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CUPRINS / TABLE OF CONTENTS

EVOLUTION AND MOTIVATION OF THE WORKFORCE IN ROMANIA BEFORE AND AFTER THE COVID-19 PANDEMIC

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Abstract

Over time, human resources have become strategic resources in society, although automation and digitalization have a major impact on the workforce. Human resources have managed to reinvent themselves all the *time.The major advantage of human resources is that they have an extraordinary capacity for transformation. Human resource management is about continuously improving the work of all employees in order to achieve organisational mission and objectives.*

Key words: *human resources, motivation, employee, pandemic (covid-19)***.**

JEL Classification: *J24*

Introduction

Human resources, as a whole, tends to represent a managerial subsystem consisting of all the processes of forecasting, training, selection, recruitment, communication, evaluation, motivation, development and protection of staff as well as shaping the organizational culture that takes place within the organization.

By human resources, we mean the pool of resources that society has at a given point in time and that is available to the economic system for use in various branches, as capable of carrying out a wide variety of activities.

Human resource management, is directly concerned with the managerial problem of providing human resources in organizations, especially in terms of planning, supervision and control, and less concerned with solving employee problems or mediating these problems.

Both in economic theory and practice, the terms 'human resources' and 'personnel' are increasingly used, with the derived terms 'human resource management' and 'personnel management'. Their use is often inappropriate. Despite the similarities between the two terms, the differences are substantial and their correct use requires appropriate clarification. We highlight that 'human resources' means the pool of resources that society has at a given point in time and that is available to the economic system for use in various branches, as capable of carrying out a wide range of activities.

The term 'staff' is synonymous with the term 'employed staff' or 'salaried staff', i.e. those who are employed in a service under a contract of employment and who, in return for their labour, receive a salary. The term 'staff' is therefore much narrower in scope than the term 'human resources', referring only to the working population who are able to work and are employed in a service, i.e. the employed population.

If the term personnel has a narrow meaning at the level of an organisation, i.e. at the microeconomic level, the term human resources has a broader meaning, with a bivalent content.

In the traditional personnel management view, there must be constant care for employees, and employees, in response to the care they are given, will be effective in their work when their needs are met.

Human resource management believes that ensuring an adequate number and quality of employees is more important than getting involved in solving people's personal problems. It can therefore be said that while personnel management is mainly concerned with the social side of an organisation's human resources, human resource management is concerned with the organisational side, with its economic and social purpose, i.e. job performance.

b. Pandemics and workforce in Romania

A pandemic is an epidemic that occurs on a scale that crosses international borders, usually affecting large numbers of people. Pandemics can also occur in important agricultural organisms (animals, crops, fish, tree species) or in other organisms, which must also be infectious.

On 16 March 2020, the decree on the establishment of a state of emergency in Romania for 30 days was signed, the first lockdown period, nobody knew what would follow, it was a socio-economic panic.

In the next 3 years after the start of the pandemic, the economic periods are sequenced into the ante-pandemic and post-pandemic periods.

According to the National Institute of Statistics, the COVID-19 pandemic has affected the labour market by moderately decreasing the employed population and the employment rate and increasing the number of unemployed and the unemployment rate. In the second quarter of 2020, Romania's labour force was 8,987,000 people, of which 8,505,000 were employed and 482,000 were unemployed. The coronavirus pandemic has created big problems for both employees and employers. Social distancing measures, introduced in recent months because of the pandemic, have forced many companies to move employees within days from their dedicated premises to "home offices".

The pandemic has caused difficulties for companies and especially employees. Job insecurity, technical unemployment schemes and health

concerns have reduced motivation for thousands of employees across Europe.

c. Covid -19

More than three years have passed since we have been living in a context shaped by the pandemic crisis. The impact of COVID-19 has been strongly felt in the evolution of economies and, implicitly, in the way the labour market has adapted to the new challenges. The evolution of coronavirus cases and the impact on the health system has imposed restrictive policies at global level, a response that has caused significant changes in the stability of some economic sectors. The economy has contracted at the Euro-European level, disrupting economic chains that are not expected to fully recover until mid-2024. The economic crisis has been more severe than that experienced in 2008-2009.

As the restrictions eased, employees prepared to return to work and had many questions about this return.

Monitoring the mental health of employees is essential to having effective and motivated employees in your company. Many employees report feeling anxious about returning to work because of pandemic-induced stress. Some employees may have been personally affected by COVID-19, and others may find returning to the office stressful after months of self-isolation.

1. Research methodology

This article aims to identify characteristics of work-life balance in the period before and after the pandemic and has the general objective of understanding the relationship between work-life during the pandemic.

The workforce is one of the areas that has suffered the most over these months. If before the COVID-19 pandemic Romania faced a rather worrying unemployment rate, now the labour force is in a greater decline than before.

Labour is one of the most important elements of the total factor of production, which has a major impact on a country's economy. Some of the problems facing the labour force is the issue of employment and the use of labour forces.

Data from the National Institute of Statistics (INS) shows that the total number of job vacancies in January-September 2020 was 115,268, down 31.47% compared to the same period in 2019, when it was 168,195.

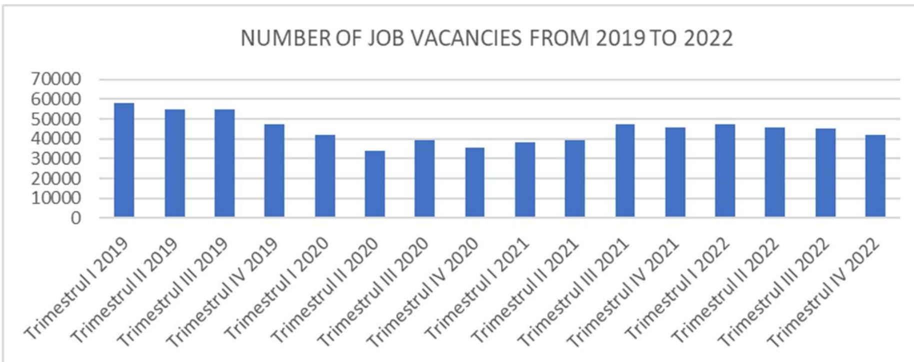

Figure 1. Number of job vacancies from 2019 to 2022
Source: National Institute of Statistics (INS)

The unemployment rate at the end of August 2020 was 0.26 p.p. higher than in August 2019. The total number of unemployed at the end of August was 286,662, increasing throughout the months of this year.

According to an analysis by the Frames consulting company, more than one million employees in the domestic economy are facing unemployment or redundancy, based on the fact that, and we quote from the press article, "in just a few days, hundreds of companies mainly in the area of services to the population, event organization and HoReCa (Hotels, Restaurants, Catering) have suspended their activities, which will generate significant economic consequences on business chains".

Among the first and most affected sectors are the tourism, transport and HoReCa industries. The quarantine period during spring 2020 and people's fear of the virus has affected small businesses and the workforce, contributing to rising unemployment and bankruptcy.

According to a study by the National Council for Small and Medium-sized Enterprises (NCSME), among the main effects entrepreneurs are feeling as a result of the coronavirus pandemic are:

- Declining sales

- Temporary suspension of activity
- Layoffs
- Restriction of activity
- Delays in paying suppliers
- Closure of companies

The pandemic has also brought bad news for travellers and holidaymakers. The tourism industry has been among the hardest hit by the COVID-19 pandemic, thanks to border closures and holiday cancellations. Romanian tourism needs to find new ways to accommodate customers and put their health and safety first. Even if some customers were disappointed by the authorities' decision, they are urged to postpone their holidays and not cancel them, to help businesses avoid going bankrupt. Losing your job, catching an illness that prevents you from working or a pandemic can catch you unprepared and on a budget. To avoid these things it is advisable to be in the closest control of your money.

Romania's labour market, which employs around 5 million people out of a population of 19 million, had a shortfall of more than 1 million employees in 2021, a study by audit and consulting firm PwC shows.

According to a PwC study on Quantitative and Qualitative Analysis of the Romanian Labour Market, the total labour shortage in Romania was estimated at around 300,000 people for 2022, with the prospect of increasing to 549,000 people in 2023.

Currently, bringing in workers from Asian countries such as Vietnam, Nepal, the Philippines and Sri Lanka is increasingly common. In 2019 alone, around 30,000 foreigners from non-EU countries received permission from the authorities to work in Romania. Bringing in non-EU labour is only part of the solution to the labour shortage, as long as Romanians abroad are not tempted to return.

Diversity within a company has become commonplace in Romania, so many companies choose to bring in foreign staff in addition to Romanian workers, either to fill in or fill vacancies. As employees are one of the most important resources in a company, motivating them through various incentives has become commonplace for employers who want to achieve not only performance but also human resource retention.

One definition of staff motivation is to channel the energy of employees into performing their tasks to the best of their ability and even their satisfaction that their hard work and effort is recognised.

In Romania, labour shortages in many areas are a problem for many companies who choose to motivate their employees to keep them in their jobs as long as possible, so that they only hire when they need to.

2. Motivating the workforce in Romania before and after the COVID-19 pandemic

Employee motivation is defined as the ways in which a company chooses to direct staff to achieve desired performance and results in the workplace. What is less well known, however, is that this motivation is subjective, being an internal process that each person perceives individually. Specifically, what may work for one person may not be enough for another. Therefore, when it comes to rewarding the workforce there are several mechanisms.

As the trend in many Romanian companies is to bring in workers from abroad, with the fields of work for Asian staff becoming more and more attractive, motivating new employees from these countries is one of the most important points HR departments are trying to achieve in order to retain them.

There are several ways to motivate employees in the workplace, but they can be grouped into two categories:

- non-financial incentives;
- financial incentives.

In recent years, quite a few non-financial incentives for employees have emerged, the most telling examples being various types of service subscriptions. Personal development programmes are also among the most commonly used to motivate staff within a company and the creation of relaxation spaces at work and the promotion of a healthy lifestyle by providing healthy food and snacks such as fruit and giving personalised gifts is another example of employee motivation by private health insurance.

Motivating employees within a company is not only about these benefits but also about the company's perception of them, so incentives such as flexible working hours, shorter working days, transparent promotion schemes, acceptance of ideas from employees are now increasingly used. Many companies choose to focus on the needs of staff, so job security, as well as creating opportunities for development and attention to requirements, recognition of merit and improving the job experience have proven to be good mechanisms for increasing productivity and retaining people.

Although they work quite well, the financial side remains quite important, so employee financial motivation is one of the most important tools a company can use. It is also the most valuable when it comes to foreign staff. Even if there are legal regulations in place, companies can create better conditions for people brought in from countries like India or Vietnam to want to perform.

Like Romanian workers, foreign workers can be motivated both financially and non-financially.

Motivating employees can be done in a number of ways, with financial reward mechanisms being some of the most important. These apply both to new hires, but also to those with seniority and even to foreigners. From a better salary, to various monetary benefits such as a company car or various bonuses and bonuses, they all fall under this type of motivation. Workforce of any kind is bound to be both financially and non-financially motivated.

Given the wide-ranging effects of the pandemic, this article examined the effects it had on the workforce, comparing workforce motivation before and after the pandemic.

Accelerating the pace of structural reforms and investing EU funds effectively alongside efficient fiscal management will help to strengthen the recovery and future growth, creating better opportunities for progress for Romanians, according to a new OECD report.

Romania made remarkable progress in raising living standards before the COVID-19 crisis, and its economic resilience during the pandemic was impressive.

To sustain the recovery in the medium to long term, Romania needs to focus on effective implementation of the EU-funded National Recovery and Resilience Plan, by improving administrative capacity and making necessary reforms in areas such as pensions. Reforms must also focus on resuming productivity growth, job creation and skills development, strengthening the rule of law and public finances.

Eurostat data show that youth employment has suffered most from the COVID-19 pandemic.

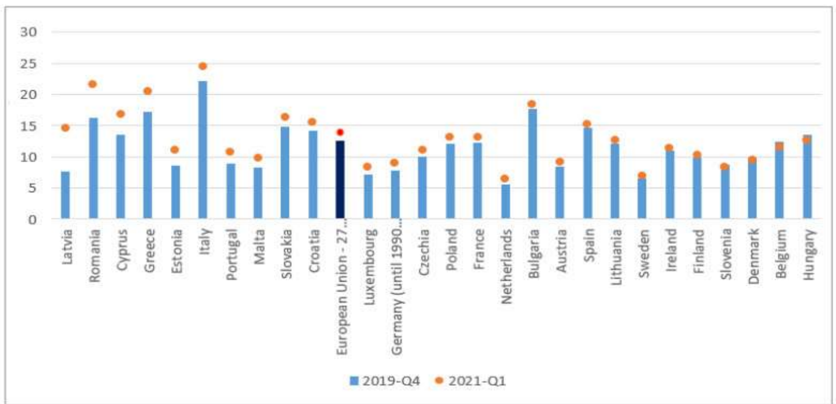

Figure 2. Changes in country-specific NEET rates, 2021-Q1 compared to 2019-Q4

Source: Eurostat

In terms of employment, young people were more strongly affected by the COVID-19 pandemic than older people. Data from the OLX platform cited by the newspaper Adevărul.ro shows that the labour market offered a lot of options to job seekers in 2019, with employers posting around 500,000 ads seeking to hire candidates in 2019.

From January to December, the recruitment platform's data shows that between 25,000 and around 45,300 job ads were active on the site month by month.

The beginning of 2020 also brought good results, with 24,350 and 32,500 job ads active on OLX in January and February respectively.

As of March 2020, the entire labour market was affected by the effects of the outbreak of the coronavirus pandemic, and this was reflected in the total number of job ads on the OLX platform.

The effects of the COVID-19 crisis were felt most strongly in the first months of the pandemic, so that in March, the number of job advertisements fell to 29,900, compared to around 32,500 job advertisements in February 2020, and then contracted again in April to 22,250 advertisements.

Although in May 2020 the number of recruitment ads fell below the 20,000 threshold, in the months that followed, job vacancies on OLX gradually started to increase, reaching around 23,100 job ads in June and then 24,300 in July 2020.

The figures extracted from the OLX platform clearly showed us that the pandemic, in its initial phase, hit the HoReCa sector and the foreign transport sector hard. With the easing measures received from the government, things have improved.

Alongside the economic consequences of the pandemic, we often talk about the psychosocial consequences, how people cope with the challenges brought on by the pandemic.Feelings of isolation have been one of the concerns of recent times, as it can have significant effects on employee productivity and health. 43% of employees who have worked at least sometimes from home associate these moments with feelings of isolation. Being at work in a community provides a social context in which employees can interact directly, ask for advice, find solutions and spend recreational time together. Even informal discussions, spontaneous small talk, help to weld relationships between employees. In addition, everyone's projects and responsibilities are more transparent and known to each other. These aspects of cohabitation in the workplace maintain motivation and strengthen the sense of belonging to a common goal. However, in the context of the transition to telework, work activities have lost this social character.

Adapting working conditions became paramount during the pandemic and will remain essential afterwards, requiring workplace investment and reforms to increase the availability of flexible working arrangements. Many EU Member States, including Romania, have adapted their working time and working conditions, including by expanding the use of telework, with a particular focus on protecting vulnerable workers. During health emergencies, telework has proven to be very important for ensuring business continuity, offering wider options for managing additional care needs. However, telework can also present risks, including risks to the professional, physical and mental well-being of teleworkers working from home. Looking ahead, the pandemic will lead to a rethink of workplace organisation and work-life balance. The content and scope of national regulations on telework differ, including the promotion of information and communication technologies (ICT) for this purpose.

Building on existing national collective bargaining practices, the employer should ensure that working environments are safe and well adapted and that flexible working arrangements are widely available to balance work, family and private life. Attention should also be paid to improving working conditions in order to attract more people into work. The pandemic has led to the identification of occupational gaps in human resources in the health system, the need to adapt working conditions in different industries, the skills of human resources in different fields of activity.

Conclusions

Before being hit by the crisis caused by the COVID-19 pandemic, the EU, including Romania, had a steady, if slowing, employment growth. Continuing the positive performance of labour markets since 2013, the employment rate continued to increase in 2019. Member States' reform efforts in the wake of the financial crisis have contributed to this job-creating economic growth, although challenges remained in Member States and regions, including the integration of vulnerable groups into the labour market.

The COVID-19 pandemic has reversed this trend, suddenly changing our working and living styles. The response from European and national authorities was swift. Protecting people's health and jobs has become the number one priority for policy action.

The pandemic context has led to an increase in the number of human casualties, causing an unprecedented economic downturn. European Union Member States have provided financial support to combat the pandemic caused by the virus.

The Member States, including Romania, are facing economic losses in the health sector and are currently consolidating their financial, material, human and information resources.

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INVENTORY AS A METHOD OF FINANCIAL CONTROL TO ENSURE ECONOMIC SECURITY OF THE ENTERPRISE

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Abstract

For the reliability and completeness of accounting and reporting data of an economic entity, an inventory of property and financial obligations is carried out, during which their presence, condition and assessment are checked and documented. It is with the help of inventory that it is possible to check whether all the facts of economic life are registered in documents and reflected in accounting data, as well as to make the necessary corrections.

Key words*: inventory, financial control, accounting, economic security.*

JEL Classification: *M41.*

Introduction

Inventory is a method of financial control that makes it possible to identify and assess the actual state of any accounting object. In terms of the quality of the results presented, it is difficult to replace it, but it is time-consuming. This technique is used both for the organization of accounting and internal control, and during on-site tax audits and other types of control measures and inspections. As practice shows, violations of the procedure for organizing and conducting inventory committed by the management of enterprises and organizations can lead to major troubles and losses for the economic entity and owner.

Errors in inventory management often lead to labor disputes with financially responsible persons, property disputes with other enterprises, and legal proceedings.

1. Literature review

Conducting an inventory makes it possible to get information without which elements such as balance sheet and reporting lose the function of a way to know reality. Order No. 879 of the Ministry of Finance of Ukraine dated September 02, 2014 approved the unified "Regulation on Inventory of Assets and Liabilities". This provision is universal, that is, mandatory for enterprises of all organizational and legal forms and forms of ownership (except for banks that are not covered by the regulation), as well as representative offices of foreign economic entities and budgetary institutions. This provision reveals in detail the types of mandatory inventory, its terms and periodization, documentation, and the composition of the inventory Commission [1].

According to Paragraph 2 of Article 10 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated July 16, 1999 No. 996-XIV, the frequency of inventory (once a month, quarter, half-year, year, with other frequency) is determined by the owner (head) of the enterprise, except in cases when its conduct is mandatory in accordance with the legislation:

– preparation of annual financial statements;

– change of financially responsible persons (on the day of acceptance and transfer of cases);

– establishment of facts of theft or abuse, damage to valuables;

– receiving an order from forensic investigative bodies;

– fire, natural disaster or man-made accident;

– transfer of property of a state-owned enterprise for lease, privatization of property of a state-owned enterprise, transformation of a state-owned enterprise into a joint-stock company;

– liquidation of the enterprise and other cases stipulated by the legislation [2].

Inventory as an element of the accounting method makes it possible to identify their actual condition through verification in kind of material values, funds and financial obligations. It either confirms accounting data, or identifies unrecorded valuables and losses, theft, or shortfalls. With the help of inventory, the safety of material values and funds is also monitored, and the completeness and reliability of accounting and reporting data is checked [3]. This defines the two main functions of inventory at the micro level: information and control.

Initially, the essence of the inventory was its information component: the owner only wanted to know what they had. Over time, its role increased and acquired a controlling character: all property was distributed among specific people, current accounting was introduced for all receipts and disbursements. Periodically, the data of this accounting was compared with what was available [4].

2. Research methodology, data and hypotheses

The purpose of the article is to determine the essence, content, role of inventory in the economic activity of enterprises, to justify the importance and place of inventory as an integral component of the formation of reliable financial statements and to ensure economic security. The article provides recommendations for organizing and conducting this necessary control technique.

3. Results and discussions

Financial control is a set of actions and measures carried out by the subjects of control in order to verify the validity and rationality of the processes of distribution of social products, as well as the formation and use of income and savings of the state, enterprises and the population. One of the methods of financial control that ensure the economic security of an enterprise is an inventory of the property and obligations of an economic object.

Inventory is the main element of financial control, which controls and ensures the safety of the company's property, during which the actual availability of property is established with its subsequent reconciliation with accounting data. The purpose of the inventory is to monitor the implementation of the established rules for storing inventory, maintaining accounting and warehouse records, maintaining and operating various objects of fixed assets of the enterprise, as well as preventing illegal actions of employees that may lead to theft and loss of property.

The tasks of conducting inventory for an enterprise are as follows:

1). Control over: safety of funds; compliance with the rules for the use of equipment, machines, operation of other fixed assets.

2). Identification: goods and materials that do not meet quality standards and are unsuitable for use; lack or excess of material values.

3). Control over: the validity of accounting for accounts payable and receivables; stages of work in progress; deferred expenses, reserves, etc.

All types of property and financial obligations of the business entity are subject to inventory. In order to ensure economic security and the effectiveness of financial control of a business entity, inventory measures should be carried out in full and strict compliance with the rules established by regulatory documents regulating the procedure for conducting an inventory of property. Such documents are regulatory acts adopted at the state level, and even internal local documents of the enterprise.

Local regulations that regulate the procedure for conducting inventory in a particular organization include:

– accounting policy for accounting purposes (the conditions and procedure for inventory are determined taking into account the specifics of economic activity, organizational structure, availability of divisions, volume of property and liabilities, features of accounting and control within the enterprise);

– orders (resolutions) of the management (indicates the reason and timing of the inventory, the composition of the inventory commission, etc.).

Inventory depends on the purpose and criteria by which it is classified. There are the following types of it (Table 1).

For the effectiveness of financial control functions, it is necessary to comply with the following requirements when conducting inventory: clarity and consistency of inventory measures, commission of inventory procedures (conducted by the audit commission), ensuring the participation of a financially responsible person, continuity, reliability, ensuring the validity of conducting and processing results in accordance with the legislation.

Considering the process of inventory implementation in the structural aspect, we can distinguish the following main stages of its implementation:

Stage 1. The preparatory stage, which includes the following activities: development and execution of an order to conduct inventory and other documents; formation of an inventory commission; determination of the grounds and terms of carrying out procedure, types of property that is being inventoried, determination of structural divisions that are subject to inventory; receipt of receipts from financially responsible persons, etc.

Table 1. Inventory types

Criteria	Inventory type	Inventory characteristics
The number of objects that are being checked	Complete	It is carried out in relation to the entire volume of property and obligations or within the entire enterprise
	Partial	It is carried out in relation to individual items of property and obligations, or within separate subdivisions
Implementation method	Actual	The goal is to observe objects and determine their number by counting, measuring, weighing, and so on.
	Documentary	The goal is to document the availability of objects
Basis of the event	Planned	It is carried out in accordance with the terms and grounds established by the company and the legislation
	Unscheduled (sudden)	It is carried out additionally at other times and on other grounds
Controlling body	Internal	It is carried out by the company itself
	External	Conducted by external regulatory entities

Stage 2. The main stage, which includes the following activities:

– determination of the actual availability of property and obligations: weighing, measuring, counting and other methods of identifying and verifying material values and obligations;

– registration of results: drawing up inventory lists.

Stage 3. Comparison of inventory data with accounting data: discrepancies are identified, reconciliation reports are compiled, and the reasons for discrepancies are determined.

Stage 4. The final stage, consisting of the following activities:

– determination and registration of inventory results (preparation of comparison statements and other documents);

– making and registration in accounting of management decisions based on the results of inventory (bringing accounting data in line with the results of inventory, identifying the perpetrators, developing measures to improve accounting and prevent shortages and theft, etc.).

Inventory performs two main functions:

- accounting (you can compare the correctness of maintaining documentation of all business operations in kind);
- control (it is a method of actual control over the activities of a financially responsible person).

So, from the point of view of financial control tools, we can formulate the following main functions of inventory:

* Inventory is a necessary tool for confirming or reflecting deviations in the actual availability of property and liabilities of the enterprise with accounting data. Therefore, the first function is to check the completeness and correctness of accounting, as well as indicators of accounting statements.

* As a result of the inventory, the real volumes of expenditures of material values and other resources for the implementation of certain economic tasks are established by determining and then comparing the initial volumes of property and liabilities with their balances after the implementation of relevant economic operations. Therefore, the second function can be identified as regulating the efficiency of economic activity of an enterprise through quantitative and qualitative assessment of changes in property and liabilities.

Conclusion

Analysis and interpretation of inventory results allows us to establish the reasons for the identified discrepancies in accounting data and the actual availability of property (for example, discrepancies may also be the result of illegal actions of financially responsible persons or elementary errors in the course of economic activity of the enterprise) and develop a number of measures to prevent conditions that contribute to the loss and/or theft of property. Consequently, inventory also performs a controlling function, while ensuring the safety of material resources.

Therefore, the introduction of a well-thought-out system of inventory measures at the enterprise, including with the involvement of external personnel (auditors, accountants and other specialists) will ensure correct and timely accounting, tracking the availability and movement of assets of the enterprise, maintaining discipline among personnel. Improving the mechanism for conducting inventory with further analysis of its effectiveness will ensure the economic security of the enterprise, improve the quality of control procedures, reduce economic risks and increase the efficiency of work in the fight against economic offenses.

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SUPER GUARANTEE OF THE CREDITOR OR HOW TO LOSE YOUR INTEREST IN RECOVERING THE DEBT

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Abstract

Creditor over-guaranteeing is a complex legal and financial practice with significant implications for creditor-debtor relationships. This strategy consists in bringing additional guarantees to strengthen the creditor's position and increase the chances of debt recovery if the debtor does not honor its obligations. This concept brief explores the definition of overcollateralisation, its relevance in the context of debt recovery and its impact on the parties involved. In light of the complexity of creditor overcollateralization, future research can explore issues such as updated legislative regulations, the impact of overcollateralization practices on financial markets, and the development of equitable strategies to balance creditor and borrower interests. Comparative studies between different jurisdictions and analyzes of legislative developments can contribute to a broader understanding of this field. The Creditor Over-collateralization Brief highlights the importance of this practice in the context of debt recovery, discussing the challenges and opportunities associated with this aspect of financial relationships.

Key words: *Super Guarantee, Creditor, Debtor, Collateral, Debt Recovery, Interest Rate, Principal Amount, Default, Bankruptcy, Secured Loan, Financial Risk, Insolvency, Legal Action, Credit Insurance, Letter Of*

Credit, Statue of Limitations, Asset Deprecitation, Legal Cost, Settlement Negotiation

JEL Classification: *M41*

Introduction

Lender overcollateralization is a financial strategy in which a borrower provides additional collateral or additional assets to enhance the lender's security for a loan. This form of collateral is often required by the lender to minimize the risks associated with the loans and to ensure a more efficient path to recovery should the borrower default on their financial obligations.

In a traditional loan agreement, the borrower provides collateral in the form of assets (eg property, cars or stock) to protect the lender against the risk of default. Overcollateralization extends this practice by requiring the borrower to provide additional collateral or provide additional security in the event of financial distress.

This form of additional insurance can take various forms, including the provision of financial assets or collateral with other valuable assets. The essence is that the over-guarantee adds an additional layer of protection, strengthening the creditor's position and increasing the chances of recovery of debts in difficult situations.

1. The benefits of the Over-guarantee

A. Protection of the creditor's interests by over-collateralizing the debtor is a vital element in the financial landscape, providing a robust framework for managing the risks associated with loans. It represents a practice by which the borrower pledges assets or additional collateral, thus strengthening the lender's security. This provides substantial protection against the risks of non-payment and economic fluctuations that could affect the debtor's ability to honor its financial commitments.

The main way in which over-collateralisation protects the interests of the creditor is by providing an additional shield in situations of financial difficulty of the debtor. When the debtor faces payment problems or insolvency, the creditor can use the additional assets or collateral to cover unpaid debts. This aspect minimizes the risk of financial loss for the creditor and increases the chances of recovering the amounts owed.

Another crucial aspect of protection is increasing confidence in loan agreements. Over-collateralization indicates an increased level of commitment on the part of the debtor and strengthens the creditor's confidence in the debtor's ability to meet its obligations. This strengthened confidence can lead to more favorable loan agreements for the borrower, boosting access to finance and facilitating economic growth.

B. Increased confidence in loan agreements is a key outcome of implementing overcollateralization in financial relationships. This aspect brings significant benefits to both the lender and the borrower.

When a borrower opts for overcollateralization, he provides additional assets or collateral to bolster the creditor's confidence. This additional commitment indicates a proactive attitude on the part of the borrower, creating a solid foundation for financial stability and compliance with contractual terms.

The main way in which trust in loan agreements increases is by demonstrating an increased commitment to financial obligations. The lender notices that the borrower is willing to take on additional responsibilities by providing additional collateral. This strengthens the creditor's confidence in the borrower's ability to honor his promises, thereby fostering an environment conducive to more favorable loan agreements.

Also, increased confidence can lead to more favorable loan terms for the borrower. The lender, given the increased level of security provided by the over-collateralisation, may be more willing to offer lower interest rates or more flexible terms. This not only increases the attractiveness of the loan for the borrower, but also facilitates access to financial resources at more advantageous costs.

In addition to the financial impact, increased trust in loan agreements also builds a stronger relationship between borrower and lender. Built trust can open doors for future collaborations and create a sustainable framework for long-term financial relationships.

C. Facilitating access to financing for the debtor through over-guaranteeing is an essential aspect that brings significant benefits within financial relationships. This process increases accessibility to the necessary financial resources and stimulates economic development.

By bringing additional collateral under over-collateralization, the borrower improves his credit profile. This provides the lender with additional insurance, which can make the borrower more attractive to financial institutions and investors. Being perceived as a lower risk, the borrower is more likely to obtain loans at more favorable terms.

Over-collateralization opens doors for borrowers to seek more varied sources of financing. By presenting additional assets or collateral, the borrower can access a wider range of financial products, such as traditional bank loans, lines of credit or even financing from investors. This contributes to diversifying funding sources and increasing the borrower's financial flexibility.

Another crucial aspect is that over-collateralization can compensate for the borrower's possible lack of credit history or solid financial performance. Especially in the case of small and medium-sized enterprises or borrowers facing temporary difficulties, over-guaranteeing becomes an effective tool to gain the trust of financial institutions and access the necessary financing.

Also, facilitating access to financing for the borrower contributes to stimulating economic growth. By supporting businesses and projects with potential, the over-guarantee provides a framework conducive to development and innovation. Borrowers can start or expand their activities with more confidence, knowing that they have access to the necessary financial resources.

2. Associated risks

A. The potential loss of the debtor's interest in recovering his debt may be an adverse effect associated with creditor overcollateralization. When the debtor provides collateral or additional assets to consolidate the loan, there is a risk that he may lose interest in the debt collection process for various reasons.

An important aspect is the added financial pressure on the borrower. Overcollateralization can create a context in which the debtor faces additional financial restrictions, as assets or additional collateral become the subject of negotiations and claims by the creditor. This can affect the debtor's financial flexibility and decrease his motivation to fight for debt recovery.

Also, if the borrower experiences major financial difficulties and is unable to meet the conditions of the over-guarantee, he may feel a sense of discouragement. If the collateral assets are insufficient or if the debtor faces the impossibility of recovering his financial situation, his interest in continuing the fight for debt recovery may diminish.

There is also the risk that over-collateralisation will create strain in the debtor-creditor relationship. If the debtor feels that he is under excessive pressure or that the terms imposed by the creditor are unfair, he may lose motivation to cooperate in the recovery process. This tension can affect the long-term relationship and damage mutual trust.

B. The excess power conferred on the creditor under the overcollateralization may raise significant concerns regarding the balance and fairness of the financial relationship. When the debtor provides additional collateral, this process can lead to a discrepancy in bargaining power between the parties.

One of the key aspects of this excess of power is represented by the ability of the creditor to impose more restrictive or harsher conditions when the debtor faces financial difficulties. The creditor, having access to the additional collateral assets, can use this position to obtain significant advantages in the negotiation process. This may include the imposition of higher interest rates, stricter repayment terms or other contractual provisions unfavorable to the borrower.

Also, excess power can also affect the relational dynamics between the debtor and the creditor. The lender, with additional assets or collateral, can influence the borrower's financial decisions and exert excessive pressure to obtain compliance with certain requirements. This can create an imbalance in the relationship, allowing the lender to have more control over the borrower's financial decisions.

Moreover, the excess of power can stand out in situations of litigation or misunderstandings. The creditor, having additional collateral available, may be in a stronger position to resolve disputes. This can have a significant impact on mediation or dispute resolution processes, tipping the balance in favor of the creditor.

C. Creditor overcollateralization, while it can benefit both the creditor and the debtor, can have significant consequences on the dynamics of the relationship between the two parties. It is important to weigh these consequences carefully in order to maintain a healthy long-term relationship.

One notable effect is the potential strain on the debtor-creditor relationship. The over-collateralization process can put additional pressure on the debtor, which could affect trust and cooperation between the parties. The borrower's financial difficulties can lead to frustration and stress, thus affecting the quality of the relationship and communication.

Another consequence could be the loss of financial flexibility for the borrower. Over-collateralization adds additional obligations and restrictions, which may limit the borrower's freedom in managing the business or projects. This loss of flexibility can lead to a sense of dissatisfaction on the part of the borrower and can create obstacles in developing the business or achieving other financial goals.

In cases where the debtor experiences difficulties in honoring the obligations and the assets brought as collateral are not sufficient to cover the claim, the debtor-creditor relationship could suffer significant damage. Recovery or litigation processes can heighten tensions and damage mutual trust, creating an unfavorable environment for future collaboration.

However, it is important to emphasize that managing overcollateralization wisely can minimize the risks of these consequences. Open communication between borrower and lender, setting clear and fair loan terms and taking into account the borrower's financial circumstances are essential to prevent possible negative impacts on the relationship.

3. Case study and practical examples

The analysis of concrete cases of over-guaranteeing illustrates the variability of the impact of this practice in specific financial contexts. By evaluating several scenarios, we can see how overcollateralization can influence the debtor-creditor relationship and have significant consequences.
Case 1: Overinsurance in Small and Medium Businesses

In a specific case, a small business requested a loan to expand its business. The lender required collateral in the form of real estate assets of the owner and other shareholders. In the first phase, this allowed the enterprise to access financing at competitive rates. However, a difficult period in the market affected the business, leading to an inability to repay on time. The creditor, using the additional guarantees, intervened on the owner's assets, which led to significant tensions in the debtor-creditor relationship and difficulties in the recovery of the business.

Case 2: Over-guaranteeing in the Real Estate Sector

In another situation, a real estate investor requests a loan for the development of a project. In order to obtain advantageous terms, he accepted over-collateralization with existing real estate assets and the future profits of the project. When the project did not achieve the expected results, the lender had access to the anticipated profits, limiting the investor's flexibility and generating significant financial pressure. However, a strategic approach by the debtor in renegotiating the terms allowed to avoid the final loss of the project.

Case 3: Overguaranteeing in Study Funding

In a different context, a student was choosing over-collateralization to obtain a student loan. His parents pledged personal assets to support access to finance. Even though education led to professional opportunities, increasing debt and dependence on parental support put considerable strain on the family relationship. In this case, the over-guarantee had consequences not only on the debtor-creditor relationship, but also on the internal dynamics of the family.

These cases illustrate that over-guaranteeing can have complex implications depending on the context. In business, it can provide increased security to the creditor, but it can also generate considerable tension when the borrower experiences difficulties. In the real estate sector, over-collateralisation can influence the success of projects and require careful risk management. In educational finance, it can create a close connection between financial and family aspects.

The analysis of these cases underlines the need for a balanced and transparent approach in the implementation of the over-guarantee. Open communication between parties, clarity about contractual terms and flexibility in managing financial difficulties can play a crucial role in minimizing the negative impact of this practice and maintaining a healthy relationship between debtor and creditor.

Assessing the impact of overcollateralization on the parties involved reveals multiple aspects that must be considered in order to fully understand the consequences of this practice. Lender and borrower involvement in the overcollateralization process can influence relationship dynamics and financial outcomes.

a) Impact on the Lender: benefits from increased financial security through over-guaranteeing. It acquires a significant advantage in the event that the debtor experiences financial difficulties, having access to the assets or additional guarantees brought in as a guarantee. Through the over-guarantee, the creditor minimizes the risk of non-payment and secures a strong position in the debt recovery process. However, there is a risk that an excess of power given to the creditor may lead to coercive practices or the imposition of unfair financial conditions. If the borrower experiences difficulties, the creditor can use this position to obtain additional benefits or to exert excessive pressure. Balanced power management is essential to maintain the integrity of the relationship and avoid potential repercussions.

b) Impact on the Debtor: the over-guarantee provides access to financing, but can generate significant pressures. Providing additional assets or collateral involves financial risks and may limit the borrower's flexibility in managing the business or project. In case of financial difficulties, the debtor may feel pressure to meet additional obligations and may lose certain financial freedoms. There is also a risk that the debtor will lose interest in the debt recovery process in cases where over-collateralization generates a significant imbalance. When the creditor uses the power of collateral to impose onerous conditions, the debtor may become discouraged and see debt recovery as an impossible task. This aspect can negatively affect relational dynamics and generate tension.

c) Impact Management: To minimize the negative impact of over-guaranteeing, transparency and open communication between debtor and creditor is crucial. Establishing clear and fair loan terms, as well as a collaborative approach to managing financial difficulties, can help maintain a healthy relationship and avoid significant conflict.

4. Legal Regulations

Legislation regarding lender over-collateralization varies by jurisdiction and specific legal context. In many countries, this is regulated by laws and regulations that establish the conditions and procedures for using this practice. In the legislative analysis, we will explore the key issues in the general jurisdiction, without providing country-specific details.

Basic Definitions and Concepts: Legislation relevant to lender overwriting usually begins by clearly defining the key terms and concepts associated with the practice. Terms such as "overcollateral," "additional collateral," and "additional collateral" are often specified to establish a clear legal framework.

Registration Requirements and Procedures: Legislation often governs the requirements and procedures associated with the registration of overcollateralization. This may include details of the required documents, the registration process, and the specific information that the borrower and lender must provide to the relevant authorities. These measures are intended to ensure transparency and compliance with the law.

Rights and Obligations of the Parties Involved: Legislation specifies the rights and obligations of the debtor and the creditor in the framework of the over-guarantee. It can clarify what asset or additional collateral can be pledged, how it can be used in the event of default, and what rights each party has in the debt collection process.

Protection of Consumers and Debtor's Rights: In many jurisdictions, there are specific provisions to protect consumers and the rights of debtors in the event of over-collateralization. These provisions may include mandatory information for debtors, limits on the use of certain types of collateral, and specific requirements for the fair treatment of debtors in the event of financial difficulties.

Prudential and Financial Regulations: Legislation may also include prudential and financial regulations to ensure responsible use of overcollateralisation. These regulations may target financial institutions and may include requirements regarding risk management, adequate valuation of collateral, and measures to prevent excessive use of this practice.

Monitoring and Enforcement: Legislation usually sets out the procedures for monitoring and enforcing over-collateralisation. This may include requirements for periodic reporting of collateral status, mechanisms for continuous assessment of the debtor's solvency, and clear procedures for taking action in the event of non-payment.

Penalties and Legal Consequences: The law may establish penalties and legal consequences for violating the over-guarantee provisions. This includes penalties for non-compliance with registration requirements, for abusive use of over-guarantee, or for non-compliance with other obligations established by law.

Adapting to Changes in the Economic Context: Legislation can also include mechanisms for adapting to changes in the economic context. This may include specific regulations for periods of financial crisis or procedures to restrict the use of over-collateralisation in conditions of economic instability.

Review and Update of Legislation: Constantly changing economic and financial dynamics may necessitate the review and update of legal regulations regarding overinsurance. The law could include procedures and deadlines for evaluating and updating the legislation in line with financial market developments.

In Romania, the legislation regarding creditor over-guarantee is regulated by various normative acts related to the field of civil, commercial and insolvency law. They provide the legal framework in which the parties involved - the creditor, the debtor and the guarantors - conduct their relations and define the rights and obligations of each party. Here is a detailed overview of the relevant legislation in this area:

* Civil Code, Articles 2010-2034: These regulate the guarantee contract and form the legal basis for the creditor's over-guarantee. Requirements are established regarding the written form of the contract, the rights and obligations of the parties, as well as the procedures for the enforcement of guarantees.

* Law no. 287/2009 on the Civil Code: Amendments and Supplements: This law amends the Civil Code and may introduce adjustments or clarifications regarding the over-guarantee.

* Law no. 85/2014 on insolvency prevention and insolvency procedures: Chapter V: This regulates insolvency procedures and may have implications for over-guaranteeing in financial crisis situations. Rules are established regarding enforcement and the order of payment of claims.

* Law no. 287/2009 regarding the Civil Code and Law no. 207/2015 on the Code of Civil Procedure:*

*Foreclosure Procedures: These laws include foreclosure procedures that can be applied in cases of non-payment and can affect warranties and over-guarantees.

* Law no. 312/2005 on mortgage and mortgage: Chapter II: It regulates aspects specific to mortgage and mortgage and may be relevant in the case of over-guarantee involving real estate assets.

* National Bank of Romania (NBR) Regulations: NBR Rules and Regulations: These may include specific requirements for financial institutions regarding guarantees and over-guarantee, contributing to ensuring the stability of the financial system.

* Law no. 287/2009 regarding the Civil Code and Law no. 207/2015 on the Code of Civil Procedure: Consumer Protection: These laws contain provisions for consumer protection, including the rights of debtors who are natural persons.

* Decision of the Constitutional Court no. 351/2014: Regarding Foreclosure: This decision of the Constitutional Court may influence foreclosure procedures and, implicitly, the over-guarantee.

* Legislation on Intellectual Property Law: According to Specific Situations: Where the over-guarantee involves intangible assets such as intellectual property rights, legislation specific to this area may be relevant.

* Subsequent Legislative Developments: Updates to Legislation: It is important to keep in mind subsequent legislative developments which may bring changes or additions to existing over-guarantee legislation.

As legislation can change, it is crucial to consult up-to-date legislation and ensure you have the most up-to-date information. Consultation with a lawyer specialized in commercial and banking law is recommended for a correct understanding and compliant application of the legislation in force.

In the context of creditor over-guaranteeing in Romania, there are various legal aspects to consider for all parties involved: creditor, debtor and guarantors. Here are some key points that deserve attention:

* Form and Content of the Contract: According to the Civil Code, the over-guarantee contract must be concluded in writing. It is essential that all details are clearly expressed in the contract, including the object of the over-guarantee, the duration, the conditions of activation and execution.

* Clear Identification of Additional Collateral: It is crucial that the contract documents clearly identify the assets or additional collateral being pledged. Accurately describing them can prevent further interpretations and conflicts.

* Consent of All Parties Involved: The explicit consent of the parties involved, including the debtor and the guarantors, is required to avoid possible challenges regarding the validity of the over-guarantee.

* Consumer Protection and Debtor's Rights: Especially if the debtor is a natural person, there are regulations aimed at consumer protection. The debtor's rights, including adequate over-collateralisation information, must be respected under relevant legislation.

* Registration and Transparency Requirements: Legislation may provide requirements regarding the registration of the super-guarantee with certain institutions or authorities. Transparency about this information is essential.

* Contractual Terms and Risk of Abuse: Contractual terms, such as those relating to interest, fees and other costs associated with over-collateralisation, must be fair and in accordance with applicable law to avoid the risk of abuse.

* Debt Recovery Procedures and Enforcement: In case of non-payment, debt recovery procedures must be in accordance with the law. This includes compliance with the procedures set out in the Code of Civil Procedure and other relevant regulations.

* Protection of Guarantors in Foreclosure Situations: If guarantors are involved, their rights in the event of foreclosure must be considered. Legislation could provide specific protections for guarantors, including notice procedures and the ability to contest enforcement.

* Subsequent Legislative Changes: Aspects such as subsequent legislative changes may influence the conditions and procedures of the over-guarantee. The parties involved should be aware of possible legislative changes and adapt accordingly.

* Specialized Legal Assistance: Given the complexity of the legal issues associated with over-guaranteeing, it is recommended to seek specialized legal assistance. A lawyer with expertise in commercial and banking law can provide guidance in the correct drafting and interpretation of contracts, ensuring compliance with applicable legislation.

In conclusion, when legal issues such as creditor over-guarantee are involved, it is essential to pay attention to contractual details, respect the rights of the parties involved and adapt to legislative changes to ensure a robust and fair legal framework.

Conclusions

Creditor overwriting is a complex financial and legal practice with significant advantages and disadvantages for all parties involved.

Advantages of Over-guarantee:

- Protection of Creditor Interests: Over-collateralization provides an additional level of security for the creditor, allowing them to gain access to assets or additional collateral in the event of non-payment. This measure reduces the risk of loss of receivables.
- Increasing Confidence in Loan Agreements: For lenders, overcollateralization strengthens confidence in loan agreements. With additional assets or collateral, they feel more protected and are more likely to offer financing on favorable terms.
- Facilitating Access to Financing for the Debtor: Debtors can benefit from significant advantages through easier access to financing. Over-collateralization allows them to get loans at lower rates or with more flexible terms, as lenders may be willing to take on more risk.
- Reduction of Guarantors' Liability: Guarantors involved in over-guaranteeing can benefit from a reduction in the level of liability, as the additional asset brought under the guarantee provides greater protection for the creditor. This aspect can make involvement in the transaction more attractive to potential guarantors.
- Increase in Business Confidence: For borrowers, the ability to provide over-guarantees can strengthen the confidence of business partners. This can open doors to new opportunities and partnerships given the increased level of financial security.

Disadvantages of Overinsurance:

- Potential Loss of the Debtor's Interest: A major disadvantage is the potential loss of the debtor's interest in the debt recovery process. When overcollateralization gives too much power to the creditor, the debtor may become discouraged and lose motivation to collect the debt.
- Excess of Power Conferred to the Creditor: Over-guaranteeing can lead to a disproportion of power in favor of the creditor. This excess power can be used to impose unfair financial conditions or to exert pressure on the debtor in case of financial difficulties.

-Possible Consequences on the Debtor-Creditor Relationship: In the event of a significant imbalance created by the over-guarantee, the relationship between the debtor and the creditor may suffer. Tensions can arise and collaboration within the financial relationship can become difficult.

- Risks for the Debtor in the event of non-payment: Over-guaranteeing increases the risks for the debtor in the event of non-payment. The loss of assets or additional collateral may adversely affect the borrower's financial stability and lead to additional difficulties.

- Complications Related to Foreclosure: If it is necessary to foreclose on collateral or additional assets, the process can be complex and involve lengthy and expensive legal proceedings, adding another level of difficulty for the parties involved.

In conclusion, lender overcollateralization is a practice with significant advantages and disadvantages. It is essential that the parties involved approach this strategy carefully, ensuring that the contractual terms are fair and that there is a balance between protecting the creditor and respecting the rights and interests of the debtor. The rational use of overcollateralization requires transparency, open communication, and a proper understanding of the consequences associated with this complex practice. Consultation with specialized legal and financial professionals is often essential to successfully navigate overinsurance and minimize the risks involved.

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ENTREPRENEURSHIP IN ROMANIA COMPARED WITH THE EUROPEAN UNION

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Abstract

Entrepreneurship in Romania has developed significantly in recent years, reflecting the economic and social changes in the country. A presentation of the general context would include aspects such as the business environment, the evolution of entrepreneurship, government policies and the challenges faced by entrepreneurs. Romania has a dynamic business environment, characterized by sectoral diversity. Small and medium-sized enterprises (SMEs) play an essential role in the economy, generating jobs and contributing to economic growth. However, entrepreneurs face challenges such as excessive bureaucracy, fiscal instability and lack of adequate infrastructure.

Key words: *entrepreneurship, evolution, young, comparison, statistics*

1. Introduction

In recent years, entrepreneurship in Romania has experienced significant growth. Many young people want to become entrepreneurs, inspired by the success of some local startups and the opportunities offered by the European market. The technology, innovation and renewable energy sectors are among the most dynamic.

The Romanian government has implemented various policies to support entrepreneurship. The Start-Up Nation program provided financing and facilities for SMEs, thus encouraging entrepreneurial initiatives.

However, continued efforts are needed to reduce red tape and ensure a stable fiscal framework.

Entrepreneurs in Romania face multiple challenges. Access to finance remains a major obstacle and credit conditions can be restrictive for SMEs. Fierce competition and market fluctuations are also constant challenges for local entrepreneurs.

Innovative and technological sectors have become important engines of entrepreneurship in Romania. Startups in the fields of information technology, artificial intelligence and software development have attracted the attention of investors and helped modernize the economy.

As a member of the European Union, Romania benefits from increased business and investment opportunities. Access to European markets, structural funds and community support programs represent essential advantages for Romanian entrepreneurs.

Improving entrepreneurship education and training offerings is essential to foster entrepreneurship. Developing management skills, financial knowledge and encouraging innovative thinking are key aspects in supporting entrepreneurs.

The choice of the topic about entrepreneurship in Romania compared to the European Union is based on the importance that entrepreneurship has in the economic evolution of the country and in the context of European integration. This theme not only brings to the fore the evolution of entrepreneurship in a specific country, but also offers a comparative perspective with the other member states of the European Union (EU), highlighting aspects of common interest and regional particularities.

2. Entrepreneurship in Romania

Entrepreneurship in Romania has seen significant developments in recent years, reflecting economic, social and political changes. Presentation of relevant statistics will highlight key aspects such as number of businesses, contribution to the economy, sectoral distribution and challenges faced by entrepreneurs.

According to statistical data, Romania has registered a significant increase in the number of businesses in recent years. New business start-ups have experienced a notable expansion, reflecting a developing entrepreneurial climate. In particular, the SME sector contributed significantly to this growth, indicating an increased interest in entrepreneurship among young people and professionals.

Entrepreneurship plays an essential role in contributing to Romania's gross domestic product (GDP). Economic data show that SMEs have made a significant contribution to income generation and job creation. This substantial contribution to the economy indicates that entrepreneurship is not only an engine of economic growth, but also an important source of employment.

The analysis of the sectoral distribution of businesses reveals a significant diversity in the Romanian entrepreneurial economy. Sectors such as IT&C, services, tourism and agriculture have attracted a significant number of entrepreneurs and investments. This diversification reflects the adaptability and ability of Romanian entrepreneurs to explore opportunities in different fields.

Although entrepreneurship has seen significant growth, access to finance remains a critical issue. The relevant statistics indicate the need to improve financing mechanisms for SMEs and entrepreneurs. Despite government initiatives such as the Start-Up Nation programme, there are still challenges in ensuring a sustainable financial structure for businesses at various stages of development.

Analyzing survival and failure rates in entrepreneurship provides insight into business sustainability. Statistics show that despite the challenges, a significant number of businesses manage to survive in the long term. However, it is important to understand and address the factors that contribute to failure in order to improve the chances of new business success.

Data on innovation and degree of digitization in entrepreneurship provide a picture of adaptability to technology. Statistics show that an increasing number of entrepreneurs are adopting digital solutions and innovative technologies to improve their processes and meet the ever-changing market demands.

The relevant statistics highlight the challenges faced by Romanian entrepreneurs. These include excessive bureaucracy, difficulties in obtaining financing, intense competition and fiscal instability. Understanding these challenges is critical to developing policies and programs to support entrepreneurs in overcoming these obstacles.

Analyzing the business environment in Romania requires a detailed look at regulations, government support and access to finance. These aspects represent key elements that can influence the development of entrepreneurship and business success in the country.

The business environment in Romania faces various regulations, some of them contributing to a considerable bureaucratic climate. The process of setting up a business can involve complex and time-consuming procedures. Despite efforts to simplify regulations, further measures are needed to reduce red tape and create a more business-friendly environment. Simplifying administrative procedures could stimulate the establishment of new businesses and encourage sustainable development.

The Romanian government has implemented various programs and initiatives to support entrepreneurship. The Start-Up Nation programme, for example, provided funding and facilities for small and medium-sized enterprises (SMEs). However, the effectiveness of these programs can be affected by bureaucracy and difficulties in accessing funding. A continuous evaluation and adjustment of these programs could improve government support and facilitate the growth of entrepreneurship.

One of the main challenges faced by entrepreneurs in Romania is access to financing. Even though progress has been made in this area, there is still a need for significant improvements. Small and medium-sized enterprises often face restrictive credit conditions and rigid requirements for obtaining loans. Fostering collaboration between the private sector and financial institutions can create opportunities for development and investment. In addition, facilitating access to European funds and creating partnerships between the government, private sector and financial institutions could strengthen financial support for entrepreneurs.

The business environment is increasingly benefiting from innovation and digitization. Romanian entrepreneurs are increasingly interested in adopting advanced technologies to improve efficiency and respond to market demands. The government should support this transition by providing training programs and facilitating access to emerging technologies. In addition, regulations should keep pace with technological change to foster innovation and competitiveness.

Collaboration between the public and private sectors is essential to improving the business environment. Constant dialogue between the government and representatives of the business environment can facilitate the understanding of the needs of entrepreneurs and can lead to adjustments in government policies. In addition, public-private partnerships can lead to the development of joint projects that support innovation, entrepreneurship education and access to resources.

Fiscal stability is essential for a predictable business environment. Entrepreneurs need certainty about tax regulations in order to plan for the long term and access financing with confidence. The government should pay attention to ensuring a stable and predictable fiscal framework to support business development.

In conclusion, the presentation of the relevant statistics on entrepreneurship in Romania provides a detailed picture of the contribution of entrepreneurs to the economy, the sectoral distribution, the challenges encountered and the general evolution of the entrepreneurial climate. This data is the basis for the development of policies, programs and initiatives aimed at supporting and encouraging entrepreneurship in the country. The analysis of the business environment in Romania reveals significant progress, but also essential challenges. It is crucial that government and business actors work together effectively to improve regulation, government support and access to finance. Addressing these key issues can contribute to strengthening a healthy business environment and stimulating sustainable economic growth in Romania.

3. Entrepreneurship in the European Union

Entrepreneurship in various countries of the European Union (EU) reflects a variety of approaches, policies and trends, depending on the economic, cultural and legislative context specific to each nation. We will explore general aspects of entrepreneurship in several EU countries, highlighting its diversity and contribution to economic development at European level.

Germany stands out in the European entrepreneurial landscape with its solid economy and orientation towards innovation. Its entrepreneurial model is characterized by an emphasis on quality, precision and advanced technology. Small and medium-sized enterprises (SMEs) play a vital role in the German economy, benefiting from government support and access to leading technological resources. Entrepreneurial culture is strongly encouraged and the business ecosystem is focused on sustainable partnerships and constant innovation.

France is distinguished by the diversity of economic sectors and the support given to entrepreneurs, with a focus on innovation and sustainable development. Government policies encourage the establishment of new businesses and provide tax breaks for innovative enterprises. Despite perceived red tape, France has adopted reforms to simplify business start-up procedures and boost entrepreneurship among young people.

Sweden enjoys a dynamic entrepreneurial climate, supported by a culture open to innovation and government support for equality and sustainability. Starting and running a business in Sweden is facilitated by ample resources and a flexible business environment. Social entrepreneurship and community impact are encouraged, and collaboration between business, government and non-governmental organizations contributes to the sustainable development of the sector.

The Netherlands is known for its business-friendly climate and strong entrepreneurial culture. Risk tolerance and innovation are key aspects of Dutch entrepreneurship. The government offers tax incentives and financial support for innovative businesses and those that contribute to sustainability. The Dutch business ecosystem is open and connected to international markets, thus promoting business expansion beyond national borders.

Romania: Entrepreneurship in Romania has evolved significantly, reflecting the transition to a market economy and EU integration. SMEs are the backbone of the entrepreneurial environment, and sectors such as IT&C, services and tourism have attracted increased interest. However, access to finance and red tape remain significant challenges. The Romanian government implements support programs for entrepreneurs, but there is still a need for adjustments to create a friendlier and more stimulating environment.

Spain: Entrepreneurship in Spain is characterized by sectoral diversity and an emphasis on small and medium-sized enterprises, which represent a significant part of the economy. The entrepreneurial culture is strongly influenced by local and environmental traditions, and innovation plays an increased role, especially in the technological sectors. The Spanish government supports entrepreneurship through financing programs and tax facilities, thus encouraging regional economic development and innovation.

Finland stands out for its high-quality education and close collaboration between business and academic institutions. Technological innovation and start-ups are encouraged, and the Finnish government offers tax breaks and support programs for entrepreneurs. The sustainable approach and focus on emerging technologies have turned Finland into a hub for innovation and development.

Comparing the business environment, innovations and government policies between Romania and other European countries highlights significant differences, but also common aspects. We will explore these aspects to better understand the entrepreneurial context in Romania compared to other EU states.

Business Environment in Romania: Romania, being in a stage of economic transition, faces specific challenges regarding the business environment. Excessive bureaucracy, difficult access to finance and fiscal instability are some of the critical issues.

Despite these challenges, Romania is experiencing an increase in the number of enterprises, with a particular focus on the SME sector. The business environment is dynamic but requires adjustments to further encourage innovation and sustainability.

Innovations in Romania: Romania has made significant progress in innovation, with sectors such as IT&C, medical research and green technologies on the rise. Romanian start-ups are increasingly making their presence felt on the map of European innovation. However, there is still an increased need for investment in research and development, and collaboration between universities, the private sector and government could boost the innovation ecosystem.

Government Policies in Romania: The Romanian government has implemented programs such as Start-Up Nation, which provides financing for the development of SMEs. However, the effectiveness of these programs can be affected by bureaucratic procedures. Fiscal policies fluctuate and fiscal stability remains a concern. There are efforts to simplify regulations and improve the business climate, but more reforms are needed to boost innovation and ensure business sustainability.

Compared to Other EU Countries:

Germany enjoys a stable and well-regulated business environment. The German government pays particular attention to supporting innovation through massive investments in research and development. The focus on quality and advanced technology makes the German business environment globally competitive.

Sweden is distinguished by its emphasis on sustainability and innovation.

The Swedish government supports research and development through financial support policies and tax facilities. The flexible approach and support for social entrepreneurship contribute to the diversity and robustness of the business environment.

The Netherlands benefits from a friendly business climate with an open attitude to innovation and emerging technologies. The Dutch government provides financial support and tax advantages for start-ups and innovative enterprises, strengthening the country's position as an entrepreneurial hub.

Finland stands out for the close collaboration between the business environment and the educational system. The Finnish government provides financial support for innovations and start-ups, encouraging technological development and advancing research.

France adopts policies to support entrepreneurship and innovation. Government initiatives aim at simplifying procedures and facilitating access to finance for start-ups and SMEs, thus promoting economic development.

Spain encourages entrepreneurship, especially in technology sectors. The Spanish government pays attention to financial support and tax facilities for start-ups, contributing to the diversification and modernization of the economy.

Compared to these countries, Romania faces challenges such as excessive bureaucracy and wobbly fiscal stability, but is making significant progress in increasing the number of enterprises and developing the IT&C sector. It is obvious that there is a need for reform and strengthening of collaboration between business, government and academic institutions to stimulate innovation and ensure business sustainability in the European context.

4. Differences and Similarities:

Romanian entrepreneurship and that of the European Union (EU) present both significant differences and similarities in terms of the business environment, innovations and government policies. We will explore these aspects to better understand the entrepreneurial context in Romania compared to the European one.

Similarities:

1. Sectoral Diversity: Both in Romania and in the EU, entrepreneurship covers a wide range of sectors. From technology to tourism, agriculture and services, sectoral diversity is a common feature. This reflects the adaptability of entrepreneurs to a variety of business opportunities within the European single market.

2. Focus on SMEs: vAcross the EU, including Romania, small and medium-sized enterprises (SMEs) represent an essential driver of the economy. These businesses contribute significantly to economic growth, job creation and innovation. Government policies and financial support are geared towards facilitating the development and success of SMEs.

3. The Impact of Technology: Technological innovation has become a driving force in both Romanian and European entrepreneurship. Digitization, artificial intelligence and emerging technologies are being integrated into various sectors to improve business efficiency and competitiveness. Both face similar challenges in adapting to rapid technological change.

4. Government Support: Both in Romania and in the EU, governments have implemented programs and initiatives to support entrepreneurship. From tax breaks and financing to training and development programs, there is a concerted effort to create a favorable business climate. However, effective implementation and real access to these resources remain challenges.

Differences:

1. Access to Finance: One of the notable differences is access to finance. In the EU, in general, there is a greater variety of funding sources, including European funds and private investment. In Romania, access to finance remains a major challenge, especially for smaller businesses, which face restrictive credit conditions and strict requirements.

2. Bureaucracy and Regulations: Romania faces a bureaucracy perceived to be more pronounced and with more complicated regulations

compared to some EU states. Procedures for setting up a business and managing them can be perceived as more difficult, making the business environment difficult. Improving these aspects could increase Romania's attractiveness for entrepreneurs.

3. Entrepreneurial Culture and Education: In some EU countries, entrepreneurial culture is encouraged and promoted from education. In Romania, there are still significant needs in terms of introducing entrepreneurship education in the education system and increasing awareness of entrepreneurial opportunities.

4. Integration on European Markets: EU member states benefit from integration on a single market, facilitating access to larger and diversified markets. Romania, although a member of the EU, may need more efforts to strengthen its position on the European markets and to attract foreign direct investment.

5. Level of Economic Development: The differences in economic development between Romania and certain EU countries are obvious. Certain European countries have more mature economies and higher levels of income per capita, providing a stronger economic base for entrepreneurs. Romania is in a stage of development, and the economic challenges may be more pronounced.

Entrepreneurship is a vital force in any economy and society, but it varies significantly between different countries and regions. The notable differences between Romanian and European Union (EU) entrepreneurship reflect a complex range of factors that intersect and interact in various ways. These factors encompass economic, cultural, educational, regulatory and historical aspects, each having a significant impact on the entrepreneurial landscape.

