- iv) eat meat, fish or a protein equivalent every second day,
- v) a week holiday away from home,
- vi) a car,
- vii) a washing machine,
- viii) a colour TV, or
- ix) a telephone."⁷

Once again, the most recent figure about Turkey refers to the year 2006. In that year 72.4% of the total population belonged to the group of severely materially deprived people. This figure is

¹ Eurostat, 2011, Headline Indicators

² Eurostat, 2011, Headline Indicators

³ Eurostat, 2011, People living..., short description

⁴ Eurostat, 2012, People living..., table

⁵ Eurostat, 2011, People at-risk-of-poverty, short description

⁶ Eurostat, 2012, At-risk-of-poverty rate...

⁷ Eurostat, 2011, Severely...

nearly 3 times as high as the EU27 average that is 25.3%.¹ In this regard, Turkey is far behind the track record for the rest of the EU.

The results in the poverty reduction show that the data about Turkey, at least at Eurostat level, are (too) poor. Furthermore, the last two of the three sub-indicators demonstrate that Turkey faces very serious difficulties to reduce poverty particularly to a level that comes close to the EU27 average levels.

2.6 Financial Targets

Without going into all details of the analysis again, we can conclude that in some areas Turkey is on the right track while in other areas Turkey is very far away from meeting the *Europe 2020* strategy targets. In order to complete the picture, now we will concentrate on the primary financial perspectives of development. This aspect moved into the EU focus, particularly after Greece's bankruptcy and its fight to stay in the Euro zone. Due to the very severe debt crisis in Greece and to situation of some other countries of the Euro zone, the financial criteria became more and more important.

On 7 February 1992, the "Treaty establishing the European Economic Community" was already "amended" towards "the definition and conduct of a single monetary policy and exchange rate policy".² The introduction of the Euro is the consequence of this policy. Its main task was formulated in the statement: "Member States shall avoid excessive government deficits."³ So, the European Commission was asked to

"monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:

- (a) whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value [...];
- (b) whether the ratio of government debt to gross domestic product exceeds a reference value [...]"⁴

The "reference values" were "specified in the Protocol on the excessive deficit procedure" as follows:⁵

- "(a) 3% for the ratio of the planned or actual government deficit to gross domestic product at market prices;
- (b) 60% for the ratio of government debt to gross domestic product at market prices."⁶

Besides these two budget deficit (a) and debt (b) related criteria euro-area candidate countries have to meet three more requirements:

- (c) Price stability: The consumer price inflation rate is to be limited to max. 1.5 percentage points above the rate of the three best performing Member States;
- (d) Durability of convergence: The long-term interest rate is to be restricted to 2 percentage points above the rate of the three best performing Member States in terms of price stability; and
- (e) Exchange rate stability: Prerequisite is the participation in the Exchange Rate Mechanism (ERM) II for at least 2 years without severe tensions.⁷ ERM II means

¹ Eurostat, 2011, People at-risk-of-poverty or social exclusion

² Eurotreaties.com, 1992, Maastricht Treaty, art. 3a, nr. 2, p. 3

³ Ibid., art. 104 c, nr. 1, p. 14

⁴ Ibid., art. 104 c, nr. 2, p.14

⁵ Ibid.

⁶ Eurotreaties.com, 1992, Protocol on the excessive deficit procedure, art. 1, p. 28

⁷ European Commission, 2011, Who can join...

that a “central exchange rate [is agreed] between the euro and the country's currency” due to that the “currency is then allowed to fluctuate by up to 15% above or below this central rate.”¹

The following table (table 5) shows the development of Turkey's economy related to the five Maastricht criteria. Problematic figures are typed in bold.

Table 5: Turkey's Development according to the Maastricht Criteria (in %)

Maastricht Criteria / Year	2006	2007	2008	2009	2010
Budget deficit to GDP ratio ²	-0.6	-1.6	-1.8	-5.5	-3.6
Debt related to GDP ratio ³	-46.5	-39.9	-40.0	-46.1	-42.2
Consumer price inflation rate ⁴	9.3/3.7	8.8/3.6	10.4/4.8	6.3/1.8	8.6/3.1
Interest rates ⁵	16.2/5.8	16.8	18.9	12.9	9.6
Exchange rate fluctuation (max.) ⁶	-18.5	7.3	-16.9	7.9	-7.1

Table 5 provides a mixed picture. As far as the two deficit targets are concerned, Turkey is well positioned. However, regarding the following two price policy related indices we have to conclude that Turkey has no chance to meet the EU27 targets within the next few years. Therefore, Turkey cannot be accepted as a Euro zone member.

