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LAW AS PART OF COMPULSORY EDUCATION ON UNIVERSITIES

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ABSTRACT
Aim of the paper is to point at need of education of university students in area of law on the basis of focus study areas and study subjects. Alongside professional profile of university graduate it is also important to specify his preparation focused on additional, mainly general, education. Mainly the area of law, public as well as private, appears to be the most important profiling. For profiling of graduates of management-oriented studies mainly theory of law and basics of private law seem to be appropriate alternative of additional subjects to subjects of bachelor's and master's studies. Commercial law and labour law are also appropriate subjects for completion of profiling of graduates.

Keywords: Management, law, student, teacher, profiling.
JEL Classification: K00, Y8, Y9
Paper type: General review

Introduction

Intention of author, who works as university teacher at Faculty of management of Comenius University in Bratislava, is to point at recency of education of law at universities with regard to students of non-legal faculties. This follows also from provision of § 2 of act no. 1/1993 Col. On the Collection of laws of the Slovak Republic, under which presumption of knowledge of everyone affected applies to everything which was published in the Collection of laws by day of publication; presumption of knowledge is irrefutable.

Aim of the paper is to point at need of education of university students in area of law on the basis of focus of fields of study and study subjects. Alongside professional profile of university graduates it is also important to specify their preparation focused on additional, mainly general, education. Mainly the area of law, public as well as private, appears to be the most important profiling. For profiling of graduates of management-oriented studies mainly theory of law and basics of private law seem to be appropriate alternative of additional subjects to subjects of bachelor's and master's studies. Commercial law and labor law are also appropriate subjects for completion of profiling of graduates.

Profiling of graduates of management-oriented faculties

Management is field of study registered in system of fields of study administered by Ministry of education, science, research and sport of the Slovak Republic as area of knowledge in which graduate of study program acquires professional qualification resp. competence to exercise given profession[1] or prepares for continuance in follow-up master's or engineer's university study. Under system of fields of study[2] Management field of study no. 3.3.15 can be studied in several degrees of study:

1. in firs degree of university study (Bc.) with standard length 3 years,
2. in second degree of university study (Ing. Or Mgr.) with standard length 2 years, while i tis assumed, that graduate has finished bachelor's degree in field of study Management or in some or related field of study such as Economics and the like,
3. in third degree of university study (PhD.) with standard length of study in daily form 3 years and in external form 5 years.

Graduates of accredited field of study Management should be qualified to perform, according to completed degree of university study, several professions:

a) **Junior manager** – manager of 1st degree of administration resp. manager up to middle level of administration in organization with achieved university education of first degree with title bachelor, skilled with basic functions of management and after appropriate period of professional practice able to administer

[1] Provision of § 51 sect. 1 of law no. 131/2002 Col. on universities.
[2] Decision of Ministry of education of the Slovak Republic no. 2090/2002-sekr. From Dec. 16th 2002.

teams on level of section or department. Besides of that such person has knowledge of economics, marketing, accountancy, statistics, informatics and also of basics of law.

b) **Senior manager** – as manager of 2nd degree, higher or senior manager resp. manager up to top level of administration in organization, who proves his knowledge by university education of second degree in master‘s or engineer's study program. He is fully acquainted with upgrade functions of management, able to solve administrative problems in wider context and after appropriate practice is able to administer teams in organization not only on level of division but using his complex knowledge of company he is able to lead the whole organization.

c) **Scientific worker in management** – represents specific, the highest category of manager of 3rd degree, who can function as scientific and research worker in management or manager up to top level of administration in groups of organizations (companies, institutions) with acquired university education of 3. Degree. He is, under acquired qualification as top manager skilled in scientific methods of perfection of functions of management, able of individual creative research work, because he has complex and deep knowledge of organization and groups of organizations. After absolving appropriate practice he, becomes top Professional on leading of companies resp. institutions.

Need of complex education and training of new managers is reasoned by need of professional performance of administrative work on elementary, middle, top and supra-departmental level of administration in demanding competing environment, which requires education of professionals – managers disposing with knowledge and skills of general management, that are based on modern, scientifically approved findings and practice of the best world and domestic companies. General manager's education predestines them mainly to positions of coordinators and leaders as autonomous proficiency in company, who can comply, productively utilize and mainly evaluate work of individuals, groups of workers and whole organizations of various functional, specialist, professional interests and industrial establishments.

Similar study programs exist also abroad, for instance FPH VSE in Prague – Economics and management, FM in Jindrichuv Hradec, VSE in Prague – Management, OPF Karvina, SU in Opava – Economics and management, ESF MU in Brno – Economics and management, WU Vienna – BA (bachelor of administration), MBA (master of business administration) etc.

As equivalent fields of study BA for 1st degree of university study, MBA for 2nd degree of university study and PhD. For 3rd degree of university study are almost on every western-European and north-American university.