Economic Aspects and Heterogeneous Development:

The economic differences between Romania and the EU member states are deep and complex. In the EU, countries such as Germany, France or the Netherlands have mature economies focused on innovation and advanced technology. This economic maturity creates a conducive environment for entrepreneurship, providing access to developed infrastructure, technological resources and mature markets.

Romania, being in a transition stage, faces specific challenges, but also unique opportunities. Sectors such as IT&C and services have seen significant growth and the economy is constantly developing. However, economic pressures and the need to overcome certain structural weaknesses, such as excessive bureaucracy and fiscal instability, remain crucial issues.

Diversity of Income Sources and Impact on Entrepreneurship:

Another crucial aspect is the diversity of income sources within the EU compared to Romania. In EU countries with mature economies, per capita income is significantly higher, thus creating a solid base for entrepreneurs who want to develop their businesses. Diversification of income sources is essential for business resilience in the face of economic fluctuations, and entrepreneurs benefit from a more stable financial environment.

Romania, as a developing country, faces specific challenges, including income inequalities and regional disparities. Romanian entrepreneurs may experience difficulties in accessing financing and investments, especially compared to their counterparts in EU countries with more mature economies.

Entrepreneurial Culture and Education:

Entrepreneurial culture significantly influences the attitude of individuals towards private initiative and risk-taking associated with entrepreneurship. In the EU, there are countries with a strong entrepreneurial tradition, where success in business is often looked upon with admiration and respect. In countries like Germany or the Netherlands, the entrepreneurial culture promotes innovation, risk-taking and support for business development.

In Romania, with a recent economic history marked by transition and socialist influences, the entrepreneurial culture is constantly evolving. There is an urgent need to foster a spirit of initiative and innovation, as well as a change in mindset to encourage young people to see entrepreneurship as a viable and attractive option. The traditional culture, oriented towards job security and stability, can be a barrier to taking the risks associated with starting and running a business.

The Role of Education in Training Future Entrepreneurs:

Education has a significant impact on how individuals approach entrepreneurship. In many EU countries, entrepreneurship education is integrated into the curriculum, encouraging young people to explore business concepts and develop their entrepreneurial skills. This early and continued exposure helps create a generation that is better prepared to enter the business environment.

In Romania, entrepreneurship education programs have started to be implemented, but there is still much room for improvement. Integrating these programs consistently in schools and universities could have a significant impact in promoting entrepreneurial skills and mindsets.

Access to Financing and Investments:

Differences in access to finance and investment are a notable obstacle. In the EU, especially in developed countries, there is easier access to a variety of funding sources, including private investment and European funds. Romania, although making progress, faces challenges related to credit barriers and access to investment. A more robust financial system and greater openness to investors could significantly contribute to business development in the country.

Regulations and Bureaucratic Climate:

The business environment is heavily influenced by regulations and the level of bureaucracy. In the EU, member states adopt regulations that facilitate the establishment and development of businesses. Despite efforts to simplify procedures in Romania, bureaucracy can still be an obstacle for entrepreneurs. Clear and effective regulation can improve the business climate and stimulate entrepreneurial initiatives.

Fiscal Stability and Labor Law:

Fiscal stability is essential for entrepreneurs, providing them with a predictable framework for long-term planning. The EU provides a platform for member states to develop common fiscal policies, ensuring a greater degree of predictability. In Romania, fiscal stability can vary, thus affecting the confidence of entrepreneurs.

Socio-Cultural Factors and Recent History:

Romania's recent history, including the transition to a market economy, affects the way entrepreneurs approach business. In the EU, countries have well-established entrepreneurial traditions and the transfer of knowledge between generations is supported.

5. Opportunities and Challenges:

Entrepreneurship in Romania and the European Union (EU) takes place in complex contexts, each bringing to the table a series of specific opportunities and challenges.

Opportunities in Romanian Entrepreneurship:

* IT and Technology Sector: The rapid advance of the IT and technology industry in Romania paves the way for innovative start-ups and the development of technological solutions.

*Access to European Funds: Romania benefits from European funds intended for regional development, innovation and small and medium-sized enterprises (SMEs), offering financial opportunities for entrepreneurs.

* Skilled Workforce: The availability of a skilled workforce in fields such as engineering, IT and research provides a competitive advantage for business development.

* Food Industry and Agritourism: Growing demand for local food products and agritourism experiences offers room for innovation and development in these sectors.

* Sustainable Development: The growing awareness of the importance of sustainable development and renewable energy paves the way for businesses with social and ecological impact.

Challenges in Romanian Entrepreneurship:

* Limited Access to Financing: Entrepreneurs face difficulties in obtaining the financing necessary to start and expand businesses, due to complicated procedures and the reluctance of financial institutions.

* Excessive Bureaucracy: Excessive bureaucracy and complicated procedures can slow down the business establishment process and create administrative hurdles for entrepreneurs.

* Reduced Competition in Certain Sectors: In certain sectors, the market may be underdeveloped, which may limit growth and innovation options for entrepreneurs.

* Uneven Regional Development: Economic and infrastructural disparities between regions can create inequalities in access to resources and opportunities for entrepreneurs.

* Resistance to Change in Business Culture: Conservative mindset and resistance to change in business culture can prevent rapid adoption of innovative practices.

Opportunities in Entrepreneurship in the European Union:

* European Single Market: EU entrepreneurs benefit from easy access to an expanded single market, eliminating trade barriers between member states. This offers opportunities for expansion and commercialization at European level.

* Innovation and R&D: The Horizon 2020 program and other European initiatives provide generous funding for R&D and innovation projects, facilitating entrepreneurial initiatives focused on technology and science.

* Free Movement of Labor: Entrepreneurs can benefit from the free movement of labor in the EU, attracting talent from different countries and having access to a diverse range of skills.

* Sustainability and Circular Economy: The EU actively supports environmental and circular economy initiatives. Entrepreneurs developing sustainable products and services can enjoy support and recognition within these global trends.

* Favorable Business Climate: Common EU policies and regulations create a stable and predictable business climate, making it easier to start and expand businesses in various sectors.

* Collaborative Research and Development / Collaboration in R&D: Entrepreneurs have the opportunity to collaborate in research and development projects at European level, facilitating the exchange of knowledge and accelerating innovation.

* Mentoring and Support Programs / Institutional Support: There are programs and institutions in the EU that provide mentoring and support for entrepreneurs, helping them navigate through challenges and grow their businesses.

* Cultural and Market Diversity: Entrepreneurs can benefit from the cultural diversity and variability of demand in various European markets, giving them the chance to adapt products and services according to local needs.

Challenges in Entrepreneurship in the European Union:

* Diversity and Complexity of Regulations: Entrepreneurs are faced with various regulations at the level of the member states, which can complicate the processes of compliance and adherence to European standards.

* Fierce Competition: The European single market also brings intense competition, and entrepreneurs must be competitive not only at the national level, but also at the European level.

* Access to Financing: Despite the European funds, entrepreneurs may encounter difficulties in obtaining the necessary financing, especially in the early stages of the business.

* Economic Instability in Certain Areas / Economic Disparities: There are regions in the EU with different levels of economic development, which can create challenges for entrepreneurs in less developed areas.

* Managing Cultural and Linguistic Diversity: Collaboration and team management in a culturally and linguistically diverse environment can be challenging for entrepreneurs with European operations.

* Brexit Uncertainty: EU entrepreneurs, especially those with trade links to the UK, are facing uncertainty and changes brought by Brexit, including in the area of trade regulations.

* Technological and Digital Pressures: The rapid advancement of technology and digital transformation can put pressure on entrepreneurs to adapt and innovate to remain competitive.

* Intellectual Property Issues: In an expanding market, protecting intellectual property can become complex and involve significant costs.

6. European initiatives

The European Union (EU) promotes entrepreneurial activity through various programs and initiatives designed to provide financial support, advice and incentives for business development. Here are some of these significant programs and initiatives:

1. Program for Competitiveness and Innovation (COSME): COSME aims to support small and medium-sized enterprises (SMEs) to improve their competitiveness and access international markets more easily. It provides financing, guarantees and consultancy for SMEs, stimulating innovation, internationalization and sustainable development.

2. Horizon 2020: Horizon 2020 is the EU's largest research and innovation programme, providing funding for projects covering a wide range of areas, including technology, energy and health. Entrepreneurs and companies can access funding for innovative projects, promoting collaboration and knowledge transfer.

3. The European Fund for Strategic Investments (EFSI): also known as the Juncker Plan, aims to mobilize investments for strategic projects, including those related to entrepreneurship and infrastructure. It provides guarantees and financial support for high-risk projects, stimulating private investment in key sectors.

4. SME Guarantee Instrument (COSME, LGF, FEI, EASY): This instrument provides financial guarantees for financial institutions that grant loans to SMEs. It improves SMEs' access to finance, reducing the risks assumed by financial institutions.

5. Enterprise Europe Network (EEN): EEN provides support services for businesses, including business advice, access to partnership opportunities and information on European programmes. It supports entrepreneurs in finding commercial partners, accessing European markets and benefiting from the resources offered by the EU.

6. EURES - European Employment Service: EURES facilitates labor mobility within the EU, connecting entrepreneurs and employers with professionals from different countries. It provides access to diverse talent and skills, supporting entrepreneurs in identifying the right workforce.

7. NextGenerationEU initiatives: Launched in response to the impact of the pandemic, these initiatives include REACT-EU and InvestEU, focused on economic recovery and boosting investment in innovation and sustainability. It provides substantial financial support to affected sectors and promotes the transition to a green and digital economy.

These programs and initiatives highlight the EU's commitment to supporting various aspects of entrepreneurship, from innovation and research to internationalization and sustainable development.

Evaluation of the Impact of European Initiatives on the Business Environment in Romania:

1. Access to Financing: Initiatives such as COSME and Erasmus for Young Entrepreneurs have contributed to improving access to financing and financial support for Romanian entrepreneurs. However, ongoing monitoring is required to ensure the equitable distribution of these resources and to reach businesses of all sizes.

2. Innovation and Research-Development: The Horizon 2020 and FEIS programs had a significant impact in promoting innovation and research-development in the Romanian business environment. Entrepreneurs

benefited from funding for innovative projects, contributing to increased competitiveness and adaptability in the economy.

3. Internationalization and Labor Mobility: The Erasmus and EURES programs have facilitated internationalization and labor mobility. Romanian entrepreneurs had access to international experiences and collaborations, and the integration of the workforce from other countries brought diversity and expertise to the local business environment.

4. Support for SMEs: Initiatives such as COSME, LGF, FEI, EASY and the Enterprise Europe Network program have had a positive impact on SMEs in Romania, facilitating access to financial guarantees and providing support in the development and internationalization of their businesses.

5. Collaboration and Knowledge Transfer: The Erasmus and Horizon 2020 collaboration programs supported the transfer of knowledge and expertise between entrepreneurs and research institutions in Romania and other member states. This exchange contributed to the improvement of practices and innovations in the local business environment.

6. Coping with Political and Economic Changes: NextGenerationEU initiatives, focused on economic recovery following the pandemic, had a significant impact in managing the effects of the crisis in the Romanian business environment. These funds supported affected sectors and promoted adaptability to political and economic changes.

7. Diversity and Sustainability: By promoting cultural diversity and sustainable practices within European programs, the business environment in Romania was encouraged to adopt more inclusive and sustainable approaches, contributing to the creation of a more equitable and sustainable economy.

7. Case Studies and Practical Examples

1. Case Study: European Funds for the Provision of Consulting Services for SMEs in Romania: A consulting firm in Romania accessed European funds through the COSME program to develop a specialized consulting service for SMEs. Through this initiative, they provided support to local companies in strategic development and the implementation of effective management practices.

2. Practical Example: Digitizing a Business in the Agricultural Sector with the Support of the Horizon 2020 Program: A Romanian agricultural farm

received funding from the Horizon 2020 program to digitize agricultural processes. By implementing IoT technology and digital solutions, they have streamlined production and optimized resource management, contributing to increased sustainability and productivity.

3. Case Study: Erasmus Initiative for Young Entrepreneurs in the Development of an IT Start-Up: A young entrepreneur from Romania participated in the Erasmus for Young Entrepreneurs program, spending several months in a technology company in Sweden. This experience gave him practical knowledge, contacts and inspiration to develop his own IT start-up.

4. Practical Example: Innovation in the Food Industry with the Support of the European Fund for Strategic Investments (EFSI): A Romanian company in the food industry benefited from EFIS funding to invest in innovative production technologies. This financial support allowed the introduction of advanced production methods, strengthening product quality and facilitating access to new European markets.

5. Case Study: SMEs in Tourism and the NextGenerationEU Program: In the context of the pandemic, several SMEs in the tourism industry in Romania benefited from financial support through the NextGenerationEU programs. These funds helped implement digital solutions, strengthening the online presence and adapting services to new market requirements.

6. Practical Example: Cross-Border Collaboration within the Enterprise Europe Network (EEN): Two SMEs, one from Romania and one from Bulgaria, initiated a successful collaboration through the EEN network. Through the exchange of expertise and resources, they developed together an innovative software solution, benefiting from the opportunities offered by the European market.

These case studies and practical examples offer concrete insights into how Romanian entrepreneurs have benefited from European programs and initiatives, highlighting sectoral diversity and the positive impact on business development.

8. Dealing with Bureaucratic Challenges: Initiatives to simplify bureaucratic procedures within some European programs had a positive impact on the business environment in Romania, facilitating administrative processes and accelerating the pace of business development.

European initiatives have had a significant impact on the business environment in Romania, contributing to increasing competitiveness, promoting innovation and adaptability to economic and technological changes. However, it is important to ensure effective and fair implementation so that benefits reach all categories of entrepreneurs and businesses.

8. Conclusions and recommendations

1. Access to Financing:

- Finding: Access to finance remains an obstacle for many entrepreneurs, especially for start-ups and SMEs.

- Recommendation: Improving access to financing by simplifying loan procedures, diversifying sources and facilitating collaborations with financial institutions.

2. Regulations and Bureaucracy:

- Finding: Excessive bureaucracy and complicated regulations make it difficult to start and run a business.

- Recommendation: Simplifying and streamlining administrative procedures, revising regulations to make them more accessible to entrepreneurs.

3. Innovation and Digitization:

- Finding: Urgent need to promote innovation and digitization in all sectors to maintain competitiveness.

- Recommendation: Implement supported programs to stimulate innovation, provide tax incentives for technology investments and promote collaboration between the private sector and research institutions.

4. Education and Vocational Training:

- Finding: Lack of an educational and training system aligned with the needs of the entrepreneurial market.

- Recommendation: Development of flexible educational and professional training programs to develop entrepreneurial and digital skills.

5. Sustainability and Social Responsibility:

- Finding: Business opportunities in the field of sustainability require increased attention.

- Recommendation: Promotion of sustainable practices through tax incentives, specialized consultancy and public recognition of responsible initiatives.

Recommendations for Improvement:

1. Creating a Favorable Environment for Start-ups: Implementation of support programs dedicated to start-ups, such as facilitating access to business incubators, mentoring and non-reimbursable funding for innovative projects.

2. Integrating Blockchain Technology into Administrative Processes: Exploring and implementing blockchain technology to simplify and secure administrative processes, reducing red tape and the risk of corruption.

3. Development of Public-Private Partnerships: Stimulating collaboration between the private sector and the government to develop and implement effective solutions at the level of policies and programs to support entrepreneurship.

4. Expansion of Entrepreneurship Training Programs: Expansion and promotion of entrepreneurship training programs in schools, universities and vocational training centers to develop young people into future entrepreneurs.

5. Supporting Sustainable Initiatives: Creating financial support and recognition mechanisms for businesses with social impact and initiatives that promote sustainability and social responsibility.

These findings and recommendations aim to contribute to improving the entrepreneurial climate in Romania, stimulating innovation, facilitating access to resources and promoting sustainable business practices. Implementation of these suggestions could help to strengthen a strong and prosperous entrepreneurial community in the country.

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FISCALITY OF THE SELF EMPLOYED PERSON

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Abstract

This abstract provides an overview of the self-employed person's status, taxation methods, Value Added Tax (VAT) considerations, and recent legislative changes affecting fiscal conditions in Romania. It outlines two taxation options for self-employed individuals, emphasizing the difference between the real system and income norm. The document also discusses VAT payment options based on income thresholds and highlights upcoming changes, such as the mandatory use of the e-invoice system for B2B transactions. Additionally, the abstract covers changes in fiscal conditions effective from 2023, including adjustments to income tax, pension contributions, and health contributions. It explains the new calculation bases for these contributions, taking into account different income levels. Notable legislative modifications starting in 2024, such as the deduction of CASS (social security contribution) from raw income and changes to the calculation ceiling for CASS, are outlined. Furthermore, the document introduces requirements for maintaining financial records, stressing the importance of *a register of receipts and payments, especially for those under the income norm system. It details the completion of the Fiscal Evidence Register and emphasizes the obligations related to the tax record register for different types of self-employed individuals. In conclusion, the abstract provides a comprehensive overview of the current and upcoming fiscal landscape for self-employed individuals in Romania, shedding light on key legislative changes, taxation methods, and record-keeping obligations.*

Key words: *Self-employed taxation, Fiscal changes, E-invoice system*
JEL Classification: *K00, K400, K490*

1. Self-employed person

It is the simplest form in which a person can sustein out economic activities individually and independently, using mainly his labor force and is not associated with other self employers or companies. It benefits from financial and administrative advantages and is responsible with its own assets for the activities carried out. However, has restrictions on the number of employees and the size of the business. Flexibility, low costs and independence attract many entrepreneurs to this form of organization.

What taxes does a self-employed person pay?

There are two ways to tax self-employed people:

- Tax in real sistem
- Tax of income norm

Take into consideration:

The 10% tax applies to both tax option. The difference between the two methods of taxation is given by how the amount to which this 10% is applied, which represents the tax due, is calculated.

Tax in real sistem,

Self-employed people that are taxed under the real system pay tax at 10% of net income. Net income is the difference between taxable raw income and deductible expenses. It is, practically, the most "correct" way of taxation, as it reflects 100% reality, i.e. the real income made by the Self-employed. In order to determine the net income, the Self-employed has the obligation to keep an accounting record of all incomes and expenses that are related to the economic activity carried out.

Tax of income norm

Involves the application of the 10% percentage to a predetermined amount, called the "income norm", regardless of the income achieved by the Self-employed person.

These amounts (income norms) are established every year, for each object of activity considered eligible, according to the law, and for each county, respectively locality separately. The applicable income norm is the one from where you have incomings as self-employed.

Since the expenses from carrying out the activity no longer influence in any way the amount to which the 10% tax amount is applied, the accounting in the case of income-based self-employed is simpler. They are only required to keep records of income (except for activities such as wholesale or retail trade and manufacturing, which require more detailed accounting records).

VAT payers Self-employed person

Self-employed who earn income below the VAT ceiling of 300,000 lei/year can choose between being or not paying VAT. In the situation where the self-employed obtain higher revenues than the ceiling mentioned above, then they have the obligation to declare themselves as VAT payers and to invoice the prices with VAT included.

Also, an important aspect to remember is that a self-employed has the legal obligation to declare itself as a VAT payer, this status can be assumed as follows:

- either at the time of registration at the Trade Register, following a certain declaration procedure at the central fiscal bodies;
- or later, by going through the registration procedure for VAT purposes.
- Regarding the option at the time of self-employed registration, it should be emphasized that:
- on the one hand, once the status of VAT payer has been acquired, it is no longer possible to renounce it or it is very difficult to return to the status of VAT non-payer;
- on the other hand, the option to become a VAT payer can be exercised at any time afterwards.

- Regarding the choice of the subsequent registration option, it should be mentioned that additional constraint imposed by the Fiscal Code regarding the size of the turnover.

2. Changes to the Fiscal Condition

The new tax condition for self-employed and other persons who obtain independent income, established by OG 16/2022, will be effectively applied starting with the income of 2023. This means, first of all, that the effects will be seen in practice only in 2024 Secondly, this means that the single declaration that will be completed in May 2023 will be based on both the rules of the old condition (for finalizing the situation in 2022) and the rules of the new condition (for estimating the situation in 2023, for which taxes are will pay in 2024).

The new tax condition for self-employed, which was introduced by OG 16/2022, will apply starting with the revenues related to the year 2023. Automatically, this means that the effects will be seen in practice only in the year 2024.

It also means that self-employed will find themselves in a more special situation when it comes to the 2023 (May 25) deadline for submitting the single return. Why? Because form 212 is completed both with the final situation for the previous year and with the estimated situation for the current year.

It should be emphasized that, on May 25, 2023, self-employed will only pay taxes related to definitive income from 2022. Taxes related to estimated income from 2023 will be able to be paid by the deadline of May 25, 2024.

What, in essence, the main legislative changes provide:

- Starting from 01.01.2024, it becomes mandatory to send in the e-invoice system, all invoices issued related to B2B transactions, for all companies and self-employed in Romania, paying or not paying VAT issued to another entity also established in the country. More precisely, for all taxable persons established in Romania, but also non-established taxable persons, but registered for VAT purposes in Romania;

- Registration in the e-invoice system is done by submitting declaration 084 and allows the transmission and receipt of invoices through the SPV.
- The deadline for sending invoices is 5 working days from the date of the invoice;
- Until 30.06.2023, the obligation to issue and transmit invoices according to article 319 of the Fiscal Code is maintained;
- The provisions regarding the reporting of invoice data for goods with high fiscal risk are repealed;
- Starting from 01.04.2024, contraventions are applied for not sending invoices through the e-Invoice system;
- Starting with 01.07.2024, the obligation to issue electronic invoices and their transmission exclusively via e-invoice is no longer subject to acceptance by the recipient;
- Only invoices sent/received through the e-invoice system will be recorded in the accounting. Receipt and registration of invoices in a way other than e-invoice, for B2B transactions, is sanctioned with a fine equal to the amount of VAT entered in the invoice received, and the invoiced expenses and the related VAT are not deductible;
- The electronic invoice communicated to the recipient cannot be returned and will have to be reversed. The cancellation invoice, of course, will also be sent via e-invoice.
- In the case of an electronic invoice on which the recipient has objections, he notifies the issuer of the invoice, including in the e-Invoice system, by writing a message to this effect.

Income tax

Currently, the ceiling up to which the net income can be determined based on income rules is the equivalent in lei of the amount of 100,000 euros. From 2023, the respective ceiling is reduced to the equivalent in lei of the sum of 25,000 euros.

Pension contributions

This is currently due if the estimated income is at least 12 raw income minimum wages per country and is calculated for a chosen income of at least

12 raw income minimum wages per country. From 2023, the ceiling according to which the contribution is due is kept (12 minimum raw income salaries), but the calculation base is established differently:

- the income chosen by the natural person cannot be lower than 12 raw income minimum wages per country, if the earned income is between 12 and 24 gross minimum wages per country,
- or the income chosen by the natural person cannot be lower than 24 raw income minimum wages per country, if the earned income is more than 24 raw income minimum wages per country.

Health contribution

Currently, this is due if the estimated income is at least at the level of 12 raw income minimum wages per country and is calculated for an income of 12 raw income minimum wages per country. From 2023, the contribution is due if income of at least six raw income minimum wages is obtained per country, the basis of calculation being established as follows:

- six raw income minimum wages per country, if the income is between six and 12 raw income minimum wages per country;
- 12 raw income minimum wages per country, if the income is between 12 and 24 raw income minimum wages per country;
- 24 raw income minimum wages per country, if the income is more than 24 raw income minimum wages per country.

On September 19, 2023, the draft law was published regarding the fiscal changes intended to financially support Romania in 2024. This draft law will enter into force after publication in the Official Gazette.

3. Other changes

If until now only CAS was considered a deductible expense, starting from 2024 companies have the right to deduct CASS expenses from their raw income. This means that they will be able to reduce the taxable base, and as a result they will pay a lower income tax.

If until December 31, 2023, for the calculation of the CASS contribution, ALL income from self-employed rents, dividends, sales of shares, interest, starting with the income obtained from January 1, 2024, things look different. Thus, from 2024 for the calculation ceiling for CASS, the revenues from the activity carried out on the self-employed ARE EXCLUDED from the total cumulative revenues from other sources.

It means that if income is obtained both as self-employed and from other sources (dividends, rents, etc.), CASS will be paid separately, applying different ceilings, as follows:

CASS for self-employed income:

1. 10% of 6 salaries, for incomes up to 6 minimum salaries
2. 10% of net income, for income between 6 and 60 salaries
3. 10% of 60 salaries, for incomes over 60 salaries

Plus, CASS for other income 10% of 6, 12 or 24 minimum gross wages for income from rents, dividends, stock sales, interest or other sources.

Careful! All income (from self-employed and other sources) must be declared in the single return and CASS must be paid separately, according to the rules introduced by these tax changes. CASS will NOT stack!

Evidence of money

Each self-employed must have a register of receipts and payments, in which to keep records of cash balances.

The self-employed is not obliged to keep a house register, but one of receipts and payments (to determine income and expenses) and must comply with the limits established by law for the possession of cash, in case they use cash in their activity.

The self-employed taxed based on the income norm must have a Fiscal Evidence Register.

It can be kept in written or electronic form.

The Fiscal Record Register is drawn up in a single copy, without leaving any blank lines. Fill in one tab, as appropriate, for each source within each income category. The register is kept at the tax domicile of the taxpayer.

How to complete the tax record register for self-employed:

- Taxpayers for whom the annual net income is determined in the real system, based on accounting data, are required to complete the tax record register
- Taxpayers who earn income from independent activities for which the annual net income is determined based on the income rules have the obligation to complete the tax record register only the part related to income;
- Taxpayers who earn income from intellectual property rights can fill in the tax register only the part related to income or can fulfill the declaration obligations directly based on the documents issued by the income payer. Taxpayers who earn income from intellectual property rights and have

opted for the tax to be determined as the final tax do not have the obligation to complete the tax record register;

- If the activity is carried out within an association, the obligations relating to the fiscal record register fall to the designated associate who is responsible for fulfilling the association's obligations towards the public authorities.

The most important aspects related to completing the tax record register for self-employed:

- The tax record register is completed annually with the total income and the total expenses incurred in order to achieve them in the current year for the entire period of activity carried out in the previous fiscal year until the date of submission of the declaration regarding the income made in Romania, but no later than the deadline filing established by law;
- The fiscal record register is kept as appropriate for each source of income within each income category, so that the gross income and deductible expenses determined annually correspond to those entered in the declaration regarding the income made in Romania;
- Collected VAT does not represent income and is not registered in the fiscal register;
- The annual deductible expense is highlighted in the tax record register as the case may be, depending on their nature, for each source in each income category, so that it corresponds to those entered in the declaration regarding the income made in Romania or in the annual income declaration for associations without legal personality and entities subject to the tax transparency regime;
- Deducted VAT does not represent an expense and is not recorded in the fiscal register.

Conclusions

In conclusion, this document highlights essential aspects of self-employment in Romania, focusing on taxation methods, Value Added Tax (VAT) considerations, and recent legislative changes. The choice between the real system and income norm for taxation, VAT obligations, and upcoming fiscal modifications are crucial factors for self-employed individuals to consider.

The abstract underscores adjustments to income tax, pension contributions, and health contributions, introducing new calculation bases based on income levels. Additionally, it outlines changes in CASS deductions and the separation of self-employed and other income for CASS calculation purposes.

Furthermore, the document emphasizes the importance of maintaining accurate financial records, detailing the necessity of registers like receipts and payments or the Fiscal Evidence Register based on the chosen taxation method. The impending introduction of the e-invoice system for B2B transactions and its implications for businesses is also a critical takeaway.

Overall, this abstract serves as a comprehensive guide for self-employed individuals in Romania, offering insights into the current and future fiscal landscape, regulatory changes, and best practices for financial management.

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ANALYSIS OF THE MARKETING CAMPAIGN "RED BULL STRATOS"

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Abstract

Red Bull Stratos, known as an innovative marketing campaign, has marked a reference point in experiential advertising, by merging extreme sport with scientific research. This paper explores the impact of the campaign on the Red Bull brand and its long-term effects on the public perception and on the behavior of the consumers. The analysis is focused on the various marketing strategies that have been used, including the sponsorship of the event in which Felix Baumgartner has jumped from the stratosphere, beating world records and grabbing worldwide attention. By using quantitative and qualitative methods, the study evaluates the mode in which Red Bull has used this evento not only to reinforce its brand image associate with adventure and performance, but also to generate viral contents on social media platforms and traditional mass-media. The results indicate a significant growth in brand recognition and loyalty of the consumers, reflected in worldwide post-event sales. The study also proposes a discussion regarding the sustainability of such campaigns and their impact on marketing strategies in beverage industry. In conclusion, Red Bull Stratos not only has defined a new age in brand advertising, but has set a standard in using spectacular and innovation in marketing campaigns.

Key words: *Marketing*, *Marketing Strategy, Social Media, Branding*, *consumers'behavior, advertising, strategies*.

JEL Classification: *M31, M37, M39*

Introducere

În domeniul marketingului și al aventurii, puține campanii au atins un nivel de notorietate și un impact atât de impresionant ca cel al campaniei Red Bull Stratos. Red Bull, renumită pentru strategiile sale de marketing îndrăznețe și revoluționare, a orchestrat un eveniment cu adevărat fără precedent, care nu numai că a depășit limitele realizărilor umane, dar a marcat și o etapă importantă în analele explorării științifice. În centrul acestei campanii s-a aflat temerarul austriac Felix Baumgartner, un individ neînfricat, ales pentru a întreprinde un proiect de parașutism care îi va grava numele în istorie.

Red Bull Stratos nu a fost doar o strategie de marketing convențională; a întruchipat cuvinte precum periculos, revoluționar, cutremurător, îndrăzneț și curajos. Concepută de compania de băuturi energizante, campania avea ca scop depășirea recordurilor prin orchestrarea celui mai înalt salt la altitudine încercat vreodată. La 14 octombrie 2012, Felix Baumgartner a urcat 24 de mile în stratosferă deasupra New Mexico, suspendat de un balon cu heliu, înainte de a face o cădere liberă care avea să testeze limitele curajului uman și ale înțelegerii științifice. În timpul acestei coborâri uluitoare, Baumgartner nu numai că a doborât recorduri, dar a reușit și performanța remarcabilă de a depăși bariera sunetului fără ajutorul vreunui motor.

Transmisia în direct a acestui demers îndrăzneț a marcat un moment crucial în istoria evenimentelor globale din social media. Red Bull, folosindu-se de sponsorizarea sa pentru salt, a utilizat în mod strategic platformele de socializare pentru a arăta amploarea pe care a avut-o. Aceasta nu a fost doar o cascadorie promoțională; a fost o mișcare calculată pentru a demonstra măiestria și capacitatea companiei de a face pași importanți în explorarea straturilor exterioare ale Pământului.

Campania nu numai că a servit drept mărturie a rezistenței și a curajului uman, dar a contribuit și la interesele umane, medicale și științifice, avansând înțelegerea noastră în ceea ce privește straturile exterioare ale atmosferei Pământului. În esență, campania Red Bull Stratos a depășit granițele tradiționale de marketing, lăsând o amprentă de neșters atât în peisajul comercial, cât și în cel științific.

Elemente de campanie

Campania Red Bull Stratos a lăsat o amprentă de neșters în peisajul implicării brandului și al atingerii social media, transformând evenimentul în mai mult decât o simplă cascadorie promoțională. În esența sa, Stratos a servit ca o comunitate unică în cadrul brandului Red Bull mai larg, unind indivizi din întreaga lume în pasiunea lor comună de a fi martori la fapte îndrăznețe și momente memorabile care sfidează obișnuitul.

YouTube a devenit principalul câmp de luptă pentru campania de cucerire a rețelelor sociale. Transmisia în direct a evenimentului a doborât recorduri, cu un vârf uluitor de peste 8 milioane de spectatori simultani, depășind precedentul punct de referință stabilit în timpul Jocurilor Olimpice de vară din 2012. Utilizarea abilă a YouTube de către Red Bull s-a extins dincolo de evenimentul Stratos, marca postând în mod constant conținut plin de adrenalină, de la cascadorii pe motociclete de teren la trucuri cu snowmobile și ediția iconică Harlem Shake de parașutism.

Această strategie s-a adresat publicului lor de nișă, dar divers, alcătuit în principal din tineri adulți și adolescenți plini de energie, cu o înclinație pentru sporturi cu motor, sporturi de iarnă, skateboarding și ciclism - o aliniere care rezonează cu identitatea generală a mărcii Red Bull.

Facebook și Twitter au jucat un rol esențial în amplificarea poveștii Stratos, fiecare platformă având conturi Stratos dedicate. Aceste platforme au menținut un public țintă consistent, aliniat la marca Red Bull în general, adresându-se în principal bărbaților cu vârste cuprinse între 18 și 34 de ani. Separarea conturilor Stratos de brandul general Red Bull a fost crucială din punct de vedere strategic, subliniind misiunea distinctă a campaniei: *"Red Bull Stratos va încerca să facă istorie și să ofere învățăminte valoroase pentru progresul medical și științific care vor ajuta la explorarea spațiului în anii viitori"*, așa cum este articulat pe pagina sa de Facebook. Pe Twitter, sloganul "Misiune la marginea spațiului" (Mission to the Edge of space) a subliniat obiectivul unic al campaniei, în comparație cu reclamele convenționale ale Red Bull "Îți dă aripi".

Conținutul partajat pe aceste platforme a transcendat evenimentul în sine, oferind o perspectivă asupra complexităților din spatele scenei, interviuri cu Felix Baumgartner și fotografii de la expozițiile din muzeul Stratos. Această abordare cu multiple fațete nu numai că a susținut implicarea, dar a prezentat și angajamentul campaniei față de transparență și impactul mai larg al acesteia asupra progresului medical și științific, consolidând Red Bull Stratos ca fiind mai mult decât un triumf de marketing - a fost un fenomen cultural care a rezonat pe toate platformele, promovând un sentiment de comunitate și de anticipare pentru următorul salt îndrăzneț în necunoscut.

Rezultatele campaniei

Campania Red Bull Stratos este o dovadă a puterii de implicare strategică în social media, succesul fiind concentrat într-un interval de timp condensat, care a cuprins zilele premergătoare saltului, saltul în sine și perioada de după.

YouTube a servit ca un câmp de luptă semnificativ pentru triumful Red Bull în social media. Campania a declanșat o creștere substanțială a numărului de abonați, cu o creștere medie zilnică de 2.142 de abonați, după cum a raportat Socialbakers. În mod special, ziua în care a avut loc saltul a înregistrat cea mai mare creștere, atrăgând un număr impresionant de 87.801 abonați noi. Această creștere a catapultat canalul YouTube al Red Bull la un număr total de abonați de 10,5 milioane, demonstrând impactul profund al campaniei asupra extinderii comunității online a mărcii.

Pe Facebook, pagina dedicată Red Bull Stratos a avut interacțiuni remarcabile pe 14 octombrie, înregistrând peste 900.000 de interacțiuni și 83.000 de distribuiri. O postare remarcabilă, ilustrată în figura 4, a adunat aproape 460.000 de like-uri, 18.000 de comentarii și 44.000 de distribuiri, consolidându-și poziția de postare cu cele mai multe interacțiuni. Analiza Socialbakers privind atingerea și implicarea a sugerat că această postare ar fi putut ajunge la zeci de milioane de persoane din întreaga lume, subliniind rezonanța globală a campaniei.

Frontul Twitter a reflectat succesul înregistrat pe alte platforme, cu peste 20.000 de mențiuni într-o perioadă de două zile. În mod crucial, contul oficial de Twitter al Red Bull nu a înregistrat o creștere paralelă, subliniind impactul distinct al contului Stratos și al celor 127.000 de urmăritori ai acestuia, dedicați în mod special campaniei.

Cheia pentru implicarea în social media a stat în specificul narativ al campaniei. Postările referitoare la particularitățile saltului, inclusiv întârzierile, pregătirea lui Felix Baumgartner și aterizarea sa în siguranță, au atras cele mai mari niveluri de implicare pe toate platformele. Această abordare nuanțată a creării de conținut nu numai că a valorificat anticiparea publicului, dar a și cimentat campania Stratos ca un succes captivant în domeniul digital. În esență, Red Bull Stratos nu numai că a doborât recorduri în stratosferă, dar a atins noi culmi în sfera digitală, lăsând o amprentă durabilă asupra prezenței online a brandului.

Concluzie

În analele triumfurilor în materie de marketing, campania Red Bull Stratos este un succes răsunător, atingându-și obiectivele științifice, de marketing și de social media cu un fler de neegalat. Acest efort, conceput pentru a sparge bariere și a redefini identitatea mărcii, a apărut ca o dovadă a măiestriei Red Bull dincolo de simpla vânzare de băuturi energizante.

Campania nu numai că a spulberat bariera sunetului, dar a lăsat o amprentă în recordurile social media. Cu peste 8 milioane de spectatori simultani și alte milioane de persoane care s-au implicat pe diverse platforme, Red Bull Stratos a stabilit noi standarde în domeniul digital.

Evenimentul a beneficiat de acoperire din partea a 40 de posturi de televiziune și 130 de puncte de difuzare digitală, în timp ce o singură postare pe Facebook a ajuns la peste 2 milioane de persoane în 40 de minute de la aterizarea la sol a lui Felix Baumgartner. Conversațiile online la nivel mondial au fost dominate de Baumgartner, Red Bull și de misiunea Stratos, cu 54% pe Twitter, 26% pe Facebook, 6% pe bloguri și 14% pe alte platforme video.

Această campanie triumfătoare oferă lecții valoroase pentru viitorii specialiști în marketing și pentru cei care se lansează în proiecte de social media. În primul rând, puterea unui conținut impresionant și îndrăzneț nu poate fi subestimată. Capacitatea Red Bull de a crea și de a prezenta ceva extraordinar a captivat publicul la nivel global. Mai mult, campania a demonstrat importanța de a gândi în afara cutiei de marketing convenționale, de a alinia meticulos valorile mărcii și de a depăși normele tradiționale de publicitate.

Exploatarea potențialului social media a fost o strategie esențială. Red Bull a înțeles că, în era interconectării, oamenii tânjesc să facă parte din ceva semnificativ. Prin valorificarea hashtag-urilor populare precum #livejump și #stratos, marca a asigurat o implicare prelungită, transformând un eveniment unic într-o conversație de durată. Succesul campaniei subliniază, de asemenea, importanța de a stimula proactiv implicarea, nu doar de a aștepta ca aceasta să se întâmple în mod organic. Red Bull a preluat conducerea narațiunii, oferind o platformă pentru ca publicul să discute și să își împărtășească experiențele.

În centrul tuturor s-a aflat conținutul. Red Bull Stratos a demonstrat esența campaniilor eficiente de social media - conținut divers, partajabil și prezentat în mod creativ. Această campanie nu a atins doar stelele, ci a mers până la lună și înapoi, lăsând o moștenire durabilă din care viitorii marketeri se pot inspira. La intersecția dintre faptele îndrăznețe, descoperirile științifice și dominația digitală, Red Bull Stratos a apărut nu doar ca o campanie, ci și ca un fenomen cultural, depășind așteptările și stabilind un nou punct de referință pentru excelență în marketing și engagement.

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COOPERATIVE SOCIETIES IN THE CONTEMPORARY ECONOMY

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Abstract

The cooperative society is an autonomous association of natural and/or legal persons, as the case may be, established on the basis of their free consent, for the purpose of promoting the economic, social and cultural interests of the cooperative members, being jointly owned and democratically controlled by its members, in accordance with cooperative principles.

The cooperative economy developed as both a theory and a concrete alternative to industrial capitalism.In the term socialism was coined in the Cooperative Magazine.

Democracy at work, is a sister organizations that also facilitates the growth, creation and conversation of worker cooperatives. This have three fundamental for human aspiration, he have decades of attempts to develop a industrial democracy intitutions,employees who are still experience alienation at work.

Types an structures of cooperatives, they are divided into two branches, such as: general structures and legal structures.

At the distinctive features we can see that the cooperatives differ from a conventional firms on their purpose was not to bring profit, but to benefit members. Parts of the cooperative movement were anti-capitalist, but not as revolutionary as Marx and Marxists, who hesitated to support the cooperative movement.

The International Alliance of Cooperatives are diveded into seven principles of cooperatives, each one capitalists firms.

Key words*: History, Types of Democracy at Work, Types and structures of cooperatives,Distinctive features*
JEL Classification: *M10, M21*

1.Introduction

The cooperative society is an economic agent with private capital, established under Law no. 1/2005 on the organization and functioning of the cooperative.

The cooperative society is an autonomous association of natural and/or legal persons, as the case may be, established on the basis of their free consent, for the purpose of promoting the economic, social and cultural interests of the cooperative members, being jointly owned and democratically controlled by its members, in accordance with cooperative principles.

In Romania, cooperatives are defined as follows: cooperative societies are "forms of autonomous association of natural and/or legal persons coonstitute on the basis of their free consent, with the purpose of promoting the economic, social and cultural interests of cooperative members".

The cooperative society is jointly owned and democratically controlled by its members in accordance with cooperative principles. The cooperative society is an economic operator with private capital.

2.History

Cooperative economics developed as both a theory and a concrete alternative to industrial capitalism in the late 1700s and early 1800s. As such, it was a form of stateless socialism. The term socialism, in fact, was coined in The Cooperative Magazine in 1827.

Such socialisms arose in response to the negative effects of industrialism, where various clergymen, workers, and industrialists in England, such as Robert Owen, experimented with various models of collective farming and community housing with varying degrees of success. This movement was often integrated with other progressive movements of the era such as women's suffrage and abolitionism.

Figure 1. Robert Owen (1771-1858) and Emma Martin (*1812–1851)*
Source: Wikipedia

"British industrialist Robert Owen (1771–1858) founded a model factory town around his cotton mill and later established a model socialist community, New Harmony, in Indiana. Some proponents of women's rights, such as Emma Martin (1812–1851) in Britain and Flora Tristan (1801–1844) in France, stirred controversy by promoting socialism as the solution to female oppression."

While state socialism was growing popular, rising in the early 1900s, followed by collapse in the 20th century, the cooperative movement grew exponentially in all countries affected by socialism and British colonialism, such as Canada, the U.S., South Africa, and across Europe.Jessica Gordon Nembhard has produced one of the most thorough academic monographs on cooperative economics entitled Collective Courage: A History of African American Cooperative Economic Thought and Practice, which looks at how African American communities organized to survive white nationalism, capitalism, and colonialism in the 20th century. The International Cooperative Alliance (ICA) was formed in 1895and National Cooperative Business Association founded in 1916.

After World War II, interest in economic cooperatives declined, a fact also found in articles published in books in the postwar period, which were of inferior quality to those published in the pre-war period.

Contemporary cooperative economics has gained even further popularity since 2012, with numerous TED talks dedicated to the subject; they demonstrate how cooperative economics is able to solve problems in housing, food, and poverty that modern industrial countries have so far been unable to solve. In 2013, the USFWC spawned the Democracy at Work Institute (Figure 2), a sister organization that also facilitates the growth, creation, and conversion of worker cooperatives.

Figure 2. Democracy at Work Institute

Source: https://institute.coop/

2.1.1 Democracy at Work Institute

As we talked above about Democracy Institute, there are many reason for that like:

- Self-determination
- Personal autonomy
- Emancipation

These are all fundamental for human aspiration. (Figure 3). Yet despite decades of attempts to develop industrial democracy institutions, employees still experience alienation at work under advanced capitalism at levels that would scarcely be accepted in other arenas of democratic societies.

Democracy, with all its ambiguities and varieties, is largely considered a universal value; moreover, it is a 'demanding system, and not just a mechanical condition' of self governmentof human communities (Sen 1999: 7). But as arule, the working world is mostly ruled by employers and shareholders, with little or no involvement of employees and their representatives.

Democracy currently stumbles at the factory gates and the office doors. The difficulty of crossingthose thresholds is one of the major broken promises of democracy (Bobbio 1987). This contradiction calls for resolute change, particularly in times where democracies are under threat. Work maybe only one dimension of life, but it is one that occupies most of the active hours of a large part of the working-age population.

It is thus no surprise that the labour movement has historically held the banner high in demanding stronge rdemocracy at work. But as will be seen in the following pages, the quest to foster more democracy at work shouldnot only be a universal aim but should actually be a top priority for democrats from all arenas of public life.

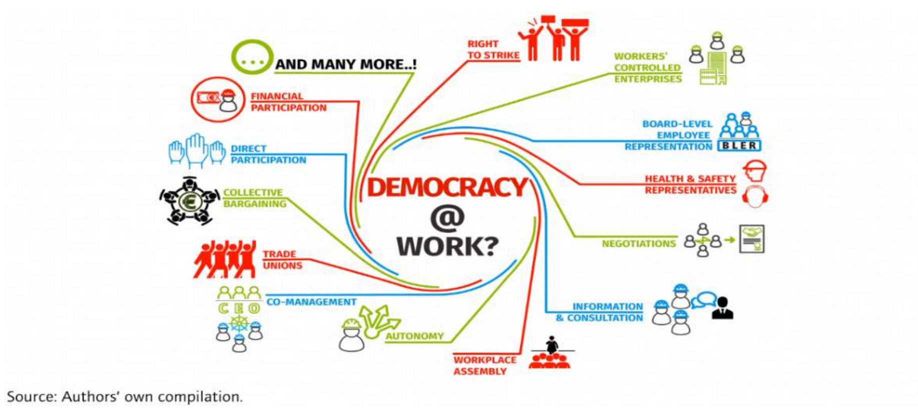

Figure 3. Types of Democracy at work

Source:https://www.etui.org/services/facts-figures/benchmarks/democracy-at-work-what-why-and-how

2.1.2 Types and structures of cooperatives

- General structures

These are generally four major types of cooperative organizations:

- **Consumers' cooperatives**, in which the consumers of a co-operative's goods and services are defined as its members (including retail food co-operatives, credit unions, mutual insurance societies,etc.)

1. **Labour cooperatives,** which are jointly owned and democratically managed by workers/contributors.
2. **Producer cooperatives or supplier cooperatives,** which are owned and organized by producers or suppliers, such as farmers. The surplus is distributed according to the amount of goods or services that the member has provided to the cooperative.
3. **Purchasing cooperatives**, which are owned by organizations that jointly purchase goods or services

- **Legal structures**

Cooperatives may adopt different legal structures depending on the jurisdiction, such as an LLC (Limited liability company), ESOP (Equity Stock Ownership Plans), non-profit 503c, or a distinct cooperative legal structure (if the state provides one, such as Massachuttes).

ESOP's (Equity Stock Ownership Plans, where by workers own shares for retirement; for example, Bob's Redmill) that implement democratic governance are colloquially referred to as „ESOPeratives".(Figure 4.)

In 1996, the New Zeeland passed the Cooperative Society Act, and in 2003, the Statue for a European Cooperative Society.

Figure 4. LLC,ESOP,non-profit 503

Source: own creation

2.1.3 Facts and figures about cooperatives

1. These are about 3 million cooperatives on the planet.
2. 12% of global humanity is a member of cooperative
3. 1 in 3 Americans are members of a cooperative.
4. 1,5 million Americans live in a housing cooperative.
5. The cooperatives power 56% of the U.S. land area and 42 million people.
6. The cooperatives hold more than 1 trillion dollars in assets worldwide and more than 640 billion dollars in a annual sales.
7. 92 million Americans use 7.500 credit unions (customer-owned cooperatives) for financial services; 50.000 American families rely on cooperative dau csre centers.
8. The Navy Federal Credit Union (established in1933) is the largest credit union on the world, with 10,8 million members, 345 branches, and 147,9 billion dollars in assets,serving men and women in the Armed Forces, Department of Defense, veterans, and their families.
9. The largest worker's cooperative is Mondragon Corporation in Spain, which has more than 800,000 associates (workers).(Figure 5)
10. The largest cooperative sector by membership is mutual insurance, with over a quarter of a million members.

Figure 5. Mondragon Corporation

Source: https://iconape.com/mondragon-corporation-logo-logo-icon-svg-png.html

2.1.4. Distinctive features

Cooperatives differ from conventional firms on that their purpose is not to bring profit to shareholders, but to benefit members.Because parts of the cooperative movement were anti-capitalist, but not as revolutionary as Marx (who sought the abolition of all private property), Marx and Marxists hesitated to support the cooperative movement especially consumer cooperatives in the nineteenth century. The value of consumer cooperatives over worker's cooperatives continues to be debated by theorists,activists and researchers.(Figure 6)

The International Alliance of Coopereatives offers seven principles of cooperatives, each of wich contrasts with capitalists firms such as:

1. „Voluntary and open membership"
2. „Democracy control of members"
3. „Economic participation of members"
4. „Autonomy and independence"
5. „Education training and information"
6. „Cooperation between cooperatives"
7. „Concern for the community"

An earlier summary of cooperative principles is called the Rochdale Principles.

Govermments may define cooperative enterprises with a simplified version of the principles listed above.

Figure 6. Marx and the Marxists

Source: Wikipedia

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PERSPECTIVES OF THE SOCIAL ECONOMY IN THE 21 CENTURY

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Abstract

The presented information covers a comprehensive overview of the social economy, its structure, challenges, and contributions to environmental and digital transitions. It delves into the legal, practical, and strategic aspects of social economy entities, shedding light on their role in promoting social inclusion, sustainable development, and economic growth.

The text emphasizes the significance of the European Green Deal in addressing climate change and environmental threats, highlighting the social economy's vital role in harnessing these challenges as opportunities for a fair and inclusive transition. It also outlines the obstacles and potential of the social economy, particularly in terms of digitalization and employment for persons with disabilities.

Overall, the content offers a thorough examination of the social economy's multifaceted dimensions and its alignment with the transformative objectives of the European Green Deal, providing valuable insights into its impact and potential contributions to a sustainable and equitable future.

Key words: *Social Economy, Cooperatives, Societies, Organizations, Social Enterprise;*

JEL Classification: *M14, M21;*

Definitions and concepts used

Social economy represents the ensemble of private activities with economic and social characteristics, serving the general interest, the interests of a community, and personal property interests, by increasing social inclusion and providing goods, services, or works.

The social economy is based on private, voluntary, and supportive initiative, with a high degree of autonomy and responsibility, as well as limited distribution of profits or surpluses, as the case may be, to the associates or members.

Examples:

- Cooperative societies, regarding the organization and functioning of cooperatives;
- Credit cooperatives, regarding credit institutions and capital adequacy;
- Associations and foundations;
- Mutual aid societies of employees, regarding the legal framework of mutual aid societies of employees and their unions;
- Mutual aid societies of retirees;
- Agricultural companies, regarding other forms of association in agriculture;
- Agricultural cooperatives.

Social economy comprises a variety of entities with different business and organizational models. These entities operate in a wide range of economic sectors, including agriculture, forestry and fishing, construction, reuse and repair, waste management, commerce, energy and climate, information and communication, financial and insurance activities, real estate, professional, scientific, and technical activities, education, human health, social work activities, arts and culture, and media.

In the context of the current Action Plan and related initiatives of the European Union, the social economy encompasses entities that share the following key principles and common characteristics: priority of people, as well as of the social and environmental objective over profit, reinvestment of the majority of profits and surpluses to carry out activities in the interest of members/users ("collective interest") or of society in general ("general interest"), and democratic or participatory governance.

Traditionally, the term "social economy" refers to four main types of entities that provide goods and services to their members or to society in general:

- Cooperatives
- Mutual aid societies
- Associations (including charitable organizations) and foundations.

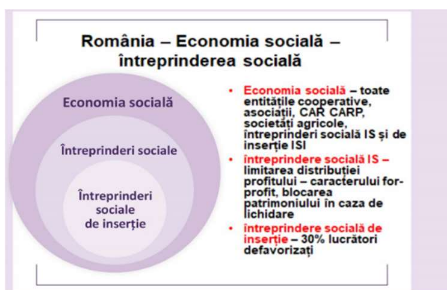

Figure 1. Romania - Social Economy - Social Enterprise.
Source: Own creation.

All cooperative entities, associations, RCF CRC, agricultural companies, social enterprises (SE), and insertion social enterprises (ISE).

Social Enterprise (SE) - limitation of profit distribution - for-profit nature, asset locking in the liquidation fund.

Insertion Social Enterprise (ISE) - 30%, disadvantaged workers.

Figure 2. Social Economy in European Union: cooperative, mutual insurance societies, associations(including charitable organizations), foundations and social enterprises.

Source: https://social-economy-gateway.ec.europa.eu/about-social-economy_en

These are private entities, independent from public authorities, with specific legal forms. Currently, social enterprises are generally considered to be part of the social economy.

Associations and foundations constitute the largest segment of the social economy in Romania, both in terms of quantity (89.7% of the active organizations in 2009) – making this sector the most significant – and in terms of revenue, fixed assets, and salaried personnel.

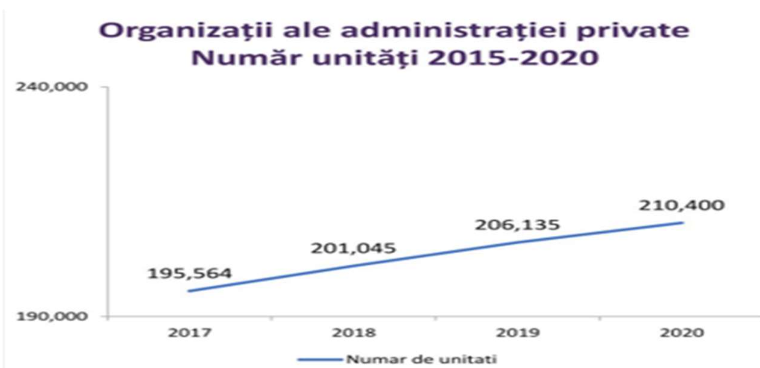

Figure 3. Private administration organizations - Number of units 2015-2020.

Source: Institutul Național de Statistică (INS)

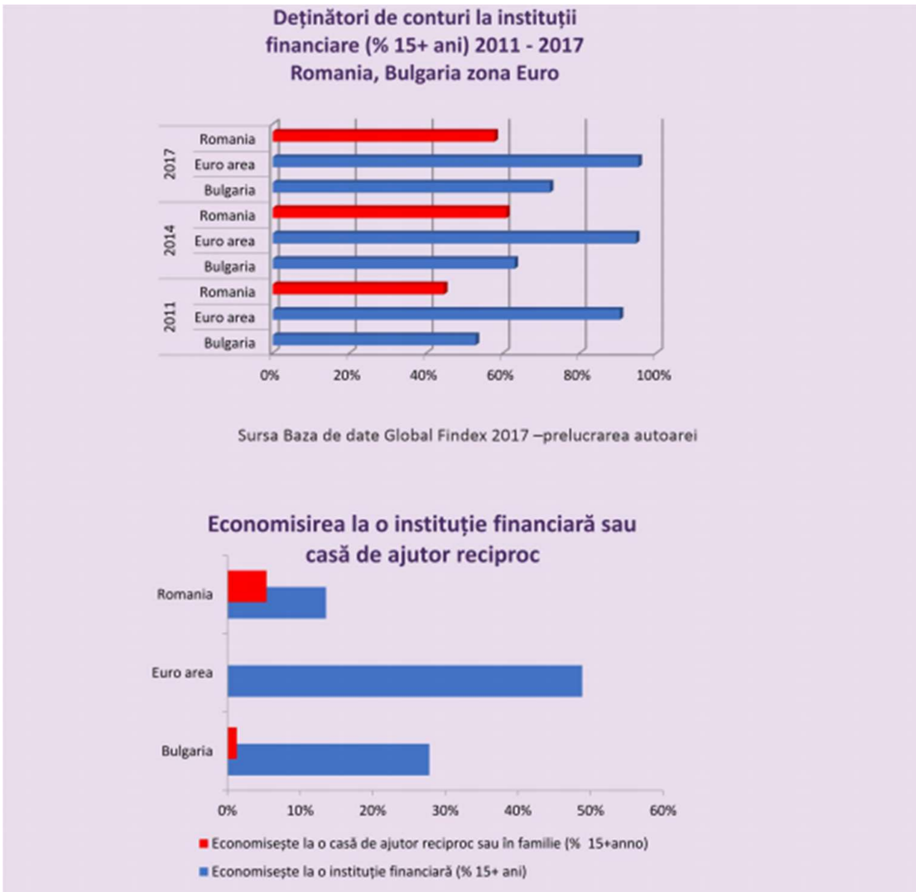

Figure 4. Account Holders at Financial Institutions (%15+years) 2011-2017 Romania, Bulgary Euro area

Source: Baza de date Global Findex 2017

The cooperative and mutual aid sector are experiencing modest growth in the number of organizations, with the only sector showing a superior dynamic being that of agricultural cooperatives. In the field of ***financial and banking services***, where credit cooperatives, cooperative banks, and mutual aid societies operate, this evolution is primarily due to a strategy aimed at consolidating their assets and organizational capacities to operate in a market with increasing operating regulations.

Artisanal and consumer cooperatives are experiencing a more stagnant process in terms of the number of organizations.With 3755 enterprises under these other legal forms and accounting for a share of 0.6%, Romania, along with Slovakia and Croatia, ranks among the last in the European Union in terms of the share of enterprises with other legal forms - partnerships, associations, cooperatives - in the total number of active enterprises, and ranks last in terms of the number of jobs in this sector. It is observed that this share is generally small in the new EU member states, which are facing a rapid decline in the cooperative sector, with exceptions being Hungary, Bulgaria, and Poland. Furthermore, it is noted that this share is very high in countries with a strong social economy.

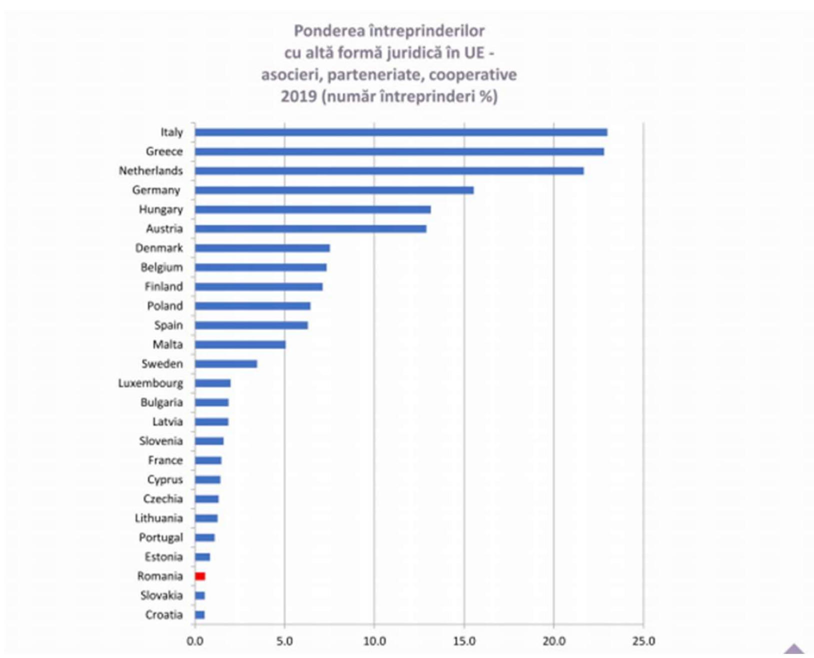

Figure 5. Proportion of enterprises with a different legal form, partnerships, cooperatives, and associations.

Source: Eurostat Business Demography by Legal Form

Romania, with 37,391 employees in the cooperative and other legal forms sector, has the lowest share of workers in this sector, accounting for only 0.9%.

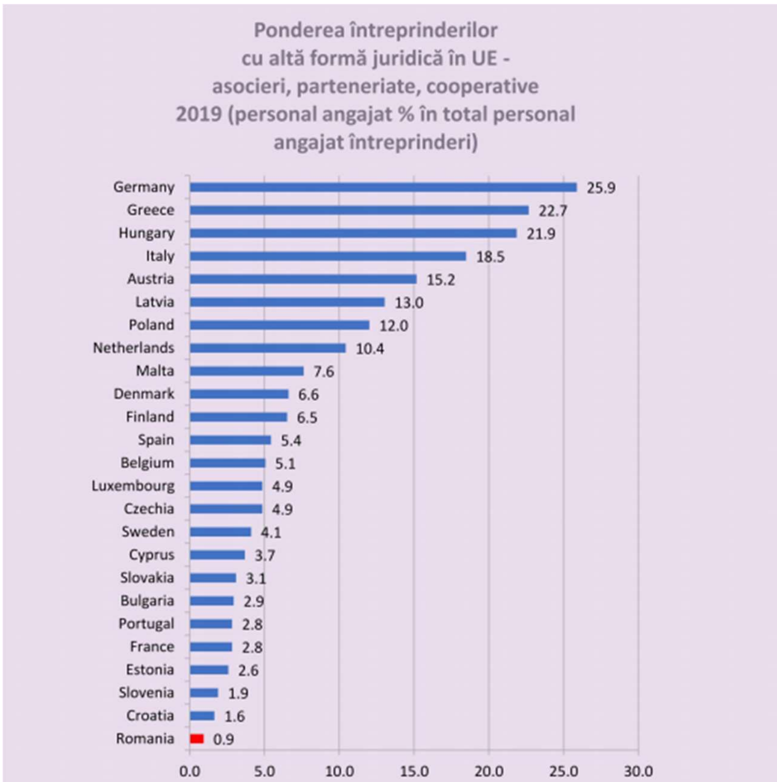

Figure 6. Proportion of enterprises with a different legal form in UE - partnerships, cooperatives, and associations 2019
Source: Global Findex 2019 database

These statistics reflect the cooperatives, which are only a part of the social economy sector. On the other hand, the commercial companies owned by social economy entities, which, according to CIRIEC, belong to the social economy, are found in the statistics related to commercial companies.