In order to provide an explanation for the findings of Table 5 we have to view Turkey's economic situation from an identity economics perspective.⁷ Turkish people do not prepare for the future. Future is *kismet* that cannot or should not be planned by men, as it is up to Allah to decide. Turkish people consume as much as they can and as long as they can afford it. They never pay cash. If they get the chance to do so, they pay by credit card. The problem is compounded because retailers have to calculate their prices on credit payments and keep in mind that people might not pay all of their installments. Furthermore, employers do not accept lower profits. If their business makes less profit than they calculated they reduce costs by firing employees or not paying them without feeling guilty at all. Such behavior is also seen and accepted as *kismet*, as quite normal behavior. The lack of preparation for the future by saving, which is part of the *kismet* identity is probably the main reason for Turkey's poor economic growth. The *kismet* identity combined with the traditional Islamic gender policy are the main obstacles to a more stable and sustainable economic development.

3. EFFECTS OF TURKEY AS AN EU VS. NON-EU MEMBER STATE

The analysis of the Europe 2020 strategy targets showed that Turkey is not ready to join the EU in the next few years, because it does not meet all the economic targets. In some regards Turkey is very far behind. Nevertheless, in some other areas Turkey is doing extremely well, particularly regarding its debt management which it is handling much better than most of the EU member states.

¹ European Commission, 2010, What is ERM II?

² Figures according to Undersecretariat of Treasury, 2012, p. 74

³ Ibid., p. 83

⁴ Figures according to Eurostat, 2011, HICP...; max. permissible values behind the slash

⁵ Figures according to Eurostat, 2011, Long-term...; max. permissible value (only provided for 2006)...

⁶ Figures according to Eurostat, 2012, Exchange rates...

⁷ Akerlof and Kranton, 2010

In order to develop a more differentiated view, finally we will discuss the options of economic policy. This should help to decide about the best economic way for both Turkey and the EU.

3.1 Effects of Turkey as a non-EU member state

At first we will concentrate on the impact of the most likely assumption that Turkey will not become an EU member state within the next few years. In this regard we have to answer the question: How will Turkey develop as non-member state economically?

In its *Key findings of the 2011 progress report on Turkey* the EU verified positively:

“In 2010, Turkish economy grew by 8.9% vis-à-vis 2009, driven mainly by strong domestic demand. The rapid economic expansion continued in the first half of 2011. The private sector, in particular the industrial sector, remains the main driving force behind Turkey's rapid expansion.

Robust economic development allowed strong employment growth and a sizeable drop in unemployment. Budget performance was better than expected, and the consolidation of public finances is on track. Privatisation has gained momentum. Trade and economic integration with the EU remained high and Turkey strengthened its presence in new markets.”¹

Nevertheless, Turkey is far from meeting the EU's Maastricht criteria, which are criteria of economic stability. Turkey's enormous economic self-confidence, instead, is built on its economic growth, particularly its growth rates of the recent years. In this regard, *Invest in Turkey*, a website of the Turkish Government declares:

“Its [Turkey's] robust economic growth continued in 2010 as well [...], thus achieving an overall growth rate of 8.9 percent throughout 2010. Turkey, with such a robust economic performance, stood out as the fastest growing economy in Europe and one of the fastest growing economies in the world.”²

According to Trading Economics Turkey's growth rates are remarkable, as Table 6 shows:

Table 6: Turkey GDP Growth Rate (in % per half year)³

Half-year	1/2008	2/2008	1/2009	2/2009	1/2010	2/2010	1/2011	2/2011
GDP growth rate (%)	2.80	-1.65	-12.35	9.01	2.10	4.80	5.00	3.00

In contrast to its – overheating – growth strategy⁴, Turkey's trade balance shows a very negative trend. It increased from -41,903 million EUR in 2006 by 26.4% to -52,945 million EUR in 2010.⁵

Reflecting all three aspects – (price) stability, growth (rates) and trade balance – it seems better for Turkey not to join the EU. As Hans-Werner Sinn, President of the Leibniz Institute for Economic Research at the University of Munich, and Lars Feld, Head of the Walter Eucken

¹ European Union, 2011, Key findings...

² The Republic of Turkey Prime Ministry Investment Support and Promotion Agency, 2011

³ Trading Economics, 2012

⁴ The Economist, 2011

⁵ European Commission, 2012, Turkey, Trade with the World

Institute at the University of Freiburg, stated recently, in the Euro zone it is not possible anymore to make use of the “the instrument of the depreciation of the exchange rate”.¹ In the case of Greece, Sinn estimates that a “31 percent price [reduction would be necessary ...] in order to reach the Turkish level”² and to make Greece competitive again. Nevertheless, the stability policy of the Euro zone precludes that.

3.2 Effects of Turkey as a EU member state

Although it is most unlikely that Turkey will join the EU Fiscal Union within the next decade, finally we will discuss possible effects of Turkey’s membership on both Turkey and the EU. In order to view the differences in the Turkey-EU relationship between the time when the negotiations started and today, we will concentrate on two very detailed studies. The first edited by Bernard Hoekman and Sübidey Togan was published in 2005 – the year the accession negotiations were officially commenced; and the second edited by Selen Guerin and Yannis Stivachtis was published just recently, in 2011.