However, in this context it is important to point also to existence and circumscription of relative fields of study and to differences among them:

1. **Economics and management of company** – generally without industrial specialization
2. **Economics and administration of company** – industrial specialization such as engineering or building industry is relevant here
3. **Management and administration of company** – represents functional specialization with focus on human resource, finances, technology, logistics, informatics.

Mentioned existing relative fields of study do not focus only on management with aim to educate a general manager, who would be focused mainly on line administrative positions. They combine profession of manager with profession of company economist. They orient graduate on value side of company processes, while they suppress overall and integrated understanding of company. Functional and industrial specializations are emphasized at the expense of whole, complex and sectional knowledge and managing of all functions of organization and because of that reason those graduates do not reach level of general manager as integrator and coordinator, who is separate administrative profession *sui generis.*

Contentual structure of education with special regard on education of law

Graduates of bachelor's management study program should understand and become familiar with basic terms, principles and methods of theory of management, they should acquire basic knowledge of economics, company economy, relative disciplines and they should be familiar with inevitable legal minimum. Such structure of education presupposes their ability to administer teams and intradepartmental units, to know all administrative processes, to quickly adapt and to become familiar with departmental and sector particularities (inputs, processes, outputs), to identify and analyze administrative and factual problems in entrusted area, to suggest and realize practical solutions with positive economic outcome. During their study they will already gain ability to watch, analyze and evaluate functioning of organization in business and societal environment through appropriate methods, procedures and instruments. They have basic knowledge of management, human resources, marketing, economics, accountancy, statistics and informatics, which they should be able to apply in business sphere in any environment, in public institutions as in non-governmental sector. Their capacity to solve partial problems in system of administration of organization (company, institution) is supposed.

Macroeconomics, Finances and currency, Company economics, Marketing, Math, Statistics, Law, Informatics,[3] Management,[4] Accountancy, National economy, Microeconomics, International economic relations, are listed among focal subjects in bachelor's degree of study, which is finished by bachelor's theses defense and state exams from compulsory and optional subjects. Graduates of field of study Management in 2. Degree of study, which is finished by diploma theses defense and oral state exam, should have deep and complex knowledge of management, based on which they can administer large teams, quickly adjust and adopt departmental particularities (inputs, processes, outputs). They are able to identify, analyze and evaluate problems and processes in reciprocal connections and in context of whole organization and environment in which they work being able to manage more complex applications of company information systems, they are able to use communication techniques designated for large groups of people and they are able to manage excessive working charge with ability to regenerate.

Graduate of the third degree of university study in field of study management gains knowledge of contemporary state of scientific knowledge in theory and practice of management, which are based on own scientific research and individual creative activity. He is able to work individually theoretically and creatively, to identify and solve problems of practice and to apply acquired knowledge in it. He is able to use scientific methods of research in management. He has complex, deep and special knowledge of management of organizations and chosen disciplines of management. This type of study is finished by passing of dissertation exam and succeeding dissertation theses defense.

Interest of universities in education of law

[3] Beňová, E – Greguš, M. *MS Office Outlook 2007*, Bratislava 2013. p. 12

[4] Greguš, M. – Beňová, E. – Hlivárová, N. Distance Education as e-Service to Support Higher Quality of Education [(CD-ROM)] In: *Global Business and Economic Development*. Montclair : Montclair State University, 2005. - S. 670-674. - ISBN 978-0-9747415-4-3, [Global Business and Economic Development. Seoul, 25.-28.5.2005]

Most of universities resp. faculties of non-legal orientation are aware of importance of legal knowledge of their graduates and because of that they put special emphasis on education of Theory of law, which continually deals with concept of law and asks question, what law is. Ancient Romans defined it as: „IUS EST ARS BONI ET AEQUI“ - Law is art of good and justice. Nowadays we could characterize it as „system of legal norms or normative system, which recognized by state as law,“[5] or as „formally published societal normative and regulative system, which is created or recognized by state in order to reach certain social purposes and to enforce and protect certain social interests, and its norms are enforceable by state power.“[6] Other authors define law as system of binding rules of conduct. Object of law is regulation of human conduct and law has several functions in society:

- it stabilizes social relations, creates order, harmony of organized coexistence
- by its means, resp. mechanisms it solves conflicts
- it protects important values of society (life, health, property, freedom)
- it integrates society to one complex, by which it ensures its survival in future,
- it suppresses socially intolerable behavior of individuals and educates its members to socially acceptable behavior
- it rationalizes social relations and processes by creating complex of foreseeable rules of conduct.