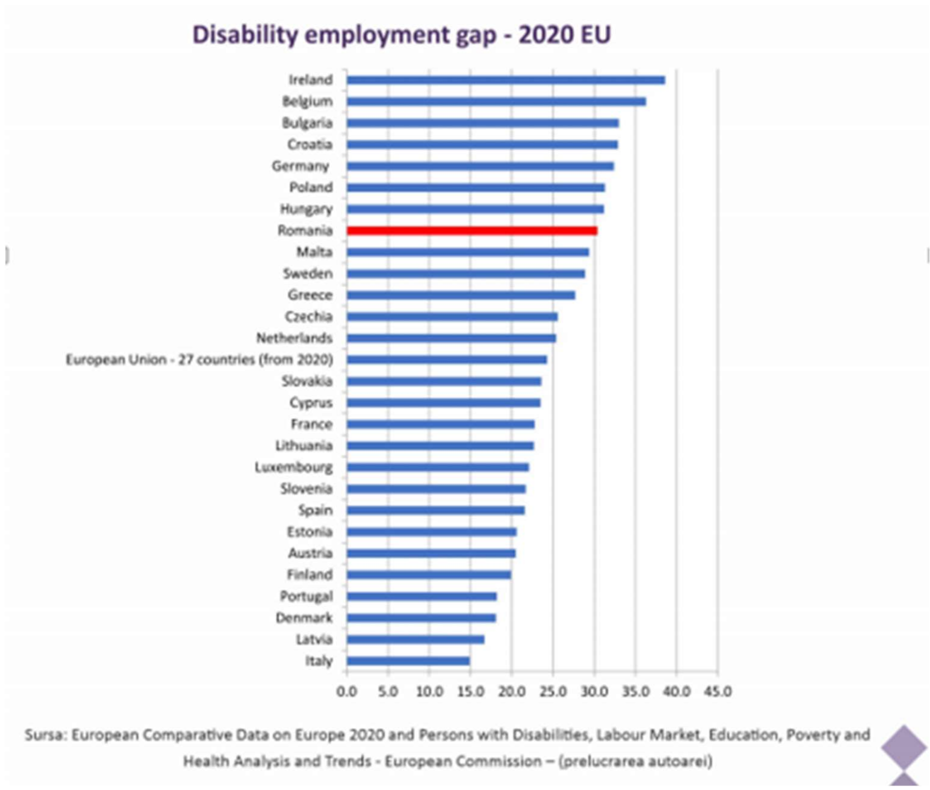

Figure 7. Employment rate of persons with disabilities in Romania by degree of work capacity limitation 2010-2018

Source: European Comparative Data on Europe 2020 and Persons with Disabilites, Labour Market, Education, Poverty and Health Analysis and Trends

At the European level, this form of protected employment is defined in the rules regarding state aid, as most states subsidize these enterprises, so:

- "sheltered employment" means employment in an enterprise where at least 30% of the workers are disabled.

- Aid to compensate for the additional costs generated by the employment of disabled workers - the eligible costs in proportion of 100% are those for sheltered employment, the costs of construction, installation, or modernization of the production units of the enterprise in question, as well as any administration and transportation costs, on the condition that they result directly from the employment of disabled workers.

Types and legal forms and the size of the sector in various European countries

The legal framework for the provision of sheltered employment varies. In most cases, these are private units, usually within associations or cooperatives, or, more rarely, as commercial companies.

The composition of the sector as a whole at the national level varies from situations where sheltered workshops are run by many small associations, some of them managing a single entity (as in the case of Remploy in the United Kingdom) or even constitute the entire sector (such as Samhall, a foundation that became a limited liability company in 1992, in Sweden).

In Spain, the number of sheltered workshops has increased since 1987, reaching a current total of 14,000; In France, job assistance centers have increased their capacity by 22,000 and sheltered units by 5000 over a period of 10 years.

In Romania, employers with at least 50 employees are required to hire persons with disabilities in a percentage of at least 4% of the number of employees. If the employer does not have disabled persons employed, or has less than 4% of the average number of employees, they pay a monthly disability fund to the state, calculated based on the unemploye disabled persons.

Barometer of the social economy results in 2021. Methodology and respondents The "Alaturi de Voi" Foundation in Romania, as a social inclusion enterprise, conducted an online opinion survey through the European Commission survey platform www.eusurvey.eu

The study focused on authorized entities, respectively Social Inclusion Enterprises, Social Enterprises, as well as entities that are part of the social economy without being accredited as social inclusion enterprises, namely: Associations and foundations with economic activity, Cooperatives, and Mutual aid societies. Authorized sheltered units for disabled persons were also included, as enterprises with a common mission with social inclusion enterprises: integrating a category of disadvantaged workers - persons with disabilities.

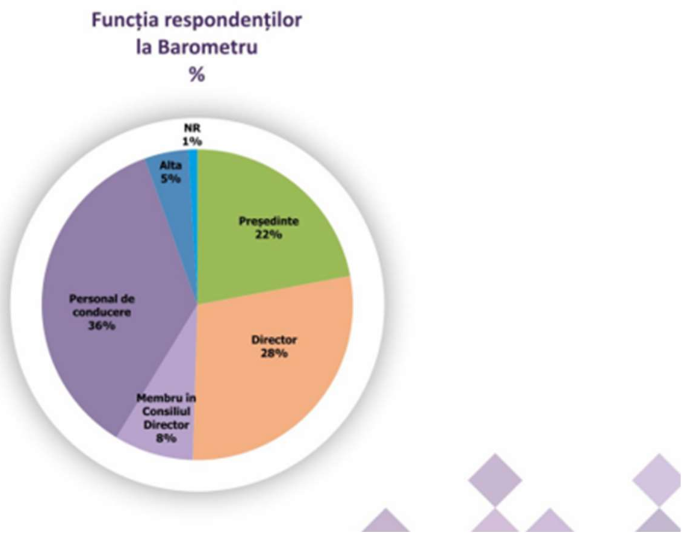

Figure 8. Respondents' role in the social economy barometer
Source: https://acceleratorul.alaturidevoi.ro/

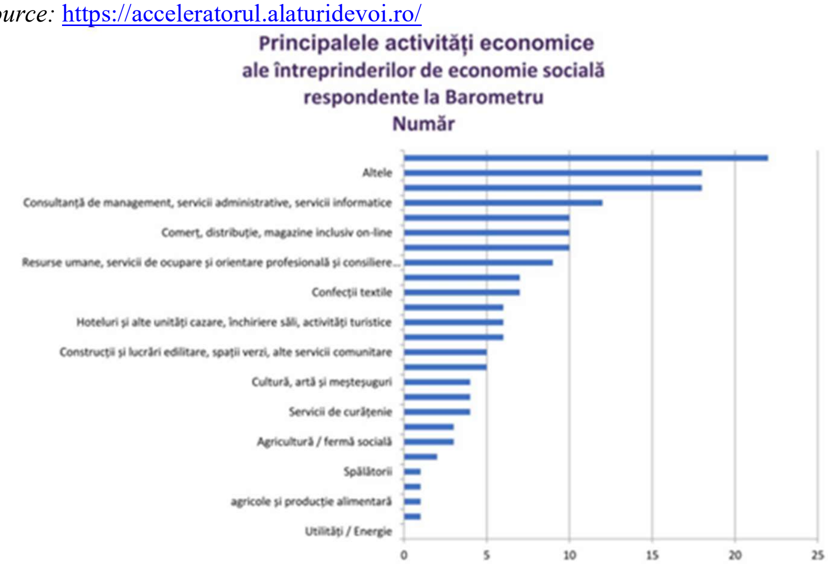

Figure 9. Main economic activities of social economy enterprises responding to the Barometer.
Source: https://acceleratorul.alaturidevoi.ro/

The social economy and the green and digital transition.

Climate change and environmental degradation pose an existential threat to the EU and the world at large.

In response to these challenges, the EU has launched the European Green Deal, a new strategy for Europe's economic growth, which focuses on competitiveness and resource efficiency.

The European Green Deal aims to achieve Europe's climate neutrality by 2050 by promoting green technologies, sustainable activities in industry and transport, and pollution reduction.

The social economy has a role in transforming challenges related to climate change and the environment into opportunities through a fair and inclusive transition for all.

Certain parts of the social economy contribute to the dual green and digital transition by providing sustainable goods and services and by reducing the digital divide. Their participatory business models, which consider the needs of citizens, employees, and other stakeholders, contribute to ensuring the equity of the transitions.

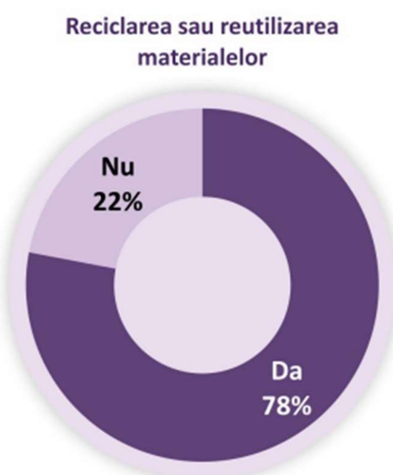

Figure 10. Actions related to sustainability by social economy enterprises participating in the barometer

Source: https://acceleratorul.alaturidevoi.ro/

Digital technologies present enormous growth potential—enterprises have access to a new generation of technologies. The digital transformation of society and the economy should also bring benefits to everyone and not create new inequalities or deepen existing ones. There are digital solutions that prioritize people, opening new opportunities for enterprises.

In the 2022 Social Economy Barometer, part of the questions addressed to all SMEs in Europe within the European Commission's 2021 Digital Scoreboard—the indicators regarding e-commerce and electronic business. Social economy enterprises perform better than the average SMEs in Romania in most basic digitalization and ICT indicators. However, their level of sophistication is somewhat lower—only 21% of social economy enterprises have a website with sophisticated functionality compared to the 44% average for SMEs in Romania.

Economy in Romania 2020-2021.

Challenges and Recommendations Social economy is a force, even though its recognition as a sector by public authorities is limited - 172,880 entities with 151,729 employees. Social economy in Romania is mostly represented by non-profit organizations - associations, foundations, and mutual aid societies, which have the highest share among social economy organizations both in terms of the number of organizations and as employers.

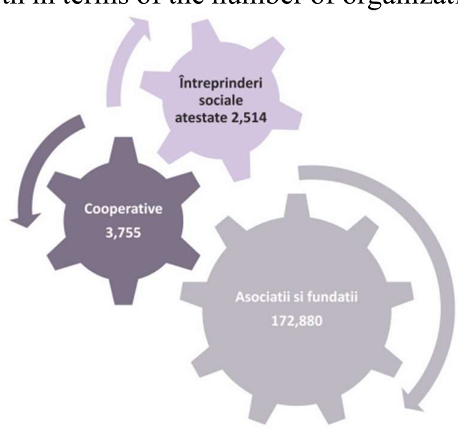

Figure 11. Cooperatives, Attested social enterprises, associations and foundations

Source: Institutul de Economie Socială (IES)

Social economy in Romania. Number of entities

The largest share as an employer is registered by the sector of associations and foundations, which, with 112,656 workers, represent 74% of the total jobs in the social economy sector. However, the entrepreneurial nature has a limited share within non-profit organizations - this could not be identified due to the reporting method for data regarding this sector.

Conclusion

In conclusion, the project provides a comprehensive examination of the social economy, highlighting its crucial role in addressing socio-economic challenges and promoting an equitable and sustainable ecological and digital transition. The text offers a broad perspective on the impact and potential of the social economy, emphasizing the significant contributions of social economy entities to achieving environmental and social inclusion objectives.

Additionally, the project underscores the challenges and opportunities of the social economy, including the sector's evolution in the context of digitalization and the employment of persons with disabilities. By highlighting the impact and strategies within the European Green Deal, the project emphasizes the importance of the social economy in addressing climate and environmental challenges.

Overall, the project offers a detailed insight into the social economy and its contribution to sustainable development and social inclusion objectives, representing a significant part of the solutions for current and future challenges.

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MANAGEMENT VS LEADERSHIP

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Abstract

The distinction between management and leadership is fundamental to the effective functioning of organizations. Management is concerned with organizing and directing workflow, operations, and employees to achieve company goals, while leadership focuses on guiding and inspiring individuals or teams towards new and better outcomes. Both management and leadership

involve distinct styles and approaches, shaping the organizational culture and influencing employee motivation and performance.

The different management styles, including authoritative, coaching, and democratic, each bring unique strengths and limitations in guiding teams towards success. Similarly, various types of leadership, such as autocratic, laissez-faire, democratic, and bureaucratic, offer diverse ways of leading and influencing team dynamics and outcomes.

Comparing management to leadership reveals essential distinctions in vision, organizing, and analyzing approaches. While managers seek compliance and efficiency, leaders inspire and envision growth and development, challenging the status quo to achieve new and better results. Renowned management coach Peter F. Drucker captured this divergence by highlighting that "management is doing things right; leadership is doing the right things."

Case studies from fictional and real companies further illustrate the impact of managerial and leadership approaches on organizational effectiveness. The contrasting approaches of a manager and a leader within a technology company during a period of rapid change underscore how different strategies can affect employee motivation, adaptation to change, and the overall success of organizational initiatives.

In conclusion, distinguishing between management and leadership is vital for individuals and organizations to understand and leverage the unique contributions of each approach. As these concepts shape organizational culture, employee motivation, and the achievement of strategic objectives, the ability to navigate and integrate the two is essential for long-term success.

Key words: *management vs leadership , managemet and leadership styles and case studies*

JEL Classification: *M00, M12;*

Management – short definition

Management is how businesses organize and direct workflow, operations, and employees to meet company goals. The primary goal of management is to create an environment that lets employees work efficiently and productively. A solid organizational structure serves as a guide for workers and establishes the tone and focus of their work.

Leadership – short definition

"The action of leading a group of people or an organisation." That's how the Oxford Dictionary defines leadership. In simple words, leadership is about taking risks and challenging the status quo. Leaders motivate others to achieve something new and better. Interestingly, leaders do what they do to pursue innovation, not as an obligation. They measure success by looking at the team's achievements and learning.

Management styles

The way you choose to manage your team or department can have a direct effect on how they're able to meet their goals. What you say and do may send powerful messages to employees about how you value their contributions and your level of trust in them. Understanding different management styles and when they're most and least useful may be helpful. The list below highlights some of the more common styles used by managers.

- *Authoritative managers* tend to make decisions without feedback from others. This approach works well when you need to respond quickly to a situation and don't have time for debate. If you rely on this approach too much, you may see high levels of turnover within the organization and stalled innovation.

- **Coaching**: Some managers view their role as that of a coach who sees the potential in employees and wants to help them grow. This can effectively build strong teams and create an environment where employees feel comfortable experimenting. Employees typically have a sense of autonomy under this style, but those who need more direction may feel some neglect.

- Democratic managers value the input of employees in the decision-making process and usually believe having more ideas is better than having a few. This management style may help empower employees and increase their motivation to work toward common goals. However, sorting through all of the voices and finding a consensus to make a decision can take time.

Leadership-Styles

Figure 1. Leadership styles

Source: own creation.

All leaders have a unique style that sets them apart from others. Hence, these different types of leadership styles will help you decide which type of leader you want to be. Accordingly, you would be able to hone your skills with the best leadership training programme. Read on.

- Autocratic leadership

A leader who has complete control over his team is called an autocratic leader. They never bend their beliefs and rules for anyone. Additionally, their team has no say in the business decisions. Moreover, the team is expected to follow the path directed by the leader.

- Laissez-Faire leadership

Laissez-Faire is derived from a French word that means 'allow to do'. "The practice of non-interference in the affairs of others, especially with reference to individual conduct or freedom of action,' defines dictionary.com. In this type of leadership, team members have the freedom to perform their job according to their will. They are given the freedom to bring in their perspective and intelligence in performing business functions. If you take up a leadership course, you'd get to learn about it in detail.

- Democratic leadership

In this type of leadership, team members and leaders equally contribute to actualising business goals. Furthermore, they work together and motivate each other to achieve their personal goals too. This type of leadership leads to a positive working environment.

- Bureaucratic leadership

In this type of leadership, leaders strictly adhere to organisational rules and policies. They make sure that their team members do the same. Bureaucratic leaders are often organised and self-motivated.

Leadership vs. Management: What’s the Difference?

Figure 2. Differences between managers and leaders

Source: https://thefutureorganization.com/

Leaders and managers apply different approaches to achieve their goals. For example, managers seek compliance to rules and procedures, whereas leaders thrive on breaking the norm and challenging the status quo. Here’s how leadership and management are different from each other.

Vision

Leaders and managers have different visions. Leaders are visionaries, whereas managers are implementers. Leaders set goals for their team. Managers ensure that the goal set by their superiors is achieved.

Organising vs. Aligning

Managers achieve their goals by delegating responsibilities among the team. They tactically distribute work among subordinates and organise available resources required to reach the goal.Meanwhile, leaders motivate people. They concentrate on the personal development of their team besides working towards achieving organizational goals. They envision their team’s future growth and work towards achieving that.

Analysing and Assessing

A leader analyses and assesses every situation to achieve new and better results. Whereas a manager does not analyse or evaluate, they emphasise on questions like how and when, which assists them in achieving the goals. They accept and strive to achieve the status quo.

Quotes about management vs leadership

"Management is doing things right; leadership is doing the right things," believed renowned management coach and author Peter F. Drucker. He used the quote to demonstrate the difference between management and leadership.

"Effective management is not about making speeches or being liked; leadership is not about being in charge. It is about responsibility." Peter Drucker

Case study

1.A fictionary company

Organizational Context:

XYZ Corp, a technology company, is facing a period of rapid change due to technological advancements and increased competition. Swift adaptation is required to maintain market relevance and improve operational efficiency.

Involved Characters:

Manager – Ana Mihai:

Ana is an experienced manager with a pragmatic approach to tasks and objectives. She places particular emphasis on achieving results and completing tasks within strict deadlines.

Leader – Andrei Popescu:

Andrei is the team leader, recognized for his skills in inspiring and motivating team members. He adopts a more holistic approach, focusing on personal development and building a common vision for the team.

Situation:

XYZ Corp needs to implement new technology to remain competitive. This change involves a challenging transition for employees as it requires learning new skills and adjusting their work methods.

Manager's Approach (Ana Mihai):

Ana identifies key tasks that need to be accomplished and establishes a strict implementation plan. She ensures that all team members are aware of expectations and deadlines. Ana closely monitors progress and intervenes quickly to correct deviations.

Leader's Approach (Andrei Popescu):

Andrei begins by communicating the vision of the change and motivates the team to see this transition as an opportunity for growth and development. He facilitates training and mentoring sessions to support employees in adapting to new requirements. Andrei encourages open dialogue and is receptive to employee feedback.

Results:

Manager's Approach (Ana Mihai):

The implementation of change is rapid and efficient.

Employees feel the pressure to meet strict objectives.

Relationships can become tense due to stress and a strict focus on results.

Leader's Approach (Andrei Popescu):

Employees feel supported and inspired to surpass their limits.

Adaptation to change is smoother, and confidence within the team increases.

Implementation may take longer, but there is greater adherence to new practices and better integration of change into the organizational culture.

2. SC GERMANOS TELECOM ROMANIA SA

Figure 3. Logo of S.C. GERMANOS TELECOM ROMANIA SA

Source: https://www.starbt.ro/parteneri/germanosro/

S.C. GERMANOS TELECOM ROMANIA S.A. is a organized commercial company. Although significant effort has been made over time to delineate the differences between the roles of a manager and a leader, in recent years, confusion has arisen between the two positions. More recently, the difference between leadership and management likely exists only in the definitions of the concepts, with a tendency to encourage managers to consider themselves leaders.

The manager of SC Germanos Telecom Romania SA applies and instructs employees based on the input provided by the company's leader. He ensures that the portfolio of services is correctly implemented and applied so that the services offered correspond to the standards set by the leader.

The duties, role, and coordination of the MANAGER within the company SC Germanos Telecom Romania SA are as follows:

- Operates within the company - The Manager is tasked with visiting each store under his jurisdiction weekly for employee evaluation and the implementation of new services.
- Formal authority - staff training;
- Short and medium-term results - applying sales tactics for products with longer shelf life, similar to those for new products, increasing market share;
- Has subordinates - employees have the obligation to apply and use the methods imposed by the manager;
- "Manages" the company - acquiring new products and paying utilities for branches;
- Procedures, control, regulations - employee compliance with the company's regulations mentioned in the individual employment contract, monthly evaluation sheet control.

LEADER of SC Germanos Telecom Romania SA has the following tasks:

- Operates outside the company;
- Informal authority - introducing new rules and obligations for employees;
- Sets long-term results - ensuring a consistent increase in sales
- Has followers - motivating employees through various bonuses and encouragement methods;
- Sets the company's mission - aims to achieve and surpass the target;
- Inspiration, points the way - creating packages of easily purchasable products for potential customers and motivating their sale by employees.

The most important difference between a manager and a leader in SC Germanos Telecom Romania SA is a perspective. The elite manager looks inward. He observes within the company each individual, the differences in style, objectives, needs, and the motivation of each person. The differences are small, subtle, but great managers must pay attention to them. These subtle differences guide them on the path to discovering each individual's unique talents and transforming them into performance.

Conclusion

In conclusion, the study conducted by marketing students from "ARTIFEX" University of Bucharest highlights the essential distinction between management and leadership. Management, focused on efficiency and productivity, organizes operations to meet goals, while leadership guides toward innovation and motivates for better outcomes.

The exploration of various management and leader styles, as well as case studies from a fictional technology company and SC GERMANOS TELECOM ROMANIA S.A., illustrates the impact of different approaches on organizational effectiveness. The visual representation emphasizes differences in vision, organizing, and analyzing approaches.

Quotes from Peter F. Drucker reinforce the core difference: "Management is doing things right; leadership is doing the right things." The study emphasizes the need for a balanced integration of both management and leadership for long-term organizational success.

In summary, the research underscores the significance of distinguishing between management and leadership, emphasizing their complementary roles and the importance of integrating both approaches to navigate challenges and achieve strategic objectives.

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REGIMUL JURIDIC AL PROFESIONISTULUI COMERCIANT PERSOANĂ FIZICĂ

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Abstract

The topic of this paper is the presentation of the normative framework of the organizing forms that can run economic activities in an independent manner. The main purpose ist o understand the perspectives of the professionals – natural persons regarding the modalities to achieve the quality of professional and to emphasize the distinctions between them. So, the addressees of the corresponding legal norms will be able to appreciate the most appropriate modality to organize the economic activity as professional traders, by capitalizing an enterprise.

Key words*: economic activity, legal regime, authorized natural person, individual enterprise, family enterprise.*

JEL Classification: *K29*

Introducere

Cele trei forme de organizare a desfășurării activității economice în mod independent reglementate de O.U.G. nr. 44/2008 – persoana fizică autorizată, întreprinderea individuală şi întreprinderea familială – vor fi examinate în privința conturării unei imagini de ansamblu a vieții juridice a fiecărei dintre ele, dar și pentru identificarea elementelor comune, respectiv a diferențelor ce există între acestea.

Dreptul de a desfăşura activităţi economice în mod independent este consacrat, prin Constituţie (art. 45) „accesul liber al persoanei la o activitate economică, libera iniţiativă şi exercitarea acestora în condiţiile legii sunt garantate", atât pentru cetăţenii români, cât şi pentru cetăţenii străini. Chiar dacă O.U.G. nr. 44/2008 [1]menţionează expres faptul că se aplică cetăţenilor români şi unor cetăţeni străini (cetăţeni ai altor state membre ale Uniunii Europene sau Spaţiului Economic European), incidenţa sa are caracter general, vizând cetăţenii străini, indiferent de cetăţenie. Aceasta, întrucât toţi cetăţenii străini sunt titulari ai dreptului de a desfăşura activităţi economice în mod independent,iar actele normative adoptate la nivel intern sau internaţional le conferă străinilor posibilitatea de a-şi exercita dreptul în condiţii similare cu cele aplicabile românilor sau în condiţiile legii.

În sistemul de drept român conceptul de activitate economică este delimitat, cu caracter general, prin Codul CAEN[2]. Activitățile economice sunt cele enumerate în mod expres în Codul CAEN sau create în limitele impuse de acesta. O activitate este o activitate economică prin faptul prevederii/creării sale în limitele Codului CAEN, scopul exercitării sale ori persoana care ar desfăşura activitatea neavând relevanţă în calificarea acesteia

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[1] O.U.G. nr. 44/2008 privind desfăşurarea activităţilor economice de către persoane fizice autorizate, întreprinderi individuale şi întreprinderi familiale a fost publicată în M. Of. nr. 328 din 24 aprilie 2008.

[2] H.G. nr. 656/1997 privind aprobarea Clasificării activităților din economia națională –CAEN a fost publicată în M. Of. nr. 301 din 5 noiembrie 1997. În temeiul art. 5 al H.G.nr. 656/1997 actul normativ a fost revizuit, în prezent fiind aplicabile dispoziţiile Ordinuluipreşedintelui Institutului Naţional de Statistică nr. 337/2007 privind actualizarea Clasificăriiactivităţilor din economia naţională – CAEN, publicat în M. Of. nr. 293 din 3 mai 2007. Actulnormativ (H.G. nr. 656/1997 aşa cum a fost modificat prin Ordinul președintelui InstitutuluiNaţional de Statistică nr. 337/2007) va fi desemnat, în continuare, prin sintagma „CodulCAEN"

ca fiind o activitate economică sau nu. Codul CAEN include clasificarea statistică naţională a activităţilor economice din România. Distincţia comercial/necomercial nu a reprezentat un principiu folosit la realizarea Codului CAEN. Opţiunea pentru conceptul de activitate economică, în locul conceptelor de activitate comercială, respectiv de activitate necomercială se fundamentează pe observaţia că anumite activităţi se pot desfăşura în egală măsură atât în scop commercial (lucrativ), cât şi în scop necomercial (nelucrativ).

În privinţa O.U.G. nr. 44/2008, aceasta defineşte termenul de activitate economică prin art. 2 lit. a) – activitatea economică este activitatea agricolă, industrială, comercială, desfăşurată pentru obţinerea unor bunuri sau servicii a căror valoare poate fi exprimată în bani şi care sunt destinate vânzării ori schimbului pe pieţele organizate sau unor beneficiari determinaţi ori determinabili, în scopul obţinerii unui profit.

Astfel, o activitate prevăzută în Codul CAEN devine o activitate economică şi din perspectiva O.U.G. nr.44/2008 doar dacă activitatea prevăzută în Codul CAEN urmează a fi desfăşurată în scopul obţinerii de profit.

Sfera activităţilor economice care pot fi desfăşurate în mod independent include activităţile economice din Codul CAEN (prevăzute expres sau create în temeiul acestuia), cu excepţia acelora care se desfăşoară, în mod imperativ, într-o altă manieră, sunt rezervate persoanelor juridice sau nu pot fi desfăşurate pe teritoriul României. În plus, trebuie menţionat că desfăşurarea de activităţi economice în mod independent poate fi realizată fie în temeiul O.U.G. nr. 44/2008, fie în condiţiile unui alt act normativ, cum sunt cele reglementând profesiile liberale (Stănescu, 2019).

Profesioniștii comercianți persoane fizice

Profesioniștii comercianți sunt:

Persoane fizice. Potrivit art. 4 din Ordonanța de urgență a Guvernului nr. 44/2008 privind desfășurarea activităților economice de către persoanele fizice autorizate, întreprinderile individuale și întreprinderile familiale, cu modificările și completările ulterioare, persoanele fizice pot desfășura activitățile economice după cum urmează:

- individual și independent, ca persoane fizice autorizate. Persoana fizică autorizată poate avea sau nu calitatea de comerciant;

• ca întreprinzători titulari ai unei întreprinderi individuale. Întreprinzătorul persoană fizică titular al întreprinderii individuale este comerciant persoană fizică de la data înregistrării sale în registrul comerțului;

• ca membri ai unei întreprinderi familiale. Întreprinderea familială se înregistrează la registrul comerțului, dată de la care membrii acesteia devin comercianți persoane fizice.

Persoane juridice. Potrivit art. 1 alin. (1) din Legea nr. 26/1990[3] privind registrul comerțului, republicată, cu modificările și completările ulterioare, acestea sunt companiile naționale și societățile naționale, regiile autonome, grupurile de interes economic, societățile cooperative, societățile europene, societățile cooperative europene.

Sintetizând dispozițiile corespunzătoare din actele normative enunțate mai sus rezultă că persoanele (fizice și juridice) menționate sunt comercianți datorită unui criteriu formal – acela al obligației de a solicita înmatricularea în registrul comerțului.

Potrivit art. 1 alin. (1) din Legea nr. 26/1990, această obligație revine și altor persoane fizice și juridice decât cele prevăzute de acest act normativ, prin urmare, enumerarea de mai sus nu este limitativă.

Tot art. 1 alin. (1) prevede că profesioniștii comercianți (cărora li se impune înmatricularea în registrul comerțului) sunt:

• societățile comerciale, companiile naționale și societățile naționale – înființate prin Legea nr. 31/1990 și Legea nr. 26/1990;

• regiile autonome – înființate prin reorganizarea unităților economice de stat, potrivit Legii nr. 15/1990 privind reorganizarea unităților economice de stat ca regii autonome și societăți comerciale, cu modificările ulterioare, în ramurile strategice ale economiei naționale (a se vedea și Hotărârea Guvernului nr. 266/1993 privind ramurile și domeniile în care funcționează regiile autonome de interes național și Ordonanța de urgență a Guvernului nr. 30/1997 privind reorganizarea regiilor autonome, cu modificările ulterioare). Regiile autonome sunt persoane juridice care funcționează pe bază de gestiune economică și autonomie financiară;

[3] LEGEA nr. 26 din 5 noiembrie 1990 privind registrul comerțului.

- organizațiile cooperatiste (a se vedea Legea cooperației agricole nr. 566/2004, cu modificările și completările ulterioare) – au personalitate juridică și își desfășoară activitatea pe baza principiilor gestiunii economice, aceasta constând în producerea și desfacerea de mărfuri și prestarea de servicii;
- societățile cooperative – potrivit Legii nr. 1/2005 privind organizarea și funcționarea cooperației, republicată, cu modificările ulterioare;
- grupurile de interes economic – reprezintă asocieri de persoane fizice sau juridice în scopul înlesnirii sau dezvoltării activității economice a membrilor lor, precum și al îmbunătățirii rezultatelor activității respective (art. 118 alin. (1) din Legea nr. 161/2003 privind unele măsuri pentru asigurarea transparenței în exercitarea demnităților publice, a funcțiilor publice și în mediul de afaceri, prevenirea și sancționarea corupției, cu modificările și completările ulterioare). Grupul de interes economic are personalitate juridică și poate avea calitatea de comerciant sau necomerciant;
- persoanele fizice – potrivit OUG nr. 44/2008, persoane fizice autorizate, întreprinzători titulari ai unei întreprinderi individuale, membri ai unei întreprinderi familiale.

Reguli comune aplicabile profesioniștilor persoane fizice care intră sub incidența OUG nr. 44/2008

OUG nr. 44/2008 reglementează:

- accesul la activitățile economice din economia națională așa cum sunt prevăzute în Clasificarea activităților din economia națională (CAEN), aprobată prin Hotărârea Guvernului nr. 656/1997;
- procedura de înregistrare în registrul comerțului și de autorizare a funcționării persoanelor fizice autorizate să desfășoare activități economice, întreprinderilor individuale și familiale;
- regimul juridic al persoanelor fizice autorizate să desfășoare activități economice, al întreprinderilor individuale și familiale.

Persoana fizică autorizată, întreprinderea individuală și întreprinderea familială desfășoară o activitate economică, definită de art. 2 lit. a) din OUG nr. 44/2008 ca fiind o activitate cu scop lucrativ constând în producerea, administrarea ori înstrăinarea de bunuri sau în prestarea de servicii. Aceasta se desfășoară în cadrul unei întreprinderi economice.

Potrivit art. 2 lit. f) din OUG nr. 44/2008, întreprinderea economică este activitatea economică desfășurată în mod organizat, permanent și sistematic, combinând resurse financiare, forță de muncă, materii prime, mijloace logistice și informație, pe riscul întreprinzătorului, în cazurile și în condițiile prevăzute de lege.

Persoanele fizice menționate sunt obligate să solicite oficiului registrului comerțului de pe lângă tribunal înregistrarea și autorizarea funcționării înainte de începerea activității economice ca PFA sau întreprindere individuală. În cazul întreprinderii familiale, înregistrarea în registrul comerțului și autorizarea funcționării sunt solicitate, ca obligație, de către reprezentantul său.

Persoana fizică autorizată, titularul întreprinderii individuale și reprezentantul întreprinderii familiale vor ține contabilitatea în partidă simplă, potrivit reglementărilor referitoare la organizarea și conducerea evidenței contabile în partidă simplă de către persoanele fizice care au calitatea de contribuabili, în conformitate cu prevederile Legii nr. 227/2015 privind Codul fiscal, cu modificările și completările ulterioare.

Potrivit art. 5 din OUG nr. 44/2008, persoanele fizice astfel organizate trebuie să aibă un sediu profesional pe teritoriul României.

Conform art. 2 lit. j1) din OUG nr. 44/2008, sediul profesional este elementul de identificare a persoanei fizice autorizate, întreprinderii individuale și întreprinderii familiale în raporturile juridice la care participă, reprezentând sediul principal sau locația declarat(ă) la registrul comerțului în vederea înregistrării și autorizării funcționării acestora.

Pentru stabilirea sediului profesional sau a punctelor de lucru este necesar ca persoana fizică titulară care se autorizează ca PFA, titularul întreprinderii individuale sau oricare membru al întreprinderii familiale, după caz, să prezinte înscrisul care atestă dreptul de folosință asupra imobilului cu destinație de sediu profesional/punct de lucru.

Dacă la sediul profesional, imobil cu destinație de locuință, nu se desfășoară nicio activitate economică, persoana fizică titulară a PFA, titularul întreprinderii individuale sau membrul întreprinderii familiale care are dreptul de folosință asupra imobilului depune o declarație pe propria răspundere, sub semnătură privată, prin care atestă faptul că la sediul profesional nu desfășoară activitate economică, în acest caz nefiind necesare formalitățile prevăzute de art. 42 din Legea nr. 230/2007 privind înființarea, organizarea și funcționarea asociațiilor de proprietari, cu modificările și completările ulterioare.

Persoanele fizice pot opta pentru constituirea unui patrimoniu de afectațiune. Acesta este o masă patrimonială în cadrul patrimoniului întreprinzătorului, reprezentând totalitatea drepturilor și obligațiilor afectate, prin declarație scrisă ori, după caz, prin acordul de constituire sau printr-un act adițional la acesta, exercitării unei activități economice.

Persoanele fizice menționate sunt plătitoare de impozit pe venit în condițiile prevăzute de Legea nr. 227/2015 privind Codul fiscal, cu modificările și completările ulterioare.

Studenții care vor să înființeze o afacere proprie sunt scutiți de la plata taxelor pentru operațiunile de înregistrare și autorizare a unei persoane fizice autorizate sau a unei întreprinderi individuale prin oficiile registrului comerțului de pe lângă tribunale, precum și de la plata tarifelor pentru serviciile de asistență prestate de aceste oficii.

Studentul care obține calitatea de titular al PFA sau al întreprinderii individuale trebuie să îndeplinească cumulativ următoarele condiții:

- să urmeze cursurile unei instituții de învățământ superior acreditate în România;
- să fie cel puțin în anul doi de studiu și să fi promovat, integral, la data solicitării, toate cerințele programei de învățământ prevăzute de senatul instituției;
- să nu fi împlinit vârsta de 30 de ani.

Cererea de înregistrare și autorizare a funcționării PFA sau a întreprinderii individuale va fi însoțită de actul doveditor emis de instituția de învățământ superior, din care să rezulte că sunt îndeplinite condițiile de mai sus.

Comerciantul persoană fizică autorizată

Potrivit art. 2 lit. i) și art. 19 alin. (1) din OUG nr. 44/2008, persoana fizică autorizată este întreprinderea economică, fără personalitate juridică, organizată de o persoană fizică ce folosește, în principal, forța sa de muncă și aptitudinile sale profesionale.

În ceea ce privește regimul juridic al PFA, OUG nr. 44/2008 stipulează:

PFA poate avea în obiectul de activitate cel mult cinci clase de activități prevăzute de codul CAEN (art. 16 alin. (1)).

PFA are următoarele drepturi:

- poate stabili relații contractuale, în condițiile legii, cu orice persoane fizice și juridice, cu alte PFA, întreprinderi individuale sau întreprinderi familiale, pentru efectuarea unei activități economice, fără ca aceasta să îi schimbe statutul juridic dobândit (art. 16 alin. (2));
- poate desfășura activitățile pentru care a fost autorizată, singură sau împreună cu cel mult trei persoane, angajate de aceasta, în calitate de angajator, cu contract individual de muncă, încheiat și înregistrat în condițiile legii (art. 17 alin. (1)). Prin urmare poate angaja, în calitate de angajator, terțe persoane cu contract individual de muncă;
- poate cumula calitatea de PFA cu cea de salariat al unei terțe persoane care funcționează atât în același domeniu, cât și într-un alt domeniu de activitate economică decât cel pentru care PFA este autorizată (art. 17 alin. (2));
- poate cere ulterior schimbarea statutului juridic dobândit și autorizarea ca întreprinzător persoană fizică titular al unei întreprinderi individuale (art. 19 alin. (2));
- este asigurată în sistemul public de pensii și alte drepturi de asigurări sociale și are dreptul de a fi asigurată în sistemul asigurărilor sociale de sănătate și al asigurărilor pentru șomaj (art. 18).
- Soția/soțul titularului întreprinderii individuale/persoanei fizice autorizate se poate asigura în sistemul public de pensii pe bază de contract de asigurare socială, în sistemul asigurărilor pentru șomaj (în condițiile prevăzute de art. 22 din Legea nr. 76/2002 privind sistemul asigurărilor pentru șomaj și stimularea ocupării forței de muncă, cu modificările și completările ulterioare), precum și în sistemul asigurărilor de sănătate (art. 211).

PFA îi este interzis să cumuleze și calitatea de întreprinzător persoană fizică titular al unei întreprinderi individuale (art. 19).

Răspunderea PFA

Titularul PFA răspunde pentru obligațiile asumate în exploatarea întreprinderii economice cu bunurile din patrimoniul de afectațiune. Dacă bunurile respective nu sunt suficiente pentru satisfacerea creanțelor, pot fi urmărite și celelalte bunuri ale debitorului. (art. 20 alin. (1)) Potrivit dispozițiilor art. 2.324 alin. (4) din Codul civil, bunurile care fac obiectul unei diviziuni a patrimoniului afectate exercițiului unei profesii autorizate de lege pot fi urmărite numai de creditorii ale căror creanțe s-au născut în legătură cu profesia respectivă. Acești creditori nu vor putea urmări celelalte bunuri ale debitorului.

În caz de insolvență, PFA va fi supusă procedurii simplificate prevăzute de Legea nr. 85/2014 privind procedurile de prevenire a insolvenței și de insolvență, cu modificările și completările ulterioare. Orice persoană interesată poate face dovada calității de profesionist în cadrul procedurii insolvenței sau separat, prin acțiune în constatare, dacă justifică un interes legitim. (art. 20 alin. (2)-(3))

Încetarea activității PFA

PFA își încetează activitatea și este radiată din registrul comerțului în următoarele cazuri:

- prin decesul titularului PFA;
- prin voința titularului PFA;
- în condițiile art. 25 alin. (1) din Legea nr. 26/ 1990, adică la cererea oricărei persoane fizice sau juridice prejudiciate ca efect al unei înmatriculări ori printr-o mențiune în registrul comerțului.

Aceasta poate cere radierea înregistrării păgubitoare, în tot sau numai cu privire la anumite elemente ale acesteia, în cazul în care prin hotărâri judecătorești irevocabile au fost desființate în tot sau în parte ori modificate actele care au stat la baza înregistrării cu privire la care se solicită radierea, dacă prin hotărârea judecătorească nu a fost dispusă menționarea în registrul comerțului.

Cererea de radiere, însoțită de copia certificată pentru conformitate cu originalul a actelor doveditoare, după caz, se depune la oficiul registrului comerțului de pe lângă tribunalul unde își are sediul profesional, de către orice persoană interesată. (art. 21 alin. (1)-(2))

Comerciantul întreprinzător persoană fizică titular al unei întreprinderi individuale

Potrivit art. 2 lit. g) din OUG nr. 44/2008, întreprinderea individuală este întreprinderea economică, fără personalitate juridică, organizată de un întreprinzător persoană fizică.

În ceea ce privește regimul juridic al întreprinzătorului persoană fizică titular al întreprinderii individuale, OUG nr. 44/2008 prevede:

Întreprinzătorul persoană fizică titular al întreprinderii individuale este comerciant persoană fizică de la data înregistrării în registrul comerțului (art. 23).

Prin înregistrarea în registrul comerțului, întreprinderea individuală nu dobândește personalitate juridică (art. 22).

Prerogativele comerciantului persoană fizică titular al unei întreprinderi individuale sunt:

- poate avea în obiectul de activitate cel mult 10 clase de activități prevăzute de codul CAEN;
- poate angaja cel mult opt salariați, terțe persoane, cu contract individual de muncă încheiat și înregistrat în condițiile legii;
- poate stabili relații contractuale, în condițiile legii, cu orice persoane fizice și juridice, cu alte întreprinderi individuale, cu PFA sau întreprinderi familiale, pentru efectuarea unei activități economice, fără ca aceasta să îi schimbe statutul juridic dobândit în condițiile OUG nr. 44/2008; (art. 24)
- nu va fi considerat angajat al unor terțe persoane cu care colaborează în condițiile prevăzute mai sus, nici în cazul în care colaborarea este exclusivă;
- poate cumula și calitatea de salariat al unei terțe persoane care funcționează atât în același domeniu, cât și într-un alt domeniu de activitate decât cel în care și-a organizat întreprinderea individuală;
- este asigurat în sistemul public de pensii și alte drepturi de asigurări sociale și are dreptul de a fi asigurat în sistemul asigurărilor sociale de sănătate și al asigurărilor pentru șomaj. (art. 25)

Răspunderea întreprinzătorului persoană fizică titular al unei întreprinderi individuale

Titularul întreprinderii individuale răspunde pentru obligațiile asumate în exploatarea întreprinderii economice cu bunurile din patrimoniul de afectațiune. Dacă bunurile respective nu sunt suficiente pentru satisfacerea creanțelor, pot fi urmărite și celelalte bunuri ale debitorului. (art. 26) Potrivit art. 2.324 alin. (4) din Codul civil, bunurile care fac obiectul unei diviziuni a patrimoniului afectate exercițiului unei profesii autorizate de lege pot fi urmărite numai de creditorii ale căror creanțe s-au născut în legătură cu profesia respectivă. Acești creditori nu vor putea urmări celelalte bunuri ale debitorului.

Încetarea activității întreprinzătorului persoană fizică titular al întreprinderii individuale

Titularul întreprinderii individuale își încetează activitatea și este radiat din registrul comerțului în următoarele cazuri:

- prin deces;
- prin voința acestuia;
- în condițiile art. 25 alin. (1) din Legea nr. 26/ 1990, adică la cererea oricărei persoane fizice sau juridice prejudiciate ca efect al unei înmatriculări ori printr-o mențiune în registrul comerțului.

Radierea înregistrării păgubitoare se poate cere în tot sau numai cu privire la anumite elemente ale acesteia, în cazul în care prin hotărâri judecătorești irevocabile au fost desființate în tot sau în parte ori modificate actele care au stat la baza înregistrării cu privire la care se solicită radierea, dacă prin hotărârea judecătorească nu a fost dispusă menționarea în registrul comerțului.

Cererea de radiere, însoțită de copia certificată pentru conformitate cu originalul a actelor doveditoare, după caz, se depune la oficiul registrului comerțului de pe lângă tribunalul unde își are sediul profesional, de către orice persoană interesată.

În cazul în care întreprinzătorul decedează, moștenitorii pot continua întreprinderea, dacă își manifestă voința, printr-o declarație autentică, în termen de șase luni de la data dezbaterii succesiunii. Dacă sunt mai mulți moștenitori, aceștia își vor desemna un reprezentant în vederea continuării activității economice ca întreprindere familială.

Activitatea va putea fi continuată sub aceeași firmă, cu obligația de menționare în cuprinsul acelei firme a calității de succesor. (art. 27)

Comerciantul întreprindere familială

Potrivit art. 2 lit. h) din OUG nr. 44/2008, întreprinderea familială este întreprinderea economică, fără personalitate juridică, organizată de membrii unei familii.

Art. 2 lit. d) din același act normativ precizează că familia este compusă din soț, soție, copiii acestora care au împlinit vârsta de 16 ani la data autorizării întreprinderii familiale, rudele și afinii până la gradul al patrulea inclusiv.

În ceea ce privește regimul juridic al întreprinderii familiale, OUG nr. 44/2008 prevede:

Constituirea întreprinderii familiale

Întreprinderea familială este constituită din doi sau mai mulți membri ai unei familii (art. 28 alin. (1)).

Aceasta se înființează în baza unui acord de constituire încheiat de membrii familiei. Acordul de constituire trebuie să îmbrace forma scrisă, aceasta fiind o condiție de validitate.

Acordul de constituire trebuie să specifice:

- datele de identificare ale membrilor familiei și ale reprezentantului desemnat din rândul acestora;
- condițiile participării;
- cota procentuală a fiecărui membru la beneficii și la pierderi;
- raporturile dintre membrii întreprinderii familiale;
- condițiile de retragere;
- data întocmirii sale.
- Lipsa uneia dintre stipulațiile de mai sus atrage nulitatea absolută a acordului. (art. 29 alin. (1))

Întreprinderea familială nu are patrimoniu propriu și nu dobândește personalitate juridică prin înregistrarea în registrul comerțului, dar, prin acordul de constituire a sa, fiecare membru al acesteia poate stipula constituirea, în cadrul patrimoniului său, a unui patrimoniu de afectațiune, pentru exercitarea activității economice a întreprinderii familiale. În acest caz, prin acordul de constituire sau printr-un act adițional la acesta se vor stabili cotele de participare a lor la alcătuirea patrimoniului de afectațiune. Dacă membrii întreprinderii convin în unanimitate, cotele de participare pot fi diferite de cele prevăzute pentru participarea la beneficiile sau la pierderile întreprinderii. (art. 30)

Statutul membrilor întreprinderii familiale

Membrii răspund solidar și indivizibil pentru datoriile contractate de reprezentant în exploatarea întreprinderii cu patrimoniul de afectațiune și, în completare, cu întregul patrimoniu al acestora, corespunzător cotelor de participare (art. 31).

Prerogativele membrilor întreprinderii familiale sunt:

- pot fi simultan PFA sau titulari ai unor întreprinderi individuale;
- pot cumula și calitatea de salariat al unei terțe persoane care funcționează atât în același domeniu, cât și într-un alt domeniu de activitate economică decât cel în care și-au organizat întreprinderea familială;
- sunt asigurați în sistemul public de pensii și alte drepturi de asigurări sociale și au dreptul de a fi asigurați în sistemul asigurărilor sociale de sănătate și al asigurărilor pentru șomaj; (art. 28 alin. (2)-(3))
- actele de dispoziție asupra bunurilor afectate activității întreprinderii familiale se vor lua cu acceptul majorității simple a membrilor întreprinderii, cu condiția ca această majoritate să includă și acordul proprietarului bunului care face obiectul actului (art. 32 alin. (2)).

Statutul reprezentantului întreprinderii familiale

Reprezentantul întreprinderii familiale este desemnat prin acordul de constituire. Deciziile privind gestiunea curentă a întreprinderii familiale se iau de către reprezentantul desemnat, care va gestiona interesele acesteia în temeiul unei procuri speciale, sub forma unui înscris sub semnătură privată. Aceasta se semnează de către toți membrii întreprinderii care au capacitate de exercițiu deplină și de reprezentanții legali ai celor cu capacitate de exercițiu restrânsă. (art. 29 alin. (2))

Actele prin care se dobândesc bunuri pentru activitatea întreprinderii familiale se încheie de reprezentant fără autorizarea prealabilă a membrilor, dacă valoarea bunului cu privire la care se încheie actul nu depășește 50% din valoarea bunurilor care au fost afectate exercitării activității economice a întreprinderii și a sumelor de bani aflate la dispoziția întreprinderii la data actului. Bunurile dobândite sunt coproprietatea membrilor în cotele de participare la beneficii, fiind incluse în patrimoniul de afectațiune, dacă acesta a fost constituit. (art. 32 alin. (3))

În vederea exercitării activității pentru care a fost autorizată, respectiv pentru efectuarea unei activități economice, întreprinderea familială poate stabili relații contractuale, în condițiile legii:

- cu orice persoane fizice și juridice;
- cu alte întreprinderi familiale;
- cu întreprinderi individuale;
- cu PFA.

Întreprinderea familială poate stabili aceste relații contractuale fără ca aceasta să îi schimbe statutul juridic dobândit. (art. 29 alin. (3))

Interdicții

Întreprinderea familială nu are dreptul să angajeze terțe persoane cu contract de muncă (art. 28 alin. (4)).

Încetarea activității întreprinderii familiale

Întreprinderea familială își încetează activitatea și este radiată din registrul comerțului în următoarele cazuri:

- mai mult de jumătate dintre membrii acesteia au decedat;
- mai mult de jumătate dintre membrii acesteia cer încetarea ei sau se retrag din întreprindere;
- în condițiile art. 25 alin. (1) din Legea nr. 26/ 1990, adică la cererea oricărei persoane fizice sau juridice prejudiciate ca efect al unei înmatriculări ori printr-o mențiune în registrul comerțului.

Radierea înregistrării păgubitoare se poate cere în tot sau numai cu privire la anumite elemente ale acesteia, în cazul în care prin hotărâri judecătorești irevocabile au fost desființate în tot sau în parte ori modificate actele care au stat la baza înregistrării cu privire la care se solicită radierea, dacă prin hotărârea judecătorească nu a fost dispusă menționarea în registrul comerțului.

Cererea de radiere, însoțită de copia certificată pentru conformitate cu originalul a actelor doveditoare, după caz, se depune la oficiul registrului comerțului de pe lângă tribunalul unde își are sediul profesional, de către orice persoană interesată. (art. 33 alin. (1)-(2)). (Militaru, 2018)

Întrucât în prima parte a lucrării de față sunt prezentate regulile comune aplicabile profesioniștilor persoane fizice care intră sub incidența OUG nr. 44/2008, este necesară și o evidențiere a elementelor care le deosebesc în ceea ce privește regimul juridic al acestora.

Principalele deosebiri dintre profesioniștii comercianți persoane fizice

Tabel 1. Diferite tipuri de întreprindere

Persoană fizică autorizată (PFA)	**Întreprindere Individuală (II)**	**Întreprindere Familială (IF)**
Nu se pot cumula funcțiile de titular II și PFA; Folosește în principal forta sa de muncă pentru desfășurarea activității economice.	Nu se pot cumula funcțiile de titular II și PFA.	Pot fi cumulate funcțiile de PFA sau IF; Pentru înființarea unei (IF) trebuie sa se asocieze cel puțin doi membri ai aceleiași familii.
Pot angaja până la 3 persoane cu contract individual de muncă .	Pot avea până la 8 salariați, angajați cu contract individual de muncă.	Nu pot fi angajate terțe persoane cu contract de munca individual.
Se pot folosi maxim 5 coduri CAEN pentru activitatea economica.	Se pot folosi până la 10 coduri CAEN în obiectul de activitate economică.	Nu există un număr maxim de coduri CAEN.
În cazul decesului titularului unei PFA, moștenitorii NU pot continua activitatea.	În cazul în care întreprinzătorul decedează, moștenitorii pot continua întreprinderea.	Toți membrii fondatori trebuie să aibă calificare/certificare pentru activitățile autorizate

Condițiile impuse de lege profesionistului persoană fizică în vederea dobândirii calității de comerciant

Condițiile impuse de lege comerciantului persoană fizică sunt de trei feluri:

- condiții necesare protejării persoanei interesate în realizarea activităților economice– referitoare la capacitatea juridică a persoanei respective;
- condiții necesare protejării intereselor generale, care se referă la cauze de incapacitate sau incompatibilitate;

- condiții necesare pentru desfășurarea activității referitoare la exploatarea unei întreprinderi.
- Condițiile impuse profesioniștilor persoane fizice în vederea desfășurării unei activități economice sunt următoarele:
- 1. Potrivit art. 8 alin. (1) lit. a) din OUG nr. 44/ 2008, să aibă capacitate deplină de exercițiu, cu excepția membrilor întreprinderii familiale ce nu au calitatea de reprezentant, care trebuie să aibă vârsta de cel puțin 16 ani.

Nu au capacitatea de a fi comercianți:

- minorul cu capacitate de exercițiu restrânsă (cu vârsta între 14 și 18 ani). Acesta poate încheia însă, de la vârsta de 16 ani, anumite acte juridice pentru care nu are nevoie de încuviințarea prealabilă a reprezentantului legal;
- interzișii judecătorești, deoarece sunt lipsiți de capacitate de exercițiu, neavând discernământul faptelor pe care le realizează din cauza stării de alienație mintală.

Prin urmare:

- comercianții persoane fizice pot presta activitate economică în mod independent numai de la 18 ani, vârstă de la care dobândesc capacitate comercială;
- persoanele fizice pot presta activități în cadrul întreprinderii familiale de la vârsta de 16 ani ca membri ai acesteia, cu condiția să nu aibă calitatea de reprezentanți ai ei. În cadrul întreprinderilor familiale se regăsesc comercianți persoane fizice care pot avea vârsta între 16 și 18 ani.

Femeia și bărbatul căsătoriți înainte de vârsta de 18 ani, chiar dacă au dobândit capacitate de exercițiu deplină prin căsătorie, nu dobândesc și capacitate comercială. Dacă o persoană moștenește însă un fond de comerț pe cale succesorală, dobândește calitatea de comerciant, dar fără să aibă dreptul de a îndeplini activități economice. Într-o situație similară se găsește orice minor care dobândește un fond de comerț pe cale succesorală.

Incompatibilități

Nu pot fi comercianți, ca urmare a funcției pe care o dețin:

- parlamentarii;

- funcționarii publici, în condițiile impuse de statutul propriu, potrivit Legii nr. 188/1999 privind Statutul funcționarilor publici, republicată, cu modificările și completările ulterioare;
- magistrații (judecătorii și procurorii);
- militarii etc.

Nu pot fi comercianți, ca urmare a profesiei, acele persoane care exercită profesiuni liberale: avocații, notarii, medicii etc. În acest sens, art. 1 alin. (2) din OUG nr. 44/2008 stabilește expres că prevederile ordonanței nu se aplică acestor categorii de persoane, și nici activităților economice a căror desfășurare este organizată și reglementată prin legi speciale.

Decăderi

Sunt decăzute din dreptul de a fi comercianți persoanele care au fost condamnate penal pentru una dintre faptele (infracțiunile) prevăzute de lege, potrivit art. 1 din Legea nr. 12/1990 privind protejarea populației împotriva unor activități de producție, comerț sau prestări de servicii ilicite, republicată. În acest sens trebuie să existe o hotărâre judecătorească (de condamnare).

Totodată, art. 8 alin. (1) lit. b) din OUG nr. 44/ 2008 prevede că persoanele fizice pot să desfășoare activități economice ca PFA, ca întreprinzători persoane fizice titulari ai unei întreprinderi individuale sau ca reprezentanți, respectiv membri ai unei întreprinderi familiale dacă nu au săvârșit fapte sancționate de legile fiscale, contabile, vamale și de cele care privesc disciplina financiar-fiscală.

Interdicții

Acestea pot fi legale și convenționale:

Interdicțiile legale se referă la anumite activități care nu pot face obiectul comerțului privat (particular) și care sunt monopol de stat (prelucrarea tutunului, prospectarea și extracția cărbunelui, a minereurilor feroase) sau la activități care sunt considerate infracțiuni (fabricarea sau comercializarea unor droguri sau narcotice în alt scop decât de medicament).

Interdicțiile convenționale sunt stabilite sub forma clauzelor inserate în contract și produc efecte numai între părțile contractante. Exemplificăm în acest sens: clauze de exclusivitate, prin care un distribuitor se obligă față de producător să nu vândă decât anumite produse (în speță, cele fabricate de producător).

2. Potrivit art. 2 lit. f) din OUG nr. 44/2008, să exploateze o întreprindere economică, adică să desfășoare activitate economică în mod organizat, permanent și sistematic, combinând resurse financiare, forță de muncă, materii prime, mijloace logistice și informație, în cazurile și în condițiile prevăzute de lege.

Prin urmare, exercitarea sistematică a unei activități organizate se realizează prin exploatarea unei întreprinderi, mai mult, a unei întreprinderi economice.

3. Pentru PFA se impune o condiție care se găsește în definiția oferită de art. 2 lit. i) din OUG nr. 44/2008 referitoare la folosirea de către aceasta, în principal, a forței sale de muncă, astfel: persoana fizică autorizată este întreprinderea economică organizată de o persoană fizică ce folosește, în principal, forța sa de muncă. Astfel, persoana fizică în cauză trebuie să dețină calificarea – pregătirea profesională sau, după caz, experiența profesională necesară pentru a desfășura activitatea economică pentru care se solicită autorizația, aceasta dovedindu-se potrivit anexei la OUG nr. 44/2008.

4. Conform art. 2 lit. a) din OUG nr. 44/2008, activitatea profesionistului comerciant, fiind o activitate economică, trebuie să aibă drept scop obținerea de profit, excluzându-se în principal activitatea nelucrativă, deoarece activitatea economică este activitatea cu scop lucrativ ce constă în producerea, administrarea ori înstrăinarea de bunuri sau în prestarea de servicii.

5. Potrivit art. 2 lit. f) din OUG nr. 44/2008, activitatea economică, desfășurată în mod organizat, permanent și sistematic, combinând resurse financiare, forță de muncă, materii prime, mijloace logistice și informație, trebuie să fie realizată pe riscul întreprinzătorului.

6. Conform art. 8 alin. (1) lit. b) din OUG nr. 44/ 2008, pentru a desfășura activități economice, persoanele fizice trebuie să nu fi săvârșit fapte sancționate de legile fiscale, contabile, vamale și de cele care privesc disciplina financiar-fiscală de natura celor care se înscriu în cazierul fiscal.

7. Potrivit art. 8 alin. (1) lit. c) din OUG nr. 44/ 2008, pentru a desfășura activități economice, persoanele fizice trebuie să aibă un sediu profesional declarat.

Așa cum am precizat, sediul profesional este sediul principal/locația declarat(ă) la registrul comerțului, în vederea înregistrării și autorizării funcționării persoanei fizice autorizate, întreprinderii individuale sau familiale, reprezentând elementul de identificare a acesteia în raporturile juridice la care participă.

Pentru stabilirea sediului profesional este necesar ca PFA, titularul întreprinderii individuale sau oricare membru al întreprinderii familiale să dețină dreptul de folosință asupra imobilului la adresa căruia este declarat acesta. Dreptul de folosință poate avea ca temei juridic un contract de vânzare-cumpărare sau un testament, situație în care comerciantul este proprietar, ori un contract de locațiune, caz în care este locatar.

Desfășurarea activităților economice prin intermediul unui sediu permanent de către cetățenii altor state membre ale Uniunii Europene sau ale Spațiului Economic European se realizează cu respectarea reglementărilor în vigoare privind sediul permanent.

8. Conform art. 8 alin. (1) lit. d) din OUG nr. 44/ 2008, pentru a desfășura activități economice, persoanele fizice trebuie să declare pe propria răspundere că îndeplinesc condițiile de funcționare prevăzute de legislația specifică în domeniul sanitar, sanitar-veterinar, al protecției mediului și al protecției muncii.

9. Potrivit art. 7 alin. (1) din OUG nr. 44/2008, pentru a desfășura activități economice, persoanele fizice au obligația să solicite oficiului registrului comerțului de pe lângă tribunal înregistrarea și autorizarea funcționării, înainte de începerea activității.

Reprezentantul întreprinderii familiale are obligația să solicite înregistrarea în registrul comerțului și autorizarea funcționării înainte de începerea activității economice. În cazul în care acesta nu formulează cererea în termen de 15 zile de la încheierea acordului de constituire, oricare membru al întreprinderii familiale care are capacitate deplină de exercițiu poate să solicite înregistrarea în registrul comerțului și autorizarea funcționării. În toate cazurile, această cerere trebuie formulată în termen de 20 de zile de la încheierea acordului de constituire.

Înregistrarea la oficiul registrului comerțului este elementul care distinge, în principal, profesionistul comerciant de cel necomerciant.

Îndeplinirea condițiilor de funcționare se face potrivit art. 5, art. 15 alin. (1) lit. b) și alin. (2), art. 17 și următoarele din Legea nr. 359/2004 privind simplificarea formalităților la înregistrarea în registrul comerțului a persoanelor fizice, asociațiilor familiale și persoanelor juridice, de lucru, cât și pentru activitățile desfășurate în afara sediului profesional sau a punctelor de lucru înregistrarea fiscală a acestora, precum și la autorizarea funcționării persoanelor juridice, cu modificările și completările ulterioare, atât pentru sediul profesional, pentru fiecare punct (Militaru, 2018).