3.2.1 Effects on Turkey

In chapter 12 of the book on *Turkey: Economic Reform & Accession to the EU* published in 2005, Togan discussed the *economic implications of EU accession for Turkey*.³ Togan concludes that

“Integration will be beneficial for Turkey, because it will remove the distortions in the price system, thereby boosting allocative efficiency within the economy, which, in turn, will make the country a better place to invest.”⁴

Although Guerin and Stivachtis state in *On the Road to EU Membership: The Economic Transformation of Turkey* published in 2011 that “after five years the progress in negotiations has been slow”,⁵ it is likely that Turkey will benefit from the EU accession negotiations. The government is forced to reflect on Turkey’s economic performance and to introduce reforms in all the sectors affected by the EU 2020 strategy targets. Although we saw – in opposite to Guerin and Stivachtis – that the Turkish government is not successful and not very interested “in achieving macroeconomic stability”, it is at least working on “providing a climate of predictability to market participants”⁶ and enhancing “the capacity of the Turkish economy to tackle the challenges posed by growing global competition”.⁷

3.2.2 Effects on the EU

In 2005, Harry Flam verified Turkey’s “size and its low per capita income” as “the most important facts” “considering the economic consequences of accepting Turkey as a member” from the perspective of the EU.⁸ In contrast to Flam’s more critical expectations, five years later Guerin and Stivachtis identified two advantages:

¹ Feld, 2012; translated by G. Simet

² Sinn, 2012

³ Togan, 2005

⁴ Ibid., p. 329

⁵ Guerin and Stivachtis, 2011, p. 281

⁶ Ibid., p. 285

⁷ Ibid., p. 286

⁸ Flam, 2005, p. 341

1. “A cost-benefit analysis of the accession of Turkey to the EU reveals that Turkey will become a net-importer of agricultural goods. Consequently, prices will fall, and consumers will benefit.”¹
2. “Turkey’s enhanced strategic location [as an energy hub] enables the country to provide the EU countries with an abundance of energy at lower prices”.²

As a third advantage it should be added that

3. the Turkish banking sector already seems to be “on the same level” as the EU banking sector and able to “compete with the European banks”.³

At least Sadik Yenici – who published an analysis of Turkey’s financial sector in 2008 – is convinced that in comparison to other sectors the banking one is “the best prepared for an EU membership”.⁴

Nevertheless, neither agricultural goods nor energy imports are the most strategic goals of the EU. On 23 and 24 March 2000, when the EU proclaimed its strategy for the decade 2000 to 2010, the overall objective was and still is “*to become the most competitive and dynamic knowledge-based economy in the world*”.⁵ Due to this strategy human capital is the most crucial factor. In this field particularly, Turkey has an enormous backlog demand. Turkey fails nearly all the 2020 strategy targets, as there is a huge “technology gap between Turkey and the EU countries” in “knowledge production”.⁶

Furthermore, based on the traditional and current understanding, value and politics of education in combination with the insufficient number of job opportunities,⁷ it seems likely that Turkey would export first of all its less qualified workforce. Kröhnert and Skipper fear that:

“A large number of unqualified migrants will seek economic opportunities in Turkish conurbations, but also in other European countries. This could pose a big challenge to Germany, which accommodates the largest share of Turks living in a foreign country. Within the framework of the EU accession negotiations, farsighted economic and education policy initiatives should be brought forward.”⁸

Before accepting Turkey as an EU member – which will happen according to Guerin and Stivachtis “likely 2015”⁹ – Turkey has to improve considerably in the whole life-long learning process. Otherwise, the cost-benefit balance of Turkey’s accession might remain too negative for the EU and its most powerful economies.

4. CONCLUSION

The analysis shows that Turkey’s economy is not ready to join the EU. In contrast to its dynamics and growth, Turkey’s economy fails in all aspects set up by the EU to evaluate the stability policies of the EU member and candidate countries. Turkey’s only chance of being accepted as full member, is to change its economic policy and strategy from an almost

¹ Guerin and Stivachtis, 2011, p. 291

² Ibid., p. 292

³ Yenici, 2008, p. 118; translated by G. Simet

⁴ Ibid.; translated by G. Simet

⁵ European Parliament, 2000, chapter I.5

⁶ Guerin and Stivachtis, 2011, p. 285

⁷ Due to the fact that „the workforce laid off more and more in the still dominant agricultural sector cannot be absorbed by other sectors.” (Aulbach, 2008, p. 37; translated by G. Simet)

⁸ Kröhnert and Skipper, 2010

⁹ Guerin and Stivachtis, 2011, p. 291

exclusively dynamic to a more stability oriented approach. Turkey's politics must concentrate on education as the most important sector to develop. Only if Turkey can prove that it is able to make its growth stable and sustainable and create enough jobs, most of all in value added production and service sectors, will it be accepted by the EU as a competitive future member.

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