Law can be further divided in objective, which gives us answer what we can and what we cannot do in given time and space. Unlike objective law, subjective law represents possibility to behave in certain way, this behavior, however, cannot contradict objective law. In higher grades students have in their educational process as compulsory chosen areas of law:

1. Commercial law, which regulates position of businessmen, commercial legal commitments and also other relations linked to business. In education the role of teacher is to prepare students and to teach them correct orientation in area of commercial law relations, to make them know precepts of legal regulation of commercial law, with construction, purpose and legal regulation of particular institutes of commercial law, to lead them to correct interpretation and application of

[5] Ottová, E. *Theory of Law,* Šamorín, 2006, p. 52.
[6] Knapp, V. *Theory of Law,* Prague, 1995, p. 50.

commercial legal regulations in practice. Here students will come in touch with issues of business, position of company, businessman, importance of business name, unfair competition, but also with founding, creation, change and cessation of corporation and cooperative society. Preparation of students in area of commercial obligations with focus on particular types of contracts is inseparable part of education in area of commercial law.

2. Labor law, whose object is work as human activity as such, not the result of that activity,[7] which has several features. Function of labor law, dwelling in protection of rights and legitimate interests of employee and employer, is expressed mainly through legislation, control, protection and education of subjects of labor law mainly with support of state organs. By passing the subject students as future managers should be able to orient in area of labor law relations, they should become familiar with precepts of legal regulation of labor relations, with construction, purpose and legal regulation of particular labor law institutes, become able to correctly interpret and apply labor law statutes.

In order to deepen knowledge of economy subjects and of commercial law it seems appropriate for students to have possibility to choose optional subject Law of stocks, purpose of which in bachelor's degree is to familiarize students with issue of stocks as one of instruments of financial market out of legal regulation in Slovak Republic and to explore basic terms of special legal enactments. During master's study it is possible to increase legal awareness of future managers and such possibility is supported and extended by subjects Law of media and Computer law. It is important to emphasize, that law of intellectual property and law of information technologies are ranked among other chosen areas of law at universities of non-legal orientation. This area of law is included in study programs mainly by universities or colleges of technological orientation, at which preparation of students in these areas of law appears to be necessary already today. In the area of intellectual property law it is mainly copyright law and patent and design law. Regarding preparation of students in law of information technologies it is mainly electronization of legal acts, use of electronic signature in business and administrative conduct, forms of computer criminality and forms of computer or software piracy and also protection of personal information. This area of law is very closely linked to informatization of society and it

[7] Barancová, H. – Schronk, R. *Labor Law,* 2006, p. 32.

appears more and more as inevitable to strengthen this area of law and to incorporate it to educational process at all kinds of colleges or universities.

Interest of students of Faculty of management in education of law

We get to the most important question, and that is question of interest of students in study. Within effort of society for availability of university education to possibly greatest amount of citizens criteria of admission to university study decreased in unacceptable way to the lowest possible boundary which is mere interest of most of potential students to have university diploma but not to study. This implies also interest of students in education of law. Only about 10% of students are really interested in deepening of their legal awareness. These are students who actively cooperate with teacher during their classes and this is generally rewarded by teacher in certain way. Rest of students pass the subjects just because they are compulsory and without passing them completion of university study is not thinkable. This is similar with optional subjects, passing of which is condition of passing of optional state exam from law. Law as state exam subject is according to opinion of most of students of Faculty of management CU option of lesser evil contrary to such subjects as Accountancy and Informatics.

Suggestions *de lege ferenda*

Regarding contentual structure of university education and using knowledge and experience from advocate practice and from work at university I suggest as appropriate to include chosen issues from particular legal branches such as civil law, family law, criminal law in compulsory education. In spite of possible initial disapproval by students and teachers of non-legal universities, who do not fully realize consequences of ignorance of main legal institutes, this would bring its fruit expressed in deeper legal awareness not only in areas of commercial or labor law, but mainly in area of civil law, which, as branch of law, represents basis of all positive legal disciplines. Napoleon was aware of thi fact already by the end of 18th century and thanks to his merit first Civil code in Europe (Code civil) was adopted in 1804 and this code serves until today.

Coming out from structure of contentual orientation an also profile of graduates of management, the paper analyzes conditions of legal education at non-legal faculties from view of author, graduate of Law Faculty of Comenius University in Bratislava, educationally working for Faculty of management. Gain will dwell mainly in personal experience from education of law at this faculty and so gain of overview of either wider orientation on chosen legal issues with aim to profile graduate, or on eventual narrowing of actual extent of legal education and connected benefit for future work practice of graduates of Faculty of management.

Regarding mass-media communication with professional but also lay public apart from specification of particular legal areas and with purpose of profiling of future manager author focused on clarification not sufficiently understood and also necessary need of legal education at non-legal faculties and out of that flowing disinterest of students in these subjects. In the paper author tries to point at inevitability of preparation of graduates of Faculty of management in area of law and also to point at need for education of law at other non-legal faculties.

Conclusion

In the area of university education, connection to Bologna declaration represents intensive process through ministerial conferences. Traditional way of education, which would be inappropriate for nowadays society, has undoubtedly changed. It is appropriate when the Bologna process focusses mainly on equalization of quality of national systems of education and university study, mainly when it comes to possibility of student and teachers mobility within various programs such as ERASMUS, for example.