Concluzii

În introducere, am propus ca obiectiv al lucrării prezentarea regimului juridic al persoanelor care desfășoară activități economice în mod independent. Astfel, în prima parte, am definit termenul de "activitate economică", specificând că în sistemul de drept român, activitățile economice sunt cele enumerate expres în Codul CAEN sau create în limitele impuse de acesta. În același timp, am prezentat și perspectiva O.U.G. nr. 44/2008, conform căreia o activitate prevăzută în Codul CAEN devine activitate economică doar dacă urmează să fie desfășurată în scopul obținerii de profit.

În conținutul lucrării, am detaliat regimul juridic al persoanelor fizice care desfășoară activități economice în mod independent, conform O.U.G. nr. 44/2008. Aceste categorii includ persoanele fizice autorizate, întreprinderile individuale și întreprinderile familiale. Am prezentat atât dispoziții specifice, aplicabile fiecărei forme de organizare a desfășurării de activități economice în mod independent, cât și prevederi generale, aplicabile tuturor comercianților persoane fizice. Acestea sunt incluse în secțiunea "Reguli comune aplicabile profesioniștilor persoane fizice care intră sub incidența OUG nr. 44/2008", precum și în cadrul secțiunii "Condițiile impuse de lege profesionistului persoană fizică în vederea dobândirii calității de comerciant".

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THE DECISION-ESSENTIAL MOMENT OF MANAGEMENT

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Abstract

The management of organizations is permanently confronted with a multitude of problems that need to be solved in time. The decision is the most important in the management because, he can lead to the desired results. There involves an interpretation of the interpretation and these are the decision-maker, the environment, the relationship.

The manager efficiency is measured by the quality of his decision, choice or judgments. Whether the decision will be communicated or writing , a series of requirements must be taken into account.

In management companies are permanently put in the situation to make decision, the number of decision-making, in the modern company being a large and requires each decision. In the managerial decision we need some criteria for classification decisions. So, if he follows the four conditions of a management decision, he can e effective and there will be any problem with the organization.

The managerial decision have some condition, that are a process of choosing from several options. In this case he can be influenced, if the manager make wrong decision, may follow some consequences of a wrong decision multiply, affecting parts of the organization or the whole.

The decision have primary factors, that can enter into interdependencies, which they can generate.

He have a few steps, that a manager goes through some certain stages that are decisive in all the cases, which are continous dynamic processes.

Key words: *Introduction, Requirements imposed on the managerial decision, Typology of decision, Conditions of managment decision, Primary factors of management decision, Decision steps*

JEL Classification: *M00, M12*

Introduction

The management of organizations is permanently confronted with a multitude of problems that need to be solved in time and in optimal conditions. As a result,the management process is put in the situation of giving a series of answers to questions such as:

- When?
- With what forces?
- In what conditions?

Through these, the company's objectives will be realized. In the vast majority of cases, there are several solutions to solve problems, so management is permanently in the situation to choose the most advantageous course of action for the company. This process of fixating on a solution, considered to be the best, is actually a managerial decision.

The decision involves identifying and choosing solutions that ultimately lead to the desired result. Decision is the centerpiece of management, is most active, dynamic expression through which it exercises its functions.

That's why, the decision is the most important moment in the management activity and involves choosing a way of action in order to achieve objectives, whose application influences the activity of at least one person other than the decision-maker.

In the decision analysis as assential moment of the management process involves an interpretation of the situation of the component elements that are:

- The decision-maker
- The environment

- The relationship

The managerial decision differs from the personal decision in that it involves the presence of the manager, along with one or more performers, is socially grounded, is motivated and has a social purpose.(Figure 1)

Figure 1. Managerial Decision
Source: https://www.researchgate.net/

2. Requirements imposed on the managerial decision

The manager's efficiency is measured by the quality of his decisions, choice and judgments. Every day, a manager adopts hundreds, even a thousand decisions, from the most important to the most insignificant: summoning a collaborator, signing a document, making a phone call, presenting a point of view, etc. The quality of a manager's decision depends on the way he sees the respective situation or problem, but also on the way they are perceived. Lack of lucidity is the cause of many wrong decisions. They lead to a low operational efficiency of the manager. Regardless of whether the decision will be communicated verbally or in writing, a series of requierements must be taken into acount.

Among the requirements of rationally imposed on a managerial decision I can list:

1. The decision must be scientifically based, resspectively it must be taken in agreement with the organization and with compliance with economic legislation. The scientific substantiation of decisions presupposes, on the part of managers, the existence of thorough specialized knowledge, combined with various knowledge in the field of management science, the existence of truthful information regarding the respective phenomenon or process naturares of subjectivism, improvisation, practicastmulus, retains Chance. If in the case of current decisions, when the decision-maker is pressed for time, it is possible to take decisions based on the experience of the manager, for strategic decisions, the foundation of singles is an objective necessity, a requirement for the harmonious framing of the company's perspective development in the overall development of the economy national The decision must be empowered, that is, it must be adopted by the manager.
2. Cure has legal rights and duties in this regard. In other words, the decision must be made by the manager whose duties are expressly written. In this way, the decision becomes binding, it has authority for all subordinates. Transferring the decisions that must be made at the lower hierarchical levels to the higher levels is a negative practice, it often leads to the escape of responsibility and, what is worse, to the choice of the wrong solution because the senior manager does not always know all the details regarding the respective decision-making situation . In the practice of companies, the delegation of attributions and responsibilities is used in the decision-making process. In these cases, the professional competence of the managers receiving the delegation must be taken into account, as well as the possibility of their truthful information on the phenomena or processes respectively. So the empowerment of the decision implies the competence of the manager. The decision must be clear, concise and non-contradictory, rationally coordinated with the decisions taken previously, so as not to allow different interpretations and, as such, not to be contradictory. The coordination of decisions and their integration into the set of adopted decisions must be carried out both vertically and horizontally. Vertically with the decisions taken by the senior managers, horizontally with the decisions taken by the managers at the same hierarchical level, but which target the other activities of the company. The integration of decisions is an extension of the principle of unity of decision and action.

3. The decision implies the competence of the manager. The decision must be clear, concise and non-contradictory, rationally coordinated like the decisions taken previously, so that it does not allow different interpretations and, as such, it must not be contradictory. The coordination of decisions or integrations for all adopted decisions must be carried out both vertically and horizontally. Vertically with the decisions taken by the senior managers, horizontally with the decisions taken by the managers at the same hierarchical level, but which target the other activities of the firm. Integration of decisions is a requirement of the principle of the unit of decision and action.

4. The decision must be taken in time (opportune), when the existing conditions require it. Elaborated and applied in time, the decisions are intended to immediately highlight all the economic possibilities of the company, the initiatives of the same people, to resolve the contradictions that appear in time, to go, in other words, in step with life. The maximum economic effect can only be obtained in the conditions where the decisions are conceived and implemented in the optimal period, any delay, even if it is done with the aim of better substantiating them, can reduce the effect and sometimes the possibility of finalizing the decisions. It is preferable to good decision taken at the right time than very good decision taken too late.

5. The decision must be effective, to aim for a greater effect with a given effort. In a synthetic vision, an efficient decision means knowing the current situation, how the choice criterion will evolve of the optimal option, of some assurance measures that accompany the elaboration, adoption and application of the decision.

6. The decision must be complete, include all the elements necessary for its correct understanding and, above all, its application: the objective pursued, the method of action, the application deadlines (possibly in stages), the person responsible for the application of the decision, the executor, the departments in the company involved in to deal with disturbing factors of an endogenous or exogenous nature. This continuous adaptation is achieved through decision-making activity. Entire managerial activity represents a chain of managerial decisions. which constitutes the substance of each management function. Let the universality of the law of entropy turn into disorder. The company (organization), by virtue of the law of entropy, must constantly adapt order tends.The characteristic of any system is the conscious

socio-economic tendency, its finality, the achievement of some objectives. suggests the fact that in nature and society action etc.

2.1.1 Typology of decision

The management of companies is permanently put in the situation to make decision. The number and frequency of decision-making, in today's modern company being very large,requires a each of decisions, a grouping of them according to certain criteria. The classification of decisions allows a better knowledge of them and provides useful information to monal-factors (decision-maker) for the scientific organization of work. The classification of decisions allows a better knowledge of them and provides useful information to decision-makers (decision-makers) for the scientific organizations of work. There are several criteria for classifying decisions, namely:(Figure 2)

a) Depending on the importance of the objectives pursued and the implications on the company's activity, there are distinguished:

- Strategic decisions (or unscheduled) are decisions that concern the overall activity, perspective of the organization, its major problems and extend over a longer duration, usually 3-5 years.Strategic decisions address current issues faced by those managers. Such a situation occurs when the decision is made to launch/relaunch a product or service. It is often adopted at the level of senior management in the group and integrated into long- and medium-term plans, strategies or programs.
- Tactical (or scheduled) decisions are decisions that are repetitive and part of the routine that the manager encounters in his work quite often (such as for example, the decision to hire a person within the organization). They span periods of time, usually less than a year, often a semester, a quarter, a few months In making such decisions, managers benefit from a series of rules, procedures and policies that facilitate their activity. If strategic decisions fall within the competence of the firm's senior management, tactical decisions can be made at other levels of the firm's management. Current (or operational) decisions are those decisions that refer to the day-to-day problems faced by the management of companies and which, obviously, must be solved operatively.
- Current (or operational) decisions are those decisions that refer to the day-to-day problems faced by the management of companies and which, obviously, must be solved operatively. They are taken at all levels of company management, being more frequent at the middle and lower levels of

management and have a special contribution to achieving individual objectives.

b) From the point of view of the frequency of their elaboration, there are distinguished:

- periodic decisions, which are adopted at certain time intervals, usually with the start of certain periods of activity (beginning of the year, semester, quarter, month, decade, day, shift).
- Non-periodic (random) decisions are used at irregular intervals, making it difficult to predict. Such decisions cannot be prepared in advance and therefore modern methods cannot always be used in their elaboration;
- Single decisions, characterised by the fact that they are taken in exceptional circumstances and will not be repeated in the foreseeable future.

Figure 2. Typology of decision

Source: Own Creation

2.1.2 Conditions of management decision

The decision is a process of choosing from several options available to you. The choice may refer to current problems or to different opportunities arising in the organization's activity.

The managerial decision directly influences the decisions and way of working of another person or group of people. In the case of management decisions, given the hierarchy existing in organizations, the consequences of a wrong decision multiply, affecting parts of the organization or even its whole.

In order to be effective, any management decision must meet at least the following 4 conditions:

1.The decision shall state the reasons on which it is based.

2.The decision must be taken in good time.

3.The decision must be consistent with other decisions at the organization level.

4. The decision must be clearly worded.

2.1.3 Primary factors of management decision

The investigations undertaken have shown that the most important constituent elements of the decision-making situation are:

- the decision-maker or decision-maker;
- decision-making environment.

The decision-maker or decision-maker is represented by a manager or a management body which, by virtue of the objectives, tasks, powers and responsibilities circumscribed, adopts the decision in the situation.

The decision-making environment consists of all endogenous and exogenous elements of the company, which make up the decision-making situation, characterized by the manifestation of significant direct and indirect influences on the content and results of the management decision.

In the decision-making process, the primary decision factors enter into interdependencies, which are reflected in the characteristics of the decision-making situations they generate. Mainly there can be three situations:(Figure 3)

-certainty;
-risk;
-uncertainty

- Certaintly

Certainty is characterized by the maximum probability of achieving the intended object using the intended modality. The elements involved in the decision-making situation are of the type of controllable variables, their characteristics are known, and their evolution can be accurately anticipated.

- Risk

In a risk environment, the manager lacks complete information. This condition is more difficult. A manager may understand the problem and the alternatives, but has no guarantee how each solution will work.

When new and unfamiliar problems arise, nonprogrammed decisions are specifically tailored to the situations at hand. The information requirements for defining and resolving nonroutine problems are typically high.

- Uncertainty

When information is so poor that managers can't even assign probabilities to the likely outcomes of alternatives, the manager is making a decision in an uncertain environment. This condition is the most difficult for a manager.

Decision making under conditions of uncertainty is like being a pioneer entering unexplored territory. Uncertainty forces managers to rely heavily on creativity in solving problems: It requires unique and often totally innovative alternatives to existing processes.

These unstructured problems involve ambiguities and information deficiencies and often occur as new or unexpected situations.

These problems are most often unanticipated and are addressed reactively as they occur. Unstructured problems require novel solutions. Proactive managers are sometimes able to get a jump on unstructured problems by realizing that a situation is susceptible to problems and then making contingency plans.

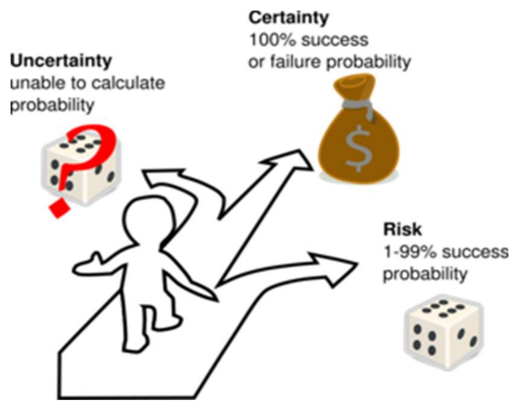

Figure 3. Condition that influence the decision

Source: Own Creation

2.1.4 Decision steps

In order to make decisions, man goes through certain stages that are decisive in all cases. These, which are in a continuous dynamic process, are shown down below (Figure 4):

Figure 4. Decision making process

Source: Agility

1. Most important of all is the definition of the problem. The rest depends on this stage, because if the problem is defined correctly, the solution will be optimal.
2. Another stage closely related to the first is the identification of critical factors, resulting from the questions asked in finalizing the problem
3. The next stage is to develop possible alternatives
4. Then, each alternative is analyzed, looking for advantages and disadvantages
5. Choose the best alternative. This is where the manager's experience and skill comes in, testing the solution, making mathematical models and simulating the problem
6. Another stage is the formulation of the decision taken and its transmission to subordinates
7. And the last stage provides information about the reaction of the system, that is, the establishment of the control system

3.Conclusion

In conclusion, the concept of decision-making stands as a cornerstone in the realm of management,representing an essential moment thet shapes the trajector and succes of any organization. The ability of leaders and managers to make effective decisions is paramount in navigating the complexities of today dynamic and cooperative business enviroment.

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INCOME AND CAPITAL ON THE STATE BUDGET

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Abstract

In a country with a market economy, from a legal point of view, the state budget is a document in which the revenues and expenses calculated for a period of time, in most cases, for a year, are entered.

The role of the state budget in the market economy is manifests itself especially on a financial and economic level. The state budget is administered by the Ministry of Finance.

The Ministry of Finance is a specialized agency of the central administration, which develops and promotes the state's own policy in the field of finance.

Key words: *income and expenses, market economy, financial and economic plan.*

JEL classification: *F65*

1. Income and Expenses

1.1 State budget revenues

The revenues of the state budget show the part of the public revenues necessary for the central power of the state, to then use as a role for the fulfillment of the objectives and programs of the central power, during the last budget year.

Increasing budget revenues is an objective of macroeconomic policy, influenced by a number of factors.

The influencing factors of budget revenues are:

1) Economic factors - Economic growth has the effect of increasing the tax base and increasing tax revenues.

2) Monetary factors – The increase in interest attracts the increase in prices which leads to the normal increase in tax collection.

3) Social factors - The increase in social needs (for example: more money for: education, health, culture) attracts an increase in taxation.

4) Demographic factors - The structure of the population (for example: the increase in the active population) ensures the increase in tax receipts.

1.2 State budget expenditures

State budget expenditures are determined by the allocation specified in the annual budget law.

The expenses include:

1) The salary fund for employees of public institutions.

2) Support for basic scientific research programs.

3) State Service.

4) Other operating expenses of public institutions.

5) Investments in public office and fixed funds belonging to governments or companies.

6) Costs for Education, science, culture and arts, health, sports, social protection, environmental protection.

7) Application of other government strategies and programs in accordance with the law.

8) Investments in the State program for the development of branches of the national economy approved by the government.

9) Payment of taxes in international organizations.

10) Transfers for local administrative authorities, institutions with budget financing, state enterprises.

11) Ensuring national defense, public order and security.

2. Market economy

A market economy is an economic system in which decisions regarding the production and distribution of goods are made based on the interaction between demand and supply, which determines the price of goods and services.[1]

- Revenues and expenses of the budget in the last 10 years [2]

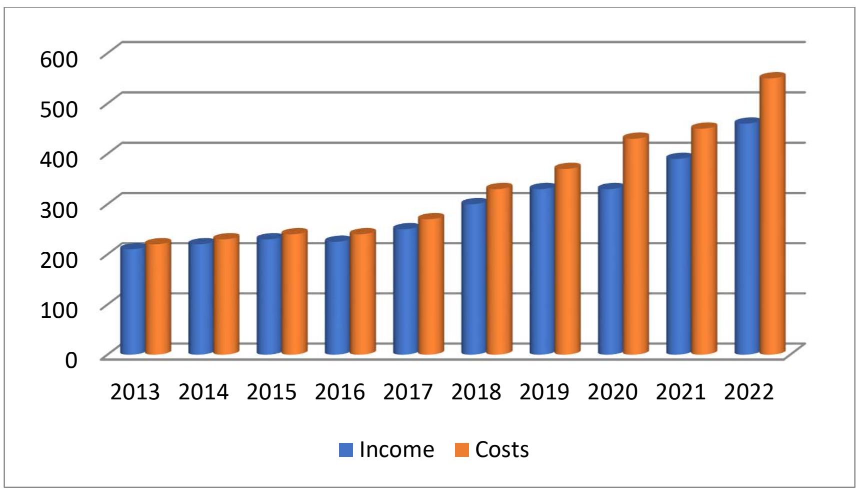

Figure 1. Income and Expenses

3. Financial and economic plan.

3.1 Financial plan

Financial planning is the process of estimating the necessary capital and framing financial practices regarding investments, acquisitions and the responsible management of corporate funds.

This plan touched all the important components of the business, in particular:

1) Training and improvement of employees.
2) Salary.
3) Research and development.
4) Marketing.

5) Logistics.

- What should a financial plan include?

In general, the financial plan must include the following information:

1) The budget allocated for investments.
2) How does an entrepreneur try to finance his investment budget.
3) Funds allocated for the operational process and cost analysis.
4) Forecast of income and expenses for a certain period.

3.2 The economic plan

The economic plan must reflect the line of introduction of technological progress, the investments in human resources used to carry out the activities, the sales produced on the internal and external markets, the level of production costs, the financial results through a system of indicators that the company aims to achieve in different periods in the field of production activities.

In general, the economic plan must include:

1) Foreign trade.
2) Improving product quality.
3) Technology and material supply, product sales.
4) Industrial production.
5) Current investments, constructions and repairs.
6) The industrial production capacity and its ease of use.
7) Financial planning.
8) Improvement of insurance, training and workforce.
9) Labor productivity, workforce and wages.
10) Scientific research, technological development and the introduction of technological progress.
11) The cost of production, the efficiency of the use of fixed assets.

Conclusion

The state budget is a document in which the revenues and expenses calculated for a period of time, in most cases, for a year, are recorded.

The role of the state budget in the market economy is manifests itself especially on a financial and economic level.

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TAXES AND FEES

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Abstract

Tax is the oldest and most important financial resource. Its provenance having to do with the existence of the state and money. The word "tax" comes from the Latin "impositum", which means public obligation. Taxes are payments made by individuals or legal entities.

The analysis refers to the total of taxes and charges from the population, (for example: Value Added Tax (VAT), Customs Taxes, Road Tax, Tax on means of transport, Special Taxes).

Key words: *existence of the state, money, analysis of taxes and fees.*
JEL classification: *M41*

1. The existence of the state

Conditions for the existence of the state require the simultaneous presence of three elements: territorial power, population and politics.[1]

1) Territorial power is also the result of foreign occupation, without ceasing to serve as support for the state or by it, except in the case where it passes completely under the control of other powers.

Territory is one of the elements on which the emergence and existence of the State depends, and without territory the State cannot exist.

2) The population, in the first analysis, represents a group of persons who live in a stable way on the territory of the state. This population is united by certain common traits (for example: race, language, religion, etc.), or by the same traditions, the same way of life, thus forming a nation.

3) Political power, the third component of the state, means both the power of the state, which commands the individuals that make up the population, and the power to exclude other powers from such a command, which is also called the internal aspect of authority or freedom .

2. Money

Money is a medium of exchange – it has some value and is a form of payment that everyone trusts. They are useful for each of us, because without them we cannot buy anything.

They evolved over time. The first time money was objects, money-goods-objects, made of materials that had value on the market, such as gold coins. With the passage of time, the valuable objects on the market changed into banknotes that could be exchanged for a certain amount of silver or gold.

3. Analysis of taxes and fees

The main fees are:

1) Value added tax (VAT)

It is a general tax that applies to all business activities involving the production and distribution of goods and services.

2) Customs duties

Customs duty is set accordingly on import and export.

This action applies to:

1) To control goods entering and leaving a country.

2) To protect a country's economy.

3) Road tax

Before setting off on the road, to drive on national roads outside the cities of residence, a road tax, known as a toll, must be paid.

4) Tax on means of transport

Vehicle tax is paid annually as it is a vehicle for registration in that country.

5) Special fees

Special fees are established for the operation of local public services created in the interest of natural or legal persons.

Classification of taxes:

Several criteria are used to classify taxes. This is because the same taxation has a different impact on social and economic survival depending on the position from which it is levied. Thus, the classification criteria are as follows:

Depending on the impact on supporters as follows:

- Direct tax – taxed according to the taxpayer's income or property. As a rule, in the case of direct taxes, the payer and the taxpayer are the same person.

-Indirect tax – the tax is not levied directly on the taxpayer, but on the sale of goods or the provision of services or works. It is not called an expenditure tax because it refers to the expenditure of revenue. Indirect taxes are levied on people other than the player, the payer being the final consumer.

According to taxpayer neutrality:

-Real tax - determined according to the size of the taxable object (for example: real estate, land), regardless of the taxpayer's personal situation.

-Personal tax - taking into account the taxpayer's personal circumstances, mainly income tax.

Conclusion:

Tax is the oldest and most important financial resource. Its provenance having to do with the existence of the state and money.

Money is a medium of exchange – it has some value and is a form of payment that everyone trusts. They are useful for each of us, because without them we cannot buy anything.

The main taxes are: Value Added Tax (VAT), Customs Taxes, Road Tax, Transport Tax, Special Taxes. There are several types of taxes: direct tax, indirect tax, real tax and personal tax.

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THE IMPORTANCE OF THE ENGLISH LANGUAGE IN THE CONTEXT OF A GLOBALIZED SOCIETY

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Abstract
The English language is an international language, a global language.
This language is important: in business, in education and in studying information. The first international language was French, but in the 20th century, this language fell to second place. In the first place being the English language.
Key words: *English language, importance in business, in education, in studying information.*
JEL Classification: *I23*

1. The English language

1.1. Why is English useful?

The English language is useful to each of us, because with its help we can manage wherever we go on this earth.

1.2 How does the English language help us?

The English language helps us to communicate with all people, because this language is a common language and we can help each other, the people.

2. The importance of English in business

2.1 Why is English important in business?

The English language is important in business, because it is one of the most used languages in the business environment, which offers a huge advantage not only to many entrepreneurs, but also to people who want to advance in their position.

2.2 The advantages of the English language in business:

1) Includes a faster advancement through the job steps;
2) Salaries increase;
3) Advancement in management positions.

2.3 What can employees lose if they don't know English?

Employees may lose the following benefits:

1) Salaries will not increase
2) I can't work more on the computer, because a lot of English words are used.
3) I cannot participate in other countries.

3. The importance of the English language in education

The English language is very easy for children, being small they manage to accumulate a lot of new words.

Children who learn English from an early age have the opportunity to develop a solid foundation for learning other foreign languages as adults.[2]

All children should know English, because in the future they will be able to travel to any country they want, without it being an obstacle to express themselves.

4. The importance of the English language in studying information

The English language is widely used in information, because information circulates globally and to understand all people, he added this common language.

Conclusion

The English language is a common, international language, helping people to help each other and to communicate with each other without being an obstacle to express themselves. All children should know English, because in the future it will be easier for them to handle everything. The English language is also very useful in business, as employees will work more with the English dictionary.

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THE MONEY

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Abstract

Money represents the method of exchange for a good. They evolved over time. The first time money was objects, money-goods-objects, made of materials that had value on the market, such as gold coins. With the passage of time, the valuable objects on the market changed into banknotes that could be exchanged for a certain amount of silver or gold.

The contemporary economy is characterized by increasing uncertainty, world economic crises, by changing the balance of power between the power centers, by fighting for the establishment of a new economic order.

Key words: *Contemporary economy, economic crisis, market*
JEL Classification: *B21*

Contemporary economy

In the contemporary economy, money performs a series of specific functions, such as:

1) Means of measuring and comparing economic goods and economic activities.

2) Medium of exchange - is the function in which the sale-purchase act is carried out concomitantly.

3) Means of payment - it is made when, between the moment of establishing the obligation and the moment of its payment, a period of time intervenes.

4) Means of hoarding.

5) Account unit.

6) Universal money.

1. Means of measuring and comparing economic goods and economic activities

1.1 Means of measuring and comparing economic goods.

A means of measuring and comparing economic goods, it refers to when the value of a good is not comparable with the other good, because one of them can be cheaper or more expensive.

Example of comparing economic goods: the value of a house can be compared with a plot of land, the value of a car can be compared with a studio apartment, etc.

1.2 Economic activity

Economic activity is a complex process that reflects a set of actions, reactions and various decisions of people regarding the attractiveness and use of economic resources for the production, distribution and consumption of goods, depending on economic needs and interests.

2. Medium of exchange

Money is a medium of exchange – it has some value and is a form of payment that everyone trusts.

3. Means of payment

Exactly as the people say, "Today, you can't buy anything if you don't have money".

As a result, the means of payment refers to material instruments that can be used for the liquidation of domestic and international debts (metallic currency, gold, banknotes, currencies).

4. Means of hoarding

Money is a means of hoarding. [1]

Hoarding in the economy is that method in which people accumulate food or objects.

5. Unit of account

In economics, a unit of account is classified by measuring the value of exchanges and stocks of goods or services.

6. Universal money

Universal money is made of money in connection between countries.[2]

7. The economic crisis

As we all know, between 1929 and 1937, there was the biggest economic crisis. This economic crisis created a huge famine, having the first signs of the crisis since 1928.

Having a strong impact on industrialized countries, as well as less developed countries, because they depended on raw material exports.

Very quickly, business profits began to decrease, so people had to try other services in order to succeed - and earn a few pennies.

8. The market

The market is an arranged place where people do business.

Every person, in order to be able to sell his products, has a strategy to let the prices be lower, the quantity of the products to be better than the others around him and in order to succeed in attracting them, the respective person who sells, must speak to them nicely and to give them an extra vegetable or fruit at the end, because the customers will appreciate this deed and will come to buy more.

Conclusion

Money is useful for each of us, because without it we cannot buy anything.

In the old days, money was not in the style of maps. People who wanted to buy something had to give another object in exchange. For example: a person who wanted to buy potatoes, had to exchange lettuce or tomatoes, or another vegetable, but with the same amount.

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COMPETITION FOR THE SUCCESS OF MANKIND

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Abstract

The Competition Law, Law number 21 of 1996, aims to defend, maintain and encourage competition for a normal competitive environment, with the aim of promoting the interests of consumers. This law was established on April 10, 1996, because the Competition Council decided that companies should present a wider variety of services and products, at lower prices, facilitating the well-being of consumers and the perfect distribution of resources in society. This represents an open method of confrontation, with economic agents trying to improve their situation. Economic agents admire competition as the road to success. Those who are good at competition know how to apply certain strategies, such as reducing individual production expenses, managing to raise a larger amount of money and expand their company throughout the country.

Key words:*promoting the interests of consumers, improving the situation, expanding the company.*
JEL Classification: *K20*

1. Promotion of consumer interests. Definition:

The promotion of consumers' interests from a theoretical point of view represents the economic development of the company. In order to attract more customers, the respective company is based on a competition with other companies and that is why it must have convenient prices for any comparator, the program must be NON-STOP, have quality products and offer a variety of customer benefits of promotions. Only in this way will you achieve your competitive goal.

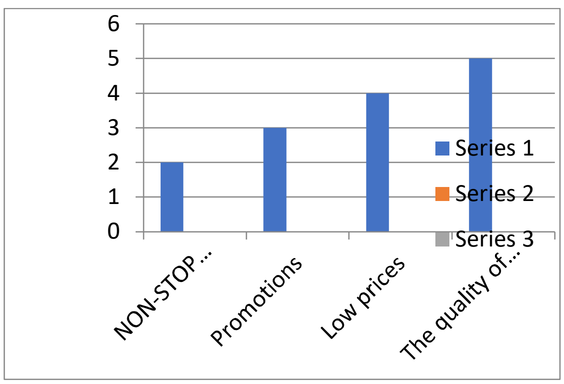

Figure 1. Consumer Interests

2. Perfecting the situation

At the launch of the first report examining the competition situation in key sectors of the national economy, the Competition Council brings to public attention a report entitled: "Challenges of the single market and competition in sensitive sectors".[1]

The strategy has three properties, which support each other and are interconnected through investments:[2]

• An intelligent growth, through the development of an economy based on knowledge;

• A sustainable growth, by promoting an economy.

• A favorable growth, containing a large group of workers to ensure a tight unit to operate the company.

In order for the economic agents to succeed in perfecting their situation, they should document much more what they want to have an advantage. For example: the sellers in the market have a strategy in which the advantage is always won, because in order to attract buyers, they leave the prices lower than those around them, or when a customer comes to buy something, the seller at the end offers him a vegetable or a fruit, and the buyer will appreciate this deed and will come again to buy.

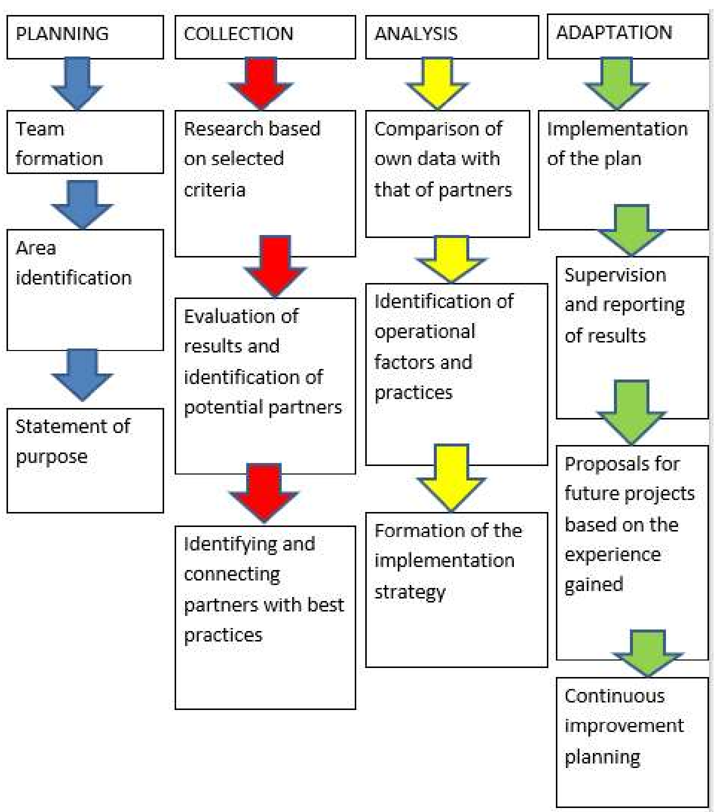

Figure 2. Stages of a benchmarking project

Source: adaptation from [3], figure 1.

The expansion of the company can be achieved with the help of the competition.

Competition can have both advantages and disadvantages.

The advantages of competition are useful for the future, because we can have experience, people will know us and with their help, the company will have a bigger profit.

The disadvantages of competition can bring losses, because those who are involved in competition have to invest in certain goods, for example: to attract customers they have to improve the appearance of the store or buy a larger quantity of products and if they are not sold, they can be damaged and will automatically throw them away.

In order to succeed in reaching the best competition for our business, we must create a SWOT analysis.

S **(Strengths)** – STRENGTHS are characteristics that distinguish the company from the competition.

FOR EXAMPLE: products must be improved, because buyers always want new and useful things for them. The delivery can be done quickly, the packaging of the products must be improved, the employees must be respectful to the customers.

W **(Weaknesses)** – WEAK POINTS make the company insecure in front of other players.

FOR EXAMPLE: the business must be improved, where there are problems related to customer dissatisfaction, they must be solved.

O **(Opportunities)** – OPPORTUNITIES represent elements of the business environment that the organization can use for development.

FOR EXAMPLE: the main competitor has withdrawn from the market, a new building with offices is being built nearby, several apartments are being built nearby.

T **(Threats) –** THREATS are the business elements that can damage its development.

FOR EXAMPLE: another company creates a perfect advertisement for a product, a business known to everyone is nearby, lack of labor force, increased competition.

Conclusion

Law no. 21 of 1996, being the Competition Law, is very important for all those who own a company, because with its help, they can achieve their goals and succeed in evolving.

In order to attract consumers, the company must have a strategy. For example: the prices should be lower, the program should be NON-STOP, the products should be of quality and have benefits and promotions.

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REBRANDING SUCCESSFUL CASE STUDIES STARBUCKS – OLD SPICE

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Abstract

Rebranding is a strategic process through which a company modifies or reinvents its brand identity, encompassing elements such as its name, logo, visual design, messaging, and overall positioning in the market. The aim of rebranding is often to refresh, modernize, or align the brand with evolving market trends and consumer preferences. It can involve a comprehensive overhaul or a more subtle adjustment to better resonate with the target audience. Rebranding is not solely about altering visual elements; it may also *include shifts in the company's mission, values, and product offerings. Successful rebranding endeavors seek to enhance brand perception, attract new customers, and rejuvenate the overall image of the business in response to changing market dynamics or internal considerations. This abstract explores successful rebranding case studies, emphasizing the importance of aligning brand image with evolving consumer expectations. Examining the Starbucks and Old Spice cases, we observe the transformative power of rebranding, not only in enhancing consumer perception but also in driving tangible business outcomes. Key strategies, including visual redesign, narrative shifts, and embracing new media channels, are identified as critical components of successful rebranding initiatives. The abstract underscores the dynamic nature of modern branding, urging organizations to proactively reassess and realign their brand identities to stay relevant in an ever-changing marketplace.*

Key words: *Marketing, Advertising, Rebrand*
JEL Classification: *M03, M37*

1. Literature review

Corporate rebranding is a strategic process where a company undergoes significant changes to its brand elements, such as its name, logo, visual identity, messaging, or positioning in the market. This transformation is often driven by various factors, including shifts in market conditions, changes in company strategy, mergers or acquisitions, or a desire to remain relevant in evolving industries. Information on corporate rebranding can be sourced from a variety of channels, including academic literature, industry reports, case studies, and reputable business news sources. Academic research on corporate rebranding often provides theoretical frameworks and analyses of the strategic considerations and outcomes of such endeavors.

Additionally, business news platforms like Harvard Business Review, Forbes, and Bloomberg offer insights into successful corporate rebranding stories, often featuring interviews with company executives and branding experts.

Industry reports from branding agencies, such as Interbrand and Landor, can offer practical examples and insights into the methodologies employed during corporate rebranding initiatives.

Case studies, whether published by academic institutions or the companies themselves, provide in-depth examinations of specific rebranding efforts, highlighting the challenges, strategies, and results. (Joseph, Gupta, Wang, & Schoefer, 2020)

2. Case Study about Starbucks

Starbucks transformative journey from 1971 to 2011 encapsulates a remarkable evolution in brand identity. Founded in 1971 as a modest coffee bean retailer, Starbucks gradually expanded its footprint into a global coffeehouse chain. However, by the early 2000s, the brand faced challenges as it grappled with perceptions of corporate ubiquity and a dilution of its artisanal essence. In response, the 2011 rebranding initiative marked a pivotal moment for Starbucks. The company streamlined its iconic mermaid logo, removing the company name, and implemented a comprehensive store redesign to create a more intimate and community-oriented atmosphere. Simultaneously, a renewed commitment to sustainability and ethical sourcing emerged, aligning Starbucks with evolving consumer values.

This multifaceted rebranding effort successfully revitalized the brand, fostering a more approachable image, boosting customer engagement, and reaffirming Starbucks as a global coffee authority with a refreshed sense of purpose (Figure 1). (Cannon, 2015)

Figure 1. The rebranding phase from 1971 - 2011

Source: Wikipedia

2.1 The objectives of rebranding Starbucks on 2011

2.1.1 Modernize Brand Image

The modernization of Starbucks' brand image in 2011 marked a pivotal shift from a perceived corporate giant to a more approachable and contemporary coffeehouse.

The key element of this transformation was the streamlined logo, which stripped away the textual elements, leaving only the iconic green and white mermaid.

This minimalist approach not only enhanced the brand's global recognition but also conveyed a sense of confidence and timelessness.

Simultaneously, Starbucks implemented a comprehensive store redesign, fostering a more intimate and community-oriented ambiance.

The infusion of warm tones, rustic elements, and comfortable seating aimed at creating a space where customers could connect, deviating from the impersonal atmosphere often associated with large-scale corporations.

The modernization of Starbucks' brand image, therefore, was not merely a visual overhaul but a strategic initiative that redefined the company's identity, making it more relatable and aligned with contemporary consumer expectations.

2.1.2 Enhance Customer Experience

In 2011, Starbucks embarked on a significant initiative to enhance the customer experience, recognizing the need to go beyond serving exceptional coffee to creating a more inviting and community-centric atmosphere.

The company's store redesign played a crucial role in achieving this goal, transforming Starbucks locations into spaces that were not just about transactions but about connections.

The introduction of cozy seating arrangements, rustic design elements, and a renewed emphasis on creating a warm ambiance aimed to provide customers with a comfortable and inviting environment. Starbucks sought to cultivate a sense of community, encouraging patrons to linger, socialize, and enjoy their coffee experience.

The emphasis on enhancing customer experience went beyond the physical changes, extending to employee training programs that focused on fostering genuine interactions and personalized service.

Through this multifaceted approach, Starbucks successfully repositioned itself as not just a coffee destination but a community hub, where customers could savor more than just their favorite brew – they could savor the experience of being part of a welcoming and engaging space.

2.1.3 Global Recognition

Starbucks strategically pursued enhanced global recognition through a distinctive rebranding effort.

Central to this initiative was the decision to simplify its iconic mermaid logo, eliminating the encircling text and placing greater emphasis on the universally recognizable symbol.

This streamlined logo, displayed prominently on storefronts and products, served as a bold declaration of Starbucks' confidence in its iconic image to transcend linguistic and cultural barriers.

The move not only facilitated easier brand identification across diverse markets but also reinforced Starbucks as a global coffee authority.

By visually unifying its brand presence worldwide, Starbucks successfully positioned itself as a symbol of quality and consistency, transcending geographical boundaries and cultural nuances.

The streamlined logo became an enduring emblem of Starbucks' commitment to a universally recognizable identity, contributing significantly to its continued success and prominence on the global stage.

2.1.4 Align with Changing Values

Starbucks undertook a strategic rebranding effort to align with evolving consumer values, reflecting a commitment to social responsibility and ethical business practices.

Recognizing the shifting landscape of consumer expectations, Starbucks placed a heightened emphasis on sustainability and ethical sourcing of its coffee beans.

This commitment was not merely a branding tactic but a genuine response to the growing demand for environmentally conscious and socially responsible products.

By prioritizing ethical practices, Starbucks sought to resonate with a conscientious consumer base, demonstrating a dedication to minimizing its environmental impact and supporting fair trade.

The alignment with changing values was not confined to the supply chain; it also manifested in the overall brand narrative, portraying Starbucks as a company attuned to contemporary concerns and dedicated to making a positive impact on both the global community and the environment.

This strategic move not only enhanced Starbucks' brand image but also contributed to the broader discourse on corporate responsibility in the 21st century.

2.2 The strategies implemented on rebranding Starbucks

2.2.1 Logo Simplification

In 2011, Starbucks underwent a significant transformation in its brand identity through the strategic simplification of its iconic logo.

The decision to remove the encircling text and focus solely on the green and white image of the mermaid was a deliberate move to streamline the visual representation of the brand.

This minimalist approach represented more than just a design change; it symbolized Starbucks' confidence in the global recognition of its iconic symbol.

By paring down the logo to its essential elements, Starbucks aimed to transcend linguistic and cultural barriers, reinforcing its status as a universally recognized coffee brand.

The simplified logo not only facilitated easier brand identification but also conveyed a sense of timelessness and sophistication.

This visual evolution was a pivotal step in Starbucks' rebranding strategy, contributing to a more modern and confident image that resonated with consumers worldwide.

2.2.2 Store Redesign

Starbucks embarked on a comprehensive store redesign initiative that went beyond mere aesthetics, aiming to redefine the entire customer experience.

The transformation involved a departure from the standardized and sometimes impersonal atmosphere often associated with large-scale corporations. Starbucks introduced a warm and inviting ambiance, characterized by rustic design elements, cozy seating arrangements, and a focus on creating community-oriented spaces.

The redesign sought to encourage customers not just to purchase coffee but to linger, connect, and enjoy a more immersive experience.

By infusing a sense of comfort and intimacy into its stores, Starbucks successfully shifted its image from a corporate coffee giant to a local hub where patrons could savor both the coffee and the communal atmosphere.

This strategic store redesign not only contributed to increased foot traffic but also played a crucial role in fostering a deeper emotional connection between Starbucks and its customers, transforming the act of getting coffee into a genuine and enjoyable experience.

2.2.3 Sustainability Commitment

Starbucks demonstrated a profound commitment to sustainability as a cornerstone of its rebranding strategy.

Recognizing the growing importance of ethical business practices and environmental responsibility, Starbucks made a strategic shift towards a more sustainable approach in its operations.

This commitment was notably reflected in the sourcing of its coffee beans, as Starbucks actively embraced ethical and environmentally friendly practices. By emphasizing fair trade and promoting responsible agriculture, Starbucks sought to align its brand with the changing values of a socially conscious consumer base.

This sustainability commitment was not just a marketing tactic but a tangible effort to make a positive impact on the planet.

By incorporating these values into its brand narrative, Starbucks positioned itself as a socially responsible global corporation, contributing to a broader conversation about the role of businesses in creating a sustainable and ethical future.

The sustainability commitment in 2011 represented a pivotal moment in Starbucks' journey towards becoming a more conscientious and environmentally friendly brand.

2.2.4 Employee Engagement

In 2011, Starbucks made a concerted effort to elevate employee engagement as a key component of its rebranding strategy.

Recognizing the pivotal role that baristas play in shaping the customer experience, Starbucks invested in comprehensive employee training programs aimed at fostering genuine interactions and personalized service.

The emphasis on employee engagement was not only about imparting technical skills but also about instilling a sense of passion and pride in representing the brand.

Baristas were encouraged to connect with customers on a personal level, creating a more authentic and welcoming atmosphere in Starbucks stores.

This focus on employee engagement not only positively influenced the customer experience but also contributed to a more motivated and satisfied workforce.

By prioritizing the development and well-being of its employees, Starbucks not only enhanced the quality of service but also strengthened the internal culture of the company, creating a positive ripple effect that resonated with both employees and customers alike.

2.2.5 Integrated Marketing Campaign

Starbucks orchestrated a highly effective integrated marketing campaign as a central element of its comprehensive rebranding strategy.

The campaign seamlessly combined traditional advertising methods with digital and social media channels, creating a cohesive brand narrative across various platforms. Starbucks leveraged its redesigned logo, store ambiance, and sustainability initiatives in traditional media such as television and print.

Simultaneously, the brand actively engaged with consumers on emerging digital platforms, harnessing the power of social media to amplify its message.

The integration of these efforts allowed Starbucks to reach a diverse audience, ensuring consistent brand messaging and visibility.

The use of interactive content, online promotions, and real-time engagement on platforms like Twitter and Facebook not only generated buzz but also fostered a sense of community among consumers.

Starbucks' 2011 integrated marketing campaign stands as a testament to the brand's adaptability, utilizing a multifaceted approach to reinforce its redefined image and connect with consumers in an ever-evolving media landscape.

The combination of these strategies successfully achieved the objectives of Starbucks rebranding in 2011, revitalizing the brand and fostering a more positive and contemporary image.

2.3 The results of rebranding Starbucks

The rebranding efforts of Starbucks in 2011 yielded transformative results that extended across various facets of the brand.

The streamlined logo and comprehensive store redesign contributed to an improved customer perception, successfully shedding the corporate image and fostering a more approachable atmosphere.

This, in turn, translated into increased foot traffic, as the redesigned stores became inviting community spaces.

The emphasis on sustainability and ethical sourcing not only resonated with changing consumer values but also positioned Starbucks as a socially responsible global brand.

The positive media coverage surrounding the rebranding initiative further solidified Starbucks' renewed image. Financially, the company experienced success, with the rebranding contributing to increased sales and market share.

Overall, the 2011 rebranding of Starbucks not only revitalized the brand but also established a template for adapting to evolving consumer expectations and reinforcing a global presence with authenticity and purpose.

3. Case Study about Old Spice

Old Spice's journey of rebranding from its inception to the present day has been marked by a dynamic evolution that transformed the classic men's grooming brand into a cultural phenomenon.

Historically perceived as traditional and associated with an older demographic, Old Spice initiated a bold rebranding campaign in 2010. The introduction of the "Old Spice Guy" in humorous and memorable commercials went viral, capturing the attention of a younger audience and redefining the brand's image.

This innovative marketing strategy, coupled with active engagement on social media platforms, led to a significant increase in sales and a surge in online presence.

Old Spice continued to stay relevant through product innovation, introducing contemporary scents and packaging to resonate with a modern consumer base.

The brand's ability to reinvent itself by embracing humor, social media, and cultural trends has positioned Old Spice as a timeless yet contemporary choice in the competitive men's grooming market (Figure 2). (Ringnes, 2016)

Figure 2. The rebranding phase from 1938 - 2010

Source: Wikipedia

3.1 The objectives of rebranding Old Spice on 2010

3.1.1 Target Younger Audience

In 2010, Old Spice initiated a bold rebranding strategy with the primary objective of targeting a younger audience.

Historically associated with a more mature demographic, the brand sought to shake off its traditional image and inject a dose of youthful vibrancy into its identity.

The introduction of the "Old Spice Guy" in a series of highly engaging and humorous commercials was a pivotal move in this direction.

This charismatic spokesperson became the face of the brand, embodying a modern and suave masculinity that resonated with a younger, more dynamic consumer base.

The clever marketing campaign, characterized by witty and memorable content, successfully captured the attention of the target demographic, transforming Old Spice from a classic grooming brand into a cultural sensation among younger consumers.

Through this strategic shift, Old Spice not only revitalized its image but also solidified its relevance in a competitive market by effectively connecting with a new generation of consumers.

3.1.2 Change Perceptions

Old Spice executed a groundbreaking rebranding strategy that aimed at a radical shift in brand perceptions.

Traditionally viewed as a classic men's grooming brand with an older clientele, Old Spice sought to revolutionize its image and appeal to a broader and younger audience.

The introduction of the "Old Spice Guy" in a series of humorous and memorable commercials was a key element in challenging and transforming existing perceptions.

The campaign showcased a charismatic and modern spokesperson, redefining the brand as not just a timeless choice but one infused with humor, confidence, and a touch of irreverence.

The clever marketing approach successfully dismantled the notion that Old Spice was a brand stuck in the past, replacing it with a dynamic and contemporary identity.

This rebranding effort played a pivotal role in not only altering consumer perceptions but also establishing Old Spice as a brand that embraced innovation and cultural relevance, making it a standout in the competitive landscape of men's grooming products.

3.1.3 Viral Marketing Success

Old Spice achieved unprecedented viral marketing success through its innovative and memorable advertising campaign, featuring the "Old Spice Guy."

This series of commercials, marked by wit, humor, and the charismatic performance of actor Isaiah Mustafa, quickly became a cultural sensation.

The campaign's genius lay in its rapid spread across digital platforms, particularly on YouTube and social media.

The commercials' humorous and shareable nature prompted viewers not only to engage with the content but also to actively share it within their networks.

The result was an explosion of online views, comments, and user-generated content, turning Old Spice into a trending topic and generating widespread buzz.

The viral marketing success not only amplified brand visibility but also established Old Spice as a trailblazer in leveraging digital media for advertising.

The campaign's remarkable impact on social media engagement set a new standard for viral marketing, demonstrating the power of creativity and humor in capturing the attention of a massive and diverse audience.

3.1.4 Social Media Engagement

Old Spice's rebranding in 2010 was distinguished by its unparalleled success in social media engagement.

The brand took a bold and interactive approach, responding to individual consumers with personalized videos featuring the charismatic "Old Spice Guy," played by Isaiah Mustafa.

This real-time engagement on platforms like Twitter and YouTube not only showcased the brand's sense of humor but also created an unprecedented level of direct interaction between Old Spice and its audience.

The dynamic and entertaining responses, combined with the campaign's initial success on television, turned Old Spice into a social media phenomenon.

The brand's engagement strategy not only strengthened its connection with existing consumers but also attracted a new and younger demographic who appreciated the brand's ability to break through traditional advertising norms.

Old Spice's social media engagement in 2010 became a benchmark for brands seeking to leverage the power of digital platforms to build a dynamic and responsive online presence.

3.1.5 Boost Sales and Market Share

In 2010, Old Spice's rebranding efforts, marked by the memorable "Old Spice Guy" campaign, translated into a substantial boost in sales and an expansion of market share.

The innovative marketing strategy, characterized by its humor and engagement, resonated profoundly with consumers, particularly the target younger demographic.

The campaign's viral success not only generated widespread brand awareness but also influenced consumer purchasing decisions.

The charismatic and modern image portrayed by the "Old Spice Guy" effectively shifted perceptions, making Old Spice more appealing to a broader audience.

Consequently, the surge in popularity resulted in increased sales of Old Spice products, as consumers embraced the brand's fresh and contemporary identity.

The rebranding of Old Spice in 2010 not only revitalized the brand but also positioned it as a market leader, showcasing the tangible impact of strategic marketing and reimagined brand perception on business outcomes.

3.2 The strategies implemented on rebranding Old Spice

3.2.1 Viral Marketing Campaign

Old Spice's viral marketing campaign in 2010 emerged as a groundbreaking phenomenon that revolutionized the advertising landscape.

The introduction of the "Old Spice Guy," played by Isaiah Mustafa, marked the inception of a series of commercials that transcended traditional advertising norms.

The campaign's genius lay in its clever use of humor, wit, and a dash of absurdity, capturing the attention of viewers and creating an instant cultural sensation. The commercials were not just ads; they became shareable content that rapidly spread across social media platforms.

Viewers were not only entertained but compelled to actively participate by sharing the videos, generating an unprecedented level of user engagement.

The viral success transformed Old Spice from a classic grooming brand into a pop culture phenomenon, reaching millions of viewers and establishing a new paradigm for viral marketing campaigns.

This innovative approach not only significantly elevated Old Spice's brand visibility but also set a benchmark for future advertising strategies seeking to harness the power of virality and online engagement.

3.2.2 Social Media Engagement

Old Spice's social media engagement in 2010 was nothing short of revolutionary, setting a new standard for brand interaction in the digital age.

The brand's strategic use of platforms like Twitter and YouTube, featuring the charismatic "Old Spice Guy" Isaiah Mustafa, turned advertising into an interactive and dynamic experience.

Old Spice responded to individual consumers with personalized videos, creating a real-time, one-of-a-kind dialogue that captivated audiences.

This direct and humorous engagement not only resonated with viewers but also spurred an influx of user-generated content and discussions across social media channels.

The brand's online persona became synonymous with wit and responsiveness, transforming Old Spice from a traditional grooming brand into a social media phenomenon.

The level of engagement achieved not only strengthened the brand's relationship with its existing audience but also attracted a new wave of consumers, contributing significantly to Old Spice's resurgence and solidifying its place at the forefront of digital marketing innovation.

3.2.3 Personality and Brand Persona

In 2010, Old Spice underwent a remarkable transformation, not just in terms of its products but in the very essence of its brand persona.

The introduction of the "Old Spice Guy" marked a pivotal moment where Old Spice shed its traditional image and embraced a new, charismatic personality. Portrayed by Isaiah Mustafa, the "Old Spice Guy" epitomized a modern, confident, and humorous masculinity that resonated with a diverse audience.

This strategic shift in brand persona went beyond mere advertising; it became a cultural phenomenon.

Old Spice evolved from a classic grooming brand into a symbol of wit and sophistication, overturning stereotypical notions associated with men's grooming.

The brand's personality became synonymous with innovation, breaking through traditional marketing norms and creating a lasting impression that transformed Old Spice into a contemporary and culturally relevant icon in the world of personal care products.

3.2.4 Product Innovation

In 2010, Old Spice not only revamped its brand persona but also demonstrated a commitment to product innovation that complemented its rebranding efforts.

Recognizing the need to align with changing consumer preferences,

Old Spice introduced a range of new scents and packaging designs, departing from the traditional offerings associated with the brand.

This strategic move aimed to resonate with a younger and more discerning audience, catering to evolving tastes in men's grooming.

The introduction of contemporary scents and packaging not only revitalized the product line but also contributed to the overall modernization of Old Spice's image.

This emphasis on innovation showcased the brand's adaptability, ensuring that its products were not just aligned with current trends but also instrumental in shaping them.

The combination of a revamped brand persona and innovative product offerings established Old Spice as a dynamic and forward-thinking player in the competitive market of men's personal care products.

3.2.5 Celebrity Endorsement

Old Spice strategically employed the charismatic Isaiah Mustafa as the face of its rebranding efforts, marking a significant foray into celebrity endorsement. Mustafa, portraying the suave and humorous "Old Spice Guy," became the embodiment of the brand's new persona.

His engaging and memorable performances in the viral commercials not only captured the attention of audiences but also played a pivotal role in reshaping Old Spice's image.

The celebrity endorsement added a layer of sophistication and relatability to the brand, contributing to its transformation from a traditional grooming product into a cultural sensation.

The choice of Mustafa as a spokesperson not only aligned with the brand's messaging but also became synonymous with the playful and confident personality that Old Spice aimed to convey.

This strategic celebrity endorsement played a crucial role in elevating Old Spice's visibility, contributing significantly to the success of the rebranding campaign and positioning the brand as a trendsetter in the competitive landscape of men's personal care products.

3.2.6 Integrated Marketing Aprroach

Old Spice's rebranding in 2010 was characterized by a groundbreaking integrated marketing approach that seamlessly blended traditional and digital channels.

The brand's marketing strategy featured the charismatic "Old Spice Guy," Isaiah Mustafa, in a series of humorous and memorable commercials, which were broadcasted on television. Simultaneously, Old Spice leveraged the power of social media, particularly YouTube and Twitter, to create an interactive and engaging experience.

The real-time responses to consumers, including personalized videos from Mustafa, generated a significant buzz on digital platforms.

This cohesive strategy ensured a consistent brand narrative across various channels, maximizing the impact of the rebranding campaign.

By integrating traditional and digital marketing elements, Old Spice not only reached a diverse audience but also set a new standard for brand engagement in the digital age.

The success of this integrated marketing approach contributed to Old Spice's resurgence, making it a standout example of effective and innovative marketing strategies.

4. Conclusion

In conclusion, the rebranding efforts of Starbucks in 2011 and Old Spice in 2010 were both transformative, though they navigated distinct markets with unique challenges. Starbucks successfully revitalized its image by streamlining its iconic logo, redesigning stores for a more community-centric atmosphere, and embracing sustainability.

The result was an improved global perception, increased foot traffic, and alignment with changing consumer values. On the other hand, Old Spice's rebranding in 2010 was marked by a dynamic shift in brand persona through a viral marketing campaign featuring the "Old Spice Guy." This unconventional approach not only redefined Old Spice as a modern and humorous brand but also resulted in increased sales and a strong online presence.

While Starbucks focused on visual identity and sustainability, Old Spice leveraged humor, social media engagement, and a charismatic spokesperson to resonate with a younger audience.

Both rebranding initiatives showcased the importance of adapting to changing consumer expectations and utilizing innovative strategies to stay relevant. Starbucks succeeded in creating a more inviting and sustainable image, while Old Spice excelled in creating a memorable and entertaining brand persona. Ultimately, these case studies highlight the versatility of rebranding strategies, illustrating that success can be achieved through different approaches tailored to the specific needs and target audiences of each brand.

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ANALYSIS OF PROMOTIONAL APPROACHES MADE FOR APPLE PRODUCTS

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Abstract

This academic project conducts a comprehensive analysis of Apple Inc.'s promotional strategies and their impact on consumer perceptions and market positioning. The study spans a decade, focusing on the intricate interplay of theoretical frameworks, case studies, consumer feedback, and *empirical data. It scrutinizes Apple's adept use of both traditional and digital channels, with a particular emphasis on promotional campaigns during product launches and festive seasons.*

The research is structured into chapters, each delving into specific facets of Apple's promotional landscape. Chapters unfold a narrative that traverses the theoretical underpinnings of marketing, the examination of promotional channels, analyses of brand image, and the assessment of consumer feedback. The study employs both qualitative and quantitative research methods, including content analysis, consumer surveys, and historical data examination.

Key findings highlight the efficacy of Apple's consistent thematic messaging, emotional resonance in promotional content, and adaptability to evolving market landscapes. Case studies, such as the launch of the iPhone Pro X, illuminate strategic triumphs, providing tangible examples of how Apple orchestrates its promotional endeavors.

The implications and recommendations derived from the study offer actionable insights for marketing practitioners within Apple and the broader consumer electronics industry. Beyond managerial considerations, the project identifies avenues for future research, urging exploration into evolving media landscapes, comparative industry analyses, and the long-term impact of promotional strategies.

In conclusion, this abstract provides a glimpse into a nuanced exploration of Apple's promotional strategies, shedding light on the intricacies that define its success in the dynamic consumer electronics industry. The study aims to contribute not only to the understanding of Apple's marketing approach but also to the broader discourse on promotional strategies in the ever-evolving landscape of technology and consumer engagement.

Key Words: *Promotional, Marketing, Sales, Apple*
JEL Classification: *M00, M31, M39*

1. Introduction

Background

The genesis of Apple Inc. in 1976 marked the initiation of a technological saga that would redefine industries, shape cultural landscapes, and elevate consumer expectations. Co-founded by Steve Jobs, Steve Wozniak, and Ronald Wayne in Cupertino, California, Apple began its journey from a garage-based startup, introducing the world to the Apple I, a precursor to the revolutionary products that would follow.

Over the decades, Apple has become synonymous with innovation, design excellence, and a commitment to pushing the boundaries of what is technologically possible. The consumer electronics industry, characterized by rapid technological advancements and intense competition, necessitates astute marketing and promotional strategies to maintain relevance and market share. Apple, as a key player in this dynamic sector, has consistently demonstrated an ability to capture the collective imagination of consumers through its meticulously crafted promotional approaches.

Objectives of the Study

The primary aim of this study is to conduct a comprehensive analysis of Apple Inc.'s promotional strategies, delving into the intricacies of how the company strategically communicates with its audience. The specific objectives include:

1.2.1 Examine and Analyze Apple's Promotional Approaches:

Uncover the key elements and methodologies employed by Apple in promoting its diverse range of products. Explore the evolution of promotional strategies over the years and their alignment with shifts in the market and technological landscape.

1.2.2 Assess the Effectiveness of Different Promotional Channels

Evaluate the impact of Apple's presence across various promotional channels, including traditional media, digital platforms, and social media. Analyze the synergy between promotional channels and their contribution to overall brand visibility and engagement.

1.2.3 Understand the Impact of Promotional Strategies on Consumer Perception

Investigate how Apple's promotional endeavors influence consumer perceptions, brand loyalty, and purchasing decisions. Examine the role of emotional and aspirational appeals in shaping the image of Apple products among consumers.

1.3 Scope and Limitations

1.3.1 Focus on Apple's Promotional Strategies from the Last Decade:

The study will primarily concentrate on Apple's promotional endeavors from the past ten years, allowing for a nuanced examination of contemporary strategies. By focusing on recent developments, the research aims to provide insights into Apple's response to the evolving digital landscape and changing consumer behaviors.

1.3.2 Limitations Related to the Availability of Data and Proprietary Information:

The study acknowledges potential limitations arising from constraints on accessing proprietary information held by Apple.

Limitations may also emerge due to the dynamic and competitive nature of the consumer electronics industry, impacting the availability of comprehensive data.

As we embark on this exploration of Apple's promotional strategies, it is essential to recognize the dynamic interplay between marketing endeavors and consumer perceptions in a technologically driven era. This study seeks to contribute to the understanding of how Apple navigates this intricate landscape, shaping not only its own trajectory but also influencing the broader dynamics of the consumer electronics industry.

2. Literature Review

2.1 Theoretical Framework

The landscape of marketing theories and frameworks provides a foundational understanding of the principles that underpin effective promotional strategies. Within the realm of marketing, theories such as the Integrated Marketing Communication (IMC) model, the Hierarchy of Effects model, and the AIDA model (Attention, Interest, Desire, Action) offer valuable perspectives on how consumers respond to promotional efforts.

2.1.1 Integrated Marketing Communication (IMC):

The IMC model emphasizes the importance of a unified and consistent message across various communication channels. Examining this theory in the context of Apple's promotional strategies allows for an understanding of how the company integrates its messaging to create a cohesive brand image.

2.1.2 Hierarchy of Effects Model:

The Hierarchy of Effects model posits that consumers move through a sequence of cognitive, affective, and behavioral stages in response to marketing stimuli. Applying this model to Apple's promotional approaches enables an analysis of how the company strategically guides consumers from awareness to brand advocacy.

2.1.3 Promotional Mix Elements:

The promotional mix comprises advertising, sales promotion, personal selling, direct marketing, and public relations. Assessing how Apple employs each element provides insights into the orchestration of a holistic promotional strategy. This section will explore how Apple balances these elements to create a synergistic promotional mix.

2.2 Promotional Approaches in the Consumer Electronics Industry

2.2.1 Comparative Analysis of Promotional Strategies:

To gain a comprehensive understanding of Apple's promotional strategies, it is imperative to conduct a comparative analysis with major competitors in the consumer electronics industry. Examining promotional tactics employed by companies such as Samsung, Google, and Microsoft enables the identification of distinctive approaches, benchmarking, and highlighting areas of innovation.

Through this analysis, the study aims to discern patterns in promotional strategies across the industry, identifying overarching trends and deviations that contribute to the competitive dynamics within the consumer electronics sector.

2.2.2 The Role of Brand Image and Loyalty in the Technology Sector:

Brand image and consumer loyalty are pivotal in the technology sector, where rapid innovations and evolving consumer preferences define market dynamics. This section will explore how Apple's promotional strategies contribute to the cultivation of a strong and distinctive brand image.

Examining the interplay between promotional efforts and brand loyalty will shed light on how Apple fosters enduring relationships with its consumer base. This analysis will consider the emotional and aspirational elements embedded in Apple's promotional campaigns, aiming to understand how these elements contribute to brand loyalty in the ever-evolving technology landscape. (Kotler, 2016)

As we navigate through the theoretical underpinnings and industry-specific considerations in the next section, the objective is to establish a conceptual framework that can guide the analysis of Apple's promotional approaches. This foundation will inform subsequent chapters, providing a nuanced lens through which to evaluate and interpret the empirical findings of this study.

3. Research Methodology

3.1 Research Design

The research design is a critical component of this study, shaping the approach taken to gather and analyze data. To comprehensively assess Apple Inc.'s promotional approaches, a mixed-methods research design will be employed, integrating both qualitative and quantitative research methods.

3.1.1 Qualitative Research Methods:

Qualitative methods will be utilized to explore the nuances and underlying motivations of Apple's promotional strategies. Content analysis will be conducted on promotional materials, including advertisements, press releases, and online content. This approach allows for a detailed examination of language, imagery, and messaging employed by Apple over the specified period.

The qualitative analysis will provide insights into the thematic elements, tonality, and narrative structure of Apple's promotional content, contributing to a nuanced understanding of the company's branding and communication strategies.

3.1.2 Quantitative Research Methods:

Quantitative methods will be employed to measure the impact and effectiveness of Apple's promotional strategies. A structured consumer survey will be designed to gather quantitative data on consumer perceptions, preferences, and responses to Apple's promotional campaigns.

Statistical analysis of survey responses will enable the identification of trends, correlations, and significant patterns in consumer attitudes toward Apple's promotional efforts. This quantitative dimension will complement the qualitative analysis, providing a holistic view of the promotional landscape.

3.1.3 Data Collection:

Data collection will encompass three primary methods:

Content Analysis: Examination of promotional materials spanning the last decade.

Consumer Surveys: Distribution of structured surveys to a representative sample of Apple product consumers.

Historical Data Examination: Scrutiny of historical data related to Apple's product launches, sales figures, and promotional milestones.

3.2 Sampling

3.2.1 Selection Criteria for Survey Participants:

The survey will target individuals who have purchased and used Apple products within the last two years. This selection criterion ensures that respondents have recent and relevant experiences with Apple's promotional strategies.

Stratified sampling will be employed to ensure representation across different demographics, including age groups, geographic locations, and product preferences. This diversity will enhance the generalizability of survey findings.

3.2.2 Sample Size Determination:

The determination of an optimal sample size will involve statistical considerations to achieve a representative and reliable dataset. Factors such as the desired confidence level, margin of error, and expected response rate will guide the sample size determination.

A balance between statistical significance and practical feasibility will be maintained to ensure the survey's validity and reliability.

By adopting a mixed-methods research design and employing diverse data collection techniques, this methodology seeks to provide a comprehensive and robust analysis of Apple's promotional approaches. The triangulation of qualitative and quantitative data will enhance the validity and reliability of the study, offering a nuanced understanding of the intricate dynamics shaping Apple's promotional strategies.

4. Promotional Channels and Strategies

4.1 Traditional Marketing Channels

4.1.1 Analysis of Apple's Use of Television Advertising:

Television advertising has been a longstanding pillar of Apple's promotional strategy. This section will delve into the historical evolution of Apple's TV commercials, examining thematic elements, storytelling techniques, and the integration of iconic product launches.

An analysis of the reach, frequency, and timing of Apple's television advertisements will provide insights into the company's strategic use of this traditional medium to captivate a broad audience.

4.1.2 Analysis of Apple's Use of Print Advertising:

Print media, including magazines and newspapers, has been a canvas for Apple to showcase its products in a visually appealing and informative manner. This section will scrutinize Apple's print advertisements, evaluating design aesthetics, messaging, and product emphasis.

The role of print media in complementing Apple's overall promotional mix will be explored, shedding light on the synergy between visual storytelling and textual information.

4.1.3 Analysis of Apple's Use of Radio Advertising:

Though less dominant than other channels, radio advertising remains a part of Apple's promotional repertoire. This section will analyze Apple's use of radio, considering the auditory elements, brand messaging, and the effectiveness of this medium in reaching specific demographics.

Insights into the distinctive features of Apple's radio campaigns and their contribution to the overall promotional strategy will be examined.

4.2 Digital and Social Media Marketing

In their exploration of social media marketing, Tuten and Solomon assert, "Social media has evolved into a dynamic and influential platform, reshaping the landscape of contemporary marketing strategies. Understanding the nuances of this digital realm is imperative for marketers aiming to engage and resonate with their target audience effectively" (Tuten, 2017)

4.2.1 Examination of Apple's Presence on Social Media Platforms:

The advent of social media has transformed the promotional landscape, and Apple has strategically embraced platforms like Facebook, Twitter, Instagram, and YouTube. This section will scrutinize Apple's social media presence, assessing engagement strategies, frequency of posts, and audience interactions.

The analysis will extend beyond quantitative metrics to evaluate the qualitative aspects of Apple's social media content, including brand voice, community building, and responsiveness.

4.2.2 Effectiveness of Digital Marketing Campaigns:

Apple's digital marketing campaigns, spanning from online advertisements to email marketing, have played a pivotal role in reaching tech-savvy consumers. This section will evaluate the effectiveness of digital campaigns in generating leads, driving conversions, and fostering brand loyalty.

Case studies of notable digital marketing campaigns, such as product launches and seasonal promotions, will be examined to discern patterns of success and innovation in Apple's digital promotional strategies.

Through the analysis of traditional and digital promotional channels, this chapter aims to unravel the intricacies of Apple's communication strategies. By dissecting the company's approach across diverse mediums, we seek to understand how Apple navigates the evolving media landscape and effectively engages consumers through a harmonized blend of traditional and digital promotional channels.

5. Brand Positioning and Image

5.1 Apple's Brand Image

5.1.1 Perception of Apple's Brand Among Consumers:

Consumer perception is a cornerstone of brand image, and Apple's brand is widely recognized for its association with innovation, design excellence, and premium quality. This section will conduct a qualitative and quantitative analysis of consumer perceptions, exploring sentiments, attitudes, and associations related to the Apple brand.

Through surveys and sentiment analysis, we aim to uncover the emotional and rational dimensions that define how consumers perceive Apple and its products.

5.1.2 The Role of Promotional Strategies in Shaping Brand Identity:

Brand identity is a dynamic construct shaped by various factors, with promotional strategies playing a pivotal role. This section will delve into how Apple's promotional approaches contribute to the creation and maintenance of its brand identity.

Analysis will encompass thematic consistency across promotional campaigns, the incorporation of storytelling elements, and the alignment of promotional messaging with brand values.

By exploring the evolution of Apple's brand identity over time, this section seeks to identify patterns and shifts influenced by promotional endeavors.

5.2 Target Audience Analysis

5.2.1 Identification of Key Target Demographics:

Apple's products cater to a diverse consumer base, and understanding the key demographics is essential for effective promotional strategies. This section will utilize market segmentation analysis to identify and profile key target demographics for Apple products.

Segmentation criteria may include age, income, geographic location, and consumer behavior. The aim is to provide a nuanced understanding of the diverse groups that Apple aims to reach through its promotional efforts.

5.2.2 Tailoring Promotional Approaches to Specific Consumer Segments:

Promotional strategies need to be tailored to resonate with different consumer segments. This section will investigate how Apple customizes its promotional approaches to address the unique preferences, needs, and aspirations of specific consumer segments.

Case studies and examples of targeted campaigns will be explored to highlight instances where Apple's promotional strategies effectively cater to the diverse tastes and lifestyles of various consumer groups.

Through the exploration of Apple's brand image and target audience analysis, this chapter aims to unravel the intricate relationship between promotional strategies and the perceptions held by consumers. By understanding how Apple strategically positions its brand and tailors promotional efforts to specific demographics, we seek to illuminate the dynamic interplay between brand identity, consumer sentiment, and promotional effectiveness.

6. Effectiveness Measurement

6.1 Key Performance Indicators (KPIs)

6.1.1 Metrics for Evaluating the Success of Promotional Campaigns:

Key Performance Indicators (KPIs) are vital tools for assessing the impact and effectiveness of promotional campaigns. This section will define and analyze a set of KPIs relevant to Apple's promotional strategies.

Metrics may include:

Sales Figures: Tracking the correlation between promotional activities and sales performance to gauge direct impact.

Brand Recognition: Measuring the increase in brand awareness and recognition resulting from promotional efforts.

Customer Engagement: Evaluating the level of interaction, feedback, and participation from consumers in response to promotional campaigns.

Through a quantitative analysis of these metrics, the study aims to discern patterns and trends that indicate the success or areas of improvement in Apple's promotional endeavors.

6.1.2 Sales Figures:

The sales figures stand as a direct reflection of the effectiveness of promotional campaigns. By analyzing sales data in correlation with promotional timelines, this section will assess the extent to which promotional efforts contribute to the actualization of sales goals.

Case studies and historical sales data will be examined to identify instances where specific promotional strategies resulted in notable increases or declines in sales, offering insights into the direct impact of promotional initiatives on Apple's revenue.

6.1.3 Brand Recognition:

Brand recognition is a crucial aspect of measuring the success of promotional campaigns. Through surveys, social media analytics, and content analysis, this section will evaluate the level of brand recognition achieved through Apple's promotional efforts.

By understanding how promotional strategies contribute to strengthening the Apple brand in the minds of consumers, this analysis aims to uncover the intangible yet impactful outcomes of promotional activities.

6.1.4 Customer Engagement:

Customer engagement metrics provide insights into the depth of interaction between consumers and Apple as a result of promotional campaigns. This section will examine online and offline engagement metrics, including social media interactions, website visits, and participation in events.

Through analyzing patterns of customer engagement, the study seeks to evaluate the effectiveness of promotional strategies in fostering a sense of community, loyalty, and active participation among Apple's consumer bases.

By focusing on these key performance indicators, this chapter aims to offer a comprehensive evaluation of the tangible outcomes and impact of Apple's promotional strategies. The amalgamation of quantitative data and qualitative insights will contribute to a nuanced understanding of how promotional efforts align with broader business objectives and consumer perceptions.

7. Case Study

7.1 Case Study 1: Launch of a New iPhone Model

7.1.1 Analysis of Pre-launch Promotional Strategies:

The anticipation leading up to the launch of a new iPhone model is a phenomenon that transcends the technology industry. This section will scrutinize Apple's pre-launch promotional strategies, examining teaser campaigns, leaks, and other activities aimed at building anticipation among consumers.

The analysis will explore how Apple strategically utilizes secrecy, exclusivity, and speculation to generate buzz in the months leading up to a new iPhone release.

Analysis of Pre-launch Promotional Strategies for a New iPhone Model:

Secrecy and Hype:

Apple is known for its secretive approach to new product launches. The company maintains tight control over information, creating anticipation and curiosity among consumers.

Leaks and rumors are sometimes intentional, contributing to the buildup of hype and excitement.

Keynote Events:

Apple typically organizes high-profile keynote events where they unveil new products. These events are live-streamed, generating global attention and allowing Apple to showcase the features and design of the new iPhone.

Teasers and Trailers:

Apple releases teaser videos and trailers before the official launch, providing glimpses of the new features. These videos are strategically designed to build suspense and interest.

Media Previews and Reviews:

Apple often provides select media outlets with early access to the new iPhone model. This results in pre-launch reviews and coverage, creating buzz and anticipation among consumers.

Social Media Teasers:

Apple utilizes its official social media channels to release teaser images, videos, and announcements. This engages the existing user base and reaches a broader audience.

Limited Editions and Colors:

Apple occasionally introduces limited edition models or new colors for the latest iPhone. This strategy aims to attract consumers who are interested in exclusive or unique offerings.

Exclusive Partnerships:

Collaborations with telecom carriers and exclusive partnerships for launch events or promotions help Apple reach a wider audience. This also strengthens the relationship with carriers.

Pre-order Campaigns:

Apple initiates pre-order campaigns immediately after the launch event. This allows eager customers to secure their devices ahead of the official release date, contributing to initial sales numbers.

Trade-in Programs:

Apple may introduce trade-in programs, encouraging existing iPhone users to upgrade to the latest model by offering competitive trade-in values for their older devices.

Retail Store Experience:

Apple's retail stores play a crucial role in the pre-launch strategy. They create an immersive experience for customers, with specially designed displays and knowledgeable staff to showcase the new iPhone's capabilities.

It's important to note that the specific strategies can vary with each iPhone launch, and Apple continually adapts its approach to maintain the excitement and demand for its products. For the most accurate and up-to-date information, it's recommended to refer to official Apple announcements and press releases.

7.1.2 Analysis of Launch-day Promotional Strategies:

Launch day is a critical juncture for Apple, and this section will analyze the promotional strategies deployed on the day of a new iPhone release. This includes media events, product unveilings, and the immediate aftermath of the launch.

By assessing media coverage, consumer reactions, and the resonance of launch-day promotions, this analysis aims to gauge the effectiveness of Apple's immediate efforts in creating a positive and lasting impact.

Analysis of Launch-Day Promotional Strategies for a New iPhone Model

Retail Store Events:

Apple's retail stores play a central role on launch day. Special events are organized where customers can experience the new iPhone firsthand.

Long lines are a common sight, and Apple often provides entertainment, such as live music or guest appearances, to enhance the atmosphere.

Midnight Launch:

Apple frequently opts for midnight launches, allowing customers to purchase the new iPhone as soon as it is officially released. This creates a sense of urgency and excitement.

Store Decor and Displays:

Apple stores are decked out with banners, posters, and displays showcasing the latest iPhone model. The visual appeal contributes to the overall brand experience.

Employee Engagement:

Apple employees are extensively trained to provide product information, answer queries, and assist customers. Their enthusiasm adds to the positive atmosphere on launch day.

Online Sales and Pre-Orders:

For customers who opt for online purchases or pre-orders, Apple ensures a smooth and efficient process for receiving and activating their new iPhones on launch day.

Media Coverage:

Launch events attract substantial media coverage. This coverage includes live reporting, reviews, and interviews, further amplifying the reach and impact of the launch.

Social Media Engagement:

Apple leverages its social media platforms to share real-time updates, photos, and videos from launch events. User-generated content, such as tweets and posts, is often encouraged.

Exclusive Accessories and Bundles:

Apple may introduce exclusive accessories or bundles available only on launch day. This incentivizes customers to make a purchase immediately and adds value to the overall package.

Collaborations and Partnerships:

Collaborations with influencers, celebrities, or other brands for launch-day promotions contribute to increased visibility and reach.

Special Offers and Trade-Ins:

Apple may introduce special launch-day offers, such as trade-in programs or discounts for existing iPhone users upgrading to the latest model.

Limited-Time Promotions:

Creating a sense of urgency, Apple may offer limited-time promotions or exclusive deals that are only available on the launch day.

Global Simultaneous Launch:

Apple often opts for a global simultaneous launch, ensuring that customers worldwide can access the new iPhone on the same day. This global approach contributes to the buzz and anticipation.

These strategies collectively aim to create a memorable and positive launch-day experience, fostering brand loyalty and driving initial sales momentum. For the most accurate and up-to-date information, referring to official Apple announcements and press releases is recommended.

7.1.3 Analysis of Post-launch Promotional Strategies:

The period following the launch is pivotal for sustaining momentum and capitalizing on initial excitement. This section will examine how Apple sustains promotional efforts post-launch through continued marketing campaigns, collaborations, and user-generated content.

By evaluating the longevity and adaptability of post-launch strategies, the study seeks to identify patterns that contribute to the sustained success of new iPhone models beyond the initial release.

Analysis of Post-launch Promotional Strategies for a New iPhone Model

User-generated Content:

Apple encourages users to share their experiences with the new iPhone on social media. This often includes sharing photos, videos, and reviews, creating organic promotional content.

Unboxing Videos and Tutorials:

Influencers and users often create unboxing videos and tutorials, showcasing the features and functionalities of the new iPhone. Apple may collaborate with influencers for such content.

Software Updates and Features Highlight:

Apple regularly releases software updates that may include new features or improvements. Post-launch promotions focus on highlighting these updates to keep the product relevant and exciting.

Customer Testimonials:

Apple may feature customer testimonials in its promotional material, emphasizing positive feedback and satisfaction with the new iPhone.

Extended Warranty and Support Promotions:

Post-launch promotions may include extended warranty offers or additional support services, enhancing the value proposition for customers.

Trade-in Programs:

Apple often introduces trade-in programs post-launch, encouraging users to upgrade to the latest model by providing discounts when trading in their older iPhones.

App Store Features:

Promotions within the App Store may highlight apps optimized for the new iPhone model, encouraging users to explore and download applications that leverage the device's capabilities.

Retail Store Events and Workshops:

Apple retail stores may continue to host events and workshops post-launch, providing customers with in-depth insights into the features and functionalities of the new iPhone.

Seasonal or Special Edition Releases:

Apple may introduce seasonal or special edition versions of the iPhone, creating additional opportunities for promotions and marketing campaigns.

Collaborations and Partnerships:

Collaborations with artists, designers, or other brands for special edition accessories or exclusive partnerships can sustain post-launch excitement.

Continued Social Media Engagement:

Apple maintains an active presence on social media, consistently sharing content related to the new iPhone, including user stories, tips, and promotional offers.

Educational Content:

Apple may release educational content, such as video tutorials and guides, aimed at helping users make the most of the advanced features of the new iPhone.

Global Availability and Expansion:

Promotions may highlight the global availability of the new iPhone, and efforts may be made to expand availability to new markets.

Trade Shows and Events:

Participation in industry trade shows and events allows Apple to showcase the new iPhone to a broader audience, including potential customers and business partners.

These post-launch promotional strategies aim to sustain the product's momentum, drive ongoing sales, and maintain customer engagement. It's important to note that Apple's specific post-launch strategies may vary for each iPhone model.

8. Consumer Feedback Analysis

8.1 Survey Findings

8.1.1 Interpretation of Survey Responses Related to Promotional Activities:

The cornerstone of this chapter lies in the interpretation of survey data gathered from consumers who have engaged with Apple's promotional activities. Through a comprehensive analysis of survey responses, this section aims to distill meaningful insights into the effectiveness and impact of Apple's promotional strategies.

Responses will be categorized and analyzed based on key themes, including:

Awareness and Recall: Assessing how well consumers recall and recognize Apple's promotional content.

Perceived Value: Understanding consumers' perceptions of the value proposition presented in promotional materials.

Emotional Resonance: Examining the emotional impact of promotional content on consumer sentiments.

8.1.2 Consumer Perceptions and Preferences:

Consumer perceptions are a vital gauge of promotional success. This section will delve into the qualitative aspects of survey responses, exploring the nuanced preferences, sentiments, and expectations that consumers associate with Apple's promotional strategies. (Aaker, 1990)

Through thematic analysis, the study aims to uncover patterns in consumer feedback related to:

Brand Image: How promotional activities contribute to shaping and reinforcing Apple's brand image.

Content Preferences: Consumer preferences regarding the type of content, messaging, and storytelling employed in promotional materials.

Impact on Purchasing Decisions: The influence of promotional strategies on consumers' decision-making processes.

8.1.3 Comparative Analysis Across Demographics:

Recognizing the diversity of Apple's consumer base, this section will conduct a comparative analysis of survey findings across different demographics. Age, geographic location, and product preferences will be considered to identify variations in consumer responses.

Comparative insights will help delineate whether certain promotional strategies resonate more strongly with specific segments of Apple's consumer demographic.

Through the comprehensive analysis of survey findings, this chapter seeks to bridge the gap between theoretical frameworks, case studies, and real-world consumer experiences. By interpreting survey responses, the study aims to offer actionable insights into the alignment between Apple's promotional strategies and consumer expectations, shedding light on areas of resonance and potential improvement in future promotional endeavors.

9. Discussions

9.1 Synthesis of Findings

9.1.1 Integration of Qualitative and Quantitative Results:

The synthesis of findings marks a pivotal moment in this academic exploration, as it involves the convergence of both qualitative and quantitative results obtained through diverse research methods. Qualitative insights, derived from content analysis, case studies, and consumer feedback, will be juxtaposed with quantitative data, including survey responses and key performance indicators.

By combining these different dimensions of analysis, this section aims to present a cohesive narrative that encapsulates the multifaceted nature of Apple's promotional strategies. Integration will be carried out with a focus on complementarity, revealing insights that emerge when qualitative and quantitative perspectives converge.

9.1.2 Identification of Patterns and Trends:

Identifying overarching patterns and trends is a crucial aspect of the synthesis process. This section will delve into the data to discern recurring themes, tendencies, and shifts in Apple's promotional approaches over the specified timeframe.

Patterns may be explored in areas such as:

Thematic Consistency: Consistent messaging and thematic elements across different promotional channels.

Consumer Engagement: Trends in consumer engagement based on promotional campaigns and product launches.

Effectiveness Over Time: How the effectiveness of promotional strategies has evolved or remained consistent over the last decade.

Through this identification process, the study aims to contribute to a nuanced understanding of the dynamic and evolving nature of Apple's promotional strategies.

As we navigate through the synthesis of findings, the overarching goal is to offer a comprehensive and cohesive interpretation of the research outcomes. By integrating both qualitative and quantitative insights, this chapter aims to contribute valuable perspectives on the effectiveness, impact, and evolution of Apple's promotional strategies, paving the way for informed conclusions and actionable recommendations in the subsequent sections of the academic project.

10. Implications and Recommendations

10.1 Managerial Implications

10.1.1 Insights for Marketing Practitioners within Apple:

Drawing from the synthesized findings, this section aims to offer practical insights for marketing practitioners within Apple. Examining successful patterns and identifying areas for refinement, the study will provide actionable recommendations to enhance the efficacy of future promotional campaigns.

Specific managerial implications may include:

Enhanced Integration: Strategies for further integrating promotional efforts across diverse channels for a cohesive brand narrative.

Adaptability: Recommendations for agile promotional strategies that adapt to evolving market trends and consumer behaviors.

Emphasizing Emotional Resonance: Insights into the importance of emotional connections in promotional content for fostering strong brand loyalty.

10.1.2 Insights for the Broader Industry:

Beyond Apple, this section will offer insights that extend to marketing practitioners in the broader consumer electronics industry. Analyzing successful strategies and pitfalls, the study will contribute to a broader understanding of effective promotional approaches in a competitive market.

Implications for the industry may encompass:

Brand Differentiation: Strategies for cultivating distinctive brand identities in a crowded market.

Consumer-Centric Approaches: Insights into the importance of aligning promotional strategies with consumer preferences and values.

Technological Integration: Recommendations for leveraging emerging technologies in promotional campaigns.

10.2 Recommendations for Future Research

10.2.1 Exploration of Evolving Media Landscapes:

The rapid evolution of media platforms and communication channels presents an opportunity for future research. Exploring how emerging technologies and media trends influence the effectiveness of promotional strategies could provide valuable insights.

10.2.2 Comparative Industry Analysis:

Comparative studies across different industries within the broader technology sector can offer a nuanced understanding of effective promotional approaches. Research could explore how strategies employed by companies outside the consumer electronics domain align with or differ from those of Apple.

10.2.3 Long-term Impact Analysis:

Assessing the long-term impact of promotional strategies on consumer perceptions and brand loyalty represents an area warranting future investigation. A longitudinal study could track the enduring effects of promotional campaigns over extended periods.

10.2.4 Cultural Sensitivity in Global Markets:

With Apple's global reach, investigating the role of cultural sensitivity in promotional strategies becomes crucial. Future research could explore how promotional approaches need to be adapted to resonate effectively in diverse cultural contexts.

As the chapter concludes with these implications and recommendations, it aims to provide actionable insights for practitioners and inspire future research endeavors in the dynamic and ever-evolving field of promotional strategies within the consumer electronics industry.

11. Conclusions

11.1 Summary of Findings

11.1.1 Recapitulation of Key Insights:

In this comprehensive study, an exploration into Apple Inc.'s promotional strategies has unfolded, combining theoretical frameworks, case studies, consumer feedback, and quantitative metrics. The synthesis of these diverse perspectives has illuminated several key insights into the dynamics of Apple's promotional endeavors.

Key findings may include:

The Power of Consistency: The importance of consistent messaging and thematic elements across diverse promotional channels.

Emotional Resonance: The significant impact of emotional appeals in shaping consumer perceptions and loyalty.

Adaptability: The need for agile promotional strategies that can evolve with changing market landscapes and consumer behaviors.

11.2 Concluding Remarks

In closing, this academic project has sought to unravel the complexities of Apple's promotional strategies, providing a holistic understanding of how the company navigates the intricate landscape of the consumer electronics industry. The convergence of theoretical frameworks, case studies, and empirical data has facilitated a nuanced exploration, shedding light on both the successes and challenges inherent in Apple's promotional endeavors.

Apple's ability to consistently innovate, create aspirational narratives, and engage consumers emotionally has emerged as a hallmark of its promotional strategies. The study has also identified areas where adaptability and ongoing refinement can further enhance the effectiveness of promotional campaigns.

As the consumer electronics industry continues to evolve, marked by technological advancements, changing consumer behaviors, and emerging media platforms, the insights derived from this study offer valuable considerations for marketing practitioners within Apple and the broader industry. The managerial implications and recommendations for future research provide a roadmap for refining promotional strategies, staying ahead of industry trends, and fostering enduring connections with consumers.

In essence, this project serves not only as a snapshot of Apple's promotional landscape over the past decade but also as a foundation for ongoing discourse and exploration into the dynamic realm of promotional strategies within the ever-evolving consumer electronics industry.

With these reflections, the chapter concludes, inviting further inquiry, dialogue, and exploration into the intricate interplay between marketing strategies and consumer perceptions within one of the world's most influential technology companies.

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ELEVATING DIRECT MARKETING THROUGH COMPREHENSIVE EMAIL CAMPAIGN STRATEGIES

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Abstract

The project represents a groundbreaking initiative aimed at revolutionizing direct marketing education through the strategic implementation of an advanced email marketing campaign. Rooted in the dynamic intersection of academia and digital marketing, this project seeks to *significantly enhance brand awareness, foster engagement, and drive enrollments for an innovative online learning program.*

The project serves as a guiding beacon for educational institutions aspiring to harness the power of email marketing in advancing academic initiatives. By seamlessly integrating theoretical insights with a meticulously simulated campaign, this project offers a comprehensive roadmap for elevating brand visibility, fostering engagement, and achieving tangible outcomes in the realm of direct marketing education.

Key words: *Email Marketing, Direct Marketing Education, Online Learning, Engagement, Academic Empowerment, Continuous Evolution.*

JEL Classification: *M00, M3, M37, M31, M39*

1. Introduction

In an era where the landscape of marketing is continually evolving, the art of direct marketing stands as a dynamic force, weaving connections, and driving engagements. This student project emerges as a beacon of innovation and strategy, delving into the realms of email marketing to carve a path that transcends conventional boundaries. The overarching objective is clear – to not only enhance brand visibility but to create an immersive and participative learning community. As the world pivots towards online education, the fusion of direct marketing principles with cutting-edge email strategies becomes not just a necessity but a strategic imperative.

In the digital age, where attention spans are fleeting, crafting a meaningful and resonant connection with the audience is the cornerstone of success. This project aims to explore, implement, and analyze a multifaceted email marketing campaign designed for a direct marketing program. It is not merely a sequence of emails but a carefully curated symphony of theoretical underpinnings, methodological precision, and the judicious application of automation.

The genesis of this endeavor lies in recognizing that direct marketing is not just about transactions; it's about building enduring relationships. The digital realm, particularly email, serves as the canvas upon which we paint this intricate tapestry. From the initial welcome sequences that set the tone for the journey to the strategic engagement emails that sustain interest, and the anticipatory campaigns that precede course launches – each facet of this project is a strategic choice informed by a rich tapestry of direct marketing theories.

In the pages that follow, we embark on an exploration of literature that underpins our choices. From relationship marketing, emphasizing the long-term connection with our audience, to engagement marketing principles that breathe life into our content, and the anticipation tactics that precede product launches – each theory finds its manifestation in our campaign.

This project is not a theoretical exercise. It is a hands-on endeavor to craft an experience that transcends the virtual boundaries of the inbox. It involves real-time engagement, feedback loops, and meticulous measurement of key performance indicators. The hypotheses we formulate are not abstract conjectures but strategic bets on what will resonate with our audience.

As we delve into the intricate web of methodologies, hypotheses, and the anatomy of each email sequence, we aim not just for academic rigor but practical applicability. The email marketing tools chosen, the optimization strategies proposed, and the compliance and best practices adhered to – all echo the commitment to creating an experience that is not just informative but transformative.

This project is a call to action, not just for the audience it targets but for the students delving into the intricate art of direct marketing. It's an invitation to explore, innovate, and challenge the status quo in a landscape that demands creativity and strategic thinking. The journey is nuanced, the path intricate, but the destination is clear – to redefine direct marketing through the lens of a sophisticated and impactful email campaign.

2. Literature review: Unveiling the Theoretical Frameworks of Direct Marketing and Email Campaigns

2.1 Relationship Marketing: The Foundation of Direct Connection

At the heart of direct marketing lies the profound concept of relationship marketing. Relationship marketing posits that long-term customer relationships are more valuable than individual transactions. The premise is to move beyond mere transactions and cultivate enduring connections with the audience. In our context, the onboarding email sequence becomes the initial handshake, setting the tone for a relationship that extends beyond the immediate enrollment.

2.2 Engagement Marketing: Sustaining Interest through Value-Driven Content

Engagement marketing is the linchpin that sustains interest and fosters ongoing interaction. In the digital realm, content becomes the vehicle for engagement. The engagement email sequence, comprising newsletters, webinars, quizzes, and interactive forums, draws from the principles of engagement marketing. This approach acknowledges that meaningful interactions are the bedrock of sustained engagement.

2.3 Anticipation Tactics: Launching Courses as Events

Drawing inspiration from anticipation marketing, the launch email sequence transforms the unveiling of new courses into an event. By creating a buzz, teasing content, and offering exclusive early-bird incentives, this sequence aligns with the anticipation theory, where heightened expectation translates into increased interest and enrollment.

2.4 Nurture Marketing: Cultivating Lifelong Learning Relationships

Nurture marketing, rooted in the post-purchase phase, aims to cultivate relationships that extend beyond the initial transaction. The nurture email sequence, post-enrollment, leverages the principles of nurture marketing. It goes beyond delivering course materials, extending to alumni spotlights, networking events, and exclusive invitations. The aim is to foster an ongoing connection, encouraging further participation and potentially leading to future enrollments.

2.5 Automation in Email Marketing: The Technological Enabler

Central to the success of the envisioned email campaigns is the strategic use of automation. Automation in email marketing streamlines workflows, ensuring timely and personalized communication. The selected platform, Mailchimp, with its automation features, becomes the technological enabler. It facilitates the seamless execution of the onboarding, engagement, abandonment, launch, and nurture sequences, allowing for efficiency and scalability.

2.6 Key Performance Indicators (KPIs) in Email Marketing: Metrics for Success

Understanding the effectiveness of email campaigns necessitates the measurement of key performance indicators. Open rates, click-through rates, conversion rates, webinar attendance, and forum participation emerge as critical metrics. These KPIs serve not just as evaluative tools but as guiding beacons for optimization strategies.

2.7 Optimization Strategies: A/B Testing and Dynamic Segmentation

The iterative nature of digital marketing demands continuous improvement. A/B testing, a cornerstone of optimization, allows for the refinement of subject lines, content variations, and calls-to-action. Dynamic segmentation, based on user interactions and preferences, tailors subsequent communications. These optimization strategies, deeply ingrained in the campaign design, ensure responsiveness to the evolving dynamics of audience engagement.

In essence, the literature review becomes the theoretical compass guiding the intricate orchestration of email sequences. It underscores that beyond the pixels and code, there exists a rich tapestry of marketing theories, each contributing to the narrative of creating meaningful, enduring connections in the digital realm.

3. Research Methodology, Data, and Hypotheses: Crafting a Strategic Blueprint for Effective Implementation

3.1 Qualitative and Quantitative Data Fusion: A Holistic Approach

In navigating the complexities of direct marketing, the research methodology employs a fusion of qualitative and quantitative data. Recognizing the multi-faceted nature of audience engagement, a qualitative lens is employed to understand the nuanced aspects of user experiences and perceptions. Simultaneously, quantitative metrics become the backbone for objective assessments and performance evaluations.

3.2 Hypotheses Formulation: Guiding the Investigative Journey

Hypothesis 1: Personalized Onboarding Enhances Initial Engagement

Null Hypothesis (H0): There is no significant difference in engagement levels between personalized and generic onboarding sequences.

This hypothesis delves into the pivotal role of personalization in the onboarding process. The assumption posits that a personalized onboarding journey, featuring tailored content and interactive elements, contributes to heightened engagement levels compared to a generic onboarding approach.

Hypothesis 2: Bi-weekly Engagement Emails Foster Sustained Interest

Null Hypothesis (H0): The frequency of engagement emails does not impact sustained interest levels.

The engagement email sequence operates under the premise that consistent, bi-weekly interactions sustain interest. This hypothesis seeks to explore whether the frequency of engagement emails significantly correlates with sustained interest over time.

Hypothesis 3: Cart Abandonment Emails Improve Conversion Rates

Null Hypothesis (H0): Cart abandonment emails do not significantly impact conversion rates.

Addressing the inherent challenge of cart abandonment, this hypothesis probes whether strategically timed cart abandonment emails, coupled with enticing incentives, contribute to a measurable increase in conversion rates.

Hypothesis 4: Anticipation Tactics Drive Early Enrollment

Null Hypothesis (H0): There is no significant correlation between anticipation tactics and early enrollment numbers.

The launch email sequence employs anticipation tactics to create excitement and drive early enrollments. This hypothesis investigates the extent to which these tactics influence the timing and volume of course enrollments.

Hypothesis 5: Nurturing Post-Enrollment Enhances Long-Term Relationships

Null Hypothesis (H0): Post-enrollment nurture emails have no significant impact on long-term engagement and repeat enrollments.

The nurture email sequence unfolds post-enrollment, aiming to cultivate enduring relationships. This hypothesis explores the effectiveness of post-enrollment nurture emails in fostering sustained engagement, alumni participation, and potential repeat enrollments.

3.3 Sampling Strategy: Representing Diverse Perspectives

The research methodology advocates for a purposive sampling strategy, ensuring representation from diverse segments of the target audience. Prospective students, current students, faculty members, and industry professionals constitute the primary sampling groups. This intentional selection enables a comprehensive exploration of varied perspectives, enriching the qualitative insights and enhancing the generalizability of quantitative findings.

3.4 Data Collection Techniques: A Multi-Modal Approach

Surveys and Interviews: Qualitative insights are gleaned through surveys and semi-structured interviews. Open-ended questions explore perceptions, challenges, and suggestions, providing a nuanced understanding of user experiences.

Analytical Tools: Quantitative data are extracted through analytical tools embedded in the chosen email marketing platform, Mailchimp. Key metrics, including open rates, click-through rates, and conversion rates, contribute to the quantitative dataset.

3.5 Ethical Considerations: Upholding Integrity in Research

Ethical considerations underscore the entire research process. Participants are provided with informed consent detailing the purpose, procedures, and potential impact of the study. Anonymity and confidentiality are prioritized, with data aggregation techniques employed to ensure individual privacy. The research adheres to the principles of honesty, transparency, and respect for participant autonomy.

4. Implementation: Orchestrating the Email Marketing Symphony

4.1 Integrating Automation: A Symphony of Timed Sequences

The implementation phase revolves around the seamless integration of automation tools to orchestrate the intricate symphony of email sequences. Mailchimp, a robust and user-friendly email marketing platform, serves as the maestro conducting this symphony. Automation features within Mailchimp lay the foundation for precision, efficiency, and personalized interactions.

4.2 Crafting Personalized Onboarding Experiences

The onboarding sequence, a crucial opening movement in our symphony, is meticulously crafted to resonate with each subscriber. Personalization goes beyond mere salutations, extending to tailored content delivery based on user preferences and interactions. The welcome email, akin to the overture, sets the tone, introducing the Program Director's message and offering exclusive glimpses into the academic journey.

4.3 Bi-weekly Engagement: Rhythmic Interactions

The engagement sequence, akin to the lively scherzo movement, follows a bi-weekly rhythm. Dynamic newsletters, faculty spotlights, and interactive webinars form the thematic elements. Mailchimp's automation scheduler ensures timely dispatch, allowing subscribers to anticipate and engage with diverse content regularly.

4.4 Rescuing Abandoned Carts: Harmonizing Recovery Strategies

The adagio movement addresses the challenge of abandoned carts. Mailchimp's automation triggers initiate a sequence of reminders, each crafted to harmonize with the subscriber's journey. Engaging content, coupled with limited-time incentives, aims to recover potential lost enrollments.

4.5 Building Anticipation and Launching with Finesse

As the symphony reaches its crescendo, the launch sequence employs anticipation tactics. Teaser campaigns, pre-launch webinars, and exclusive early-bird discounts build excitement. Mailchimp's A/B testing ensures optimal subject lines and content resonance, enhancing the effectiveness of the launch crescendo.

4.6 Nurturing Relationships: Sustaining the Melody

The post-enrollment nurture sequence, akin to the sustaining and concluding movements, focuses on building enduring relationships. Tailored welcome packages, alumni spotlights, and virtual networking events are orchestrated to sustain the melodic engagement of participants. Mailchimp's segmentation tools facilitate targeted communication, ensuring that each note resonates with the unique preferences of the audience.

4.7 Analytics as the Conductor's Baton

The implementation phase operates under the vigilant eye of analytics, akin to the conductor's baton guiding the orchestra. Mailchimp's detailed analytics provide real-time insights into open rates, click-through rates, and conversion metrics. Regular analysis informs iterative refinements, ensuring that the symphony evolves harmoniously with audience dynamics.

4.8 Continuous Optimization: Refining the Composition

Optimization becomes an ongoing process, akin to refining a musical composition. A/B testing is conducted at various stages – from subject lines to content variations. Dynamic segmentation based on user interactions ensures that subsequent sequences are attuned to evolving preferences.

Participant feedback, obtained through surveys and interaction analytics, serves as the critical score for refining the composition.

4.9 Compliance and Quality Assurance: Ensuring Harmonious Delivery

Ensuring compliance with anti-spam laws and GDPR regulations is akin to maintaining the quality and integrity of a musical performance. Regular checks for mobile responsiveness, brand consistency, and adherence to best practices contribute to the harmonious delivery of each email.

4.10 Budgetary Considerations: Striking the Right Chords

While the project operates within a simulated environment, recognizing budgetary considerations is essential. Mailchimp's cost-effective plans, tailored to the scale of the student project, contribute to striking the right chords between functionality and fiscal prudence.

5. Measurement and Analysis: Decoding the Harmonies of Success

5.1 Key Performance Indicators (KPIs): The Musical Score of Progress

In the intricate composition of the email marketing symphony, Key Performance Indicators (KPIs) are the musical notes that collectively form a harmonious melody, offering insights into the resonance and impact of the orchestrated campaign. These chosen KPIs function as the heartbeat of the project:

Open Rates: Analogous to the audience's attentive listening, open rates measure the receptiveness and initial engagement of participants. Akin to the anticipation before the first note, high open rates indicate a captivated audience.

Click-through Rates (CTR): Reflecting the engagement and responsiveness of participants, CTR serves as the rhythm and tempo of the campaign. Just as a well-paced musical composition holds the audience's attention, a high CTR signifies an actively engaged audience.

Conversion Rates: The ultimate crescendo in the symphony of email marketing, conversion rates represent the successful transformation of interest into enrollment. It is the pinnacle where the symphony reaches its full potential, resonating with the audience's desires.

Webinar Attendance Rates: In the interactive segments of the symphony, webinar attendance rates mirror the participation and enthusiasm of the audience. Similar to the participation in a live musical performance, high webinar attendance rates signify an engaged and responsive audience.

Forum Participation: Reflecting the community engagement and collaborative spirit fostered by the email sequences, forum participation measures the depth of the audience's connection. It is the harmonic collaboration of participants, contributing to the richness of the overall symphony.

Quarterly Enrollment Growth: Serving as the overarching metric, akin to the symphony's overarching melody, quarterly enrollment growth encapsulates the sustained impact over time. It reflects the resonance of the symphony within the academic and professional community.

5.2 Optimization Strategy: Fine-Tuning the Orchestral Performance

Similar to a conductor refining the nuances of a musical piece, the optimization strategy is an ongoing process of fine-tuning. A/B testing serves as the rehearsal ground, experimenting with different subject lines, content variations, and calls-to-action. The dynamic segmentation of the audience ensures that subsequent movements in the symphony resonate even more profoundly with evolving preferences.

5.3 Feedback Loops and Iterative Refinements: The Continuous Melodic Evolution

In the continuous melodic evolution, feedback loops act as the applause of the audience, providing valuable insights into their experience. Surveys and social media channels become platforms for participants to express their thoughts and preferences. These inputs fuel iterative refinements, contributing to the dynamic evolution of the symphony.

5.4 Reporting and Analytics: The Conductor's Baton in Action

Detailed reporting and analytics, akin to a conductor's podium, offer real-time insights into the performance metrics. The conductor, in this case, is equipped to understand which elements resonate most with the audience and identify areas for improvement. The analytics suite becomes a guiding force in orchestrating a harmonious and impactful performance.

5.5 Compliance and Best Practices: Ensuring a Harmonious Delivery

Adherence to anti-spam laws (CAN-SPAM Act) and GDPR regulations is paramount, ensuring a harmonious and compliant delivery. Regular checks for mobile responsiveness, consistent brand representation, and alignment with best practices contribute to the symphonic quality of the email marketing campaign.

6. Compliance and Best Practices: Navigating the Regulatory Symphony

6.1 Adherence to Anti-Spam Laws: The Legal Overture

In the intricate composition of email marketing, compliance with anti-spam laws is akin to the foundational notes of a symphonic overture. The CAN-SPAM Act, the maestro of email legality, dictates the rules that every player in the ensemble must follow. Each email, like a musical score, must carry the clear and resonant identification of the sender, a valid physical address, and an easily accessible opt-out mechanism. Just as a musical piece follows a prescribed set of rules to maintain its integrity, adherence to anti-spam laws establishes the groundwork for trust and legitimacy in the email marketing performance.

6.2 GDPR Regulations: The Melody of Data Protection

Harmonizing with the legal overture, the GDPR regulations contribute the melodic strains of data protection. This regulatory symphony places a spotlight on the protection of individual rights and privacy. It mandates transparent practices in data collection, requiring explicit consent and providing individuals with the right to erasure. Similar to the meticulous protection of intellectual property in a musical performance, GDPR safeguards the integrity and privacy of participants within the email marketing symphony.

6.3 Mobile Responsiveness Testing: Ensuring Harmony Across Platforms

Just as a musical piece resonates differently across various instruments, email templates must harmonize seamlessly across diverse devices. The testing phase becomes a crucial rehearsal, fine-tuning the performance for optimal delivery and engagement on every stage of the audience's digital journey. Mobile responsiveness testing ensures that the symphony of content, images, and calls-to-action resonates harmoniously on desktops, tablets, and smartphones. It's the meticulous attention to detail, ensuring that the symphony reaches its audience with clarity and impact, regardless of the device they use.

6.4 Consistent Brand Representation: The Symphonic Identity

Maintaining consistent brand representation is akin to establishing a symphonic identity. The visual and tonal elements across emails, landing pages, and associated materials create a recognizable and resonant brand presence. Just as a musical composition maintains thematic consistency, the email marketing campaign's brand representation forms the thematic backbone, ensuring that each interaction reinforces the overarching melody of the brand. The symphonic identity resonates in every communication, building a cohesive narrative that aligns with the audience's expectations and perceptions.

6.5 Alignment with Best Practices: The Conductor's Baton in Harmony

Adherence to email marketing best practices serves as the conductor's baton, guiding the orchestration toward perfection. Best practices encompass diverse elements, from crafting compelling subject lines and personalized content to optimizing send times. The conductor's mastery lies in the orchestration of these practices, ensuring that each movement adheres to the established standards, resulting in a harmonious and impactful performance. Best practices, like the conductor's baton, direct the collective efforts of the ensemble toward creating an experience that resonates with the audience, leaving a lasting imprint.

7. Timeline: Orchestrating the Symphony of Email Sequences

7.1 Weeks 1-2: Onboarding Sequence (July 1 - July 14)

The initial movements of the symphony commence with the Onboarding Sequence, akin to the opening notes of a grand overture. As the curtain rises, a crescendo of personalized welcome emails from the Program Director sets the tone. This phase is meticulously designed to immerse new subscribers in the essence of the program, offering a backstage pass through a video tour of the online platform. The audience, in this case, the prospective students, receives an exclusive invitation to a downloadable resource kit, creating a harmonious blend of information and engagement. The Onboarding

Sequence is the foundation, establishing a connection that resonates beyond mere enrollment.

7.2 Weeks 3-4: Engagement Sequence (July 15 - July 28)

As the symphony progresses, the Engagement Sequence takes center stage, offering a continuous melody of valuable content and interactive experiences. The bi-weekly newsletters become the recurring motifs, featuring industry trends, faculty spotlights, and success stories. The tempo is set by expert-led webinars, providing a dynamic rhythm to sustain interest and community building. The audience is invited to participate in a collective symphony, contributing their insights through quizzes and polls. The Engagement Sequence is the heartbeat, ensuring that the resonance of interest and community engagement echoes throughout the entire performance.

7.3 Week 5: Cart Abandonment Sequence (July 29 - August 4)

As the mid-point interlude approaches, the Cart Abandonment Sequence takes the spotlight, akin to a solo performance within the orchestral masterpiece. This phase is designed to recover potential lost enrollments, offering a melodic reminder of the benefits of the selected course. The limited-time offer serves as a harmonic incentive, encouraging prospective students to complete their enrollment within a defined timeframe. Personalized success stories, shared through email compositions, add an emotional layer to this phase, creating a memorable cadence in the overall symphony.

7.4 Weeks 6-8: Launch Sequence (August 5 - August 25)

The grandeur of the symphony reaches its pinnacle with the Launch Sequence, a series of crescendos building up to the official course launch. The teaser campaign acts as the prelude, creating an anticipatory atmosphere with cryptic hints about the upcoming course content. The tempo accelerates with a pre-launch webinar, offering sneak peeks, faculty introductions, and a live Q&A. The climax is reached with the official course launch, accompanied by a limited-time early-bird discount for the first 100 enrollments. The post-launch email series becomes the epilogue, providing in-depth insights, faculty interviews, and student testimonials. The Launch Sequence is the magnum opus, leaving an indelible mark on the audience's perception and engagement.

7.5 Weeks 9-10: Nurture Sequence (August 26 - September 8)

As the symphony approaches its conclusion, the Nurture Sequence takes the stage, akin to the soothing coda that follows a powerful symphonic performance. This phase is designed to cultivate long-term relationships with enrolled students, ensuring ongoing participation. The welcome package becomes the harmonic gateway, offering exclusive access to course materials, study guides, and community forums. Monthly "Alumni Spotlights" add a melodic touch, featuring success stories and achievements of program graduates. The quarterly virtual networking events become the concluding notes, providing opportunities for continued engagement and collaboration. The Nurture Sequence is the harmonic resolution, creating a seamless transition from enrollment to long-term participation.

8. Conclusion: Harmonizing Success through Comprehensive Strategy

The crescendo of the orchestrated symphony, represented by the comprehensive email marketing campaign for the direct marketing student project, concludes with a harmonious blend of success metrics, continuous refinement, and the fulfillment of strategic objectives. This section encapsulates the overarching journey, emphasizing the significance of each orchestrated phase in achieving the campaign's goals.

8.1 Recapitulation of Objectives

The conclusion serves as a recapitulation of the project's primary objectives. It reiterates the overarching goal of elevating brand awareness, fostering engagement, and driving enrollments for the direct marketing student project. Each element of the campaign is revisited in the context of how it contributes to the fulfillment of these broader objectives.

8.2 Evaluation of Key Performance Indicators (KPIs)

The effectiveness of the orchestrated email marketing campaign is evaluated through a detailed analysis of key performance indicators (KPIs). Metrics such as open rates, click-through rates (CTR), conversion rates, webinar attendance rates, forum participation, and quarterly enrollment growth are meticulously examined. The correlation between these metrics and the campaign's success is discussed, providing insights into areas of strength and potential improvement.

8.3 Optimization Strategies and Continuous Improvement

The conclusion emphasizes the importance of a dynamic optimization strategy. A/B testing is highlighted as a continuous refinement tool, allowing for the fine-tuning of subject lines, content variations, and call-to-action buttons. The dynamic segmentation based on user interactions and preferences is underscored as a pivotal strategy for tailoring content to specific audience segments. The feedback loops through surveys and social media channels are acknowledged as valuable sources of insights for ongoing improvement.

8.4 Compliance and Best Practices

The adherence to compliance standards and best practices is reiterated in the conclusion. The campaign's commitment to anti-spam laws (CAN-SPAM Act) and GDPR regulations is emphasized as a foundational aspect of ethical email marketing. The regular mobile responsiveness testing for all email templates is acknowledged as an essential practice for ensuring a seamless user experience across devices. Consistent brand representation and messaging across all communication channels are underscored as critical components of maintaining brand integrity.

8.5 Reflection on the Integrated Automation

The conclusion reflects on the integration of automation throughout the campaign. It emphasizes how the chosen platform, Mailchimp, serves as the conductor orchestrating the entire symphony. The automation features, A/B testing capabilities, and detailed analytics provided by Mailchimp are acknowledged as instrumental in the efficient execution of the campaign. The seamless integration of automated email sequences into the overarching strategy is discussed as a key factor in achieving a cohesive and synchronized marketing effort.

8.6 Future Considerations and Expansion

The conclusion concludes with a brief discussion on future considerations and expansion. It highlights the scalable nature of the email marketing campaign, making it adaptable to the evolving needs of the direct marketing student project. The potential for expanding the campaign to include additional sequences, diverse content formats, and innovative engagement strategies is acknowledged, providing a foundation for continuous growth and evolution.

9. Future Prospects: Nurturing Growth and Innovation

The concluding segment of the student project delves into the prospective trajectory of the email marketing campaign for the direct marketing student project. This section aims to articulate a vision for the future, highlighting avenues for sustained growth, innovation, and the perpetual evolution of the campaign.

9.1 Scalability and Adaptability

The foundational principle guiding future prospects is the inherent scalability and adaptability of the email marketing campaign. Recognizing that the academic landscape and online learning environments are dynamic, the campaign is designed to seamlessly scale and adapt to emerging trends, technological advancements, and evolving educational needs. The infrastructure laid during the initial phases positions the campaign to effortlessly accommodate an increasing volume of students, faculty, and diverse content offerings.

9.2 Diversification of Email Sequences

The project envisions the expansion and diversification of email sequences to cater to a broader spectrum of audience preferences and engagement levels. This involves the introduction of specialized sequences targeting specific segments within the overarching audience. For instance, the creation of sequences tailored for faculty members, professionals seeking short courses, or alumni seeking continuous learning opportunities. Each sequence would be meticulously crafted to address the unique needs and expectations of these sub-audiences.

9.3 Integration of Advanced Automation Features

The future trajectory involves the integration of advanced automation features to enhance personalization and user experience. This includes the incorporation of machine learning algorithms for predictive content recommendations, adaptive scheduling based on individual time zones, and the implementation of smart triggers that respond to specific user behaviors. By embracing cutting-edge automation capabilities, the campaign aspires to deliver a more intuitive and tailored experience for each recipient.

9.4 Dynamic Content Formats and Multimedia Integration

In response to the evolving preferences of the target audience, the project envisions the integration of dynamic content formats and multimedia elements within the email sequences. This includes the incorporation of interactive elements such as quizzes, surveys, and live-streamed events directly within emails. The utilization of multimedia elements, including video lectures, interviews, and visually engaging infographics, aims to create a more immersive and engaging learning experience for recipients.

9.5 Collaborative Community Building

The future outlook places a strong emphasis on community building and collaborative engagement. This involves the establishment of virtual forums, discussion boards, and collaborative spaces within the email ecosystem. The goal is to foster a sense of belonging and interconnectedness among students, faculty, and professionals enrolled in the direct marketing program. By creating avenues for collaborative learning and knowledge exchange, the campaign aims to position itself as not just an educational resource but a vibrant community hub.

9.6 Continuous Monitoring and Iterative Enhancement

A critical aspect of the future prospects involves the commitment to continuous monitoring and iterative enhancement. This entails the implementation of real-time analytics, sentiment analysis, and user feedback loops to gauge the effectiveness of each sequence and element within the campaign. The insights derived from ongoing monitoring serve as the foundation for iterative enhancements, ensuring that the campaign remains responsive to the evolving needs and expectations of its audience.

9.7 Strategic Partnerships and External Collaborations

To amplify its reach and impact, the project envisions the exploration of strategic partnerships and external collaborations. Collaborative ventures with industry experts, renowned faculty members, and relevant organizations could bring diverse perspectives, additional resources, and unique opportunities for the campaign. These partnerships could manifest in joint webinars, co-authored content, or exclusive offerings, enriching the overall value proposition for the audience.

9.8 Accessibility and Inclusivity Initiatives

The project places a strong emphasis on initiatives to enhance accessibility and inclusivity. This involves the implementation of features such as multilingual content, transcripts for video-based content, and adaptive technologies to accommodate diverse learning preferences. By proactively addressing accessibility challenges, the campaign aims to create an inclusive learning environment that caters to a global and diverse audience.

9.9 Agile Response to Educational Trends

Acknowledging the dynamic nature of the education sector, the project commits to an agile response to emerging educational trends. This involves staying attuned to advancements in pedagogy, technology, and instructional design. By embracing a forward-looking approach, the campaign positions itself as a trailblazer in the direct marketing education landscape, ready to integrate innovative practices that align with the evolving needs of learners.

10. Reflections and Continuous Evolution

The closing chapter serves as a reflective space, encapsulating the key takeaways, lessons learned, and insights gained throughout the implementation of the email marketing campaign for the direct marketing student project. It is a crucial juncture where the project team acknowledges achievements, evaluates challenges, and outlines the path for continuous evolution.

10.1 Recapitulation of Key Achievements

The closing chapter begins with a comprehensive recapitulation of the key achievements realized during the course of the email marketing campaign. This encompasses a quantitative analysis of key performance indicators (KPIs) such as open rates, click-through rates (CTR), conversion rates, webinar attendance, and enrollment growth. By quantifying the impact of the campaign, the team gains a clear understanding of its efficacy in achieving the initially defined objectives.

10.2 Lessons Learned and Adaptive Strategies

Embedded within the closing chapter is an exploration of the lessons learned from both successes and challenges encountered. The team reflects on the efficacy of different email sequences, the resonance of content formats, and the responsiveness of the target audience. This retrospective analysis informs adaptive strategies for future campaigns, highlighting areas for refinement, innovation, and optimization.

10.3 User Feedback and Iterative Enhancements

A focal point of the closing chapter is the integration of user feedback and its role in iterative enhancements. The project team gathers qualitative insights from user surveys, social media interactions, and direct feedback channels. By incorporating the voices of the audience, the campaign evolves in response to user preferences, expectations, and evolving needs. This user-centric approach ensures that subsequent iterations of the campaign are finely tuned to the desires of the direct marketing education community.

10.4 Sustainability and Long-Term Impact

Addressing the sustainability of the campaign and its long-term impact is a pivotal aspect of the closing chapter. The team explores strategies for maintaining the momentum generated by the campaign, including ongoing engagement initiatives, alumni involvement, and sustained community building. Consideration is given to the enduring legacy of the project within the academic landscape, aiming for a lasting imprint on the field of direct marketing education.

10.5 Recommendations for Future Campaigns

As part of the closing reflections, the project team formulates recommendations for future campaigns based on empirical evidence, emerging trends, and the evolving landscape of online education. These recommendations serve as a guidepost for subsequent initiatives, providing a roadmap for leveraging the success stories, mitigating challenges, and embracing innovations in the realm of direct marketing education.

10.6 Celebrating Milestones and Acknowledgments

The closing chapter culminates in a celebration of milestones achieved and expressions of gratitude to key contributors. This includes recognizing the dedication of the project team, the support of faculty members, and the active participation of students and professionals. Acknowledgments extend to strategic partners, industry collaborators, and all stakeholders who played a pivotal role in the success of the email marketing campaign.

10.7 The Ever-Evolving Nature of Education

A philosophical note within the closing chapter reflects on the ever-evolving nature of education and the role of digital marketing in shaping its trajectory. The project team contemplates the transformative power of direct marketing education in preparing individuals for the dynamic challenges of the modern business landscape. This reflective exploration underscores the broader significance of the campaign in contributing to the continuous evolution of educational paradigms.

10.8 Commitment to Continuous Evolution

The closing chapter concludes with a reaffirmation of the project team's commitment to continuous evolution. It emphasizes that the conclusion of one campaign marks the commencement of the next phase of innovation and improvement. The campaign's legacy lies not just in its immediate impact but in its role as a catalyst for ongoing advancements in direct marketing education, perpetually adapting to the needs of learners and the dynamics of the educational ecosystem.

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THE ANALYSIS OF THE 5 COMPETITIVE FORCES (PORTER'S MODEL). NETFLIX INC. CASE STUDY

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Abstract

Porter's model, created by Michael Porter, is an analytical framework used to assess the attractiveness of an industry in terms of profitability. It focuses on five key forces that influence competition in an industry: the threat of entry by new competitors, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitutable products or services, and the intensity of competition among existing competitors.

Netflix, the global streaming giant, stands out for its massive investment in original content, creating a strong barrier to entry. With more than 230 million subscribers worldwide, Netflix has a strong position, maintaining customer loyalty through diverse and exclusive content. Competitors such as Hulu, Amazon Prime, and Disney+ are constant threats, and Netflix remains competitive through continuous innovation and adaptation to change within Porter's model.

Porter's model provides a comprehensive perspective on the competitive environment, highlighting the forces influencing the streaming industry. In Netflix's case, the high barrier to entry, consolidated bargaining power, and differentiation through original content ensure it a leading position. However, intense competition necessitates continuous innovation.

The findings underscore the importance of adaptable strategies and customer loyalty to keep Netflix at the top of the streaming industry.

Key words: *Porter's model, Netflix, streaming*
JEL Classification: *M00, M1, M30, L26*

1. Porter's model. Literature Review.

Porter's model (Figure 1), developed by Michael Porter, represents a comprehensive strategic analysis designed to provide a detailed understanding of the competitive environment in which a company operates in a particular industry (Porter, 2008).

This model focuses on five key forces that influence competitive dynamics and can determine the success or failure of an organization in the marketplace (SMARTERS, 2023) .

The Five Forces of the Porter Model (Figure 1), represent an analytical framework developed by Michael Porter and are used to evaluate the competitive environment of a company within an industry. Such forces include:

Figure 1. Porter's 5 Forces

Source: (Pratyush, n.d.)

1.1. Threat of New Entrants (Barrier to Entry)

It measures the degree of difficulty that new players encounter when trying to enter the market.

The more difficult it is for new competitors to enter the market and compete, the lower the threat of new entrants is considered.

The barrier to entry can be determined by high start-up costs, economies of scale, access to distribution channels or government regulations.

1.1.a. Factors Influencing the Barrier to Entry

High Start-up Costs - Industries with high initial investment requirements can deter new entrants. These costs may include research and development, infrastructure setup, and marketing expenses.

Economies of Scale - If existing companies in the industry enjoy significant cost advantages due to economies of scale (cost advantages gained by large-scale production), new entrants might find it difficult to compete on a cost basis.

Access to Distribution Channels - Existing companies may have well-established distribution networks, relationships with suppliers, or exclusive contracts. New entrants may struggle to access these channels, making it challenging to reach customers.

Government Regulations - Regulatory barriers, such as licenses, patents, or industry-specific regulations, can limit the entry of new competitors. Compliance with these regulations might require time and resources that act as a barrier.

1.1.b. Implications of a High Barrier to Entry

A high barrier to entry implies a lower threat of new entrants. Existing companies can operate with more security and potentially enjoy higher profits since they face less competition.

1.1.c. Dynamic Nature

The level of threat can change over time due to technological advancements, changes in regulations, or shifts in consumer preferences. Industries need to stay adaptable to evolving conditions.