In this regard, however, also in our environment it is necessary to adequately finance such processes of changes, so that also our students and teachers would be interested in that process not only on the side of exchange stays but also on the side of appropriate financing.

Coming out from conclusions of particular ministerial conferences, mainly ministerial conference which took place in Budapest in March 2010 and subsequently in Vienna and conclusions of which oriented mainly on preparation of new generation for needs of globalized world, it is important to emphasize, that such preparation requires also other competences for new professions, which will be successively created and stabilized in new system of administration of society.

Moreover, here need to financially support development of science and technology at universities in appropriate way not only for state and public universities, but also for private universities, in which there is also strong potential of young and competent talents, appears in greater extent. This has also to do with changing economy, which has different structure and requirements today compared to previous years.

We also cannot ignore difference and speed of activities on particular universities, which is also dependent in large extent on management of these schools. However, if requirements on financing of scholarship are being laid and simultaneously improvement of quality of management of those schools and whole educational process is being emphasized, it is important to take into account also increasing of demandingness in relation to students. Today, benevolence and decrease of demands on knowledge are not appropriate anymore, mainly in external form of study. On the contrary, it is important to heighten demandingness. If the partner relationship to students as main object of university activities is being emphasized in Bologna process, it must be inevitably preceded by or go „hand in hand" with demandingness to oneself as teacher and also demandingness to students.

Study at faculty of management represents wide-spectral education, which allows students an also enables them to assert in many areas of social life, of private sector just as of public one. Entering in professional practical life, however, necessarily requires perfect preparation and thorough study of students. Today encyclopedia education or study from excerpts and elaborated answers to questions for exams is not sufficient anymore. On the contrary, student will be more and more expected to participate on systematic study with following application of deep knowledge in practical life. For such graduates, and not only of Faculty of management, employment market will by certainly open.

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CLEAR RULE AND REGULATION IN STATE DEPARTMENT BASIC FOR EFFECTIVENESS PUBLIC ADMINISTRATION

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Abstract

The process of changing and redefinition of the state's role in society is particularly emphasized in countries in transition, where oversized functions, particularly command and control functions of the state, should be replaced with the regulatory functions of monitoring that are more consistent in a market economy. The purpose of this paper is to understand how the effectiveness of the administration in Republic of Macedonia is measured. To obtain information on the effectiveness of public administration, a qualitative analysis of interviews of state departments, on issues relevant to the subject of the research, has been made.

Hence, the subject of this paper is to identify the situation in state departments, in the aspect of managing efficacy of administration.

For this purpose, topics investigated are: the organizational structure, assignment of tasks in the administration, measurement of accomplishments, indicators of efficacy inside and outside the organization, assessment and motivation of the administration. The emphasis of this paper is on the working processes in the organization, the method of assignment of tasks, the measurement of accomplishments and the indicators for measurement of the accomplishments.

Thus, the assumption is that the administration cannot be realistically evaluated, if it does not rely on both internal and external indicators of effectiveness. Also, a precisely measured individual performance of administrative staff should be the principal pointer towards rewards, punishments, salaries and other forms of motivation of the administration.

The conjoint conclusions from this study are as follows:1.Administrative workers are not involved in establishing the organization's objectives; 2. A quantifiable system that could, by precise indicators, determine individual efficacy of administrative workers has not been conceived;3. No comparative analysis of the efficacy of state organs concerning the needs of citizens exists;4.A system of external evaluation (by citizens), to indicate the satisfaction with services provided by administrative workers has not been developed.

Keywords: efficacy, indicators, administration, rewards
JEL Classification: K4
Paper type: Research paper

Introduction

The process of public administration reform is conditioned by the need to establish an effective public administration that would, in a fast, transparent and accountable manner, fulfill the needs of citizens. For this purpose, in order to create an effective public administration, the administration in Republic of Macedonia is in a constant process of transformation. It is impossible to know how effectively the administration performs its tasks unless clear rules for monitoring the results and accomplishments are set. To get a clearer image, the citizens' satisfaction with services provided by the administration should be assessed. To obtain feedback on the effectiveness of public administration, an in-depth analysis of the overall situation, i.e. on all indicators relevant to the subject of this research, should be performed. Hence, the subject of this paper is to identify the situation in state departments, in the realization of effective administration. For this purpose, questions investigated will be the organizational structure, assignment of tasks in the administration, measurement of accomplishments, indicators of efficacy inside and outside the organization, assessment and motivation of the administration.