1.1.d. Strategic Considerations

Companies within an industry may adopt strategies to reinforce barriers to entry, such as forming alliances, building strong brand identities, or lobbying for favorable regulations.

1.2. Bargaining power of supplies

Assess how much leverage suppliers have in negotiations with the company.

If the suppliers have high power, they can impose higher prices or more restrictive conditions. Factors such as the availability of other suppliers, the supplier's importance to the industry, and the existence of substitutes influence the bargaining power of suppliers.

1.2.a. Factors Influencing Supplier Power

Availability of Other Suppliers - If there are few alternative suppliers for a particular resource or input, the bargaining power of suppliers increases. Limited options may give suppliers more leverage in negotiations.

Supplier's Importance to the Industry - If a supplier provides a critical input that is hard to substitute, their bargaining power is higher. Suppliers of unique or specialized components may have more influence.

Existence of Substitutes - The availability of substitutes for the inputs supplied by a particular vendor can affect supplier power. If substitutes are readily available, companies have more options, reducing supplier leverage.

Switching Costs - High switching costs for companies to change suppliers can enhance supplier power. If it's expensive or operationally difficult for a company to switch suppliers, the current supplier has more negotiating power.

Brand Strength of Suppliers - Strong and reputable suppliers may have more bargaining power as companies may be hesitant to switch to lesser-known suppliers that could impact product quality or reliability.

1.2.b. Impact on Business

Suppliers with high bargaining power can demand higher prices, better payment terms, or impose more restrictive conditions. This can impact the cost structure and profitability of companies in the industry.

1.2.c. Mitigation Strategies

Companies can reduce the bargaining power of suppliers through strategies such as vertical integration (bringing the supply chain in-house), diversifying suppliers, or investing in technology to mitigate the impact of supplier influence.

1.2.d. Dynamic Nature

Supplier power is not static and can change over time. Industry shifts, technological advancements, or changes in global supply chains can alter the balance of power between companies and their suppliers.

1.3. Bargaining power of customer

Analyze how much power buyers have in setting prices and terms of service.

The more power buyers have, the more they can command lower prices or more favorable terms. Buyers' loyalty, degree of information, and ability to switch suppliers influence buyers' bargaining power. (Niță, n.d.)

1.3.a. Factors Influencing Customer Power

Buyers' Loyalty - If customers are loyal to a particular brand or company, their bargaining power may be lower. However, if customers are not committed to a specific brand, they can easily switch to alternatives, increasing their bargaining power.

Degree of Information - In today's information age, informed consumers have higher bargaining power. Customers who are well-informed about product options, prices, and market conditions can negotiate more effectively.

Ability to Switch Suppliers - If customers can easily switch from one supplier to another without significant costs or disruptions, their bargaining power increases. This is particularly true in industries where there are many similar alternatives.

Volume of Purchases - Large buyers or those who make significant volume purchases may have more bargaining power. The prospect of losing a big customer can be a strong incentive for companies to accommodate their demands.

Availability of Substitutes - If there are readily available substitutes for the products or services offered by a company, customers have more options, enhancing their bargaining power.

1.3.b. Impact on Business

High bargaining power of customers can lead to demands for lower prices, better terms, or improved product/service quality. Companies may face increased competition to meet customer expectations.

1.3.c. Mitigation Strategies

Companies can mitigate the bargaining power of customers through strategies such as building brand loyalty, offering unique products or services, providing excellent customer service, and implementing loyalty programs.

1.3.d. Dynamic Nature

The bargaining power of customers can change over time due to shifts in market conditions, changes in consumer preferences, or the introduction of new technologies. Companies need to stay attuned to these dynamics.

1.4. Threat of substitute products

It explores the degree to which other manufacturers or suppliers could substitute for the company's products or services.

The more alternatives there are available to consumers, the greater the threat of substitutable products or services. Product or service differentiation and uniqueness can reduce this threat.

1.4.a. Factors Influencing the Threat of Substitutes

Availability of Alternatives - The more alternatives or substitutes available to consumers, the higher the threat. This is particularly relevant in industries where customers have numerous options to choose from.

Price Sensitivity - If customers are highly price-sensitive and there are lower-priced substitutes available, the threat of substitution increases. Economic factors can play a significant role in this aspect.

Product Differentiation - Companies that offer unique or highly differentiated products or services may face a lower threat of substitution. Brand loyalty and customer attachment to specific features can mitigate the attractiveness of substitutes.

Switching Costs for Customers - High switching costs for customers (the time, effort, or expense required to switch from one product to another) can act as a barrier to substitution. If it's easy for customers to switch, the threat is higher.

Perceived Quality and Performance - The perceived quality, performance, or unique features of a product can influence the threat of substitutes. If a product has distinctive attributes, customers may be less inclined to consider alternatives.

1.4.b. Impact on Business

A high threat of substitute products can negatively impact a company's market share, pricing power, and overall competitiveness. Companies may face challenges in retaining customers if there are compelling alternatives.

1.4.c. Mitigation Strategies

Companies can mitigate the threat of substitutes by focusing on product differentiation, innovation, building strong brand identities, and creating barriers to entry for potential substitute products.

1.4.d. Dynamic Nature

The landscape of substitute products can change over time due to technological advancements, changes in consumer preferences, or shifts in market trends. Companies need to stay adaptable to emerging substitutes.

1.5. Competitive rivalry

It measures the degree of competition between the companies already present on the market.

Strong competition between existing companies can drive down prices, innovation and continuous improvement. Market concentration, fixed costs, and the level of product differentiation influence the intensity of competition among existing competitors.

1.5.a. Factors Influencing Competitive Rivalry

Market Concentration - The number and size distribution of companies in an industry can influence competitive rivalry. In a highly concentrated market with a few dominant players, competition may be less intense, whereas a fragmented market with many similar-sized competitors can lead to more fierce rivalry.

Fixed Costs and Exit Barriers - High fixed costs and significant barriers to exit can increase competitive rivalry. Companies may be compelled to stay in the market even when conditions are challenging, leading to increased competition.

Product Differentiation - The extent to which products or services in the industry are differentiated can affect competition. If products are highly similar and there are few distinguishing features, price competition may be more intense.

Industry Growth Rate - In slow-growth industries, companies are more likely to aggressively compete for a share of the limited market. In fast-growing industries, companies may focus on expanding the overall market rather than competing solely for existing customers.

Switching Costs for Customers - If customers can easily switch between competitors, competitive rivalry tends to be more intense. Lower switching costs increase the likelihood that customers will explore alternatives.

1.5.b. Impact on Business

High levels of competitive rivalry can lead to price wars, reduced profit margins, increased marketing expenditures, and a focus on continuous improvement and innovation to gain a competitive edge.

1.5.c. Mitigation Strategies

Companies can address competitive rivalry by focusing on differentiation, building strong brand identities, innovating products or services, and exploring collaboration or strategic partnerships.

1.5.d. Dynamic Nature

The level of competitive rivalry can change over time due to shifts in market conditions, changes in consumer preferences, or disruptions from new entrants or substitute products. Companies need to be agile and adaptive.

1.6. Why use the Porter model?

Porter's model is an essential tool in a company's strategic arsenal for several key reasons (Magretta, 2011):

1.6.a. Deep Understanding of the Competitive Environment

The model provides a detailed analysis of five key forces that shape the competitive environment.

This deep understanding allows the company to better assess market dynamics and identify critical factors that influence performance.

1.6.b. Identification of Opportunities and Threats

By assessing each force separately, the company can identify opportunities for growth and innovation, as well as threats that can affect long-term viability. This provides the foundation for the development of appropriate strategies.

a. Developing Competitive Strategies

The model provides valuable information for the development of effective competitive strategies. Companies can use the results of the analysis to improve their competitive advantage and to respond to the changes in the business environment.

b. Proactive Approach to Competition

By understanding the forces shaping competition, companies can take a proactive approach to industry change. The ability to anticipate and quickly adapt to market developments thus becomes a competitive advantage.

c. Evaluation of Own and Competitors Position

The model provides a solid basis for assessing the company's relative position vis-à-vis competitors. This comparison enables the identification of strengths and weaknesses, providing guidance for performance improvement strategies.

d. *Strategic Decision Orientation*

Using Porter's model guides strategic decisions. Whether it's developing partnerships, adjusting pricing structures, or innovating products and services, companies can make informed decisions that lead them to success.

3. Netflix Inc. Case Study

3.1. Netflix short description

Netflix, one of the most important global players in the entertainment industry, has gained notoriety through innovation in the field of media streaming. Founded in 1997 by Reed Hastings and Marc Randolph, initially as a DVD rental and mail order service, the platform quickly evolved to become a leader in providing on-demand content (Hosch, 2023)

With a global presence and an impressive number of more than 230 million subscribers in more than 190 countries, Netflix has redefined viewing habits, allowing users to access a wide range of movies, TV series and documentaries anywhere, anytime.

The company has become known not only for its vast library of content, but also for its quality original productions, including award-winning series like "Stranger Things," "The Crown," or "House of Cards."

Netflix has strengthened its position through adaptability and constant innovation, introducing features such as downloading content for offline viewing and developing partnerships to offer diverse content.

With significant influence in the industry, Netflix continues to shape the future of digital entertainment, committed to providing an immersive and accessible experience for its vast audience worldwide.

3.2. Competition in the Streaming Services Industry

The streaming industry has become highly competitive, with several major players vying for users' attention and subscriptions. Among the main competitors of Netflix are (PEREIRA, 2023):

- Disney+: Launched in 2019, it quickly gained popularity with its vast content from brands such as Disney, Pixar, Marvel, Star Wars, and National Geographic. The platform has continuously expanded its original content library.
- Amazon Prime Video: Included in the Amazon Prime subscription, Amazon Prime Video offers a wide range of movies, series and original productions. Its advantage is the integration with other benefits of the Prime subscription.
- Hulu: With a mix of live and on-demand content, Hulu has distinguished itself by providing current series, TV shows and movies. It is also known for airing new episodes quickly after release.
- Apple TV+: Launched by Apple in 2019, it focuses on original productions and collaborations with top content creators. He has amassed a portfolio of productions that have received critical acclaim.
- HBO Max: Integrating HBO's rich content with original productions, HBO Max brings users a variety of series, movies and documentaries, including blockbuster releases.

Fierce competition has driven all players to invest in quality original productions, expanding content libraries and technological innovations.

In an ever-changing environment, each of these competitors seeks to differentiate themselves and appeal to diverse audiences.

It's important to note that new streaming services can emerge at any time, changing the competitive dynamics in this ever-evolving industry.

3.3. Applying Porter's model to Netflix Inc.

3.3.a. The threat of new entrants

Netflix faces little threat from new entrants, particularly due to high entry barriers. The significant costs associated with the development and maintenance of high-quality original content, as well as the necessary technological infrastructure, act as a significant barrier to potential competitors.

The platform has strengthened its position in the market by adopting a robust strategy to protect copyright and by investing substantially in original content. This approach gives them exclusivity in providing some programs and films, making it difficult for new competitors to replicate their offering.

By allocating a significant portion of its revenue to the production of original content, Netflix has built a vast and diverse library, generating strong loyalty from existing users and discouraging potential entrants from trying to offer something similar.

Entering into exclusive broadcast rights deals ensures that some of the most popular and anticipated content is exclusively available on their platform. This not only attracts users, but also makes it less attractive to switch to other services.

Netflix benefits from economies of scale in the production and distribution of content. Due to a large user base, costs per unit are reduced, giving them a competitive advantage and making it difficult for other competitors to enter.

3.3.b. Bargaining power of suppliers

Content providers, such as film studios or content creators, have significant influence over pricing and contractual terms, possessing valuable resources such as movies, series and other programming essential to maintaining the appeal of Netflix's catalog.

Netflix has taken a proactive approach by heavily investing in the development and production of its own content. Not only does this give it increased independence from third-party providers, it also gives it control over their entertainment offering.

The platform has been able to secure favorable negotiations with content providers, benefiting from its global streaming status and large subscriber base. This allows Netflix to negotiate more favorable terms, including competitive rates and expanded broadcast rights.

By continuously developing its own content and diversifying its portfolio, Netflix is reducing its dependence on external providers. This diversification enhances flexibility in negotiations and reduces the risk of being vulnerable to excessive supplier pressure.

Significant investments in technology to improve streaming services and increase the attractiveness of user experience bring another level of advantage in negotiations with providers. Thus, Netflix becomes a preferred platform for content distribution, strengthening its position in the industry.

3.3.c. Bargaining power of buyers

Netflix offers a wide range of exclusive and diverse content, including series, movies and documentaries. This engaging and unique content is a strong magnet for subscribers, turning them into a loyal audience of the platform.

Netflix subscribers' loyalty is due to the personalized viewing experience and the diversity of their content offering. This loyalty makes them less likely to explore alternatives or negotiate better terms, trusting in the quality and diversity of the services offered.

With a global streaming platform, Netflix brings access to its vast content across the globe into the homes of its subscribers. This extended presence and global availability adds additional value, reducing the reason for subscribers to seek alternatives.

Netflix's variety of subscriptions, from premium packages to basic options, gives subscribers the ability to choose based on their needs and budget. This diversity in options strengthens subscriber loyalty by giving them flexibility in choosing the right plan.

Constant investments in the quality of streaming services and improving the viewing experience, including expanded viewing possibilities on various devices, reflect Netflix's commitment to the satisfaction of its subscribers.

This attention to detail and constant improvement efforts help to increase the level of customer satisfaction.

3.3.d. Threat of substitutable products or services

In the crowded streaming market, competition is fierce, and the presence of rivals such as Hulu, Amazon Prime Video, and others is a constant threat. However, Netflix stands out for its distinct strategic approaches.

Netflix is investing heavily in original content production, including series, movies and documentaries. This exciting and innovative content is becoming a brand of fabulousness for Netflix, attracting and retaining subscribers because of its exclusivity and outstanding quality.

Netflix also pays close attention to the user experience, providing a friendly and personalized platform. Features such as personalized recommendations, offline viewing facilities, and easy navigation help build an engaging and engaging experience for users.

With an extensive global presence, Netflix delivers its content to almost every corner of the world. This globality and extended accessibility gives it a competitive advantage in competition with local or regional services.

The platform adopts an approach of continuously diversifying its content offering, covering a diverse range of genres and tastes. This diversity ensures that Netflix remains relevant to a wide audience, diminishing the appeal of alternatives. By implementing strong marketing strategies and building a globally recognized brand, Netflix is helping to build subscriber loyalty and create an ongoing preference for its service, thereby reducing the threat of substitution.

Through continuous investment in technology, Netflix adapts to industry changes and maintains a modern and efficient technology platform, ensuring a high-quality streaming experience for users.

3.3.e. Intensity of competition between existing competitors

Netflix stands out by investing heavily in original content production, generating series, movies and documentaries exclusively for its own platform. This strategic approach not only differentiates them from other competitors, but also provides subscribers with a significant reason to stay loyal.

Netflix's ability to conduct strategic negotiations, including the conclusion of advantageous agreements with content producers, plays a critical role in maintaining an attractive offer for users and in effectively managing costs in a competitive environment.

Through continuous investment and well-crafted strategies, Netflix has been able to create high barriers for new competitors who would like to enter the market. The significant costs associated with developing original content and building subscriber loyalty represent considerable obstacles for potential entrants. This combination of actions underscores not only Netflix's resilience in the face of competition, but also its ability to set high standards in the streaming services industry.

4. Conclusions

Netflix has established a strong barrier to entry through massive investments in original content and exclusive deals, thus building a significant barrier to potential entrants. This strategic approach not only ensures the stability of Netflix's position in the streaming services landscape, but also reflects its commitment to providing high quality and exclusive content.

In terms of the bargaining power of the providers, although they have considerable influence, Netflix has managed to maintain its strong position by developing its own content. This not only gives it an advantage in negotiations with suppliers, but also reduces dependence on content from third-party suppliers.

Netflix enjoys remarkable loyalty among its subscribers thanks to its exclusive and diverse content. This strong loyalty helps reduce the bargaining power of buyers and creates a stable user base, thereby strengthening the platform's position in the market.

Differentiation through original content remains a critical pillar of Netflix's success in a competitive environment. The company continues to differentiate itself through the consistent production of quality original content, thereby attracting subscribers and strengthening its position in front of the competition.

In an increasingly competitive market with players such as Hulu, Amazon Prime and Disney+, Netflix maintains a constant commitment to innovation and investment in original content to maintain interest and attract new subscribers.

Adaptability to change is another key factor in Netflix's continued success. Its evolution from a DVD rental service to a global leader in streaming highlights the company's ability to adapt to industry changes and consumer preferences.

By applying Porter's model, we observe that Netflix has developed and implemented a robust strategy to address the critical factors in the competitive environment, thereby securing its dominant position in the streaming service industry. Constant investment in original content and adaptability to change are essential elements that have contributed to the company's continued success in a dynamic competitive landscape.

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THE MAIN FUNCTIONS OF DIGITAL PUBLIC RELATIONS IN GOVERNMENT

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Abstract

Digital Public Relations (PR) in government encompasses a range of activities aimed at managing and enhancing the government's image and communication through digital platforms. This includes using social media, websites, blogs and other online channels to disseminate information, communicate with citizens and shape public opinion. Citizen Engagement enhances two-way communication between government and citizens by encouraging feedback, facilitating discussions and addressing concerns in real-time, thus promoting citizen engagement and participation in governance processes. Digital PR plays an important role in crisis management and mitigating negative publicity by proactively resolving issues, providing clarifications and managing public perceptions through strategic communication strategies on digital platforms. Outreach helps build and develop relationships with various stakeholders, including the media, community leaders, advocacy groups, and other government agencies, and promote cooperation and mutual understanding. Digital Public Relations in government is an essential tool for effective communication, engagement, reputation management and decision support in the digital age.

Key words*: Digital Public Relations, government communication, citizen engagement, crisis management, stakeholder relations.*

JEL Classification: *D73, H10.*

Introduction

Nowadays, with the rapid development of communication technologies, the public relations strategies of states are also undergoing a significant transformation. Digital public relations have become a critical tool that strengthens communication between public institutions and citizens and provides an effective communication environment. In this context, understanding the basic functions of digital public relations in government is extremely important in order to increase the effectiveness of public services and promote social participation.

One of the most important functions of digital public relations is to increase transparency and accountability. Digital platforms such as the internet and social media enable citizens to obtain information and participate by making government decision-making and policy-making processes more transparent. Additionally, when the state provides information to citizens in an open and accessible manner, it increases public trust and strengthens faith in democratic processes.

However, digital public relations also serve as a fast and effective communication tool. Issues such as emergencies, announcements, and policy changes can be conveyed quickly and to large audiences. This raises public awareness and allows the government to respond to citizens' needs more quickly.

Another important function of digital public relations in government is to encourage citizen participation. It becomes possible to organize surveys, get opinions, and understand the opinions and expectations of the society through online platforms. This allows policymakers to better align their services to citizens' needs.

In this article, we will focus on the main functions of digital public relations in government. We will examine how digital communication tools transform state and citizen relations and the effects of this transformation on society.

One of the primary functions of digital public relations in government is to provide information and content. Internet and social media platforms make it easier for the government to inform citizens about policies, services and legal regulations. In this way, citizens can access up-to-date and accurate information and be aware of their rights and responsibilities.

Additionally, through digital public relations, the government can receive citizens' feedback and better respond to their expectations. Social media platforms and online communication tools allow citizens to easily convey their opinions, complaints and suggestions. This feedback is of great importance in developing public policies, improving service quality and responding to social needs more effectively.

Digital public relations also enable public institutions and authorities to establish a closer relationship with citizens. Through social media accounts, government officials can communicate directly with citizens, answer their questions and listen to their concerns. Such interactions help the state create a more accessible and people-oriented image.

As a result, the main functions of digital public relations in government focus on strengthening communication between society and the state, increasing transparency, encouraging citizens' participation and improving the quality of public services. The use of digital communication tools allows the government to provide services in a more effective, accessible and accountable manner, while also enabling citizens to participate more actively. In this context, the importance of digital public relations in the state is increasing and is becoming an indispensable part of modern democratic processes.

1. Results and discussion

Public relations (PR) is a set of techniques and strategies related to managing how information about an individual or company is disseminated to the public, especially the media. Its main goals are to spread important company news or events, protect the brand image and have a positive impact on them to minimize the consequences of negative events. PR can take the form of a company press release, press conference, interviews with journalists, posting on social media or other places.

PR differs from advertising in that it seeks to represent the image of a person or brand, such as generating good press from independent sources and recommending business decisions that will gain public support. By the middle of the 20th century, PR was clearly defined as one of the fastest growing industries in the United States. In addition to handling media inquiries, information requests, and shareholder concerns, PR staff are often responsible for creating and maintaining a corporation's image.

Public relations are often divided into different agencies or departments. Each department is specifically suited to handle a specific aspect below:

Media relations is an emphasis on building strong relationships with public media organizations. The media relations team often works directly with external media by delivering company news directly, providing verified content sources and being available for public comment on other news.

Production relations are closely related to the direct activity of the company. This department supports broad marketing plans and is often involved in specific, one-off tasks such as a new product launch, a special campaign, or the management of a major product change.

Investor relations is the oversight of the relationship between a company and its investors. Manages investor events, oversees financial disclosure communications and handles investor complaints.

Internal relations are the area of public relations between the company and its employees. Internal relations involve advising employees, mediating internal issues to ensure that all employees are satisfied with working conditions, and to prevent dissatisfaction from becoming public.

Government relations are the relationship between the company and related governing bodies. Some public relations departments want to build strong relationships to provide feedback to policy makers, to push decision makers to act in specific ways, and to ensure that the company's customers are treated fairly.

Community relations are public relations focused on brand and reputation within a particular community. Community can be physical or non-physical.

Customer relations are the bridge between a company and its customers. Public relations often involve managing key relationships, conducting market research, understanding clients' priorities, and addressing key concerns.

Public relations professionals often have strong communication skills. Their role is to absorb information, process how it might affect the company's image, and how to communicate externally to change that image. Public relations professionals often build relationships with many different types of people, including key clients, government officials, and foreign media.

Customers make decisions for a number of reasons. If the company is involved in a controversial public issue, the customer can no longer feel connected to the brand, image and product. Public relations often drive this brand and ensures that customers, employees, investors, and other external parties are in a positive position to continue their involvement with the company.

Public relations are beneficial for any party that wants to have a positive public image. Often, corporations and publicly traded companies initiate public relations. A company may have a different public relations team or public relations strategy for certain brands or products. Also, celebrities or high net worth individuals may have private public relations teams. These teams are used to maintain a positive public image and manage media inquiries [7].

It is very important to use different online tools and different channels to work effectively in Online Public Relations (PR). Among the tools used for online PR work; we can list one-off e-mailing, press releases, company blogs, search engine optimization and social media platforms. It cannot be said that the E-mailing system for online PR is very successful. Because according to the conducted research, 54% of people complain about receiving too many e-mails. To be able to take place in social media; online PR is one of the rational ways to work quickly and easily reach a large number of people. Because one out of every nine people in the world today is a Facebook user, the time a Facebook user spends on Facebook in a month is 15 hours and 33 minutes.

Another right channel for doing these things is YouTube. Because there are 490 million users who are interested in the site every month. If we look at the total, the time spent on YouTube every month is 2.9 million hours. To know how to manage a successful Online PR, it is necessary to define the online PR strategy in the right way and apply the right tactics that are defined. Online PR can do more harm than good to organizations if not managed properly [4]. PR companies in Azerbaijan have a vital role in influencing the perception and stance of businesses, organizations and individuals. Here we will analyze the leading public relations agencies of Azerbaijan based on the available information.

Figallo Agency is recognized as a leading provider of public relations services in Azerbaijan. Figallo Agency demonstrated its outstanding performance in the industry with an impressive rating of 4.9 and positive feedback from seven satisfied customers. Their slogan "Hackeemos la Vida. Hackeemos nuestros límites" ("Let's hack life. Let's go beyond our limits") implies an energetic and creative approach to public relations methods. In addition, their status as an award-winning agency and the successful completion of six PR projects further reinforces their image as the top PR firm in the region, despite premium costs starting from €5000.

FIGURA is a highly recommended and reputable PR firm in Azerbaijan. FIGURA has exceptional proficiency in designing and implementing digital strategies to achieve corporate goals, as evidenced by its perfect 5.0 rating and eight positive reviews. Their track record of successfully delivering six PR projects and recognition as an award-winning agency underlines their expertise and credibility in the field of public relations. FIGURA offers the services at a reasonable price starting from €1000, making the services accessible to a variety of clients.

These companies differentiate themselves not only by receiving outstanding ratings and reviews, but also by using creative strategies in public relations. Both Figallo Agency and FIGURA prioritize originality and strategic thinking in their efforts, viewing these as vital qualities to successfully navigate the complex and ever-changing PR environment in Azerbaijan's diversified market.

Although the other firms mentioned offer similar services such as consulting, digital marketing and event management, they do not have a significant impact in the field of public relations, as evidenced by the lack of public relations-related projects or evaluations. However, their proficiency in complementary areas can be advantageous for clients seeking comprehensive marketing solutions.

To summarize, Figallo Agency and FIGURA are the most exceptional choices for businesses and organizations that need quality public relations services in Azerbaijan. By demonstrating success, creative strategies, and a commitment to high quality, these firms have become highly skilled at helping clients accurately control their public image and achieve their communication goals in the dynamic Azerbaijani market [2].

According to Table 1, here is a summary of the most interesting facts about social media.

Table 1. Summary of the most interesting facts about social media

Fact	***Information***
Total active social media users globally	4.74 billion
Percentage of the world's population using at least one platform	59.3%
New social media users gained in the last year	190 million
Average daily time spent on social media per person	2 hours and 27 minutes
Most used social media platform	Facebook - 2.96 billion active users
LinkedIn users searching for jobs	52 million
Main reason for using social media	47% connect with family and friends
Expected size of the influencer marketing market by 2023	$17.4 billion
Percentage of social media users who are women	46%
Percentage of social media users who are men	54%
Fastest growing social media app in 2023	Themes from Meta - 5 million users in 100 days

Source: [1]

These statistics show some of the trends and challenges in the field of digital marketing (Table 2).

Table 2. Digital marketing statistics

Statistics	

Marketers believe share will increase omni-channel marketing budgets in 2021	36%
Share of marketers struggling to measure ROI on digital marketing campaigns	32%

Source: [5]

In connection with our research, the article titled "The main functions of Digital Public Relations in government" can reflect these statistics or talk about how digital marketing can be applied in government-documented public relations. Digital PR uses digital tools to inform the public about various government programs and developments and to provide information to the public. The trends shown by these statistics suggest how digital marketing strategies can be developed and optimally implemented to better understand and engage the public.

As a conclusion, for governments to effectively develop and implement digital marketing and PR strategies, it is important to pay attention to the following recommendations:

Target Audience Analysis and Segmentation: Governments should identify and segment their target audiences using various digital tools. This allows customizing communication strategies and content according to the needs and preferences of target audiences.

Adopt Omni-channel Approach: Governments should adopt omni-channel marketing strategies using various digital channels (social media, websites, email, mobile applications, etc.). This increases engagement with target audiences and diversifies information sharing.

Regular Content Production and Sharing: Governments should produce and share current and interesting content regularly. This ensures constant interaction and information with target audiences.

Promoting Two-Way Communication: Governments should actively strive to collect feedback and engage with target audiences on digital platforms. Feedback can be an important resource for developing and improving strategies.

Measurement and Analysis: Governments should use appropriate analytical tools to measure the effectiveness of digital marketing and PR activities. This is important to evaluate the success of strategies and optimize future plans.

Continuous Improvement and Adaptation: Governments must constantly review their digital marketing and PR strategies and adapt to changing market conditions. Flexibility and innovation are the foundation of a successful digital communications strategy.

These recommendations can help governments strengthen their presence in the digital world and manage public affairs more effectively. However, as each government has its own specific needs and circumstances, it is important to customize and adapt strategies accordingly.

Implementing digital marketing and PR strategies in Azerbaijan makes the government's public services more accessible and enables citizens to communicate more effectively with the government. These strategies can help gain community trust and increase the effectiveness of public services by increasing public participation. Additionally, with better data analysis and decision-making processes, it can enable more efficient use of public resources and enable the development of innovative solutions. In this way, the adoption of digital communication strategies in Azerbaijan can contribute to a more effective and transparent management of the government.

Conclusion

The development and effective implementation of digital marketing strategies for the public shows that governments have an important role in the field of public relations in today's digital world. The article titled "Main Functions of Digital Public Relations in Government" can be an important resource in this context. Digital PR uses digital tools to publicize, inform and engage with governments' various programs and developments.

The above statistics show that digital marketing can help governments manage their public relations strategies more effectively. For example, governments may need to adopt omni-channel marketing strategies to reach their target audiences more effectively. This includes the opportunity to engage with target audiences and share information using a variety of digital channels.

It should also be noted that digital marketing strategies can help governments measure their public relations success and make improvements. Statistics show that some marketers struggle to measure the ROI of their digital campaigns. Therefore, when implementing digital PR strategies, it is important for governments to evaluate the effectiveness of their strategies using the right measurement and analysis tools.

In conclusion, it is clear that digital marketing and PR strategies play an important role in governments' management of public affairs. In this context, governments need to closely follow the developments in the digital world, develop innovative strategies and communicate effectively with their target audiences. Resources such as "Main Functions of Digital Public Relations in Government" can guide government officials through this process and highlight the importance of digital PR.

According to the views expressed in the article, the effective use of digital marketing strategies in public services demonstrates the important role of governments in the field of public relations in today's digital world. The article titled "Key Functions of Digital Public Relations in Government" can be an important resource in this context. Digital Public Relations aims to publicize, inform and interact with the public about various programs and developments of governments using various digital tools.

The above statistics show that digital marketing can help governments manage their public relations strategies more effectively. For example, governments should adopt omni-channel marketing strategies to reach their target audiences more effectively. This includes the opportunity to engage with target audiences and share information using a variety of digital channels.

Additionally, digital marketing strategies can help governments measure public relations success and make improvements. Statistics show that some marketers struggle to measure the ROI of their digital campaigns. Therefore, when implementing digital PR strategies, it is important for governments to evaluate the effectiveness of their strategies using accurate measurement and analysis tools.

In conclusion, it is clear that digital marketing and PR strategies play an important role in governments' management of public affairs. In this context, governments need to closely follow the developments in the digital world, develop innovative strategies and communicate effectively with their target audiences. Resources such as "Essential Functions of Digital Public Relations in Government" can guide government officials through this process and highlight the importance of digital PR.

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GREEN ECONOMY AS ONE OF THE DIRECTIONS OF SUSTAINABLE DEVELOPMENT

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Abstract

In article it is spoken about need of reorientation of economic activity for the direction reducing environmental risks. "The green economy" is considered as the new vector of a sustainable development promoting increase of welfare of people and providing social justice. Recently in decisions of many important meetings of high level appeals to pass to "green economy" even more often sound. So,for example, in joint statements of the Big twenty this question became a key subject of the agenda in a context of a sustainable development and poverty eradication.

Keywords*: Green economy, Food security, Crisis, Green additions.*
JEL Classification: *D04, O11, F15.*

Introduction

In the last two years, the idea of a "green" economy has become widely discussed not only by specialists in environmental economics, but also in various political forums. It is increasingly mentioned by heads of state and finance ministers.

The current rise in interest in the concept of a green economy is undoubtedly fueled by growing disillusionment with the prevailing economic model, as well as a sense of fatigue generated by numerous crises and market failures that were observed during the first decade new century, especially the financial and economic crisis of 2008. However, at the same time, we are seeing more and more signs of progress, the emergence of a new economic model in which humanity will not pay for new material goods by increasing risks to the environment, shortages natural resources and widening social divisions.

These signs also indicate that the transition to a green economy has a strong economic and social rationale. A compelling case is emerging for redoubled efforts by both government and the private sector to achieve this economic transformation. Governments are therefore challenged to level the playing field for green products by eliminating outdated subsidies, reforming policies and creating new incentives, strengthening market infrastructure and market mechanisms, redirecting public investment and moving towards green public procurement. And the challenge for the private sector is to recognize and seize the genuine opportunities presented by the transition to a green economy in a number of key sectors, and to respond to policy reforms and price signals through increased financing and investment [1].

1. Results and discussion

Over the past decade, humanity has simultaneously experienced several crises: the climate crisis, the biodiversity crisis, the fuel crisis, the food crisis, the water crisis, and, in recent years, the crisis of the financial system and the economy as a whole. The increase in global climate-altering emissions points to the growing threat of rapid climate change, which could lead to catastrophic consequences for humanity. The surge in fuel prices in 2008 and associated increases in food and commodity prices highlight structural weaknesses and risks that remain unresolved. Growing demand forecast by the International Energy Agency (IEA) and others suggests continued dependence on oil and other fossil fuels and significant increases in energy prices at a time when the global economy is seeking recovery and growth.

Regarding the issue of food security, we observe a lack of both public understanding of the nature of the problem and global joint solutions aimed at providing food for the 9 billion people who will inhabit the Earth in 2050. Freshwater shortages are already a global problem, and by 2030 it is projected that there will be a growing gap between annual freshwater demand and supplies from renewable sources. More than 2.6 billion people are likely to benefit from improved sanitation. Still remains low; 884 million people still do not have access to clean drinking water. Together, these crises are dramatically reducing humanity's ability to maintain current living standards around the world and achieve the Millennium Development Goals to reduce extreme poverty. They exacerbate persistent social problems associated with job loss, socio-economic insecurity and poverty, and threaten social stability [2].

Although the causes of these crises are different, there are fundamental similarities between them, which are the irrational distribution of capital. Over the past two decades, large amounts of capital have been invested in real estate, fossil fuels and structured financial assets with embedded derivatives, however, relatively little money has been spent on developing "renewable" energy, improving energy efficiency, public transport systems, developing sustainable agriculture, protecting ecosystems and biodiversity, and conserving soil and water. In fact, most economic development and growth strategies have encouraged the rapid accumulation of physical, financial and human capital, but through excessive depletion of natural capital, natural resources and ecosystems have been sacrificed. As the world's natural resources are depleted, often irreversibly, this model of development and growth is detrimental to the well-being of current generations and creates enormous risks and challenges for future generations. The recent multiple crises are very characteristic of this model.

Existing regulations and market incentives exacerbate this problem of capital misallocation by allowing companies to carry out activities that have important environmental and social impacts, often without any external accounting or oversight. "Free markets are not intended to solve social problems", therefore there is a need to improve state policy, including measures in the field of pricing and regulation, to change the perverse market incentives that lead to this misallocation of capital and ignore social and environmental. The role of smart regulations, policies and public investment in changing private investment patterns is also increasingly recognized and demonstrated by success stories from all regions of the world, especially developing countries.

In countries where public funding, dependent on tax revenues and the government's ability to raise debt in capital markets, is limited, reform of subsidies and tax policies can be used to increase green investment. For example, subsidies in energy, water, fisheries and agriculture drive down prices and contribute to overconsumption of the associated natural capital. At the same time, they put a big burden on the state budget. Phasing out such subsidies and introducing taxes on energy and natural resource use will improve efficiency while strengthening public finances and freeing up resources for green investments. Eliminating subsidies in just these four sectors, for example, would save 1-2% of global GDP annually [3].

The role of international and local development finance institutions in facilitating the transition to a green economy can be increased. In particular, they could, in addition to fighting poverty, aim to promote the development of a green economy, linking it to specific goals such as reducing CO2 emissions, improving access to water and sanitation, and preserving biodiversity. It would also be advisable for them to assess the net effect of such activities in terms of climate change, biodiversity conservation and the transition to a green economy in general. Policies could be developed to improve the green performance of their investments by looking, for example, at the investments' total carbon emissions and environmental impacts. In addition, these institutions also influence the nature of investment and public financing through loan agreements and due diligence before issuing loans. They could jointly define green assessment procedures, standards and targets for sectors in which they have significant influence, such as municipal finance, transport and energy. National development banks can also play a significant role in developing and disseminating new approaches to developing green municipal policies and greening the residential sector.

Finally, stable and flexible capital markets, complemented by sound investment and financial intermediation practices, will play a key role in attracting capital on a scale sufficient to support the transition to a green economy. It is obvious that in order to redistribute capital and financial resources in order to accelerate the construction of a "green" economy, significant changes in philosophy, culture, strategy and approaches will be required in the sectors key to the functioning of the financial system - banking, investment and insurance, and, above all, it will be necessary to abandon Such a widespread practice today of planning only for the near future. At the same time, it will require an evolution in the fundamental aspects of international accounting systems and capital markets rules, as well as our understanding of fiduciary responsibilities in investment policy development and investment decisions, to fully take into account all ESG factors on a broader scale than is done today. Without these changes, price signals and incentives to support the transition to a green economy will not have sufficient impact.

The transition to a green economy has the potential to ensure sustainable development and eradicate poverty on a scale never before seen. This potential is essentially due to changing the rules of the game: both our world and the challenges we face in it have changed radically and require a fundamental rethinking of our approach to economics.

Increasing and improving natural capital, such as forests, water resources, soil and fisheries, especially important for the rural poor, requires a reallocation of public and private investment, which can be achieved through appropriate policy reforms and the creation of an enabling environment [5]. These green investments will also support the development of new sectors and technologies that will become major sources of economic development and growth in the future. These include technologies for producing energy from renewable sources, resource- and energy-efficient buildings and equipment, low-carbon public transport systems, infrastructure for low-fuel and clean energy vehicles, waste management and recycling facilities. Accompanying investments in human capital are needed to ensure a smooth transition to a more sustainable development path, including investments that will enable people to acquire the knowledge, management skills and technical competencies needed for a green economy.

One of the main conclusions is that the transition to a green economy stimulates growth, income and employment, and that the need for a so-called “trade-off” between economic development and environmental sustainability is a myth, especially when natural assets are taken into account when assessing a country’s wealth, and not just manufactured products. The findings show that while economic growth in the green scenario may be lower in the short term than in the business as usual scenario, in the long term (2020 and beyond) the transition to a green economy will achieve higher growth rates.

Across a range of important sectors, such as agriculture, housing, forestry and transport, the green economy delivers greater employment gains in the short, medium and long term than conventional development. In sectors where capital is highly depleted, such as fisheries, the transition to a green economy will entail loss of income and jobs in the short to medium term due to the need to restore natural stocks, but this is necessary to prevent irreversible losses of income. In these cases, transitional measures are needed to protect workers from negative impacts on their livelihoods.

While most of the investment needed to transition to a green economy will need to come from the private sector, public policy will also have a significant role to play in addressing the imbalances caused by poorly designed subsidies and overlooked social costs. In addition, public funding will be needed to provide the initial impetus for an effective transition to a green economy.

Although private capital is many times larger than the financial resources of the public sector, it is not readily available to many developing countries. In this regard, a significant part of the funds needed for large-scale green investments in the early stages of the transition to a green economy will have to come from fundamentally new financing mechanisms. In this sense, great hopes are placed on the new Green Climate Fund and the REDD+ project as mechanisms that can provide sufficient financing for an effective transition to a green economy. In countries where government budgets are small, international development banks are best positioned to provide financial assistance to help them embark on a green development path.

To summarize, a green economy values and invests in natural capital. Better conservation of ecosystem services improves social security and increases household incomes in poor rural communities. Ecological farming methods significantly increase productivity in catering farms. Finally, improved access to fresh water and sanitation and innovations in decentralized energy supply (solar energy, biomass cookers, etc.) also help alleviate poverty as part of a green economy strategy.

A green economy replaces fossil fuels with clean energy and low-carbon technologies, reducing climate impact while creating decent jobs and reducing import dependence. New technologies that promote energy and resource efficiency are opening up opportunities for growth in new directions, offsetting job losses in the brown economy. Increasing resource efficiency - the efficiency of using both energy and raw materials - is manifested everywhere, including in improving the waste management system, strengthening the role of public transport, green building and reducing the amount of food waste throughout the food production and consumption chain.

Norms, standards and goals are very important in setting the direction of development. But it is equally important to allow developing countries to move at their own pace, taking into account their own development goals, circumstances and constraints. Developed countries have a leading role to play in developing skills and competencies in developing countries, and in shaping the international market and legal framework for a green economy [8].

Conclusion

A successful transition to a green economy requires the creation of an enabling environment and adequate financing, but both goals are achievable. Environmentally and socially harmful subsidies are obstacle and must be cancelled. However, some situations and over certain limited periods of time, the judicious use of subsidies can facilitate the transition to a green economy. Taxes and other market-based instruments can be used to stimulate the necessary investment and innovation to finance the transition. However, while the transition to a green economy will require large-scale investments, these investments can be mobilized through sound public policies and innovative financing mechanisms.

A green economy can deliver the same growth and employment levels as a brown economy and outperform it in the medium to long term, while delivering greater environmental and social benefits. Of course, there are inevitable risks and problems along the way. The transition to a green economy will require the concerted efforts of world leaders, civil society and leading companies. It will require ongoing efforts by policymakers and their constituents to rethink and redefine traditional measures of wealth, prosperity, and well-being. However, perhaps the biggest risk today is the risk of maintaining the status quo.

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TOURISM IN AZERBAIJAN

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Abstract

This article examines the role of tourism economics in the economy of the Republic of Azerbaijan. Everyone knows that the main basis of a country is its economy. "Economics" is not just a term; it combines many areas. Economics is like a family, economic spheres are like family members. Because they are interconnected with each other. Among them, one of the important ones is the economics of tourism. Tourism is the most advanced and important sector in all countries of the world. The tourism economy is developing at a high level in some countries and relatively poorly in some countries. And in Azerbaijan it is at an average level. But every year this area is growing and expanding. The article also talks in detail about how developed the tourism economy is in Azerbaijan, its impact on the economy as a whole, emerging problems and ways to solve them.

Keywords*: tourism, development directions, foreign competition, problems in tourism.*

JEL Classification: *Z30, Z32.*

Introduction

Developing day by day, the Republic of Azerbaijan is constantly developing and expanding its position among the countries of Europe and Asia. Mainly as a country that defeated the enemy, it showed its power to the whole world. Azerbaijan continues to develop in the fields of education, healthcare, agriculture, art and other areas. Unemployment is one of the main problems in Azerbaijan, as in countries around the world. Therefore, important measures are being taken in this area. Statistics show that these measures pay off over time. In recent years, tourism in the economy of our country has been competing with other industries, that is, it has been developing and increasing its role in the economy. Tourism not only expresses the interests of society, but is also one of the sources of high income. Tourism has become a very important factor not only in the domestic economy but also in the international sphere. It plays an indispensable role in foreign trade.

There are important factors influencing the development of this area both in our country and in the world. Tourism itself has an important impact on the development of other areas, since every year it affects the areas of consumption and production. The tourism sector of Azerbaijan has a number of strong areas. You can point to the territory of Azerbaijan, its geographical location, rich culture, the presence of a large number of hotels and other infrastructure, and the high role of the state in this matter. Although the tourism sector has often been a victim of economic crises, each time it has managed to revive [1].

1. Analysis of the role of tourism in the economy

The presence of ancient history, rich cultural places, beautiful monuments, favorable natural and geographical conditions, mineral natural resources and other similar factors have created conditions for the development of tourism in Azerbaijan. Projects implemented for the development of tourism also affect the international reputation of Azerbaijan.

The number of tourists coming to Azerbaijan continues to increase every year, because everyone wants to visit a country with high mountains, green forests, clear blue water and magnificent history. We know that there are some factors that allow people to live. However, nowadays everyone wants to travel, have fun, visit new cities or countries. it has already become a part of people's lives. These reasons contribute to the development of tourism at a high level in each country [2]. Based on statistical data, we can say that in January-July 2023, tourists from 180 countries came to Azerbaijan. This figure is 37% more than the previous one. Most of the guests come from the Russian Federation, Turkey, Saudi Arabia, Georgia, and Kazakhstan. During these dates, 71.1% of tourists used air transport, 27.6% - rail and road, and 1.3% - sea transport.

Now tourism has a leading force as a non-oil sector. This is evidenced by the fact that tourism development programs are reflected in the adopted

State programs for regional development. One of the most important factors in the development of tourism is the presence of a large number of jobs and employment in the country. Every tourist who comes to the country is considered a consumer market buyer. As a result, both production and consumption continue to operate more actively.

The decisions made by President Ilham Aliyev have a more positive impact on the development of tourism. As a result, the share of tourism in the overall economy is increasing. Because tourism is multifaceted, it can open up new opportunities. Tourism allows many small entrepreneurs to actively participate in the economy. Since this field is labor intensive, it also plays an important role in poverty eradication.

You can look at statistical indicators that in 2022 the number of people working in the tourism sector was 63,109 people. The share of added value created in areas characteristic of tourism in the country's gross domestic product was 2.9%, and the volume of investments in the tourism sector was 99.3 million manats.

In 2022, a total of 16,803 tourist envelopes have not been sold. it doesn't matter much. The reason was the weakening of tourism during the Covid 19 pandemic. Last year, the number of people crossing the country's borders was significantly lower than in the last 3 years. However, this applies not only to Azerbaijani tourism, since the pandemic has affected all countries. We are confident that in the shortest possible time we will achieve an even higher figure than our previous indicators; the necessary measures are being taken for this [3].

2. Measures to develop tourism

Over the past 20 years, many important plans have been prepared and officially implemented to develop the tourism sector. First of all, we can refer to the decision of the President of the Republic of Azerbaijan dated April 6, 2010 No. 838 "State program for the development of tourism in Azerbaijan for 2010-2021." One of the plans that stimulated the development of the tourism sector was the announcement of 2011 as the "Year of Tourism". On June 1, 2016, the President decided to "simplify the procedure for issuing electronic visas and create an Easy Visa system." As a result of these decisions, the number of foreigners coming to Azerbaijan increased in subsequent years. One of the main tasks facing the tourism economy is to transform Azerbaijan into one of the famous tourist centers among other countries by 2025. Our victory over the enemy has opened new doors for our economy. Of course, the tourism economy will have a large share here. Because Karabakh is the most beautiful corner of our country, rich in natural resources. First of all, Karabakh is our center of culture and art, and I am confident that its magnificent reconstruction and presentation to the world will bring us a great sense of accomplishment. First of all, in order to study the tourism potential of each city liberated from occupation, many plans and projects have been prepared, even a number of measures have already been implemented and are being implemented [4].

One of the main measures for the development of tourism is the protection of reserves and historical monuments in the State Tourism Agency, as well as the transformation of objects located there into places convenient for the interest of tourists.

The tourism sector, like other industries, operates through investment. Large amounts of funds are allocated to this area every year. Along with this issue, solving financial problems for the development of the tourism economy is also important. Each region of our country has every opportunity to provide services to tourists. tourists are served by high-class hotels, restaurants, and entertainment centers. Although 40% of them are located in the city of Baku, activity in these areas is also high in other cities. Every year the work gets better.

3. Analysis of problems and their solutions in the tourism sector

Republic of Azerbaijan. As we noted, Azerbaijan has every opportunity to develop the tourism sector. Efforts are being made for this both in Baku and in the regions. Thousands of foreign citizens visit Azerbaijan every year. But this number is small for countries around the world. We want tourism as a non-oil sector to develop well. To do this, we must ensure that tourists are attracted to the country. Tourists play an invaluable role in the economy of our country. Therefore, it is imperative to carry out some work in this direction.

The first step to this, of course, is to ensure that prices and tariffs are reasonable for tourists. If we compare prices in Azerbaijan with the prices of some countries, we will see that prices in our country are quite high. Such a strategy must be implemented so that prices are acceptable both for new customers and in order to generate profit for our tourism sector. It is possible to carry out some work in this direction under the name of a recreation center.

Price compatibility can help Azerbaijani citizens meet their vacation needs. After all, it is known that the budget of the majority of the population is not always enough for vacation. One of the ways to attract tourists is to provide tourists with a number of discounts. We must not forget their role in our economy, so we must always work on appropriate tariffs and various projects. One of the problems with the tourism sector is that it is not recognized at a high level. Serious measures should be taken in this direction. Nowadays, social networks play an important role. With their help, it can be very useful to present our country's tourist spots to the world at a high level.

As I have already noted, Azerbaijan is a country that has everything necessary for the development of the tourism sector. However, the tourism potential of our country cannot be fully used. One of the main reasons for this is the lack of qualified personnel. But I think that in the coming years this problem will partially disappear. because, as we see from education indicators, the interest of young people in the tourism sector is gradually increasing.

Another question is that tourists play an important role in the economy of our country, this is an indisputable fact [6]. But the Covid-19 pandemic has shown us some realities, bringing the whole world to its knees. Here I would like to note annual statistical indicators in several areas during the pandemic: in 2019, the number of people passing through the border checkpoint was more than 17 thousand, and in 2020 - 4 thousand. It is known that most of this figure is made up of tourists coming to our country. From these figures we can see how weakened the tourism sector is during the pandemic. In addition, this is once again confirmed by the income indicators of travel agents and tour operators by economic region.

Compared to previous years, the amount of income in 2020-2021 decreased by 4 times. However, the pandemic period has ended and the tourism sector continues to recover. This event proved to us that in times of crisis, the tourism economy must be managed decisively. During such situations, the country needs to develop domestic tourism more and for this important measures should be taken [5].

The tourism sector can be divided into two subgroups: domestic and external tourism. There are many factors influencing both external and internal tourism. In this study we will look at some of them. The factors determining the demand for tourism include economic factors, social factors, demographic factors, national historical factors and others. The development of foreign tourism in a country is an indicator of its economic policy. Therefore, more serious attention should be paid to this area. Because a citizen of a foreign country takes into account all factors when choosing a country for tourism purposes. It is also important to study the purpose of tourists visiting our country, because these trips can be tourist or business. Based on surveys conducted among tourists who visited our country, the result was that 60% of tourists arrived based on the initial information they had about Azerbaijan.

Conclusion

It is also clear from the data that the tourism sector is one of the smartest non-oil sectors both internationally and in Azerbaijan. Having so many opportunities for tourism development in our country is our biggest chance. Of course, for this, first of all, the factors influencing this sector must be studied in detail. Our study clarified several issues.

1. Along with the increase in the number of tourists, the costs incurred by them should also increase. Otherwise, this will result in us providing a low quality service.
2. Azerbaijan must be tolerant of competition in the tourism sector.
3. Incoming tourists include more local stones from the same state. In this direction it is necessary to be in the sphere of interests of various countries.
4. It became clear to us that the most important negative factor affecting domestic tourism is high prices.
5. The tourism sector should be developed at a high level in all regions, and not just in the capital, etc.

Based on these data, the main measures that should be implemented are that, first of all, the amount of investment in tourism development should be increased, measures should be taken to set prices at a more acceptable level, and advertising of different and high levels should be placed. be implemented and other important plans must be prepared and implemented.

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CURRENCY REGULATION OF AZERBAIJAN'S FOREIGN TRADE TURNOVER: MODERN REQUIREMENTS FOR AN EFFECTIVE CONTROL MECHANISM

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Abstract

The gradual transition to a liberal system of import-export in Azerbaijan's foreign trade cycle has further accelerated the process of investment flow to the country. No matter how much this is related to the increase in the level of liberalization of foreign trade, in any case, the use of an effective mechanism of currency control with the purposeful intervention of the economic structures of the state in foreign trade relations also has its effect. The main goal in this direction is to stimulate exporters to keep the income from exports within the country by using the market mechanism of exchange control. For this, reliable banking operations should be formed to ensure regular return of foreign exchange earnings from the export of Azerbaijan's national products to the country. There is a need for a high-level effective control system over the entry of foreign currency funds into the accounts of firms and companies that export national goods and services, and at the same time, the withdrawal of foreign currency funds from the country for goods and services imported from abroad.

Keywords*: foreign trade, import-export, national currency, bargaining, regulation, control mechanism, foreign exchange earnings.*

JEL Classification: *F10.*

Introduction

Currency regulation of foreign trade and the accuracy and efficiency of conducted currency transactions first of all require the establishment of an efficient mechanism for the correct preparation of contract documents and other normative acts with a reliable and solid economic and legal basis. No matter how difficult the working mechanism may be at first glance, in any case, our firms and companies that export goods and services that can compete in foreign markets have a transaction passport that the foreign currency income obtained from the goods and services they export under the contract is entered into their account through the authorized bank or its branch. must establish, approve and execute correctly.

The transaction document presented to each of the parties on a standard basis in connection with the implementation of currency control is considered a base document containing information important for currency control [1]. This document is formalized by the bank authorized by the exporting firms and companies, thereby the control of the related structures on the currency transactions to be conducted begins. The correct construction of the control mechanism directly affects the efficient operation of its structural elements. In the framework of the researched article, the active, agile and efficient functioning of the structural elements of the currency operations control mechanism is systematically studied and the results are drawn. The presented article is of particular relevance both theoretically and from the point of view of practical application.

1. Electronic network of the Customs-bank control mechanism for currency transactions

In the field of currency regulation of foreign trade turnover of Azerbaijan, the Central Bank of the country, together with the Customs Committee, developed and implemented an automated technological system of currency control based on the customs-bank network. The organization of information exchange between the customs structures that perform customs clearance of imported and exported goods and services and authorized banks that provide accounting services to foreign trade participants is considered as a control mechanism [5]. In this direction, on the one hand, a structure that controls currency regulation, and on the other hand, a bank, which is a financial agent providing settlement and accounting services, charge a service fee not exceeding 0.20% of the total value of the concluded contract from the exporters for the service performed.

Since the provided services are within the scope of import-export operations, they cannot be excluded from the activities of the country's customs structures. Because the signed contracts, the customs declaration on formalized cargo transportation, the original copy of the transaction document (passport) stored in the authorized bank must pass the control of the customs authorities [15]. A copy of the customs declaration of the exported goods is given to the exporter by the customs authorities within 10 days from the time of release of the goods. During this period, the exporter provides confirmation of the goods crossing the border of Azerbaijan by submitting the document to the authorized bank with the financial and accounting operations of the bank.

In recent years, the customs structures of Azerbaijan have created a single database of goods to be imported through electronic networks, according to the information in the customs documents (declaration) of the exported and imported goods, and this database is used effectively on a daily basis. The customs authorities of the country collect the relevant data and information in the computing center, form them and send them to the relevant addresses via e-mail. Almost the initial steps of controlling the operations are started from the computing center [3]. In the calculation center, all the data are analyzed and the currency funds obtained from those shipments are grouped in accounting documents, i.e. registers of accounting cards, in order of time sequence to the transit account of the goods sender.

The State Customs Committee of Azerbaijan sends these registers in two copies to the appropriate banks through its e-mail channels. The bank, in turn, sends a copy of the registers to the transit account in the bank for specific goods loading of the senders within 3 banking days. Specific loadings of goods are shown in the register, and for the purpose of identification (identification) of the amount of foreign currency received for loadings, it gives its information to the senders of goods [9]. The original of the register consists of two copies, and one copy is distributed by the bank as an official document, divided into account cards according to the contract passports. The other copy is presented to the senders.

Subsequently, the bank receives the register of the account card from the sender of goods, checks its correct preparation, i.e. the correctness of the amount of currency received in the bank for specific shipments, and sends it to the data calculation center of the State Customs Committee for further operations. The main task of the operations carried out in this center is to prepare and specify the arguments and statistical data that are important for the implementation of currency control [9]. The obtained specific result is sent as information to the Financial Monitoring Service, Ministry of Taxes, Central Bank, Prosecutor's Office, and each of them investigates cases of violation of currency regulation rules within their powers [17].

With this, the parties involved in import-export operations are specified whether those operations comply with the norms defined in the national and international legislation. If foreign exchange earnings related to Azerbaijan's foreign trade circulation are not received in full amount and within the period specified in the contract, the sender of goods can apply in writing to the Ministry of Foreign Affairs and other authorized bodies about the full or incomplete receipt of that foreign currency amount. The possibility of using the powers of the Central Bank of the Country can also help in this case [8 p.137]. In other words, a written permission approved by the Central Bank of the Republic of Azerbaijan to release the sender of goods from his obligations regarding the transfer of foreign exchange earnings to the accounts of authorized banks can be submitted.

If there are documents confirming that foreign exchange earnings from exported goods cannot enter the bank on time and at the same time in the prescribed amount, this information is promptly transferred to the Information Center of the State Customs Committee. The State Customs Committee requires the customs authorities in the areas where the goods are sent to check the correctness of the data and confirm them in accordance with the legislation in force [3]. Authorized banks, on the basis of the actual information they have, submit to the appropriate branches of the Central Bank accounts for untimely or incompletely received foreign exchange earnings related to exports. This situation is of particular importance in the process of regulating export-import operations. First of all, because that report is considered important for the analysis of currency control of export-import operations by the Central Bank and the analysis of information on how the banks fulfill the requirements of the currency legislation of Azerbaijan by the senders of goods.

When information is received about the non-receipt of foreign currency income related to export-import operations, the appropriate structural divisions of the Central Bank independently carry out the verification of foreign exchange operations. If violations are discovered as a result of the inspection, demands are put forward to eliminate those defects revealed in that case [7, p.158]. Thus, in case of violation by the bank of the rules of currency regulation of import-export operations, and at the same time, in cases of non-fulfillment by the bank of the normative documents of any structure controlling currency regulation, the information about the sanctions imposed against those banks is disclosed to the public by the Central Bank and, if necessary, is covered in the press. Banks authorized to control currency regulation of foreign trade circulation and Customs authorities establish a joint system of activity and create a unified control system. The structure of this system consists of the following components (Figure 1).

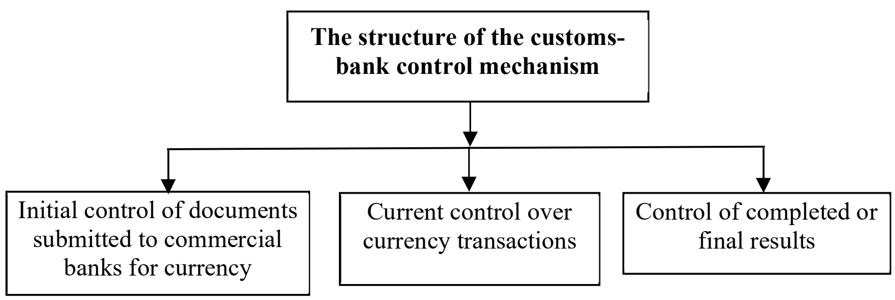

Figure 1. The structure of the Customs-bank control mechanism for currency regulation of foreign trade turnover

Source: The image was compiled by the author based on available data.

Although each of the control sequences listed in Figure 1 is responsible and attention-grabbing, in all cases control of the final results is more important. In this control process, violations of the rules are revealed more realistically, information about the inflow of foreign currency income from import and export is promptly delivered to the currency control structures.

2. Technology of bank control over currency transactions

Azerbaijan's foreign trade circulation, the control of foreign exchange transactions related to its import and export in the mentioned sequence, allows, first of all, to check the compatibility of the foreign exchange income that will enter the country, and at the same time to determine the real amount of foreign exchange income obtained from exports. Therefore, it should be kept in mind that in recent years, the sequence of control over the total amount of foreign currency coming to the country from the sale of goods exported from Azerbaijan is sometimes applied to transactions with Azerbaijani manat, currency transactions between exporters and importers [12, p.235]. It is true that, although the general rules of control over the foreign exchange earnings obtained from goods exported from the country were not subjected to fundamental changes, in any case, some improvements were made in the direction of simplifying the documentation for specific operations. Thus, the general mechanism of currency control over export operations works in the same way as before [1]. In other words, it is still valid to combine the activities of banks and customs structures in the direction of preventing the possibility of not transferring the income from exports to the exporters' account on time.

The Central Bank of Azerbaijan specified the uniform direction and reporting form for the accounting of foreign exchange transactions, the term and rules for their presentation for banks participating in currency control. At present, banks use modern electronic programs to report currency transactions carried out by market entities that export and import goods. Initial currency control is performed by the participating bank[16]. By submitting two copies of transaction registration (passport) to the bank by the bank's client, the contract for carrying out foreign exchange operations, as well as other documents formalized for carrying out the transaction, the bank starts currency control over export operations [14, p.97]. At this stage, the bank should carefully monitor its customer's information to clarify several issues, such as the initial start of currency control. First of all, the bank should try to obtain the following information from its client:

- the ability of the buyer who will be a participant in currency transactions to pay the currency;
- how reliable is the currency payer's bank;

- the difference between the amount of the contracted currency and the amount of the currency to be paid in the future according to the terms of the contract, and thus the level of the risk of reversibility;
- what expenses may be incurred by the currency payer in order to ensure the continuity of payments;
- what are the terms of delivery of goods to importers, and importers to exporters of currencies.

The compliance of the conditions related to foreign trade operations in the concluded contracts and deals with the existing legislation is checked. The main purpose of inspections related to the verification of compliance of contracts and deals with the applicable legislation is to reveal violations of rules and laws at the mentioned initial stage [13].

In the structure of Azerbaijan's foreign trade circulation, there was a need to simplify the technology of control over the foreign currency income earned from the export of goods and services to one degree or another. Still, paper-document circulation cannot be fully limited, references on currency transactions and other similar documents are kept in a diary. However, in the recent period, it is worth noting that many customs and banking services are gradually restricted by electronic data circulation.

Although each direction of foreign exchange control in the country's foreign trade cycle shown in Figure 2 requires special control rules, all three directions are interconnected with each other. This is due to the fact that all currency transactions are based only on transactions between authorized banks and their clients [14, p.27]. This situation does not make it necessary to control the foreign currency of those operations in favor of the foreign client. It should be taken into account that operational currency control in connection with export operations is in all cases the verification of timely and correct submission of currency control documents by exporters. During the inspection, consideration is given to both the initial control of currency transactions and the course of current control. In both audits, in addition to the legal issues of control, how to coordinate control with the processes in which real currency transactions are carried out is also studied. The main focus in the examination of current exchange control is to learn how to directly control currency transactions [6]. Here, it is studied the availability of documents confirming the fact of the purchase of foreign currency funds, the presentation of certificates about the receipt of foreign currency funds with the authorized bank, the fact of the removal of goods and services from the customs territory of the country.

Since 2014, due to the sharp drop in the price of oil on the world market (about 3 times), the negative balance of Azerbaijan's balance of payments of oil revenues and the decrease of the state's foreign exchange reserves, the Central Bank of the country could not support the offer of foreign currency. Azerbaijani firms and companies that export goods and services to foreign countries require national currency to fulfill their tax obligations and pay their employees. Since the country receives foreign currency and the Central Bank has a lot of foreign currency reserves, it has to satisfy the domestic need for national currency by selling that foreign currency in large volumes in the domestic market [5]. At the same time, it may be difficult for the Central Bank to carry out a very serious task, which is the lack of freely convertible foreign currency to convert into the national currency of Azerbaijan. In such a case, the volume of the free foreign currency obtained from exports, which should be sold in the domestic market, is gradually limited and, if necessary, reduced enough, and thus the exchange rate of that currency increases rapidly. In such a case, the inevitability of the devaluation of the national manat of Azerbaijan, which is known to us and covers the years 2014-2016, should be taken into account [5].

As is known from the international trade experience and as shown by the current situation of Azerbaijan's foreign trade turnover, the currency control of foreign trade turnover includes not only the operations carried out for the export of goods and services, but also the currency control of the import operations of the results of intellectual activity. Control over currencies to be paid for goods and services imported to Azerbaijan is mainly aimed at preventing the conclusion of informal import contracts that allow foreign currency to go beyond the country's borders. In order to ensure that the amount of foreign currency transferred to the exporting country for the payment of the goods imported to Azerbaijan equals the real value of the goods imported to the country, the control rules on the justification of the payments given by the economic subjects of Azerbaijan have been approved. It should be taken into account that the basic principles of currency control over import operations compared to export operations have almost not changed [3, p. 97].

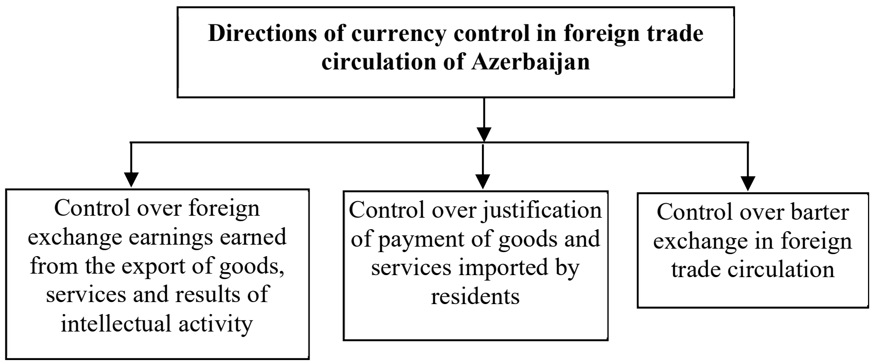

Figure 2. Basics of currency control over foreign trade turnover
Source: drawn by the author based on the available arguments.

Information connections between banks, customs authorities and the monitoring service, which implement the process of currency control, are carried out according to the schedule of control over export operations. Since the banks participating in the transaction are authorized to perform the duties of currency control agents, for the performance of those duties, the banks receive a service fee from importers at a level not exceeding 0.15% of the total value of the concluded contract [8, p.105]. Banks make currency transfers to exporters for exported goods when the exporter submits the transport document confirming the original invoice of the goods to the bank. At the same time, there is no need to check the presence of the transported cargo or the transport document of the carrier.

In recent years, currency control over transactions between subjects of export and import operations has been simplified. Sometimes the volume of final industrial and agricultural goods exported from Azerbaijan is not very large. Therefore, payments for exports are made in cash, and settlements with these funds remain outside the bank's control. Currency control over such settlements is carried out only by customs control.

The number of customs regulations as a control system during the import of goods and services to Azerbaijan and vice versa has increased. It is no coincidence that the existing rules of currency control over export transactions almost correspond to the rules of currency control over import transactions. An importing firm or company, which provides for the sending of freely convertible foreign currency from Azerbaijan in exchange for the purchase of goods, can bring the necessary goods from abroad in the country in exchange for the amount of the sent currency [8, p.129]. If such a negotiation does not take place, the currency must be returned to the exporter who sent the goods in the full amount within the stipulated period according to the concluded contract. The bank participating in the operation makes payments related to import, opens import letters of credit only when a signed document on the import transaction is presented. So, the bank approves that signed document in the order of formalizing the import deal.

The main task of foreign exchange control of trade transactions related to import is to control the goods entering the customs territory of the country and ensuring that currency payments for those goods are not delayed. In the same way, that control itself is carried out in the form of three consecutive stages: initial, current and final currency control, as currency control over exports [5, p. 165] The main principles of currency control in relation to foreign trade circulation are the same for both export and import transactions.

The experience of recent years shows that the strengthening of foreign exchange control over commercial transactions in foreign trade sometimes leads to unexpected events.

That is, there is an increase in foreign exchange flows from non-bank credit organizations and non-financial institutions, which has a negative effect on the revival of Azerbaijan's foreign trade turnover.

In addition to these, non-timely receipt of foreign currency payments for goods exported from the country or, conversely, non-timely delivery of goods due to foreign currency funds transferred under import contracts, reductions in the amount of transfers due to illegal transactions with securities, etc. such cases show its negative effect [10]. If we note the above-mentioned in a more general way, we can see more clearly the amount of foreign exchange funds that should enter the country on the foreign trade turnover of Azerbaijan and at the same time are not returned on time from the following data (Table 1).

Table 1. Foreign currency funds not returned on time for Azerbaijan's foreign economic relations in 2010-2022 (thousands of US dollars)

	2010	2015	2020	2021	2022
The amount of currency funds that are not returned on time	360,0	312,0	222,0	207,0	195,7

Although the multifaceted nature of Azerbaijan's foreign economic relations and the fact that the geography of those relations covers a very wide circle has led to many positive results, in any case, there are cases of delays, even longer delays, in the field of bringing currency to the country from those relations. Although the reasons for this can be explained by several factors, the illegal withdrawal of capital from the country can be considered a more serious factor among them. It is true that, starting from 2010, the amount of non-refundable foreign exchange funds due to export operations began to decrease, but the amount still remains high.

So, if in 2010 the amount of foreign currency funds that were not returned on time due to the foreign economic activity of Azerbaijan was 360 thousand US dollars, in 2022 the same amount was 195.7 thousand US dollars, which means a decrease of 164.3 thousand dollars [2]. Such calculations are determined according to the methodology established by the International Monetary Fund (IMF) according to the capital flow from the country [17]. Control is carried out using special calculation indicators according to that methodology, for example, "trade credits and advances", "goods and services not delivered due to the transfer of foreign currency funds under import contracts" and "foreign currency revenues not received on time", "net errors" permeable [11].

3. Foreign trade deals and currency settlements

As can be seen from the experience of many countries of the world in the control of foreign trade deals, currency settlements and the real situation of Azerbaijan's work in this field, it is necessary to constantly monitor the process of returning (repatriation) of foreign currency income to the country. This case is considered to be a powerful measure that can create an opportunity for the Central Bank of the country to put aside not only devaluation, but also the necessity of sterilization operations [4]. For this purpose, the application of effective currency control rules on the transactions conducted with foreign accounts of Azerbaijani firms and companies carrying out export and import deals can have a positive result. Therefore, there may be a danger of an increase in the level of illegal outflow of capital from Azerbaijan. This is considered the main obstacle to the full liberalization of the country's foreign exchange legislation and thus foreign trade. Such a situation requires maintaining the required restrictions in the field of currency control and currency regulation.

Changes have taken place not only in the nature of export and import deals in the foreign trade turnover of Azerbaijan, but also in the currency regulation itself. Only in 2020, settlements with the national currency of Azerbaijan, the manat, amounted to 142,371 thousand US dollars of total export transactions, which means 0.13%. According to import, it amounted to 171420 thousand US dollars, which is 0.02.

From the data in the table, it can be seen that settlement with floating currency includes a larger amount and specific weight for both exports and imports.

Thus, 90.96% of export transactions and 70.72% of import transactions were settled with free currency (SDV). In the foreign trade circulation of Azerbaijan, import and export operations require some serious thinking in the direction of finding the reasons for the extremely low use of the national currency of Azerbaijan in currency settlements. With this, it has become a necessity to develop quality indicators such as finding ways to make the manat foreign exchangeable.

As can be seen from the statistical data of the State Customs Committee of the Republic of Azerbaijan for 2020, other settlements besides settlements of the country's export and import operations with free currency, for example, settlements on state credit; settlements for payment of the state loan; Clearing settlements were not carried out for export, but for import they made up 0.13% of the total settlements. Settlements with only closed currency had a slightly higher amount and special weight in both export and import transactions.

Settlements made for these operations made up 8.22% of total settlements. From the data, it can be seen that certain positive trends are observed in all settlements of import operations in relation to Azerbaijan's export operations. The analysis data allows us to come to the conclusion that it is necessary to give more impetus to the revitalization of the country's export potential, to increase attention to transactions with export-oriented goods, and to increase transparency in settlements.

Conclusion

Based on the analysis and assessment, it can be concluded that there are still many cases of violations of the legislation regulating currency settlements. In recent years, a number of systematic measures have been taken in the field of currency legislation liberalization, and information about the results of those measures has been recorded in the press. In some official information and in periodicals, a generalized statement is also found in articles about the decrease in cases of violations of currency legislation. At the same time, the correct use of currency legislation in Azerbaijan and the elimination of law violations should be based on the relevant articles of the country's Code of Administrative Offenses on currency legislation.

Non-observance of the relevant articles of currency legislation causes many violations, which are characterized by the following: First, when the payment terms or rules approved by the legislation are not followed, the rules for providing information on currency transactions and conducting control; Second, in case of violations of the rules of separate settlement or use of reserves; Third, it provides for liability for cases of violation of the legal deadline for formalization of contractual documents.

The above-mentioned once again justifies that in the conditions of greater liberalization of foreign trade, the correct formalization of documents on currency control of import-export operations is of exceptional importance for more efficient organization of general control.

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GREEN ECONOMY AND ECOLOGICAL IMPERATIVES

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Abstract

"Green economy" is essentially an economy that ensures the preservation of the well-being of society and the return of end-use products to the production cycle through the efficient use of natural resources. Also "Green Economy" is an economy that promotes sustainable development without negative impact on the environment and reducing environmental risks and disadvantages. The study was conducted using fundamental analysis techniques. Also, the article broadly interprets the researcher's studies about the concept of green economy. In addition, the author has addressed the issue of evaluating green economy as an economic value that distinguishes it from other regimes, as well as Green Label practices, sustainability standards and reform-based basic principles in the article. There is a need for a comprehensive examination of the role of a green economy that ensures human well-being within ecological limits, especially in the face of increasing income inequality and climate change, as well as insufficient capacity to balance environmental and economic goals. And natural resource protection.

Key words*: Green economy, crisis, ecological imperatives, economy.*
JEL Classification: *A11, F43, F52.*

Introduction

Society is becoming increasingly aware that global warming and climate change can have significant effects in the short and long term. Thus, many companies are starting to bet on the so-called green economy, a concept that, although short-term, seems to be far from being realized.

According to the United Nations Environment Program (UNEP), a green economy is "an economy that improves human well-being and social justice while significantly reducing environmental risks and scarcity."

Thus, this definition reflects that a green economy affects not only the economic sphere, but also the social and environmental sphere. Therefore, companies, markets, investors and society as a whole must commit to sustainable development in order to ensure long-term profitability and promote social and environmental well-being.

1. Results and discussion

Public or private institutions that respect nature, for example by reducing carbon emissions, will be called "green organizations" and the jons they create will be called "green jobs". In this regard, EU legislation sets out more than 130 separate environmental goals and targets to be achieved between 2010 and 2050 in order to move Europe towards a green economy. Some of them are:

- Improve social welfare, fight for social justice, fight scarcity and reduce threats to the environment.
- Efficient use of resources, reduce carbon emissions and social responsibility.
- Increase public resources to combat carbon emissions and create green jobs.
- Strong commitment to energy efficiency and biodiversity.

Thus, the green economy "allows us to assess the level of transformation and economic growth of green companies, to analyze the impact of development levels in terms of extraction and use of existing resources, and to assess the social impacts in terms of resources. . . Population has access to basic resources, health and education.

The Azerbaijani government also supports green economy initiatives. In addition to the Balakhani Industrial Park, the Sumgayit Chemical Industrial Park, Garadagh, Mingachevir, and Pirallakh industrial parks are currently operating in our country as examples of green business. The following principles of Azerbaijan's environmental legislation highlight the development of a green economy [1]:

- mutual solution of socio-economic, spiritual and moral problems;
- ensuring sustainable use of natural resources;

- preservation and protection of the ecological balance;
- ecosystem approach to regulating environmental protection and use of natural resources;
- sanctions for environmental pollution;
- payment for the use of nature;
- ensuring ecological balance in the territories and restoration of disturbed natural ecological systems;
- effective use and restoration of natural resources, application of economic incentives for environmental management and environmental protection;
- ensuring the protection of environmental biodiversity.

The development concept "Azerbaijan 2020: Vision of the Future" adopted in 2012 creates wide opportunities for the development of green economy. One of the main goals of the concept is to achieve environmentally sustainable socio-economic development. The document states that necessary measures will be continued in the future in the direction of protecting biodiversity, neutralizing the negative impact of the fuel and energy complex on the environment, eliminating and protecting pollution of the sea and its water area. Restoration of green zones and effective protection of existing resources. During the period covered by the concept [2].

The "Strategic Roadmap for the Development of Heavy Industry and Mechanical Engineering in the Republic of Azerbaijan" provides for measures to analyze cost-effective production methods with the involvement of international consultants.

The "Strategic Roadmap for the Development of Public Utilities (Electricity and Heat Energy, Water and Gas) in the Republic of Azerbaijan" reflects measures related to the efficient use of electricity, heat energy and gas.

For information, let us recall that since the 2000s, the use of energy-efficient and environmentally friendly technologies – "green" technologies – has become widespread. Green technologies are technologies that develop and operate devices that benefit nature and at the same time operate with minimal or minimal damage to the environment [3]. Taking this into account, the use of "green" technologies in a number of countries is considered as one of the ways to solve these problems.

“Green growth” is a term that describes a hypothetical path to environmentally sustainable economic growth. It is based on the understanding that economic development must be separated from resource use and negative environmental impacts as long as economic growth remains the dominant goal. Thus, green development is closely related to the concepts of green economy and low-carbon or sustainable development. The main path to green development is the transition to sustainable energy systems.

Proponents of green development policies argue that well-implemented green policies can be shaped by renewable energy, green agriculture and agritourism [4].

Several countries and international organizations such as the Organization for Economic Co-operation and Development (OECD), the World Bank and the United Nations have developed green development strategies. The term “green development” has been used to describe national or international strategies often called “green recovery”, for example, as part of economic recovery from the COVID-19 recession.

Critics of green development argue that green development approaches do not fully take into account the fundamental changes to the economic system needed to address the climate crisis, biodiversity crisis and other problems of environmental degradation.

Azerbaijan will be closely connected with the use of environmentally friendly technologies, the use of clean energy sources, waste recycling, and strengthening work in the field of restoration of contaminated areas.

In accordance with the National Priorities, environmental health, rapid restoration and increase of greenery, efficient use of water resources and sustainable energy will be ensured [5].

Conclusion

It is important to note that there is also an emerging practice of developing and implementing national green economy strategies by both developed and developing countries in most regions, including Africa, Latin America, Asia-Pacific and Europe. This emerging practice can provide valuable insight and provide much-needed clarity to our understanding of the different types of green economy policies, their coverage across different sectors and national priorities, and the institutional barriers, risks and costs.

Can help alleviate concerns about effectively linking green economy development strategies to national socio-economic priorities and goals – a link that needs to be achieved in the transition to a greener and more inclusive economy in order to contribute to the implementation of the Sustainable Development Agenda in the period up to 2030 and achieving the Sustainable Development Goals (SDGs) set therein.

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IMPACT OF CHANGES IN OIL PRICES ON THE WORLD ECONOMY AND AZERBAIJAN

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Abstract

This article talks about the impact of changes in the world oil market on the world economy and the economy of countries in general. Also, the importance of oil, which is a strategic product, is emphasized. So, despite the countries of the world gradually switching to alternative energy sources, oil has not lost its importance as the most important source of energy. At the same time, the factors that cause the change in the price of oil are shown in the article. And finally, the changes in the price of "Azeri Light" brand oil, which Azerbaijan has exported to the world market, in the last 1 month have been noted.

Keywords*: oil price, economy, oil market, changes, Azeri light.*
JEL Classification: *E31, F14.*

Introduction

Oil is the most consumed resource among energy resources (1/3 (36%) of consumed energy resources is accounted for by oil). In modern times, the oil factor is considered one of the most important factors in the world economy. So that, the amount and price of oil has a great impact on the world economy.

There is no country in the world that does not use oil and oil products. Therefore, the change in oil prices around the world is of interest to all countries and has a serious impact on their economic situation. So, since the change in the price of oil plays an important role in the income of the producing countries, as well as, accordingly, in the amount of the consumers' expenses, these issues are of great importance from the perspective of the world economy [1].

Energy use is at the top of the driving factors of social development of countries. Energy sources are the most important and indispensable raw materials of our life, and energy and industrial products are the most important and indispensable raw materials of our production. Therefore, issues such as managing the country's energy sector, ensuring energy security, providing uninterrupted, reliable, timely and appropriate prices for the energy needed by society and the economy are very important. Therefore, it is important to study the factors affecting the formation of oil prices, the perspective of oil prices and its impact on the socio-economic development of the country and the material well-being of the population.

1. Results and discussion

Oil, which is one of the non-renewable energy resources, occupies a very important place in the world economy as a source of raw materials, power and energy. An absolute alternative to oil does not yet exist. However, resources that can partially replace it can be mentioned [2].

Oil prices are one of the important indicators from the perspective of world and national economy. Naturally, the greater and longer the increase in oil prices, the greater the impact on the macro economy. Also, the drop in the world price of oil has a great impact on the economic situation of the oil-producing country.

Although the oil market is known to have a large share in the energy market, there are also surprises and risks in the market. Because oil prices affect trade balances, inflation rates and levels of economic activity, which are important for countries around the world. Although the high price of oil creates economic difficulties for countries, it also has a great political impact. Thus, in many cases, the Western countries, which are the main consumers of oil, hinder the formation and development of the oil refining industry in these countries and prefer to buy oil in the form of raw materials, mainly in order to weaken the position of the Eastern countries, which play an important role in oil production. [1, p.3]

Despite many studies, it seems impossible to keep the price of oil stable at any level

in the world oil market. This causes sudden drops and spikes in prices in the volatile fuel market and creates high risk for parties in the market and the world economy. On March 23, 2021, the 220,000-ton megaship Ever Given, which entered Egypt's Suez Canal from the Red Sea, got stuck in the canal with a capacity of 20,000 containers. It should be noted that one-third of the world's container traffic and 12 percent of world trade cargoes pass through the Suez Canal. Also, 5% to 10% of all marine oil is transported through Suez, which means that for every day a ship is stuck, another 3 million to 5 million barrels of oil per day is delayed. Due to the closure of the Suez Canal, Brent oil has risen by up to 5 percent. Before that, oil was falling in price. [4] In this context, concerns about oil supply and prices, inflation rates, and trade balances are increasing.

There are many factors that determine the price of oil. Demand for oil is one of the most important factors balancing the price of oil in the international world, that is, in the oil market. Along with the economic developments after the Second World War, a high energy demand appeared, and this demand increased the demand for oil, especially in the OECD (Organization for Economic Co-operation and Development) countries. Then other energy sources appeared and the demands began to change in this direction. However, a decrease in oil prices was observed. This shows us the importance of oil demand in the market balance. [1, p.5]

Another reason for the increase in the price of oil is the use of developing and changing technology in oil refineries. That is, the application of new technology requires high costs. [1, p.5]

In addition to all this, geopolitical and climatic conditions, which cause the price of oil, also play an important role in the formation of prices. Of course, natural phenomena also affect the supply and demand of oil.

Another reason for the high price of oil is the tax system applied in oil-consuming countries. Tax methods cause the price of oil to rise. In particular, customs duties and consumption taxes affect the price of oil. [2, p.152]

The effects of the high price of oil on national economies, that is, on the global economy, should be evaluated from the point of view of oil exporting and importing countries. It is possible that high oil prices could result in contraction and crisis in the global economy. The increase in the price of oil does not change the consumption of oil, which reduces the amount of national income of the countries that consume oil. Because it seems impossible to reduce the demand for oil. [1, p.6]

Another problem of oil-importing countries is the increase in unemployment due to the inability to allocate sufficient resources to the country due to the need for foreign markets. However, as we mentioned earlier, the high price of oil leads to an increase in commodity prices. This means high inflation. In this context, governments implement anti-inflationary policies. The effect of this type of inflation is observed especially in countries struggling with structural problems.

Since oil is considered a strategically important product, it is constantly affected by the political and military processes going on in the world. February 24, 2022 Russia's invasion of Ukraine and the subsequent imposition of sanctions by a number of governments served to reset the global geopolitical compass with an immediate impact on oil and gas markets and investments.

Given Russia's global importance as an energy producer and Europe as its primary market, a full-scale recalibration of oil and gas supply and demand in that region is a key non-military component of the global response. So far, measures against Russia have not impeded general oil and gas trade and transport, and its oil and gas companies are still able to invest abroad despite financial restrictions. Western companies that have announced plans to exit or stop investing in Russia account for only a small portion of the country's oil and gas production and will therefore have limited impact on Russian production in the near term.

In this context, the Asia Pacific region, led by China, emerges as an important region, even if it does not fully compensate for the expected declines in demand for Russian production. All regions will be affected by rising prices and likely slower growth in economic activity and demand, and as Europe rebalances its energy sources, competing producer nations will see opportunities for growth in production and exports.[5]

High oil and gas prices in the near term are a boon for net exporters, including Russia. Major beneficiaries include Angola, Iraq and Kuwait. Assuming Brent averages $106/bbl in these countries in 2022, net oil exports as a percentage of GDP will increase by more than 50%. Conversely, rising costs for net importers will reinforce existing inflationary trends. This could lead to civil unrest, electoral changes and threats of regime change, as is already happening in parts of South Asia.

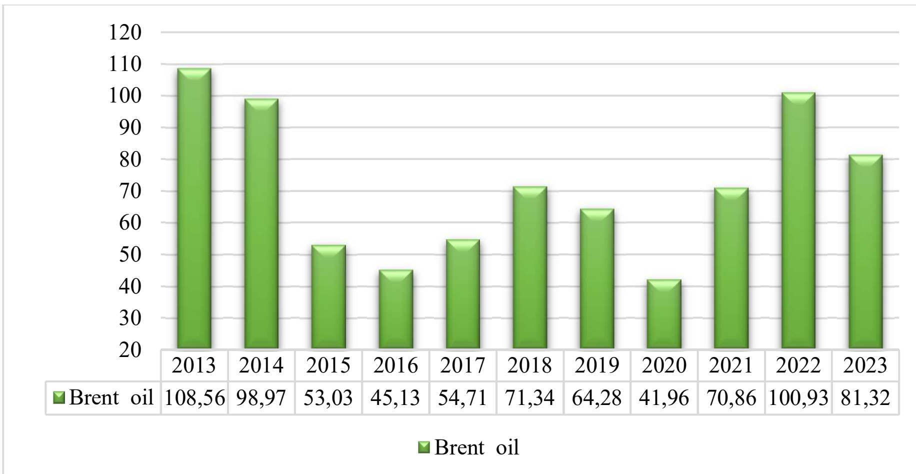

Figure 1. Brent oil price

Source: The chart was compiled by the author based on the data of the website https://www.macrotrends.net [6]

Figure 1 shows the change in the price of brent oil over the years. As can be seen from the graph, the average price of oil increased sharply in 2022. However, the growth trend continued until the summer of 2022. Despite the ongoing war in Ukraine since June 2022 and the multimillion-barrel cuts announced by OPEC+ since October 2022, a downward trend is observed in oil prices.

Weakening economic activity among the largest oil-consuming countries and stagnant Russian production are considered to be the main reasons for the decline in prices [7].

Because it has an open economy, the world's processes do not bypass Azerbaijan. Oil is the most valuable asset of Azerbaijan. Oil, which has played an important role in our economy for more than 150 years since its production began, is currently considered the country's main source of income and export goods [3, p.210].

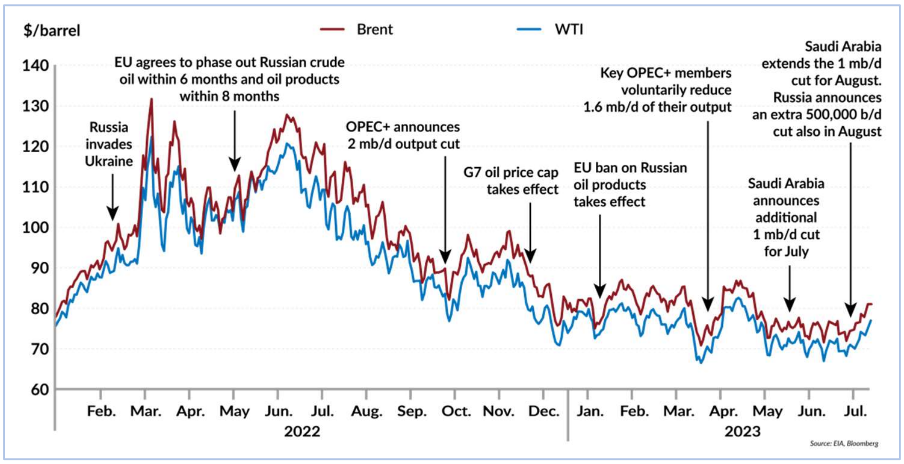

Figure 2. Oil prices, January 2022-July 2023
Source: Image taken from https://www.gisreportsonline.com/

The medium and long-term prospects of the country's development depend directly on the strengthening of the oil sector. The income from oil sales plays a key role in solving some social and economic problems.

In the early 2000s, with the Baku-Tbilisi-Ceyhan, Baku-Novorossiysk, Baku-Supsa oil pipelines starting to operate, the amount of oil in exports increased even more. Azerbaijan's economy has become dependent on oil prices, as export products are mainly oil and oil products.

It should be noted that the oil exported by Azerbaijan to the world market is Azeri Light brand oil. In this year's state budget of Azerbaijan, the average price of one barrel of oil was calculated from 60 US dollars. It should be noted that the lowest price of "Azeri Light" oil was recorded on April 21, 2020 (US$15.81), and the maximum price was recorded in July 2008 (US$149.66). In Azerbaijan, oil is produced mainly within the framework of the agreement on the development of the "Azeri-Chirag-Guneshli" (ACG) field block. The share of the State Oil Company of Azerbaijan (SOCAR) in the contract is 25 percent.[9]

Table 1. Price changes in the price of Azeri Light brand oil

Date	Oil price (for 1 barrel)	Price change
01.08.2023	89,27$	1,26$
02.08.2023	88,76$	0,51$
03.08.2023	87,33$	1,43$
04.08.2023	88,9$	1,57$
05.08.2023	90,11$	1,21$
08.08.2023	89,45$	0,66$
09.08.2023	89,45$	-
10.08.2023	91,15$	1,7$
11.08.2023	91,19$	0,04$
12.08.2023	91,4$	0,21$
15.08.2023	90,86$	0,54$
16.08.2023	89,13$	1,17$
17.08.2023	89,29$	0,16$
18.08.2023	89,39$	0,1$
19.08.2023	89,25$	0,14$
22.08.2023	89,66$	0,41$
23.08.2023	88,68$	0,98$
24.08.2023	87,65$	1,03$
25.08.2023	87,36$	0,29$
26.08.2023	88,56$	1,2$
29.08.2023	88,56$	-

Source: The table was compiled by the author based on the data of the website https://azertag.az

Table 1 reflect the changes in the price of Azeri Light brand oil during August 2023. It is clear from the chart and table that the oil exported by Azerbaijan to the world market changes almost every day according to the market situation. Considering that the average price of 1 barrel of oil is set at $60 in this year's state budget, Azerbaijan currently receives more income than expected.

Conclusion

In this study, the importance of oil is discussed again. From this point of view, oil is an irreplaceable resource. However, considering the fact that oil is a depleting resource, the increase in the number of the world's population, as well as the fact that some countries that have oil use it as a weapon, the transition to alternative energy sources should be accelerated. This is important both for the elimination of a number of conflicts and for the protection of the environment.

Based on the research, we can note that oil exporting countries should try to use the income they get as efficiently as possible when the price is high in the market. As an example, Azerbaijan can direct a part of its income from oil to the non-oil sector under the condition of keeping it for future generations, and this process has already started. Income can be directed to traditional areas with high potential such as agriculture, as well as to modern areas such as science and robotics. On the other hand, taking into account that the economic potential of newly freed territories is also very high, the correct and efficient use of funds can bring big profits in a short time.

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FOOD AND AGRİCULTURAL SECURİTY

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Abstract

Agrarian security, a multidimensional concept encompassing food security, land tenure, and livelihood protection, plays a pivotal role in ensuring global food production and sustainability. This scientific article delves into the various dimensions of agrarian security, its significance in the context of a growing global population, and the strategies required to address the challenges it poses. By exploring the interconnectedness of agriculture, land use, and socio-economic factors, this article provides a comprehensive overview of agrarian security and its implications for a sustainable future.

Key words: *agrarian security, food security, sustainable agriculture, rural poverty, land degradation.*

JEL Classification: *Q16, Q17.*

Introduction

Agriculture, often regarded as the backbone of economies and the source of sustenance for billions, faces a myriad of challenges worldwide. These agrarian problems, ranging from climate change and land degradation to market volatility and rural poverty, threaten not only the livelihoods of farmers but also global food security. To ensure a prosperous and sustainable future, addressing these issues is of paramount importance.

1. Results and discussion

1.Climate Change and Agriculture

One of the most pressing agrarian problems is the impact of climate change on farming. Changing weather patterns, increased temperatures, and unpredictable rainfall disrupt traditional agricultural practices. Farmers are forced to adapt to new conditions, which often require costly investments in technology and resources. Sustainable farming practices such as organic farming, crop rotation, and agroforestry can mitigate some of these challenges by promoting soil health and resilience [1].

2. Land Degradation and Soil Health

Land degradation is a significant issue affecting agriculture. Unsustainable farming practices, deforestation, and soil erosion have led to the loss of arable land. Soil health is vital for crop productivity, and its degradation can result in reduced yields. Implementing soil conservation measures, like no-till farming and cover cropping, can help mitigate land degradation and improve soil fertility.

3. Water Scarcity and Irrigation

Access to water for irrigation is critical for agriculture, yet many regions face water scarcity due to over-extraction and inefficient water management. Sustainable irrigation methods, such as drip irrigation and rainwater harvesting, can enhance water efficiency in farming. Additionally, policymakers must prioritize equitable water distribution to ensure all farmers have access to this essential resource.

4. Market Volatility and Price Fluctuations

Farmers often contend with volatile market prices for their products, which can lead to financial instability. Cooperative marketing and contract farming can provide farmers with more stable income and access to broader markets. Moreover, governments can implement policies to buffer farmers against extreme price fluctuations and provide support during crises.

5. Rural Poverty and Farmer Welfare

Agrarian problems are closely linked to rural poverty. Many farmers struggle to make ends meet due to low incomes and inadequate access to education and healthcare. Comprehensive rural development programs that address these social and economic issues can uplift the living standards of farming communities and reduce migration to urban areas [2].

6. Biodiversity and Sustainable Agriculture

Modern agriculture practices often prioritize monoculture and chemical inputs, which can harm biodiversity and disrupt ecosystems. Encouraging diversified farming systems and supporting organic agriculture can help maintain biodiversity and reduce the negative impact of agriculture on the environment.

7. Technological Adoption and Education

Farmers' access to modern agricultural technologies, such as precision farming and biotechnology, varies greatly. Investing in rural education and extension services can bridge this gap and empower farmers with knowledge and tools to enhance their productivity and sustainability.

To eliminate these problems, agricultural safety must be strictly controlled. The term "agrarian security" refers to the protection and stability of agricultural systems, encompassing aspects such as food security, access to land, and the well-being of rural communities. As the global population continues to rise, agrarian security becomes increasingly crucial. This article examines the key components of agrarian security, its significance, and the challenges it presents, as well as proposing strategies to enhance it. Agricultural security refers to the protection and resilience of agricultural systems, including farms, crops, livestock, and related infrastructure, from various threats and challenges. This concept encompasses a wide range of considerations aimed at ensuring the sustainability and stability of food production in the face of evolving risks. Here are key points to understand about agricultural security [4]:

1. Food Security: Agricultural security is closely tied to food security, as it plays a pivotal role in ensuring a consistent and sufficient food supply for a growing global population. A secure agricultural sector is fundamental to meeting the nutritional needs of people worldwide.

2. Threats to Agriculture:

• Biological Threats: These include pests, diseases, and invasive species that can devastate crops and livestock, leading to significant losses in agricultural productivity.

• Environmental Challenges: Climate change, extreme weather events (such as droughts and floods), and soil degradation pose threats to agricultural stability.

• Economic and Market Risks: Price fluctuations, trade disruptions, and financial instability can impact farmers' livelihoods and food availability.

• Technological Vulnerabilities: Dependency on technology, such as genetically modified crops or precision farming, can make agriculture susceptible to cyberattacks and disruptions in supply chains.

• Conflict and Political Instability: Armed conflicts, political instability, and land disputes can disrupt agricultural operations and displace farmers, leading to food insecurity.

3. Mitigation Strategies:

• Crop Diversity: Promoting the cultivation of a variety of crops can enhance resilience against pests and environmental changes.

• Sustainable Farming Practices: Encouraging sustainable practices like organic farming, conservation agriculture, and agroforestry can reduce environmental risks.

• Research and Innovation: Investment in agricultural research, including breeding programs and biotechnology, can develop more resilient and productive crops and livestock.

• Insurance and Risk Management: Farmers can mitigate economic risks through insurance and risk management tools.

• Infrastructure Development: Building and maintaining critical agricultural infrastructure, such as irrigation systems and transportation networks, can enhance overall security.

• Policy and Governance: Effective policies and governance mechanisms can promote agricultural security by addressing issues like land tenure, access to resources, and market stability.

4. Implications: Agricultural security is a global concern because disruptions in one part of the world can have ripple effects on food prices and availability elsewhere. International cooperation is essential for addressing cross-border challenges in agriculture.

5. Resilience: A key goal of agricultural security is to build resilience into food systems, enabling them to adapt to changing conditions and recover from shocks more effectively.

6. Sustainable Development: Achieving agricultural security is closely aligned with the Sustainable Development Goals (SDGs), particularly Goal 2 (Zero Hunger) and Goal 13 (Climate Action).

7. Technological Advancements: Agricultural security benefits from ongoing advancements in technology. These include the use of data analytics, remote sensing, and precision agriculture techniques, which enable farmers to make informed decisions about planting, irrigation, and pest control. Additionally, innovations like biotechnology and genetic engineering can

create crops and livestock that are more resistant to diseases and environmental stressors.

8. Local and Community Resilience: Building agricultural security often starts at the local and community levels. Encouraging small-scale farming, supporting local markets, and empowering farmers with knowledge and resources can enhance the resilience of communities against food insecurity.

9. Climate Change Adaptation: With the increasing impacts of climate change, agricultural security involves adaptation strategies such as altering planting schedules, developing drought-resistant crops, and improving water management practices to cope with changing weather patterns.

10. Urban Agriculture: Recognizing the importance of urban areas in global food security, urban agriculture initiatives, such as rooftop gardens and community gardens, contribute to local food production, reduce the environmental footprint of food transportation, and enhance resilience in urban populations.

11. Trade and Global Supply Chains: The global nature of food supply chains underscores the need for agricultural security in international trade. Ensuring the smooth flow of agricultural goods across borders is critical for food security, as disruptions can lead to shortages and price spikes.

12.Education and Knowledge Sharing: Promoting agricultural security involves educating farmers about sustainable practices, pest management, and the responsible use of resources. Extension services, farmer training programs, and knowledge-sharing platforms play essential roles in building resilience at the grassroots level.

13."Public-Private Partnerships: Collaborations between governments, private sector entities, non-governmental organizations (NGOs), and research institutions are essential to develop and implement strategies for agricultural security. These partnerships can facilitate funding, technology transfer, and policy support.

14.Monitoring and Early Warning Systems: Timely information about potential threats is crucial for preparedness. Monitoring agricultural conditions, weather forecasts, and pest outbreaks allows for early intervention to mitigate risks and reduce losses.

15.Social Safety Nets: In times of crisis, social safety nets, such as food assistance programs and subsidies, provide a vital lifeline for vulnerable populations, helping to ensure that even during challenging times, people have access to food.

16.Supporting Small Farmers: In many countries around the world, small farmers constitute a large part of the agricultural sector. These farmers play an important role in food production. Agricultural security can be increased by improving their education, financial support and access to markets.

17.Prevention of Foodborne Illnesses: Food safety is critical to protecting human health. To prevent foodborne diseases, food production, transportation and storage measures in accordance with hygiene standards should be taken.

18.Social Justice: Agricultural security is not just about food production and access, it also includes social justice. "Ensuring farm workers receive fair wages and respect for their human rights promotes social sustainability [6].

Conclusion

In an increasingly interconnected world, achieving agricultural security is an ongoing challenge that demands adaptive and innovative solutions. It's not only about producing more food but also about doing so in ways that are environmentally sustainable, economically viable, and socially equitable. By addressing these complex issues comprehensively, we can work toward a more secure and resilient global food system that benefits everyone.

Agricultural security is a multidimensional concept that involves safeguarding the world's food production systems against various threats. It requires a holistic approach encompassing technological innovation, sustainable practices, policy interventions, and international collaboration to ensure a resilient and stable global food supply. Addressing agricultural security is crucial for achieving food security, reducing poverty, and promoting sustainable development worldwide [7].

Agrarian security is a multifaceted challenge that requires a comprehensive and coordinated response. Sustainable practices, coupled with policy reforms and international cooperation, are essential for ensuring the resilience of agricultural systems, food production, and the livelihoods of farming communities. In a rapidly changing world, safeguarding agrarian security is not just a matter of agricultural sustainability but also a matter of global stability and prosperity.

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EVALUATION OF STUDENT ACCESS TO EDUCATIONAL SERVICES IN THE REPUBLIC OF MOLDOVA

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Abstract

The assessment of students' access to educational services in the Republic of Moldova is the main subject of the study. Access to the educational infrastructure is examined in the research, with a focus on the unique viewpoints of the students. The literature study makes clear that access to online learning resources has evolved into a proactive move, offering more affordable and superior educational alternatives. Furthermore, the pandemic has sped up the uptake of online learning.

An individual-level survey and administrative data were employed in the analysis. The findings indicate a trend toward fewer educational facilities, faculty members, and students. On the other hand, information technology is now more accessible. The results underscore the necessity of mitigating the adverse patterns and fully utilizing virtual learning as a means of offsetting the decline in accessibility to conventional educational facilities. Improving *living circumstances and students' contentment with educational services also require more focus.*

Keywords*: student, educational services, evaluation, Republic of Moldova, infrastructure, resilience.*

JEL: *I21, I23, I28.*

Introduction

Education is one of the pillars that support the basis of the social and economic development of any society. More precisely, education also contributes to improving the well-being of the population, together with other factors [6-9]. Therefore, better access to education will increase the chances for further growth in welfare and resilience of population [13]. The assessment of accessibility to educational institutions can be done both at the overall level and at the individual level, from the point of view of those who benefit from the educational services in the education process. Since in many cases the first approach is more used, the second approach is used less often [3-4]. This generates a gap in understanding the accessibility to education from the person himself, which this presentation tries to cover to a certain extent, namely the students as beneficiaries, by analyzing the results of a survey on the assessment of the accessibility of the population of the Republic of Moldova to the educational infrastructure.

1. Literature review

There are many studies that research various aspects of access to education. Some recent studies focus on access to educational services through online delivery as a prospective direction of education and as a solution to increase access to education in ways that traditional educational services cannot. Goodman, Melkers, and Pallais (2019) [5] show that educational options that are cheaper, online, and of high quality can provide educational opportunities for people who would otherwise not pursue them. Concurring are Xu and Xu (2019) [12], where they add comfort for adults with many responsibilities and a tight schedule, helping to obtain additional education. The pandemic has induced developments in the adoption of online learning (Prabaningtyas, Pudjiastuti, Alami, & Farhana, 2023) [11].

2. Data and methodology

To analyze the accessibility of the population of the Republic of Moldova to the educational infrastructure, two approaches were used.

The first approach was to use the administrative data on students and schools provided by the National Bureau of Statistics and calculate them at the macro level, and the second approach was to design a survey that would generate data on the accessibility of the educational infrastructure at the level of the individual, at the micro level. 560 people aged 18-25 participated in the survey, of which 55.9% - women and 44.1% - men. Current level of education - 4.3% had secondary education, 15.7% - high school, 37.9% - college, 18.6% - bachelor's studies, 10.0% - master's studies, 12.9% - doctoral studies. Of all respondents, 30.7% used private educational services, 69.3% - public.

3. Analysis of results

According to NBS data [10], analyzing the data on the number of educational institutions in the country between 2000/2001 and 2022/2023, a continuous reduction in the number of educational institutions can be observed (from 1760 units to 1329 or by 431 units, which means a decrease of 24.4%). It should be noted that in the first decade the decrease was relatively more pronounced among private institutions than among state ones, while in the second decade things were reversed, the decrease in the number of private institutions was significantly smaller than that of state ones. The decrease among state ones occurred mainly among primary and general secondary educational institutions [1-2], although the trend is characteristic of educational institutions of all levels, regardless of the form of ownership. The number of higher education institutions has more than halved.

Regarding the number of teaching staff in educational institutions, we have the same trend – a decrease of 34.9% compared to the year 2000/2001, again this is due to state educational institutions. Within private educational institutions, the decrease was 24% in the 20 years. The number of teaching staff in general schools decreased by 38%, in vocational secondary schools – by 69.8%, in higher education institutions – by 40.1%, while it increased in post-secondary vocational schools – by 23.6%. The number of students in educational institutions in total in Moldova decreased from 753046 in 2000/01 to 437231 in 2022/23, including general schools (from 631263 to

334542), vocational secondary schools (from 22804 to 1435), institutions (from 79082 to 56758), but increased in post-secondary vocational schools (from 19897 to 31574). The number of students per teaching staff varied between 8 students per teaching staff in Dondușeni to 16 students per teaching staff in Balti Municipality. The number of students per 10000 inhabitants varied from 870 in Ocnița district to 1388 in Balti Municipality.

The early education enrollment rate improved by 8 percentage points. The number of children per 100 places in early education institutions decreased both in urban (from 99 to 94) and rural (from 75 to 63). The area of the groups' rooms (locker room, game room, bedrooms, buffet, toilet) increased in the urban environment by 7.5%, and in the rural environment - by only 2.9%. The surface area of group rooms, on average per child, increased by 13.6% in urban areas and by 26.1% in rural areas.

The share of higher education institutions equipped with libraries decreased from 100% to 95.2%, and of technical professional education institutions increased from 90.7% to 97.8% [3]. The share of educational institutions regardless of level equipped with sports halls increased on average by about 8 percentage points. It can be noted the reduction in the share of educational institutions equipped with canteens - professional technical by about 8 percentage points, higher education - by 7 percentage points. It is also noticeable the decrease in the number of students per 10,000 inhabitants in higher education and the increase of this indicator at other lower levels of the education system. The same trends are observed in the number of graduates per 10000 inhabitants.

The average number of computers used for educational purposes per institution increased by 73.7% in primary and general secondary education institutions, by 48.0% in vocational technical education institutions, by 36.1% in higher education institutions. The differences between the levels of educational institutions between the values of the indicator regarding the number of computers used for educational purposes per 100 students have reduced. Therefore, the provision of computers in primary and general secondary education institutions has been improved. The number of pupils at a computer across the country has fallen from 25 in 2008/09 to 15 in 2022/23. The lowest values of the indicator in 2022/23 could be observed in: Cantemir (7), Nisporeni, Leova (9 each), Edineț, Cahul, Cimișlia, Hâncești (10 each), but the highest in: Chisinau municipality (30), T.A.U. Gagauzia (20).

The data show that the provision of higher education students with places in dormitories increased from 76.2% in 2016/2017 to 85.8% in 2022/2023. Two-thirds of respondents were dissatisfied with the educational services received and 1 in 10 – extremely dissatisfied, while only 1 in 16 were satisfied or extremely satisfied. It is not a polarization, but a clear focus on dissatisfaction. It is a general question, covering many aspects of educational institutions, it does not say much. It may just be a general feeling given the bleak outlook for education in the country.

The respondents had a very varied approximate time they usually need to reach the educational institution where they study or the last one they attended. Only a small part of them were very close to educational institutions (15 minutes or less) – 12.9%. One third of respondents arrived at institutions in an hour or more. Half of the respondents could do this in 30-45 minutes. Asked whether they paid additional payments in addition to the contractual ones during the years of study, 29.3% admitted that Yes, and 70.7% - No. Among those who made payments – 12.9% for extra hours, 37.1% - class/institution fund, 50.0% - gifts and small attentions for teachers. Out of the total number of respondents, 41.4% rated the quality of sanitary conditions in educational institutions negatively and 51.4% rated it positively. The rating distribution shows that positive ratings were more evenly distributed, showing more diversity, while negative ratings were more polarized.

Far more respondents rated teaching quality positively (66.4%) than negatively (28.5%). Positive reviews ranged from medium to high. It's a different picture than the one we had before. Faced with a concrete rating, they were more accurate in their assessment, forced to be more objective than when asked about overall satisfaction. The technical and material base of the institution was evaluated positively (59.2%) in more cases than negatively (31.4%). The positive rating was mostly average, while the negative rating was mostly medium to high. Here it should be mentioned that the respondents highlighted the rich libraries. Asked specifically about the professional-pedagogical qualities of the institution's staff, 67.2% of respondents rated them positively, with the mention that a larger number of respondents rated them higher, while only 28.5% rated them negative professional-pedagogical qualities, with a preponderance of medium to high rating. Faced with the need to evaluate the professional-pedagogical qualities of the staff in the educational institutions, the respondents reflexively could have evaluated them more gently, but based on the comments they added the friendly community, the professionalism, the behavior and the practice of the teaching staff were positive aspects, while other respondents highlighted the bad behavior of the teachers, the bad quality of teaching.

Less than half of the respondents (49.2%) positively assessed the quality of food products in the institution (if they offer them, for example in the canteen), equally medium and high, while 36.7% assessed it negatively, medium to high. Here it should be mentioned that a significant part of the respondents choose to remain neutral towards it.

When asked how they evaluate the living conditions in the dormitory (in the case of accommodation in the institution's dormitory), almost half of the respondents evaluated them negatively (medium to high and average) and only a third (32.6%) – positively, the ratings being distributed more evenly than in the case of the negative ones. Here a fourth of the respondents (22.1%) were neutral in their assessment.

Conclusions

The analysis of indicators of accessibility to education in the Republic of Moldova revealed a general tendency of reduction of the number of institutions, teaching staff and the number of students. The number of computers in educational institutions has increased, especially those not accessed by students.

The food products in the institution and even more so the dormitory conditions were rated less positively. The professional-pedagogical qualities of the staff of educational institutions and, in particular, the quality of teaching, were highly appreciated, but in general the respondents were dissatisfied with the staff, but the technical and material basis of the institution and its quality of hygienic and sanitary conditions - negatively or positively more or less uniformly.

The continuous reduction in the number of students and, consequently, the staff of the institutions, especially in the regional aspect, which determines the reduction in the number of educational institutions, casts a gloomy perspective on the accessibility of education and on the future of education itself in the country, but the online realm expanding may provide opportunities that may offset those developments to some extent, which may be a current and future area of focus and investment.

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CURRENCY REGULATION OF AZERBAIJAN'S FOREIGN TRADE TURNOVER: MODERN REQUIREMENTS FOR AN EFFECTIVE CONTROL MECHANISM

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Abstract

Venture businesses and their financing for the past several decades is considered one of the most demanded ones. This article shows Azerbaijan's current state regarding being open to this kind of business and financing, as well as actions taken by the state to approach the intended environment. An innovative model for the development of the national economy requires the search for new effective sources and tools for financing innovative projects. One of these tools, proven by many years of practice in innovation-oriented states, is venture financing. Government support plays a key role in the formation and development of the venture market at the initial stages.

Key words: *venture, innovation, industrial Parks, government.*

JEL Classification: *G24.*

Introduction

One of the main issues of Azerbaijan's economic policy is to stimulate dynamically developing structural transformations that ensure its integration into the world economy. From this point of view, it is advisable to direct investments, which form the basis of the country's economy, to the development of the non-oil sector. This is, first of all, based on expanding innovation activities, increasing the volume and quality of applied innovations in the form of new technologies and new products.

A significant part of the modern economy of countries is engaged in innovation, which is a key direction of its development in the near future. The main resource in an innovative economy is the labor factor, in which a large share is occupied by the intellectual work of researchers and developers.

The unique experience of forming and developing the venture capital market in the United States is relevant for Azerbaijan. Today, the largest venture capital market operates in the United States. An example is the top 10 companies in the world: Amazon Inc., Microsoft, Alphabet Inc., Apple Inc., Berkshire Hathaway Inc., Facebook, Tencent, Alibaba Group, Johnson & Johnson, and JPMorgan Chase.

1. Results and discussion

The policy pursued by our state in the field of innovation implies the creation of the necessary conditions for the production and implementation of new knowledge and technologies. One of the features that determine the development of the national economy in the modern period is the rationalization of the innovative activities of enterprises. And this, first of all, depends on the effectiveness of innovation management.

Analyzing the history of the emergence of the venture business, we can say that our country has only recently begun to promote this policy. There is no "Law on Venture Activities" in any legislation of a country with a developed market economy. This type of financing is carried out through general legal norms, and also uses existing organizational and legal schemes and forms that regulate the main acts and regulations on the rules and forms of investment and corporate activities.

For the full development of the non-oil segment of the country's economy, it is necessary to create various sources for the development of the economy of the Republic of Azerbaijan and increase the investment attractiveness of local markets for foreign investors. Thus, it is important to ensure the development of the information technology sector, the creation of networks of innovative systems such as technology parks, innovation centers, business incubators, technological complexes, and to improve the management of their further work.

The creation of technology parks is one of the priority areas of innovation policy; in order to implement this task, this is due to the adoption of the Law of the Republic of Azerbaijan "On Special Economic Zones" in 2009, which considers the possibility of regulating relations related to the formation and management of technology parks, and also determines the structure of the organization business. At the same time, the program "National Strategy for the Development of Science for 2009-2015 in the Republic of Azerbaijan" was adopted, which set the goal of developing infrastructure in the innovation sphere and increasing the volume of work in the field of research and development.

Industrial parks occupy a special place in expanding the specific volume of production in the labor sphere, increasing entrepreneurial activity in the regions, and developing small and medium-sized businesses.

The once thriving and prosperous city of Aghdam in Azerbaijan has been dubbed the "Hiroshima of the Caucasus" by Lonely Planet magazine. From that time on, Agdam began to be called the "city of spirits." Before the Armenian occupation, the city had well-developed heavy, light and food industries, as well as agriculture, factories and factories, a railway station and airport, a drama theater and a music school. Today almost all of them are destroyed.

Report informs, this is stated in an article published on Oxu.az. However, after the 44-day war, with the liberation of the occupied territories, Aghdam began to revive. In order to create the necessary infrastructure for future production areas in the region, the President laid the foundation of the Agdam Industrial Park on May 28, 2021. The park, which will be created by the Economic Zone Development Agency under the Ministry of Economy, will become the fifth industrial park in Azerbaijan. You can read about other industrial parks in the previous article - July 16, 2021.

The territory allocated for the industrial cluster was used for industrial production even before the occupation. The park will be laid out on 190 hectares around Agdam and will be located at the intersection of the main road and railway communications that are planned to be built in Agdam. TP residents will be provided by the state with the necessary infrastructure, including land, transport and utilities. Exemption from low rents, income and property taxes for a period of 10 years, as well as VAT and import duties on the import of equipment and technologies for production purposes for 10 and 7 years, respectively, will be an additional incentive for residents of industrial parks. The second direction is the food and processing industry.

With the return of people to the liberated areas, opportunities will be created for processing agricultural products. In Soviet times, viticulture, fruit growing, vegetable growing, grain growing, cotton growing and other areas of agriculture successfully developed, and if there is a raw material base, it will not be difficult to develop winemaking, fruit and vegetable canning and other processing industries. Along with the development of agriculture and the food industry, areas for storing and packaging products will appear in the park. Thus, a full production cycle will be provided according to the "field to shelf" principle, including growing plants, their processing and obtaining finished products. This will reduce transportation costs and increase the profitability of the product.

The location of enterprises in industrial parks depends on the type of production and taking into account all building codes and regulations, and in the Karabakh region, declared an environmentally friendly zone, environmental issues will come first. Light and food industries will be located in close proximity to residential areas. Enterprises producing construction materials will be located 500 meters from the village, and heavy industry enterprises will be located 1000 meters away.

The agency has already begun accepting applications from Azerbaijani entrepreneurs who have expressed a desire to organize production in the Agdam Industrial Park. Most of those wishing to become residents of the park are companies producing construction materials. They expressed their intention to establish a concrete plant, organize the production, assembly or production of furniture for further use in civil engineering.

Industrial parks are a successful model of public-private partnership. Public investment in the infrastructure of the Agdam Industrial Park will play a catalytic role in Karabakh and create the basis for private investment. At almost all official meetings, foreign investors are invited to participate in the process of restoring liberated lands, implementing Smart City, Smart Village and Green Energy projects. In particular, investors from Turkey, Israel, China, Italy and other countries are invited to become residents of the Agdam Industrial Park, located at the crossroads. The park is an ideal place for joint ventures and business projects. The Azerbaijan Agency for Innovation and Digital Development and the GOSB technology park operating in Turkey signed a memorandum on cultural and scientific cooperation. “Transforming Karabakh into a place of high technology and innovation in the region is important for the economy and future progress of Azerbaijan. For this purpose, it is planned to open technology parks and innovation centers in Karabakh. The Agency for Innovation and Digital Development took the first step in this direction by signing a memorandum with the GOSB Technopark, which is located in one of the largest industrial regions of Turkey and supports 130 technology companies. The Agency for Innovation and Digital Development assists local entrepreneurs in acquiring modern technologies and technological solutions and organizes their transfer, supports innovative scientific research, encourages innovative projects, including start-ups, and finances them through grants, soft loans and venture financing.

The main task of the agency is to create modern complexes for the sustainable development of the ICT sector and increase competitiveness, expand the areas of innovation and high technology based on modern scientific and technical achievements, conduct scientific research, and develop new technologies.

Azerbaijan and Türkiye are planning to create a joint technology park in Karabakh. The Balakhani Industrial Park, the Sumgayit Chemical Industrial Park and the Garadagh Industrial Park operate in Azerbaijan, and the Pirallakha and Mingachevir industrial parks have been created. STP is a resident of SHPP. STP is one of the largest industrial production centers in the region in terms of area. The total area of the enterprise is 250 hectares, of which 50 hectares are closed production area. As well as more than 30 production sites, 12 factories, employing about 2,000 specialists.

This enterprise contains more than 40 types of products not produced in the republic. STP products are of high quality in the markets of Georgia, Turkmenistan, Kazakhstan, Russia, Kyrgyzstan, including Turkey and are produced under the “Made in Azerbaijan” brand.

For the first time, STP implemented the export of spare parts for machining, as well as products for metal structures to Germany, which is rightfully the locomotive of European industry (to the cities of Cologne and Verden). In the non-oil sector of the Republic of Azerbaijan, the largest producer is STP (http://www.stp.az/). The investment strategy is to constantly protect their rights, as well as ensure their participation in management.

STP is a complex of factories specializing in alternative areas of production, meeting demand in both the domestic and foreign markets of the country. The main goal of the organization is "to be the best in everything and everyone." And to achieve this goal, STP has set itself certain tasks:

- ✓ provide your customers with quality products in the domestic and foreign markets, and in turn maintain long-term relationships with consumers;
- ✓ increase the production of products that meet high standards, but in turn comply with the rules of environmental protection, industrial safety and labor protection;
- ✓ show investors the opportunity to maximize the company's competitive advantages;
- ✓ dynamically develop scientific and technical potential, always apply innovative technologies in the production process;
- ✓ implement social investment programs, support the economic and social development of the country and region and actively participate in projects;
- ✓ build relationships with business partners based on the principle of mutual respect and trust.

The doors of the Sumgayit Technopark are open for cooperation with both internal and external investors, as well as financial institutions. The first technology park in Azerbaijan is ready to accept investors as a partner in the projects it is implementing.

Within the framework of the "State program for the socio-economic development of the city of Baku and its suburbs for 2011-2013", approved by the President of the Azerbaijan Republic for the development of reproduction in the country, in 2011 the President of the Azerbaijan Republic signed a decree "On the creation of the Balakhani Ecological-Industrial Park".

The Balakhani Industrial Park is a successful example of partnership between the state and the private sector. In such industrial parks, local manufacturers invest a minimal amount in production with government support. This is an inspiring example of public-private partnership. The Azerbaijani government provides assistance in the development of the private sector, thanks to which companies develop, pay taxes to the state budget, industrial production increases, and most importantly, additional jobs are created.

Five companies operate in the park, and six more will begin work in the near future. On the part of residents, the volume of investment in the industrial park is 32 million manats. At the initial stage there are about 400 permanent jobs. (https://novosti.az/economy/25879.html)

The potential of entrepreneurs and investors, where it is planned to create external and internal infrastructure of the park in order to increase interest in the processing of industrial waste. Thus, a road was laid for electricity, gas, water supply, sewerage and communication lines in accordance with international standards.

On September 14, 2016, the President of the Republic of Azerbaijan signed a decree on the creation of the Pirallahi Industrial Park. This is the first industrial park in Azerbaijan that specializes in the production of pharmaceutical products. The Pirallahi Industrial Park is considered a continuation of measures to support the innovative industry. The purpose of creating such a park is to develop the pharmaceutical industry, reduce dependence on imported products in this area and meet the needs of the population in the medical field.

In order to organize and regulate the activities of the HTP, by the Decree of the President of the Republic of Azerbaijan dated November 5, 2012, Hi-Tech Park LLC was created under the Ministry of Communications and Information Technologies. The park has the territory with the necessary infrastructure, material and technical base and management structures for conducting research in the field of ICT, telecommunications and space communications, energy efficiency, and the development of new high technologies.

The main tasks of the HTP: stimulating further development of the ICT sector and increasing its competitiveness in the country, development of the sphere of innovation and high technology based on modern achievements of science and technology, creation of modern complexes for R&D and new developments in the field of high technologies.

The Incubation and Acceleration Center "INNOLAND" was also created, which began its activities on November 12, 2018. The center was created to support the creation of a startup ecosystem, stimulate innovation and develop the private sector in Azerbaijan and beyond. "INNOLAND" combines an incubator, acceleration, co-working space and an IT training and education center. (http://innoland.az/)

In the era of high technology convergence, the optimal choice of priority areas is considered the main factor in the formation of a high-tech economy and ensuring its stable development. Based on this, on September 23, 2008, by a resolution of the Cabinet of Ministers of Azerbaijan, the "High Technology Research Center" was created, financed from the state budget. The purpose of the center was to import advanced technologies to Azerbaijan, as well as the development of high-tech industry.