Strategic commitment to professional, depoliticized, effective, accountable and service-oriented government service in the Republic of Macedonia is incorporated in the Law on Civil Servants, adopted in 2000[8], and is aimed at a continuous and consistent application of established principles and standards in the fields of selection, recruitment, responsibility and assessment of civil servants. The Law on Civil Servants stipulates that civil servants, in accordance with the Constitution and the law, perform activities linked with the functions of the state, in a professional, politically neutral and impartial manner. The idea of promoting the rules and the processes for accomplishing the administration's function in Macedonia has been demonstrated by the enactment of two new laws. The Law on Administrative Officers[9] contained innovations concerning the status, employment, promotion, professional training and

[8] Such a arrangement of public administration is defined by Article 2 and 3 of the Law on Civil Servants,(" Official Gazette of the Republic of Macedonia" No. 59/2000, 112/2000, 34/2001, 103/2001, 43/2002, 98/2002, 17/2003, 40/2003, 85/2003, 17/2004, 69/2004, 81/2005, 61/2006, 36/2007, 161/2008, 06/2009 и 114/2009)
[9]"Official Gazette of the Republic of Macedonia" No.27/2014

measuring the efficacy of administrative officers. The Law for Public Sector[10] is the first law that regulates issues regarding employment of public personnel, concerning the classification of jobs, records, types of employment, rights, duties and responsibilities, as well as the mobility from the state to the public service and vice versa. The paper will answer the questions whether public administration is effective and whether there exist procedures and other indicators through which the efficacy of administrative workers in the country can be measured. The paper will focus on internal relations in the organization in the direction of authority figures, assigning tasks, measurement of outcomes, indicators for measuring achievement, external indicators aimed at evaluating the administrative workers' accomplishments, the assessment, and appeals and complaints from citizens. Comparison of internal and external indicators to get an average value for the time period during which the assessment is performed. Identifying whether the individual achievements of administrative workers are one of the elements that impact on rewarding, punishment, wages and other forms of motivation of administration.

The effectiveness of administrative workers cannot be considered unless the effectiveness of the entire organization is assessed. In order to identify this, it is necessary to establish the objectives of the organization through plans. Mandatory indicators for the effectiveness of the organization are the systematic use of indicators of efficacy through analysis of best practices, as well as a systematic comparison of operating characteristics between or within the organization itself. Evaluation of the efficacy of individuals is a necessity to help achieve organizational objectives. In order to identify the individual and group efficacy of the organization, control must be established. Through this function it can be recognized whether administrative workers have achieved the objectives of the organization, and external evaluation by customers will direct where corrections are needed. If the goals of the organization do not meet the needs of the citizens, the existence of this administrative organization cannot be said to be justified.

THE ROLE OF LEGISLATION IN INCREASING THE EFFICACY OF STATE BODIES

The analysis of this paper is based on analysis of the laws and regulations of state departments concerning the efficacy of administrative employees, as well as on interviews of state departments with management and other administrative workers. If the legal documents on the subject of the efficacy of state authorities expressed through efficacy of administrative workers are considered, strict rules that indicate expression of the efficacy in positive or negative direction cannot be distinguished. Mostly, the reform of public administration refers to the organizational approach of

[10]" Official Gazette of the Republic of Macedonia" No.27/2014

the state administration, the titles of administrative workers and other general rules that describe public service employment and the achievement of employment rights. The Government is trying, in a transparent way, to perform its policy and for the first time it introduced an instrument of strategic planning and analysis and coordination of policies. By developing strategic planning, as well as process integration for determining priorities in the budget process, the ability of the government to fulfill its functions and allocate available resources for their implementation significantly increases. The legal framework which regulates the system for planning and policy-making is consists of the Law on Government of Republic of Macedonia[11] and the Rules of Procedure[12] in which are established the foundations for the process of strategic planning and analysis of policy and coordination. Methodology for policy and coordination analysis establishes the basic principles for policy and, together with the published Manual for Design of Policies, represent the basis for continuous training in state administration[13].

Ensuring the complete consistency of the established mechanisms of strategic planning, including the budget process, with the mechanisms and instruments, is one of the key objectives set by the Government. This implies compliance and consistent implementation of established administrative procedures, supported by the electronic operating system of the Government, as well as strengthening the capacities, both at the central level of government and in the bodies of state administration. Exactly these policies should be part of the goals of civil authorities; administrative workers are the ones who need to realize them. Measuring the effectiveness of the state departments will show how effectively the policy is implemented, and, thus, will demonstrate the efficacy of administrative workers. Through indicators and clear rules for the lower levels of administration, which is an extended arm of the implementation of government policy, it is easy to determine the efficacy of the state departments and administrative workers. Hence, how much a civil servant, participant in the implementation of the policy, clearly knows their authority and

[11]In Article 4 of the Law on Government ("Official Gazette" no. 59/2000, 12/2003, 55/2005 and 37/2006), the government determines the economic and development policy, establishes measures for its realization and proposes measures to the Parliament for the exercise of policies is its jurisdiction, determines the policy of enforcement of laws and other regulations of the Assembly, monitors their execution and performs other duties prescribed by law; Within its rights and duties stipulated by the Constitution and law, the government and every member answer for their work before Parliament

[12]Protocol of the Government enacted on April 18, 2001, consolidation ("Official Gazette" no. 36/08).