The center is equipped with the latest generation laboratories, as well as a biochemical nanotechnology laboratory, a photometric laboratory, an optical spectrometry laboratory, a CVD carbon nanotechnology laboratory, and an electron microscopy laboratory (scanning electron microscope, atomic force microscope). Competitive prototypes with different color temperatures and color rendering index have been created, small LED production lines have been established (which is the next step after the chip), and a pilot project has been successfully implemented. (http://mincom.gov.az/ru/)

Considering the need to use nuclear technologies for peaceful purposes and in accordance with the requirements of the modern stage and national interests, as well as increasing the material and technical base of the field of nuclear technologies, expanding scientific research and strengthening the potential of qualified specialists, by the Decree of the President of the Republic of Azerbaijan dated May 8, 2014, under the jurisdiction of The Ministry of Communications and High Technologies of the Republic of Azerbaijan created the National Center for Nuclear Research CJSC, which has shares owned by the state. On December 3, 2014, the center's charter was approved by a resolution of the Cabinet of Ministers. The main activities of this center are:

✓ development of scientific research in the field of nuclear technologies, nuclear sciences, as well as the identification of scientific, technical and relevant scientific directions in the interests of the Republic of Azerbaijan and conducting practical and fundamental research in these areas;

✓ in accordance with national interests and modern needs, the development of nuclear technologies has been created for peaceful purposes;

✓ in accordance with the activities of the company, cooperation with the relevant systems of foreign countries, the International Atomic Energy Agency and other world organizations;

✓ participation in global scientific and scientific-technical projects, research, experiments in the field of nuclear sciences, nuclear technologies, as well as high-energy physics, implemented by the European Center for Nuclear Research, as well as other international scientific centers;

✓ study of the area of nuclear raw material reserves in the Republic of Azerbaijan, including assessment of its potential;

✓ improvement of the material and technical base of the nuclear technology sector, as well as the research nuclear reactor, education and development of the technical, scientific and experimental base of society in accordance with international norms and standards;

✓ increasing the potential of qualified personnel in the field of nuclear technology and nuclear sciences, as well as training and advanced training of highly qualified personnel in accordance with the activities of the company;

✓ improving the capabilities of the "Gamma Radiation Complex" for the purpose of sterilization, development of materials used in agriculture, economics, medicine and other areas using the radiation method;

✓ participation in projects and government programs of the country on radiation and nuclear safety, preparation of recommendations on the use of nuclear energy, as well as providing scientific and methodological assistance to activities implemented in this area. (http://mincom.gov.az/ru/)

By the Decree of the President of the Republic of Azerbaijan dated March 15, 2012, the "State Fund for the Development of Information Technologies" was created, which operates under the Ministry of Transport, Communications and High Technologies. The Foundation is a government body that provides financial support to stimulate activities in the field of information and communication technologies, expanding the use of innovation, as well as applied research in this area. The fund's activities include:

✓ financing through the issuance of preferential loans by authorized non-bank credit organizations and banks to business entities operating in the ICT field;

✓ future investments with the receipt of shares and equity participation in the authorized capital of legal entities operating in the ICT field;

✓ financing in the form of grants for applied scientific, technical and innovative projects (against the background of a start-up project). (http://mincom.gov.az/ru/)

In order to increase the level of knowledge of the population, civil servants and employees of state enterprises in the field of information technology and develop their skills in the field of e-government, by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan dated December 17, 2015, the Educational Center "Electronic Government" LLC was created under the Ministry of Communications and High Technologies , in 2018 the Center was renamed into LLC “Center for Application and Training of Information and Communication Technologies”.

Services of this center: information technology training, professional use of office programs, system and network administration, computer graphics and design, programming and coding, information security, e-government and e-government activities, support for the implementation of e-government solutions, improvement of e-government services, organization of trainings on general digital learning, trainings on the use of e-government and electronic signature solutions, establishing cooperation with organizations and individuals engaged in educational work in the field of the information society, e-government and e-government, implementation of propaganda projects.

Corporate relations trainings: project management, corporate quality control, trainings in financial and tax areas. Trainings on sustainable development of human resources: soft skills, foreign language training. Multimedia services: organization and management of audio, video, multimedia work, compilation of electronic textbooks and preparation of video materials. Also worth mentioning is the Barama project created by Azercell, which supports entrepreneurship without any financial expectations.

The Barama Center for Innovation and Entrepreneurship is a project created by Azercell Telecom LLC in 2009 as the first project in Azerbaijan aimed at promoting business innovation, developing and maintaining the digital and entrepreneurial ecosystem. “Barama” is recognized as the most influential center in Azerbaijan, the main goal of which is to help new projects implement their business and provide innovative services. The Center works with new projects at every stage of their development, providing them with the tools, resources and knowledge needed to succeed. They create opportunities for young people to have their innovative ideas recognized and start a business. All the great ideas in the world need support, and without a doubt they will be realized in Baram. (https://www.barama.az/)

Today, many higher educational institutions in the country have business incubators. One of them is "Innovation Business Incubator" LLC at the Azerbaijan State University. Innovative business incubator" at the Azerbaijan State University. In 2014, an innovative business incubator was created. The purpose of which is to provide, within the framework of the municipal project "Azerbaijani Youth in 2011-2015," support for young people in universities that provide training in suitable specialties, incubators of business information technologies. In particular, it is aimed at increasing the social security of teaching staff by involving them in scientific, innovation and educational projects. (http://unec.edu.az/)

The "EnterpriseAzerbaijan.com" portal created in 2016 requires special attention. The portal is managed by the Center for Analysis of Economic Reforms and Communications, which aims to increase the country's investment attractiveness and expand access to alternative sources of financing for economic development. The mission is to provide foreign and domestic investors with information about investment projects, assets, natural resources and investment opportunities prepared by legal entities of the Republic of Azerbaijan, and to create a favorable platform for financing these projects. (https://enterpriseazerbaijan.com/)

In 2018, AP achieved a double victory in Dubai. Azerbaijan was elected to the ITU with 119 votes in favor, becoming one of 48 states represented in this structure. And also, our candidacy for the ITU Radio Regulations Committee, Sahiba Hasanov, having collected 115 votes "for" victory in the elections, became the first representative of the Republic of Azerbaijan in this committee. Azerbaijan has already been elected to the GMSP twice, which is a huge success. In the field of ICT, ITU is considered a UN body. ITU includes 700 enterprises, as well as 193 member states and more than 150 scientific organizations. (https://haqqin.az/news/140121).

It is necessary to take into account the fact that in countries with a developed venture industry, the state provides significant support to this strategic segment of the innovation system, both at the legislative level and in the formation of a system of effective tools for direct and indirect methods of stimulating venture financing. At the same time, the institutional conditions for the development of the venture industry are constantly being improved in accordance with changes in the external environment of innovative business and new trends in the global innovation market.

Conclusion

It can be noted that the innovation policy announced in the country is enshrined in the legislative framework, which creates an opportunity to attract investment to Azerbaijan in many areas, including in the ICT sector. In order to further develop this area, a new investment law is being developed in Azerbaijan, which will meet all modern requirements and create the necessary conditions for the entry of structures wishing to carry out their activities in Azerbaijan.

Along with this, Azerbaijan is also preparing laws on investment and innovation, which will contribute to the innovative development of the country. A lot of work has been done to create the base and necessary tools for the development of the ICT and high technology industry in the country. It is planned to promote further development not only in the capital, but also in the newly liberated territories, which will accelerate the further growth of other fields.

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THE IMPORTANCE OF CITIZEN-CENTERED PUBLIC ADMINISTRATION SYSTEM

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Abstract

Citizen-centered public administration forms one of the solid foundations of a democratic society. This system allows the state and public institutions to focus on the needs, expectations and opinions of citizens. First, it increases trust by providing transparency and accountability. Citizens can understand and participate in governance processes. Secondly, it improves the quality of services. In line with citizens' feedback and demands, services can be provided more effectively. Third, it encourages democratic participation. Citizens can actively participate in decision-making processes and take part in social development. Fourth, it aims to meet the needs of various segments of society. Justice and equality can be achieved by considering the demands of different cultural, economic and social groups. Finally, it promotes the effective and efficient use of public resources. Thus, the costs of services are reduced and resources are distributed more equitably. Citizen-centered public administration is indispensable for a democratic society because it ensures the active participation and trust of citizens for the well-being and development of society.

Keywords*: Citizen, public administration, democracy, participation, transparency.*

JEL Classification: *D73, H10.*

Introduction

Citizen-centered public administration has become an indispensable element of modern societies and democracies. Unlike the traditional management approach, citizen-centered public administration designs the state's services, policies and decision-making processes with a greater focus on the needs and expectations of citizens. This approach encourages citizen participation, increases transparency and increases the effectiveness of public services.

The importance of citizen-centered public administration can be evaluated from many perspectives. First of all, the main purpose of government in a democratic society is to promote the welfare of citizens and meet their needs. The citizen-centered approach is an effective tool in achieving this goal because the needs and demands of citizens are directly taken into account. This ensures that government policies and services are more effective and efficient. Additionally, citizen-centered public administration strengthens democratic processes and encourages social participation. When citizens have the opportunity to participate in and play a role in shaping decisions that affect their lives, their confidence in democratic processes increases. This contributes to ensuring social stability and social justice.

The citizen-centered approach also increases transparency and accountability. When government decision-making processes become more open, citizens understand how decisions are made and have more confidence in those processes. Additionally, government officials can better direct policies and services by better understanding citizens' expectations and demands. As a result, citizen-centered public administration has become an indispensable element of a democratic society. Providing policies and services that are sensitive to citizens' needs contributes to increasing social welfare and strengthening democracy. Therefore, it is important for governments to strengthen mechanisms that will ensure that citizens' voices are heard and respond to their needs.

Citizen-centered public administration not only focuses on the needs of citizens, but also ensures that various social segments and groups are represented. Diversity and inclusion constitute the strength and richness of a society. Therefore, public policies and services must take into account the needs of various social groups. The citizen-centered approach strengthens social cohesion by promoting social diversity and inclusion. Citizen-centered public administration also encourages innovation. Citizens' diverse perspectives and experiences can help design public services more innovatively and effectively. Citizens can provide feedback and suggestions to help the government find more efficient and sustainable solutions.

However, the process of citizen-centered public administration requires managers and public service employees to be sensitive to the needs of citizens. Good communication, open dialogue and interaction with citizens ensure the successful conduct of this process. Education and information activities can also help citizens better understand their role. As a result, citizen-centered public administration forms a solid foundation of a democratic society. Providing policies and services that are responsive to citizens' needs increases social well-being and strengthens democratic processes. Therefore, it is vital that governments develop and maintain mechanisms that will enable citizens' voices to be heard and encourage their participation.

1. Results and discussion

State and public administration "It is not considered sacred because it does not come down from the sky, and it is not considered natural because it does not grow from the ground; "It was born out of necessity." The same applies to citizenship. Citizenship also arose from the need of the nation-state, but just like in public administration, it was sanctified within the nation-state and accepted as if it were a natural state. However, it seems that citizenship is not given enough space in public administration studies. For example, this situation is also reflected in NPM studies.

According to statistical data, we can say that, within the domain of public administration, the conventional emphasis has been on the effective allocation of resources and the execution of policies. Nevertheless, in recent years, there has been a significant change in perspective towards a more citizen-centric approach. This shift acknowledges the basic significance of prioritizing the wants and concerns of people in administrative decision-making processes. The evidence presented emphasizes the importance of this method, especially in the field of healthcare and population control.

The table provides comprehensive data from 2013 to 2023, specifically illustrating population demographics, live births, and death rates for both genders. These metrics not only denote quantitative values but also mirror the state of health and overall welfare of the people. Let's examine the essay by correlating these figures with the significance of a citizen-centric public administration system. A citizen-centric public administration system places utmost importance on addressing the requirements, inclinations, and welfare of people within a community. Within the healthcare domain, this entails formulating rules and implementing services that are easily attainable, fair, and adaptable to cater to the varied requirements of the populace.

Between the years 2013 and 2023, we have seen variations in the number of live births and death rates among both females and males. These variations emphasize the ever-changing characteristics of population demographics and emphasize the need of flexible and proactive public health interventions. An approach to public administration that prioritizes the needs and interests of citizens acknowledges the need of closely monitoring these patterns and making necessary adaptations to policies and services. For example, the decrease in the number of live births between 2013 and 2023 may lead policymakers to evaluate the variables that affect fertility rates, such as the availability of reproductive healthcare, socio-economic circumstances, and cultural customs. Through active involvement with people and stakeholders, public administrators may create focused interventions to advance reproductive health and aid those planning to become parents.

Furthermore, the variations in death rates between females and males emphasize the need of healthcare systems that are attuned to the distinct health requirements of each gender. A method that prioritizes the needs of citizens involves guaranteeing that healthcare services are all-encompassing, unbiased, and customized to tackle the distinct health obstacles encountered by various demographic groups. Moreover, the data for 2023 highlights the significance of strong data collecting and analysis systems in public administration, since it reveals the absence of statistics for live births and death rates. Precise and current data are crucial for making well-informed decisions and efficiently allocating resources.

To summarize, the figures provided emphasize the complex relationship between governmental administration, healthcare, and the well-being of citizens. Adopting a citizen-centered approach to public management is not only ethically necessary but also strategically advantageous. By prioritizing the inclusion of people in decision-making processes, public administrators may cultivate trust, ensure responsibility, and eventually, improve the overall standard of living for all individuals in society.

As a matter of fact, while NPM studies focus on the responsibilities of managers, citizens have been the subject of much less scrutiny. However, when citizenship is evaluated behaviorally, it presents a strong structure consisting of human activities that should be emphasized both within the management logic of the GKY approach and the business logic of the NPM approach. The relationship between citizens and public administration is changing significantly under the influence of economic, technological, sociological and cultural changes. Today, as a natural result of this change, the citizen-public administration relationship has increased and the citizens' expectations have increased. Naturally, the relationship between citizenship and public service has also changed. As a matter of fact, the administration's consideration of the citizens' wishes and expectations has become a new source of legitimacy. Thus, in the restructuring, the transformation of management into a "service enterprise" began to be perceived as both a political and social necessity.

As a matter of fact, the emergence of public administration is essentially based on the "public" representing the citizens and owes its existence to the citizens who pay taxes. Therefore, it has to consider the expectations and needs of citizens. However, there are some differences between the concepts of customer in public services and customer in the private sector. When we look at the basic logic of public service, it can be easily seen that there is no profit concept. As a matter of fact, public service emerges at the point of meeting the common needs of the society and the "citizen-public institution" relationship is established. However, the fact that public services can also be provided by the private sector under the control of the relevant public institution suggests that it is acceptable to see citizens as customers in public services and that a customer-oriented approach is needed to ensure quality principles in public services. But there is no consensus on this issue (Tesev, 2004).

There are also thoughts that oppose the perception of citizens as customers. For example, it is stated that it is not possible to have a citizen as a customer and that there are terminological differences between customer and citizen. In addition, it is not right to accept the views that accept the individual instead of the public in public administration, the consumer or customer instead of the citizen as an effect of democratic development, without a detailed evaluation. This can clearly be interpreted as alienation from the concepts and phenomena of public - people - democracy - administration - citizenship as a result of considering citizenship separately from public administration. In fact, although there are benefits provided by these two contradictory situations, the understanding of citizenship in public service needs to be evaluated in more detail. This is why the relationship between public service and citizenship needs to be revealed. As a matter of fact, this study focuses on a more detailed evaluation of the understanding of citizenship in public service through the example of NPM, unlike public administration studies in which citizenship is neglected (Akçakaya & Aksakaloğlu, 2017, p. 45-46).

The sociological survey conducted in Azerbaijan by the "Oracle Advisory Group" organization of the USA and the "League for the Protection of Labor Rights of Citizens" aims to study the public opinion regarding the presidential elections scheduled for February 7. The results of this survey clearly reveal the attitude of the Azerbaijani population to political issues, the current situation in the country and President Ilham Aliyev.

The main results of the survey show that a large part of the population believes in and supports the activities of President Ilham Aliyev. This shows that there is a generally positive attitude towards the government in the country and that the population actively participates in political processes. Also, a large part of the population is satisfied with the country and thinks it is safe to live. The Karabakh conflict is also an important issue for the Azerbaijani public, and the results of the survey show the existence of a national spirit that supports large-scale military operations.

The main results of the survey form an important basis for clarifying public opinion and political inclination before the election (Figure 1). These data help to understand the direction of the political space and electoral process in the country. Finally, anticipating exit poll results will help to accurately assess the election process and provide an opportunity to better understand public opinion.

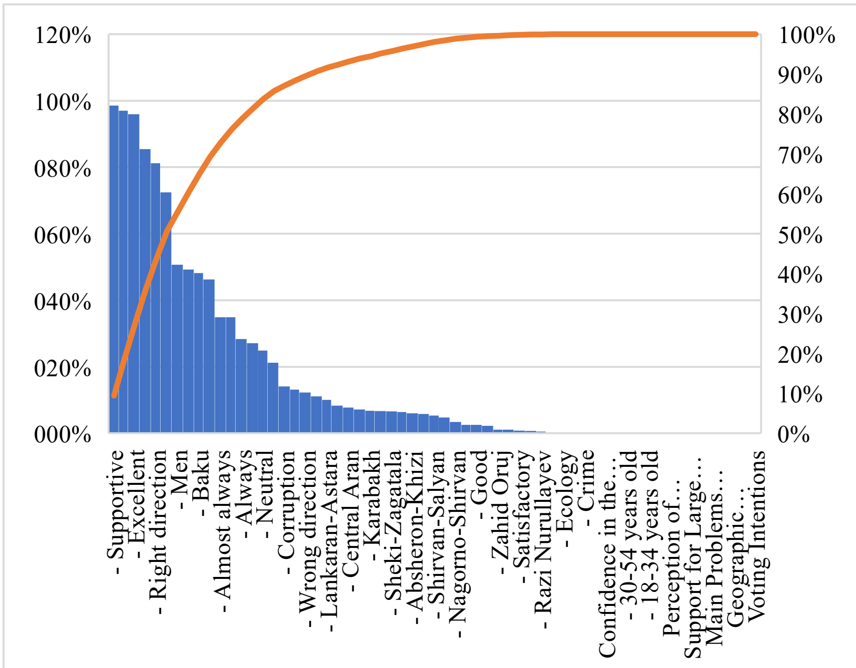

Figure 1. Summary of Azerbaijan Public Opinion Poll on Elections
Source: Own Creation

These findings highlight the importance of developing a citizen-centered approach to public administration, in which citizens' voices, perspectives, and priorities are prioritized and integrated into policy-making processes. By embracing inclusion, diversity, and responsiveness, Azerbaijan can further strengthen its governance system, thereby promoting trust, accountability, and civic engagement throughout the country.

The idea of implementing customer focus in the public sector is also criticized by some groups. Some of these criticisms are listed below:

• Elections decide what will be produced in the public sector, money cannot determine what will be produced as in the private sector. Because the function of the state to provide equal living opportunities to citizens is above all other functions. In democracies, citizens' preferences and needs guide the state. Otherwise, it is not the profit motive that drives the state.

• Customers in the public sector are a manifestation of diversity. This diversity includes various stakeholders such as service users, taxpayers, central government, inspection and audit institutions. In the private sector, customers often have choice and purchase the service, but in the public sector, customers have little or no choice. Therefore, measuring customer satisfaction is easier in the private sector than in the public sector.

• The public sector still has different functions and purposes than the private sector. The purpose of the public sector is not to make profits, but to provide services to the public fairly and in the public interest. In addition, ideas such as determining services and prices on a market scale, seeing citizens as consumers and directing public production resources, and the dominance of competition and free market principles among public organizations, which are elements of the free market logic that are tried to be established, are more likely to favor the interests of those who are successful within the framework of the free market. These are approaches that take into consideration and aim to offer them more options. The needs and wishes of those who cannot benefit from basic education services fairly or have low incomes that cannot enter the market as consumers are excluded from public decision and policy processes. In addition, this new understanding ignores the impact of public administration policies that can be predicted in the free market and that increase stability, equality and social justice and provide public benefit (Kamu, 2013).

• In the private sector, it is clear who is the owner of the business and who is the customer; However, in the public sector, the owners and customers are not clearly clear. According to this view; Citizens are the owners of the public when they pay taxes, and they are the customers of the public when they demand services. Civil servants, on the one hand, act as "agents-intermediaries" between citizens and public institutions, and on the other hand, they are customers of public services. This situation makes the status of citizens debatable in terms of the public sector. Is the citizen truly the owner or customer of the public?

• Reasons such as election periods and frequent change of top executives force many public institutions to think and act in the short term. In addition, the annual budget approach forces us to look at long-term problems from a short-term perspective. The result of this is that issues such as continuous improvement, employee training and customer satisfaction are neglected.

• Bureaucracy is low due to the small size of the private sector, but there is a lot of bureaucracy due to the size of the public sector and it is very difficult for the bureaucracy to focus on a phenomenon such as the customer (Kamu, 2013, p. 53-54).

As a result, the importance of a citizen-oriented public administration system is a fundamental element for the healthy functioning of a democratic society. This type of system allows governments to understand citizens' needs, encourage participation, and deliver their services more effectively. Here are some suggestions that emphasize the importance of a citizen-oriented public management system:

Promoting Participation: Citizens should participate in the creation and implementation of public policies. This can be achieved through a variety of participation mechanisms, for example, through community meetings, online platforms or surveys.

Openness and Transparency: Public administration processes and decision-making processes should be transparent. Citizens need to understand how government works and trust those processes.

People-Centred Services: Governments should focus on the real needs of citizens and shape their services accordingly. This can be achieved in the fields of health, education, security and other public services.

Accessibility and Disabled-Friendly Services: Public services should be designed to be accessible to individuals with disabilities. Accessibility measures for disabled people should be taken and the participation of these individuals should be encouraged.

Use of Technology: Technology can increase interaction between citizens and government. Online services, information sharing and digital participation platforms can provide citizens with easier access to public services.

Education and Awareness: Education and awareness programs should be organized about citizens' rights, responsibilities and how to benefit from public services. This contributes to the creation of a more informed and effective citizenship.

Feedback and Improvement: Feedback from citizens allows for continuous improvement of public services. Governments should be open to this feedback and ready to respond to citizens' demands.

Accepting Diversity and Cultural Differences: A citizen-centered public administration system accepts the diversity and cultural differences of society. Services should be provided considering the needs and values of different social groups.

A citizen-centered public administration creates a stronger relationship and trust between governments and citizens. This is extremely important for the healthy functioning of a democratic society.

Conclusion

As a result, the citizen-oriented public service approach constitutes one of the solid foundations of democratic societies. This approach allows government and public institutions to focus on citizens' needs, expectations and opinions. First, it increases trust by providing transparency and accountability. Citizens can understand and participate in governance processes. Secondly, it improves the quality of services. In line with citizens' feedback and demands, services can be provided more effectively. Third, it encourages democratic participation. Citizens can actively participate in decision-making processes and take part in social development. Fourth, it aims to meet the needs of various segments of society. Justice and equality can be achieved by considering the demands of different cultural, economic and social groups. Finally, it promotes the effective and efficient use of public resources. Thus, the costs of services are reduced and resources are distributed more equitably. Citizen-oriented public administration is indispensable for a democratic society because it ensures the active participation and trust of citizens for the well-being and development of society.

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LEGEA 11 DIN 1991

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Abstract:
This article delves into the competitive dynamics between loyal and non-loyal business entities and their impact on market structure and consumer behavior. Through a comparative analysis, we investigate how loyalty—defined as the commitment of customers to repeatedly purchase from the same brand or company—affects competition and strategic business outcomes. Using a blend of theoretical models and empirical data, the study examines scenarios where businesses either foster strong customer loyalty or operate in environments characterized by frequent customer switching, referred to as non-loyal competition.

Key words: *Law, competition, consumer behaivor, loyalty, non-loyal, customer switching*
JEL Classification: *K20*

LEGEA nr. 11 din 29 ianuarie 1991 privind combaterea concurentei neloiale.

Parlamentul Romaniei adopta prezenta lege.

ART. 1

(1) Prezenta lege are drept scop asigurarea unei concurenţe loiale, cu respectarea uzanţelor cinstite şi a principiului general al bune-credinţe, în interesul celor implicaţi, inclusiv respectarea intereselor consumatorilor.

(2) Întreprinderile au obligaţia să acţioneze cu respectarea uzanţelor cinstite, în conformitate cu principiul general al bunei - credinţe şi cu prezenta lege.

(3) Dispoziţiile prezentei legi se aplică persoanelor fizice sau juridice, române sau străine, care săvârşesc practici de concurenţă neloială.

Explicarea termenilor

Concurenta loiala si neloiala

Concurența în mediul de afaceri poate fi definită ca relația dintre întreprinzătorii prezenți pe aceeași piață (constând în întreprinderi, autorități sau instituții) pentru realizarea propriilor interese, în condiții de libertate economică. Așadar, concurența loială există atunci când participanții respectă normele incidente în vigoare ale statului, respectiv ale Uniunii Europene, iar cea neloială constând în orice act sau fapt contrar acestora.

Este important de înțeles faptul că o piață în care este prezentă o concurență loială oferă consumatorului o gamă variată de produse, stimulează inovația și îmbunătățirea constantă, oferă locuri de muncă și posibilitatea consumatorului de a se orienta în alegerile sale în funcție de cel mai bun raport preț/calitate. Este esențială acordarea unei protecții legale adecvate acesteia pentru a evita creșterea abuzivă a prețurilor, stagnarea evoluției cât și îngreunarea accesului pe piața a unor noi întreprinderi.

Așadar, pentru a preveni concurența neloială, legea aplicabilă face referire atât la prevenirea apariției monopolurilor sau cartelurilor (acesta reprezentând o înțelegere între firme sau organizații profesionale, care au ca scop fixarea prețurilor și stabilirea nivelului producției, împărțirea pieței sau trucarea licitațiilor) cât și la prevenirea abuzului unei companii dominante, controlul fuziunilor sau ajutorul de stat.

Practici comerciale

„practici ale întreprinderilor față de consumatori" (denumite în continuare practici comerciale) înseamnă orice acțiune, omisiune, comportament, demers sau comunicare comercială, inclusiv publicitatea și comercializarea, efectuate de către un comerciant, în directă legătură cu promovarea, vânzarea sau furnizarea unui produs către consumatori.

Practici înșelătoare și agresive:

Consumatorii europeni beneficiază de protecție împotriva a două categorii principale de practici comerciale neloiale:

1. practicile înșelătoare, care se manifestă prin acțiune directă (furnizarea de informații false) sau omisiune (nefurnizarea unor informații importante)
2. practicile agresive, al căror scop este să vă constrângă să cumpărați

Uzante cinstite

„Uzanţe cinstite" reprezinta ansamblul de practici sau reguli general recunoscute care se aplică în relaţiile comerciale dintre întreprinderi, în scopul prevenirii încălcării drepturilor legitime ale acestora.

Legea nr.11/1991 instituie pentru comercianti obligatia de a-si exercita activitatea cu buna-credinta si potrivit uzantelor cinstite. Orice act sau fapt contrar uzantelor cinstite constituie concurenta neloiala. Incalcarea obigatiei de exercitare a activitatii cu buna-credinta si potrivit uzantelor cinstite atrage raspunderea civila sau penala, dupa caz.

Secrete comerciale

Detinerea de informații valoroase cu privire la tehnologie sau la alte aspecte ale afacerii dumneavoastră, poate fi protejata sub forma unui secret comercial, atâta timp cât sunt îndeplinite următoarele condiții:

1.informațiile pe care doriți să le protejați nu sunt cunoscute nici de publicul larg, nici de experții din domeniu

2.informațiile au valoare comercială

3. informațiile raman secrete: de exemplu, le-ați stocat într-un loc sigur și ați semnat acorduri de nedivulgare cu persoanele cărora le-ați împărtășit aceste informații sau care au acces la ele

Ce informații pot fi acoperite de secretul comercial?

Secretele comerciale pot include o cantitate vastă de informații și cunoștințe care nu sunt protejabile sau care nu pot fi protejate corespunzător prin brevete, ca de exemplu:

1.invenții aflate în faze incipiente

2.procese de fabricație

3.liste de furnizori și clienți

Informațiile protejate de secrete comerciale pot fi strategice pe termen lung (de ex., rețete sau compuși chimici) ori pe termen scurt (de ex., rezultatele unui studiu de marketing, o denumire de marcă, prețul și data lansării unui produs nou sau prețul oferit în cadrul unei licitații).

Care sunt participantii la piata?

Intreprinderi-Orice formă de organizare a unei activități economice, autonomă patrimonial și autorizată potrivit legilor în vigoare să facă acte și fapte de comerț, în scopul obținerii de profit prin producerea de bunuri materiale și vânzarea acestora pe piață sau prin prestări de servicii, în condiții de concurență.

Consumatori-Orice persoana fizica sau grup de persoane fizice constituite in asociatii, care actioneaza in scopuri din afara activitatii sale comerciale, industriale sau de productie, artizanale ori liberale

De ce este utila Legea 11/1991?

În situaţiile în care practicile care aduc atingere concurenţei loiale pot avea un impact semnificativ asupra mediului economic în ansamblu şi în care poate fi vizat un interes public, operează răspunderea contravenţională, competent fiind Consiliul Concurenţei, potrivit legii.

Încălcarea acestei obligaţii atrage răspunderea civilă, contravenţională sau penală, în condiţiile legii, precum:

1.amendă de la 5.000 lei la 50.000 lei pentru contravenţiile săvârşite de persoane juridice;

2.amendă de la 5.000 lei la 10.000 lei pentru contravenţiile săvârşite de persoane fizice.

Cunoașterea legilor este crucială pentru a evita săvârșirea de infracțiuni sau încălcarea altor norme legale. Legile stabilesc drepturi și obligații pentru cetățeni și entități. Cunoașterea acestora îți permite să-ți exerciți drepturile și să-ți îndeplinești obligațiile în mod conștient și responsabil. Totodata contribui la evitarea disputelor și conflictelor legale.

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THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN THE DEVELOPMENT OF ROMANIAN ECONOMIC ACTIVITY

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Abstract

In the dynamic and interconnected economy of the 21st century, small and medium-sized enterprises (SMEs) are not just a business category but a crucial driver of economic growth, innovation, and employment. This is particularly true in Romania, where SMEs form the backbone of the economy, reflecting the country's entrepreneurial spirit and its journey towards economic modernization and integration into the European market.

Key words: *SMEs, Romania, economy, development, definition*

Introduction

The importance of SMEs in Romania cannot be overstated. They represent a significant portion of all businesses, contribute markedly to the nation's gross domestic product (GDP), and employ a large number of the workforce. Their role extends beyond mere numbers; they are a source of innovation, a stabilizing force in regional development, and a key player in various sectors, from manufacturing to services and technology. However, the journey of Romanian SMEs is not without its challenges. They navigate a landscape marked by evolving market demands, regulatory changes, and the need for continuous innovation and adaptation. Understanding the role of these enterprises in Romania's economic landscape involves examining their contributions to the economy, the challenges they face, and the support structures that exist to aid their growth and sustainability. As we delve into the multifaceted role of SMEs in Romania's economic development, it's essential to appreciate their dynamic nature and pivotal position in not just driving economic activity but also in shaping the future economic trajectory of the country. This essay aims to provide a comprehensive overview of the significance of SMEs in Romania, exploring their impact on the economy, the unique challenges they face, and the strategies employed by the government and other institutions to support and foster their growth.

1. The definiton of SMEs

SMEs are distinct economic entities characterized by a limited number of employees and annual turnover. Classification criteria include the number of employees, annual turnover, and asset value.

Commission Recommendation 2003/361 defines SMEs as enterprises with a number of employees and profits that fall under certain limits:

- Microenterprise: <10 employees, turnover or a total balance sheet of up to 2 million euros;
- Small enterprise: <50 employees, turnover or a total balance sheet of up to 10 million euros;
- Medium enterprise: <250 employees, turnover < 50 million euros, total balance sheet < 43 million euros.

2. Statistics

Data taken up to January 2022 from official sources such as the National Institute of Statistics (INS), the National Bank of Romania (BNR), and other relevant governmental organizations.

The number of SMEs:

If in 2020 Romania had ~750,000 SMEs, in 2021 there were only 622,380, noting a decrease of >100,000 in their number due to COVID, according to INS data.)

The contribution to GDP:

Before 2021, SMEs contributed about 50% to Romania's Gross Domestic Product (GDP), according to the National Institute of Statistics.

The structure by size:

Approximately 94% of all SMEs in Romania were micro-enterprises (under 10 employees), according to INS data.

Key Sectors:

The largest proportions of SMEs were in the trade, services, construction, and manufacturing sectors.

Employment and Workforce:

In 2020, SMEs provided about 63% of the total jobs in the private sector, employing approximately 3.7 million people.

Challenges and Opportunities:

A report from the National Bank of Romania indicates that SMEs in Romania face challenges such as limited access to financing, increased bureaucracy, and difficulties in labor market attractiveness.

Digitalization and Innovation:

Data shows an increasing interest in digitalization and innovation among SMEs, especially in the context of the COVID-19 pandemic, with 2023 being heavily focused on digitalization.

3. INS reports on statistics

		2019	2020	2021
nr_intreprinderi	Total	59301	61793	61255
	IMM	58433	60990	60463
		2019	2020	2021
numar mediu salariati	Total	1346615	1272250	1254937
	IMM	638427	611381	602938
		2019	2020	2021
cifra de afaceri	Total	553753	517881	636435
	IMM	185478	179253	220101
		2019	2020	2021
investitii nete	Total	33954	30668	34552
	IMM	10095	9814	12351
		2019	2020	2021
valoare adaugata	Total	133319	127542	153920
	IMM	44757	45242	54285
		2019	2020	2021
rezultatul brut	Total	28061	34566	44935
	IMM	9210	14845	18365
		2019	2020	2021
valoarea adaugata / salariat	Total	99.0	100.2	122.7
	IMM	70.1	74.0	90.0

Figure 1. SMEs statistics in Romania – Industry sector

Source: Institutul National de Statistica, https://insse.ro, IMMEcon_2023

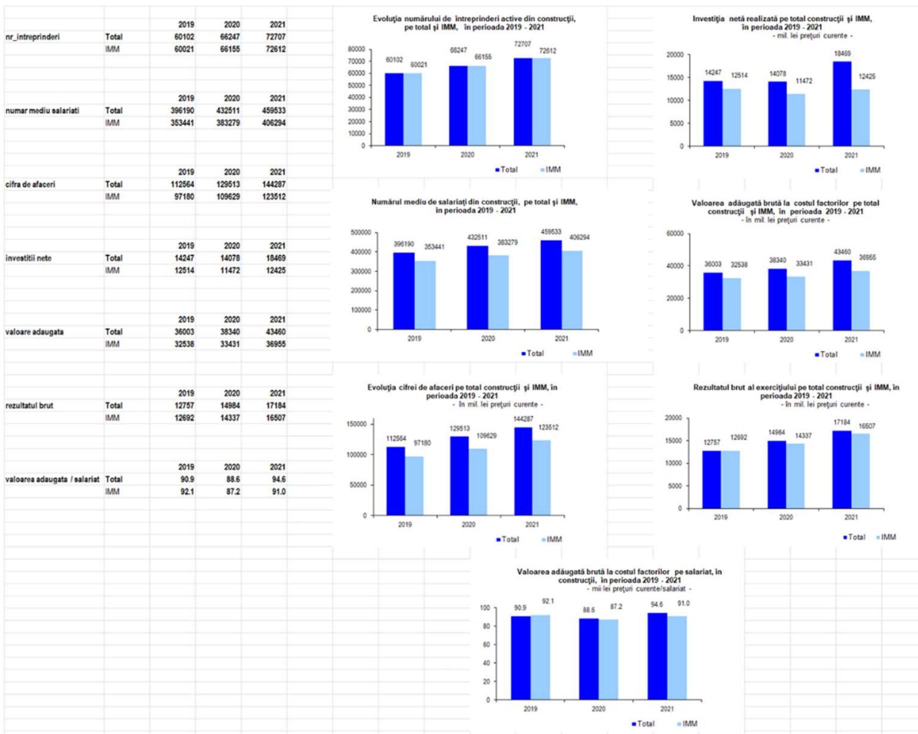

Figure2. SMEs statistics in Romania – Construction sector
Source: Institutul National de Statistica, https://insse.ro, IMMEcon_2023

		2019	2020	2021
nr_intreprinderi	Total	171466	174973	177351
	IMM	171259	174784	177150
		2019	2020	2021
numar mediu salariati	Total	879249	853221	859584
	IMM	666048	637971	638469
		2019	2020	2021
cifra de afaceri	Total	671874	674864	821170
	IMM	455455	452957	546377
		2019	2020	2021
investitii nete	Total	13689	11826	16789
	IMM	9665	8231	11484
		2019	2020	2021
valoare adaugata	Total	90721	97814	126324
	IMM	63862	67383	85079
		2019	2020	2021
rezultatul brut	Total	32351	39285	49095
	IMM	24639	29020	35454
		2019	2020	2021
valoarea adaugata / salariat	Total	103.2	114.6	147.0
	IMM	95.9	105.6	133.3
		2019	2020	2021
nr_intreprinderi	Total	349160	354257	442177
	IMM	273052	275433	343004
		2019	2020	2021
numar mediu salariati	Total	61786	67034	79049
	IMM	50894	52244	62096
		2019	2020	2021
cifra de afaceri	Total	18161	10021	17491

Figure 3. SMEs statistics in Romania – Commerce sector

Source: Institutul National de Statistica, https://insse.ro, IMMEcon_2023

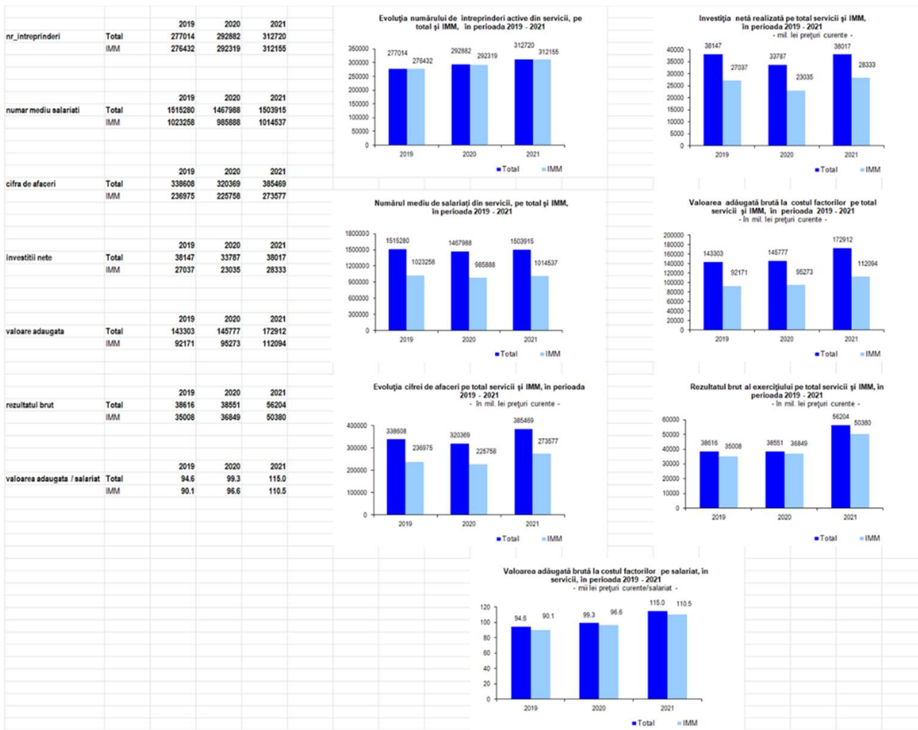

Figure 4. SMEs statistics in Romania – Services sector
Source: Institutul National de Statistica, https://insse.ro, IMMEcon_2023

2. The Importance of SMEs in the Romanian economy

- Creating employment opportunities
- The Contribution to GDP
- Innovation, Flexibility, and Competitiveness
- Sustainable Development

2.1. Creating employment opportunities

In the realm of Romania's economic landscape, the role of Small and Medium-sized Enterprises (SMEs) cannot be overstated, particularly in their capacity for job creation. SMEs represent an astonishing 99% of all enterprises within the nation, signifying their dominance in the marketplace. The employment opportunities furnished by these entities are substantial, carrying with them a multiplier effect that enhances the purchasing power of citizens. This, in turn, acts as a stimulant for various other sectors of the economy, contributing to an overall upward economic momentum.

The significance of SMEs is further highlighted by their contribution to employment in key sectors, notably in regions where job opportunities are scarce. Rural areas, often sidelined in the development narrative, benefit significantly from the presence of SMEs, particularly in pivotal sectors such as tourism, information technology, production, and agriculture. These sectors are essential for the livelihoods of rural communities, and the employment provided by SMEs within these domains is a critical aspect of the rural economy.

Adaptability is another hallmark of SMEs, enabling them to navigate economic changes and market demands with greater ease compared to their larger counterparts. This flexibility ensures the preservation, if not the growth, of employment even amidst economic turbulence. Consequently, SMEs serve as a buffer against the shocks of market fluctuations, maintaining a level of job security for the populace.

Entrepreneurship and innovation are virtually synonymous with SMEs. Driven by creative and pioneering entrepreneurs, SMEs are often at the forefront of innovation, spurring the development of new industries and fostering job creation in emerging sectors. This innovative spirit is a significant driver of economic diversification and progress, positioning Romania to capitalize on new market trends and technological advancements.

Professional development is yet another sphere where SMEs make a substantial impact. By providing training opportunities, SMEs contribute to the enhancement of the workforce's skill set, thereby improving the prospects for career advancement. This not only benefits individual employees but also fortifies the overall human capital of the nation.

Lastly, the continuous job generation by SMEs plays a vital role in mitigating unemployment. As SMEs expand and proliferate, they absorb a larger segment of the workforce, thereby reducing unemployment rates and improving the economic welfare of the population. This dynamic is a cornerstone in ensuring social and economic stability, positioning SMEs as crucial architects in the edifice of Romania's economic resilience.

2.2. The Contribution to GDP

In the tapestry of Romania's economic development, Small and Medium-sized Enterprises (SMEs) are not only prevalent but pivotal, as evidenced by their substantial contribution to the national Gross Domestic Product (GDP). It is noteworthy that approximately 50% of the country's economic activity is attributed to these enterprises, highlighting their critical role in the national economy. This is not a trivial figure; it encapsulates the essence of SMEs as a driving force behind economic growth and stability.

The sectoral diversity of SMEs cannot be understated. Their operations span a broad spectrum, encompassing trade, services, industry, construction, and technology. Such diversification fortifies the economy, creating a dynamic and resilient landscape where various sectors contribute uniquely to the GDP. This multi-sector engagement by SMEs is indicative of their inherent adaptability and their vital role in creating a balanced and robust economic structure.

Furthermore, SMEs are significant generators of revenue and taxes. By engaging in the production of goods and services, they contribute directly to the GDP. Beyond their operational profits, SMEs also play a role in fiscal contributions, adding to the state budget through taxes and duties. This financial participation underlines the dual role of SMEs as economic actors and contributors to public finance.

Innovation and economic growth are intrinsically linked to the activities of SMEs. Often characterized by their entrepreneurial spirit, SMEs serve as catalysts for innovation, introducing new products and services that foster economic development. Their innovative contributions enhance national competitiveness, both domestically and on the international stage, and underscore their role in pushing the frontiers of economic progress.

Employment generation by SMEs is another crucial aspect of their economic impact. By providing employment, SMEs contribute to the livelihood of the populace. The wages disbursed to employees represent significant expenditures for SMEs, which, in turn, feed into the GDP. This cyclical relationship between employment and revenue generation is a testament to the integral role of SMEs in the economic fabric.

Lastly, the role of SMEs in Romania's export dynamics is particularly striking. A considerable number of these enterprises are engaged in export-oriented sectors, thereby contributing to national revenues and aiding in the amelioration of the trade balance. Their active participation in international trade is not only a vector for economic diversification but also a strategic asset in enhancing the country's global economic standing.

2.3. Innovation, Flexibility, and Competitiveness

Innovation, creativity, adaptability, and competitiveness are essential characteristics that define the dynamic nature of Small and Medium-sized Enterprises (SMEs) in Romania's economy.

Innovation is a hallmark of SMEs, vital to the evolution of any economy. Romanian SMEs, in particular, have been instrumental in introducing novel products and services, enhancing existing technologies, and adopting innovative solutions to prevailing challenges. This drive towards innovation is not merely a pursuit of novelty; it is a strategic endeavor to maintain relevance and ensure progress within the competitive landscape of the global market.

Creativity is the bedrock upon which SMEs build their unique value propositions. These enterprises nurture an entrepreneurial spirit that thrives on generating new ideas and solving industrial problems with inventive solutions. Creativity within SMEs is not confined to product development; it encompasses innovative processes, marketing strategies, and business models that collectively contribute to industrial evolution.

The agility of SMEs to adapt to market shifts is a testament to their resilience. Unlike larger corporations, which may be encumbered by their scale, SMEs are adept at swiftly adjusting their business strategies, products, and services to meet the ever-changing demands of their clientele. This adaptability is not merely reactive; it is a proactive stance that positions SMEs to capitalize on opportunities and mitigate risks in a fluctuating market environment.

Incorporating innovative practices is not just about staying current; it's about gaining a competitive edge. SMEs that embrace innovation distinguish their offerings, enhance their operational efficiency, and more effectively meet customer requirements. This competitive edge is crucial in a marketplace where differentiation is often the dividing line between success and obsolescence.

2.4.1. Innovation and flexibility within SMEs

In the contemporary economic milieu, Small and Medium-sized Enterprises (SMEs) in Romania stand out for their remarkable agility and capacity for innovation, distinguishing themselves markedly from their larger counterparts. This propensity for rapid innovation is deeply embedded in the organizational fabric of SMEs, owed in large part to their typically less hierarchical structures that facilitate swift decision-making processes and enable a nimble response to market shifts and emergent trends.

Innovation within SMEs is multifaceted, encompassing a spectrum of activities from the development of novel products and services to the implementation of more streamlined and efficient production processes. This includes the strategic adoption of cutting-edge technologies and, at times, the complete reimagining of business models to stay ahead in a competitive landscape.

Crucially, innovation for SMEs is not solely a product of internal processes but also a response to the broader environmental context. This is exemplified by SMEs' transition towards sustainable business practices, a reflection of a growing global emphasis on sustainability. Additionally, the integration of digital technologies into the operational framework of SMEs is a testament to their commitment to enhancing efficiency and maintaining a competitive edge.

Thus, SMEs are not just participants in the economy but active agents of change, driving forward the twin engines of innovation and growth. An example of innovation can also come from adapting to environmental changes, such as the transition to sustainable business practices or the utilization of digital technologies to improve operational efficiency.

Their unique blend of flexibility, innovation, and responsiveness to environmental imperatives not only fuels their competitiveness but also positions them as pivotal actors in Romania's economic narrative.

2.4.2. Competitiveness within SMEs environment

In the current global economy, the competitiveness of Small and Medium-sized Enterprises (SMEs) is not a mere function of their operational capabilities but a complex interplay of agility, strategic relationships, and market responsiveness. The competitiveness of SMEs, particularly within the Romanian economic framework, is examined through several pivotal factors:

Agility and Responsiveness: The Cornerstones of SME Competitiveness

Foremost among these factors is the inherent flexibility and adaptability of SMEs to the vicissitudes of the business milieu. The ability to swiftly pivot in response to evolving market conditions is a distinctive characteristic of competitive SMEs. This agility is often attributed to their flatter organizational structures, which typically facilitate faster decision-making processes. As markets grow increasingly volatile, the capacity to anticipate and adapt to change is not merely advantageous but essential for survival and success. SMEs that can adjust their strategies, operations, and offerings in real-time are better equipped to maintain a competitive advantage and seize emergent opportunities.

Quality and Cost Efficiency: Pillars of Market Positioning

The caliber of products and services offered by SMEs is another critical determinant of their competitive stance. Quality emerges as a non-negotiable attribute that customers expect, irrespective of the enterprise's size. In parallel, the pursuit of cost efficiency—balancing the economics of production with pricing strategies—remains a central challenge. SMEs that manage to optimize their cost structures without compromising on quality are more likely to enhance their competitiveness. These enterprises achieve a dual objective: they provide superior value to their clients and position themselves favorably in a price-sensitive market.

Strategic Relationships and Networking: Expanding Competitive Reach

The external relationships that SMEs cultivate with their customers, suppliers, and business partners also significantly influence their competitive capacity. In an interconnected business environment, the efficacy of networking and the strength of alliances can be decisive. Collaborative ventures, strategic alliances, and robust supply chains can provide SMEs with critical market intelligence, access to innovation, and the agility to respond to supply and demand fluctuations. Networking, particularly, extends beyond mere transactional interactions; it involves building a web of mutually beneficial relationships that can lead to new business ventures and reinforce market presence.

Innovation as a Competitive Differentiator

Innovation remains a cornerstone for SMEs in solidifying their competitiveness. It is not confined to product innovation but also includes process innovation, business model reengineering, and the innovative application of emerging technologies. SMEs that are early adopters of technology and that can harness it to enhance their operational efficiency or to create new value propositions find themselves at the forefront of competition.

2.5. The role of SMEs in fostering economic innovation

Small and Medium-sized Enterprises (SMEs) are instrumental in driving economic innovation due to their agility and rapid response to environmental changes. This agility is crucial as it facilitates the swift adoption of new technologies and innovative practices.

SMEs are often at the forefront of developing innovative products and services. Their smaller size and rapid decision-making processes allow them to introduce ideas into the market more quickly and adapt more readily to customer needs.

These enterprises provide fertile ground for start-ups and innovators to begin their activities. Through collaboration with start-ups, SMEs can offer resources and become partners, thereby stimulating innovation across the entire economic ecosystem.

Beyond product and service innovation, SMEs are open to experimenting with new approaches to enhance efficiency and competitiveness, including innovation in business processes and models.

The impact of SMEs in the domain of technological innovation is significant. By quickly adopting new technologies and developing technological solutions, they contribute to the modernization of the entire economic sector.

The organizational culture of SMEs can encourage engagement with innovative ideas and participation in the creative process. This innovative culture can propagate innovation throughout the entire organization.

SMEs are capable of forming partnerships and networks with other companies, universities, research centers, and governmental organizations to stimulate the exchange of ideas and resources for innovation.

In a constantly changing business environment, SMEs have the capacity to rapidly adapt to new conditions, including market fluctuations and the evolution of markets, which contributes to innovation.

By participating in international markets, SMEs bring new ideas and perspectives, stimulating competition and innovation at a global level.

In sum, SMEs play a vital role in the innovation landscape, not only within the confines of their own operations but also by influencing broader economic sectors. Their role in promoting a culture of innovation, fostering partnerships, and embracing global market trends is indispensable for sustained economic growth and global competitiveness.

2.6. Challenges and opportunities in the business sector

The business landscape presents a dichotomy of challenges and opportunities, as elucidated by recent statistics. In the first half of this year, the number of companies that have been dissolved reached a peak not seen in the past fifteen years, exceeding 19,400. This figure marks an 18.2% increase from the same period in the preceding year. This information, derived from an analysis conducted by a firm specializing in administration and liquidation, underscores the volatility and the challenges currently faced by the business sector.

Simultaneously, the data reveals that the number of companies experiencing difficulties has also escalated, setting a four-year record with over 64,000 firms in various stages of insolvency, dissolution, suspension of activities, or complete closure. The confluence of these statistics, as reported by Agerpres, signifies not just an environment rife with challenges but also one that may hold potential opportunities for economic realignment and recovery.

This scenario indicates a critical juncture for the business sector, where strategic decisions, efficient management of resources, and innovative approaches to overcoming adversity could pave the way for renewed growth and development. It suggests that amidst the trials faced by businesses, there is room for the emergence of robust enterprises capable of navigating and capitalizing on the changing tides of the economic landscape.

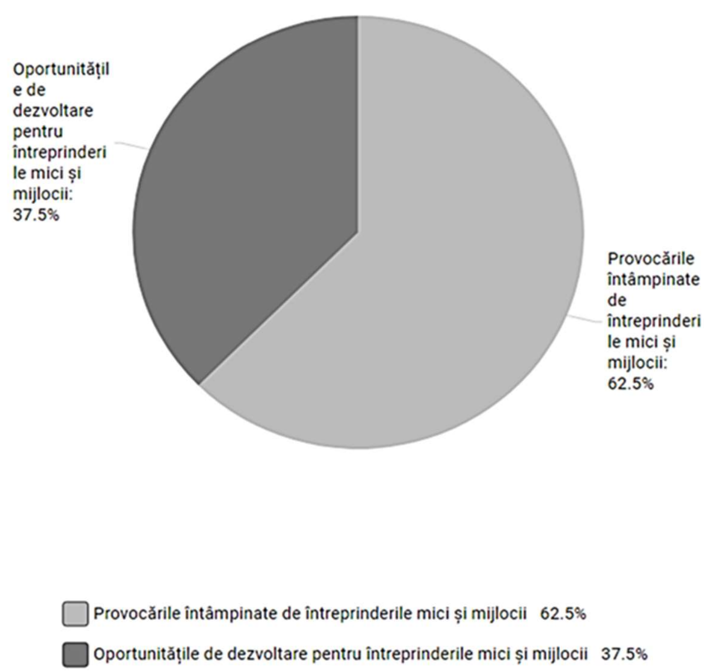

Figure 1. SMEs challenges and opportunities preponderance
Source: Agerpres

2.6.1. Challenges – a deeper insight

Small and Medium-sized Enterprises (SMEs) encounter a constellation of challenges that can impede their growth and operational efficiency.

Financial access: A persistent hurdle. A primary challenge consistently facing SMEs is securing adequate financing. The vitality of an SME often hinges on its ability to fund not only its inception but also its scale-up phases. This challenge is particularly pronounced for start-ups and enterprises within high-risk sectors, where the prospects of default are greater, thus making financial institutions more reticent to extend credit.

The burden of bureaucracy and regulation. Excessive bureaucracy and stringent regulations further compound the challenges for SMEs. Often, these entities find themselves ensnared in a web of red tape that hampers their operations.

The burden of compliance, especially for those with constrained resources, can be overwhelming and detract from core business activities. The agility to quickly adapt to new regulations remains a critical need for SMEs to navigate the ever-changing legislative landscape.

Intense Market Competition. Market competition stands as a formidable challenge. SMEs frequently grapple with the task of carving out and expanding their market share in the face of aggressive competition from both peers and larger corporations. The smaller scale of these enterprises often means they have less buffer to absorb market shocks and less leverage to exert in competitive scenarios.

Talent retention: The human capital dilemma. For SMEs, especially those in cutting-edge technological and creative sectors, attracting and retaining top talent is a significant challenge. In a competitive labor market, these enterprises often battle against larger companies offering more lucrative packages and career advancement opportunities. The retention of talent is crucial for innovation and maintaining a competitive edge.

Embracing technology and digital transformation. The digital revolution has ushered in a new set of challenges for SMEs. Adopting and integrating technology into business processes is no longer optional but a necessity for survival and growth. However, the costs associated with digital transformation can be prohibitive for SMEs with limited investment capacity, posing a significant barrier to leveraging the benefits of digital advancements.

Market volatility: Navigating economic uncertainty. Lastly, market volatility remains a pervasive concern. Economic turbulence can swiftly alter the business environment, disproportionately impacting SMEs. These enterprises often lack the financial robustness and market clout to weather economic storms, making them particularly vulnerable to downturns.

2.6.2. The Opportunities

In the contemporary business ecosystem, Small and Medium-sized Enterprises (SMEs) are afforded a variety of growth avenues and adaptive strategies that can catalyze their development and expansion. The agility inherent in SMEs positions them to swiftly innovate and tailor their offerings in response to the fluidity of market demands, a significant competitive advantage over larger, less nimble corporations.

The digitalization imperative. The advent of digitalization and automation technologies offers a transformative opportunity for SMEs to bolster operational efficiency. By harnessing digital tools, SMEs can reach beyond traditional markets to engage with online consumer bases and streamline their service delivery. This digital leap is not merely about technological adoption; it is about reshaping business models to thrive in the digital age.

The ethos of responsibility and sustainability. The integration of social responsibility and sustainability into the core strategy of SMEs has emerged as an opportunity to build brand equity and attract a growing demographic of environmentally and socially conscious consumers. This strategic pivot can translate into a competitive edge that differentiates SMEs in crowded marketplaces.

Strategic alliances: extending the enterprise reach. Collaborations and partnerships stand as pillars for opportunity, enabling SMEs to leverage collective strengths and penetrate markets that may otherwise be inaccessible. These alliances can be particularly potent when aiming to scale operations, innovate product lines, or enter new geographical territories.

Embracing global market dynamics. Globalization has lowered barriers to international markets, presenting SMEs with unprecedented opportunities to scale and diversify. By tapping into global supply chains and customer bases, SMEs can significantly expand their operational footprint and revenue streams.

Governmental incentives: the tailwinds for growth. Targeted governmental and financial programs provide critical support structures for SMEs. Subsidies, tax incentives, and preferential lending rates are instruments that can alleviate financial burdens and propel SMEs forward, enabling them to invest in strategic growth initiatives.

Niche market penetration. The demand for specialized products and services opens up a vista of possibilities for SMEs to carve out niche positions in the market. By focusing on specialized segments, SMEs can cultivate a distinct brand identity and foster customer loyalty.

The evolution of work: a new paradigm. Lastly, the shifting paradigms of work, propelled by remote and hybrid models, have opened up new operational modalities for SMEs. This evolution presents a chance for SMEs to reimagine their work environments and to offer innovative products and services that cater to a changing workforce.

3. Supporting SMEs in Romania

A significant proportion of Small and Medium-sized Enterprises (SMEs) in Romania rely on self-financing for their investment in research, development, and innovation, with seven out of ten (68.41%) utilizing their own financial resources. Meanwhile, around 20% resort to bank loans, and only 6.41% access European funds, according to a study presented by Florin Jianu, the president of the National Council of Small and Medium Sized Private Enterprises in Romania (CNIPMMR). Additionally, 1.34% of SMEs in Romania receive funding from central public authorities, and a smaller fraction, 0.60%, from local public authorities.

Furthermore, a fraction of small and medium enterprises in Romania (25.33%) allocate between 1% and 5% of their total investment for innovation to significant budgets over 75%.

Digitalization Program

The Official Gazette no. 797 of September 4, 2023, published Order no. 3.284/2023 by the Ministry of Investments and European Projects approving a state aid scheme for research-development and innovation activities financed by the priority "Supporting and promoting a system of CDI attractive and competitive in RO" within the Intelligent Growth digitalization and financial instruments program. The allocated budget is 549,818,162 euros (ERDF + state budget), equivalent to 2,711.05 million lei, with an estimated maximum number of beneficiaries within the scheme being 600.

Additionally, the Official Gazette no. 191 of March 7, 2023, published Order no. 401/2023 by the Ministry of Investments and European Projects for the approval of the de minimis aid scheme, "Digitalization of SMEs—grant up to 100,000 euros per company to support SMEs in adopting digital technologies."

This data underscores the Romanian government's commitment to fostering a conducive environment for the growth and modernization of SMEs through financial support and digitalization initiatives. The focus on digital transformation indicates a strategic priority to integrate SMEs into the digital economy, enhancing their competitiveness and operational efficiency.

Funding programs for Small and Medium-sized Enterprises

An overview of the principal funding programs accessible to SMEs reveals several key initiatives:

Start-Up Nation Program: Allocated a budget of 7.2 billion lei, this program is designed to stimulate the establishment of new enterprises and support the early stages of business development.

Competitiveness Program: With funding of 1.5 billion euros, this program aims to enhance the competitive stance of SMEs in the marketplace.

E-commerce Development Program: This initiative, supported by 150 million lei, focuses on expanding the digital commerce capabilities of SMEs.

Economic Competitiveness Growth Program: A substantial budget of 800 million euros is dedicated to this program, which seeks to bolster the overall competitiveness of SMEs in the global economy.

These programs underscore the Romanian government's commitment to fostering a supportive environment for the growth and scalability of SMEs. By availing themselves of these opportunities, SMEs can enhance their operational capacities, expand market reach, and contribute more significantly to the national and international economic landscape. faced by the business sector.

Consulting and Support Services for Small and Medium-sized Enterprises

A spectrum of consulting and support services has emerged to address the multifaceted needs of these enterprises. This paper provides an overview of the diverse array of services tailored to the unique challenges and opportunities encountered by SMEs.

Consulting services: Navigating the complex landscape of modern business demands specialized expertise. SMEs often turn to consulting services that offer guidance in a range of business domains, including but not limited to management, marketing, finance, and human resources. These consulting firms bring a wealth of experience and strategic insight, assisting SMEs in optimizing their operations and making informed decisions.

Support services: Beyond consultation, SMEs benefit from support services that extend a helping hand in critical areas. These services are instrumental in facilitating access to financing, a perennial challenge for SMEs. Moreover, they aid in the formulation of robust business plans that serve as roadmaps for sustainable growth. Additionally, support services contribute to enhancing operational efficiency, a vital component of SME success.

Training and mentoring services: Recognizing the pivotal role of entrepreneurship in SMEs, a specialized niche of services has emerged to nurture and empower business leaders. These services encompass comprehensive training programs designed to equip entrepreneurs with the skills and knowledge needed for effective business management. Furthermore, mentoring services are instrumental in providing personalized guidance and support, fostering not only business growth but also the holistic development of enterprises.

Conclusion

In summing up the pivotal role of small and medium-sized enterprises (SMEs) in Romania's economic landscape, it is evident that these entities are much more than just business units; they are the lifeblood of the nation's economy and a key to its future prosperity. The substantial contributions of Romanian SMEs to the GDP, employment, regional development, and innovation underscore their indispensable role in not only sustaining economic activity but also in driving forward the nation's economic dynamism and resilience.

The journey of SMEs in Romania, characterized by their agility, adaptability, and innovative capabilities, reflects a larger narrative of a country transitioning and adapting to the demands of a globalized economy. Despite facing significant challenges such as access to financing, regulatory hurdles, and competitive pressures, these enterprises have shown remarkable resilience and ingenuity. The continued support from the government and European Union in the form of financial aids, regulatory reforms, and innovation incentives is not just a recognition of their importance but also a commitment to their sustained growth and success.

Looking forward, the trajectory for Romanian SMEs is one filled with both challenges and opportunities. As the country further integrates into the European and global markets, these enterprises are poised to seize new opportunities for growth, collaboration, and innovation. The adaptability and entrepreneurial spirit that define Romanian SMEs will be crucial in navigating the evolving economic landscape and in seizing the opportunities that arise from technological advancements and market changes.

In essence, the success and health of SMEs in Romania are indicative of the nation's economic health and its potential for future growth. As catalysts of innovation, drivers of employment, and agents of regional development, SMEs in Romania are not just participating in the economy; they are actively shaping it. Their continued growth and development will be instrumental in Romania's journey towards a more prosperous, innovative, and balanced economic future.underscoring their importance in the broader economic landscape.

Thus, through the promotion of enduring entrepreneurship and the support of SME development, Romania is poised to enjoy the benefits of a more robust and adaptable economy, one that is better equipped to withstand the vicissitudes of an ever-changing global landscape.

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