[13]Handbook for the creation of policies issued by the General Secretariat of the Government, developed and funded by project NORMAK, Norway's support of the Republic of Macedonia in the field of European integration and public administration reform, with the contribution of SIGMA, Skopje, 1997.

responsibilities, how they act performing their tasks, particularly when these tasks are associated with providing services to citizens, which demonstrates their expertise, competence, confidentiality and responsibility. In other words, all of the above should be clearly set so as to provide an easy way to determine the efficacy of the state administration. For this purpose, it is necessary to establish a clear system of monitoring the performance of the same participants in implementing the set goals.

Participation of civil society organizations in the process of policy-making is one of the strategic objectives contained in the Strategy for Cooperation between the Government and Civil Society. In addition, the Government establishes the three basic principles of its operation: honesty, transparency and accountability[14]. In order to achieve transparency and to improve services to citizens, the Civil Journal was introduced as an innovative and effective tool for improving public services and fight against bureaucracy and corruption. A Questionnaire has also been introduced for the evaluation of services by users, which is a simple questionnaire that asks citizen-users of certain services about the manner, the duration, the speed for obtaining the particular service, as well as giving the opportunity to propose a method for improving the services. As a tool for informing the Government, quarterly reports on the results of the completed forms are predicted; on the basis of which measures will be proposed for organs that did not show improvement over two consecutive quarters and appropriate measures for the responsible parties will be taken. In practice, the application of this instrument is not yet in coordination with the institutions, but it is still an initiative to improve the effectiveness of state organs.

All these legal documents do not provide clear guidance that can direct to organizational procedures related to the efficacy of the organization as a whole, as well as the efficacy of administrative workers.

ANALYSIS OF INDICATORS OF THE EFFICACY OF THE ADMINISTRATION

From qualitative analysis in this paper and the realized interview over various categories of titles of administrative workers (21), the necessity of establishing rules and procedures that will produce effective administrative workers has been identified. If the organizational structures of public authorities are observed, it can be identified that there is no established organizational unit which has the role of monitoring and analyzing the efficacy of state institutions and administrative workers individually, which means that procedures for monitoring efficacy are not present in state departments. If the overall work process according to the

[14]According to the Program for the Work of the Government for the period 2006-2010 regarding good governance and the fight against corruption.

organization acts is considered, as a rule, tasks are assigned according to the hierarchy of responsibilities; managerial workers assign the duties to the employees in the unit or department. However, in practice this rule is often violated. Employees often receive assignments directly from the minister or secretary of state, rather than the direct head of the department or sector, or heads of departments receive assignments directly from responsible persons in authority within the organ or other heads of departments who are not their immediate superiors. It is interesting that state secretaries are skipped also, i.e. ministers directly assign tasks to employees. Another very important issue that indicates the efficacy of the administration is the method of measuring what is achieved.

Indicators that point to whether an individual is an effective are the number of completed cases, the time period in which they are completed, and the complexity of the implemented activities. From the interview it can be concluded that these indicators are not established. Many of the respondents (9) stated that annual strategic plans translated into annual work programs are taken as a basic indicator for monitoring the activities of the state departments. These operational plans include set goals, deadlines and organizational units responsible for implementation of the specific activity of the strategic plan. This type of monitoring only applies to a group effectiveness of organizational units within the organ.

Another mechanism to monitor the performance of departments in government agencies, led by managers, is faculties. Maintaining faculties is not provided as an obligation under the law, so that each body has its own way to define the time and manner of their actualization. The only way to monitor individual work of administrative professionals is archive book. According to Law of the Archive Material[15], in all state departments only this book records: where a received case has come from, what is the nature of the case, to which administrative worker the case is entrusted, the date of receipt of the case and the date of completion of the case. However, these data serve only to record, not for measuring the effectiveness of administration.

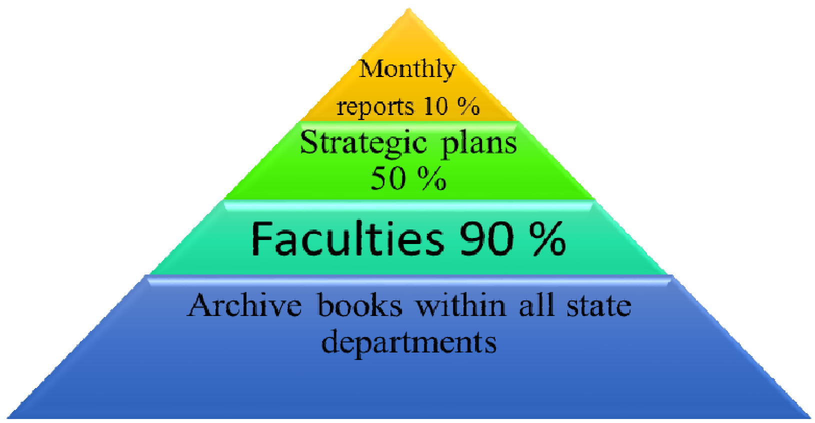
Some state departments (5) have introduced an independent monitoring self-system, expressed by preparing monthly reports for all actualized regular and emergency activities and all documents. Reports are prepared by the heads of organizational units, departments. Such monitoring is conducted with forms prepared by the head of department. On a monthly basis, these reports are reviewed at the departmental level, in order for everybody to be able to recognize what the other employees have been working. Picture no. 1.

In all state departments, responsible individuals form teams for complex tasks, with defined mandatory deadlines for implementation. Additionally, an important

[15] The Law of archival material ("Official Gazette of the Republic of Macedonia" No. 36/90, 36/95, 86/08).

finding is that frequent changes to the Regulation on jobs systematization in the body directly reflects the ability to continuously monitor performance, and it largely affects the monitoring of the efficacy of administrative workers.

Picture no. 1.Ways of monitoring the operation of the civil servant in state departments



Also, research has shown that the assessment of administrative workers is already established procedure in all state departments. This procedure is implemented according to the hierarchy of authorities; superiors evaluate subordinates, but this process is not based on measurable indicators that show the individual and group efficacy of the organization.

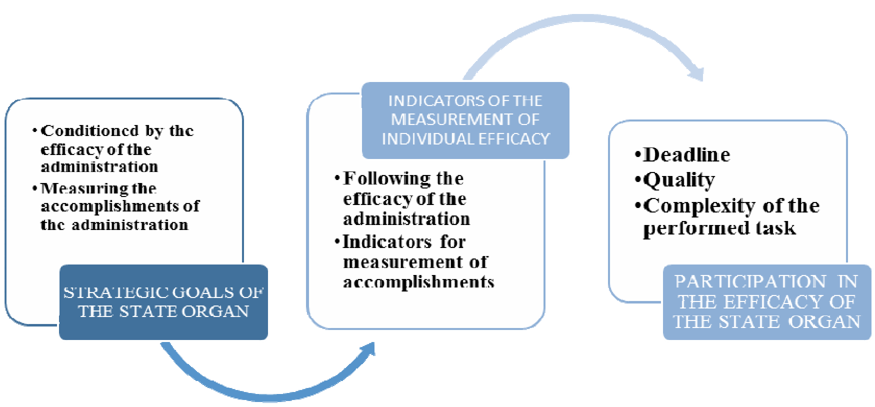
The state departments have not established a system of monitoring the pointers of appeals and complaints from citizens as an indicator of individual employees' efficacy. Despite the establishing Civil Journal as an obligation of every state departments to receive complaints and complaints from citizens about the services of administrative workers, there is no analysis of the same data which would lead to the information becoming indicators of individual efficacy of administrative workers and group effectiveness of state departments

CONCLUSIONS AND RECOMMENDATIONS

This paper has made an attempt to give a modest contribution to the efficacy of government administration expressed through efficacy of administration. The results of this study suggest the need to change the laws and regulations to be aimed at establishing precise rules concerning efficacy of administration. The conjoint conclusions from this study are as follows:1. Administrative workers are not involved in establishing the organization's objectives; 2. A quantifiable system that could, by precise indicators, determine individual efficacy of administrative workers has not been conceived; 3. No comparative analysis of the efficacy of state organs concerning the needs of citizens exists; 4. A system of external evaluation (by citizens), to indicate the satisfaction with services provided by administrative workers has not been developed.

The previous analysis showed that the state departments create strategic plans, but these are not analyzed by measuring the accomplishments of the organization as a whole, as well as by measuring in what percentage individuals participate in the overall accomplishment of the state organ. Hence, the measurement of achievement should be set in coordination with the strategic goals of the state organ, which means monitoring the overall work process through indicators to measure efficacy, deadline, quality and complexity of the performed task. Picture No. 2

Picture No. 2



Measuring the efficacy of the administration, the organization can predict, for certain periods of time including: daily, monthly, quarterly, twice-yearly, nine-monthly, and thereby to compare individual achievements of the employees, as well as to determine the percentage of their participation in group efficacy.

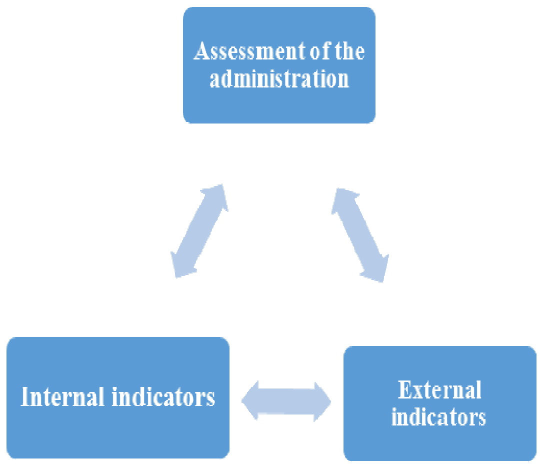
To obtain results for the realized activities of administrative workers in a fast, quality and impartial manner, the existence of an electronic system that will connect workflows of all employees in the organization, and which will contain all the indicators for monitoring efficacy is necessary. So, the head of department, with one click on the computer, could get a clear picture of the achievements of administrative workers, i.e. what is their efficacy. Currently, in all state organs, employment cases are assigned to one quarter of the total number of employees, although all receive equal pay; no established system of rewarding exists.

This way of measuring the efficacy will be a real basis for rewarding or punishing the administration. When each employee will receive a reward or punishment based on real quantifiable indicators, it will have an effect on motivation and on those that are ineffective. Hence, the percentage of participation of the individual in that realization should be measured; from this the salary will arise. Picture No.3.

Picture No.3

The evaluation as process has been established in state organs under the hierarchy of authorities, but this process is not based on quantifiable indicators that show the individual and group efficacy of the organization. Thus, the establishing of quantifiable indicators is the most important tool for unbiased and fair assessment. In this way, the impact of the human factor for biased assessment can be reduced. In order to receive complete information about the efficacy of administrative workers, it is mandatory to introduce an external assessment by the users of the service – the citizens. This external evaluation should be compared with indicators of employee accomplishments obtained by the indicators established within the organization. Through comparative analysis, the superior will evaluate the administrative worker, taking into consideration all the indicators that point to the efficacy of a worker. If there is a difference in the comparative analysis in the opposite direction, the internal results are positive and the external negative or vice versa, then reasons for this state of affairs should be sought individually. Picture No. 4

Picture No. 4



In terms of external indicators for assessing the effectiveness, the results indicate on the need for analysis of complaints and objections from citizens about the quality of services provided by the administrative workers. Such analysis is an important external indicator for competence of administrative workers. Such analysis mandatorily should be compared with indicators of efficacy shown by quantifiable indicators. Therefore, although one administrative worker is measured with greater efficacy in terms of speed and complexity of the implementation of the cases', but through analysis of complaints errors in terms of his expertise are noticed, one cannot speak of an effective worker.

Hence, all the indicators in the current analysis suggest the necessity of a detailed elaboration of administrative processes in state organs to calculate individual and group efficacy. Therefore, a new approach of managing the efficacy of the state organs should be established, considering the aforementioned recommendations of this paper.

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INFLUENCES IN THE PROCESS OF IMPLEMENTATION OF TOTAL QUALITY MANAGEMENT

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Abstract:
Total quality management is the method that seeks to lead all departments of an organization to meet customer needs and organizational objectives. Their implementation can be done at high quality standards only by organizations of a total quality which can be influenced by attitudes in the competitive market, application management inadequate, inefficient organizational structures, inadequate organizational culture, the lack of a strategy to implement management total quality, lack of involvement of customers in the development process disturbances, lack of strategy in managerial activity, total lack of involvement of top management, lack of belief in the usefulness employees a total quality management program and appropriate training failure to develop human resource.

Keywords: *Total Quality Management, influences, standards, customers, product*
JEL Classification: M1; M10; M19
Paper type : Research paper

1. Introduction

The increase of customer satisfaction and organizational performance by providing high quality products and services, involving stakeholders, using teamwork, customer focus, continuous improvement and performance in the proceedings, represents in specialty literature the purpose of implementing total quality management.

In the development of total quality management, companies must understand that consumers define the quality of the goods and services offered by them. If the organization is involved deeply on the quality of the processes they carry, negative problems found by the client, referred at the resulting product will be considerably reduced. Management of an organization in the analysis of the performance of a product should conduct surveys to ascertain the perception of customers that product quality and help to identify together the design, features or any other process that raises the quality of the product or service, and therefore a permanent commitment to continuous quality improvement. Implementation of total quality management can be influenced by an action or situation that causes a malfunction. Obstacles can be physical, social, economic, technological or political. There are a number of attitudes that may influence the implementation of total quality management.To define the concept of Total Quality Management are different approaches. The most important are:

Addressing the organizational philosophy:

„Quality management is an organizational philosophy to increase the level of quality and managerial practices dedicated to achieving total quality. In this sense, the quality would not be an issue that needs to be monitored and added at some point…., the process, but an element of the organizational essence", C.L. Bovee şi J.V. Thill (1992).

Approach as a philosophy of continuous improvement:

"...A philosophy of continuous improvement, which can provide any organizational institutions a set of practical tools for achieving and even exceeding the needs, desires and expectations of current and future consumers", E. Sallis (1996).

The following content will approach some of the influences that an organization may face in the implementation of total quality management.

2. Considerations regarding the influences that may cause faulty implementation of total quality management

2.1 The attitude in the competitive market

A competitive market can influence the achievement of a quality process. As a result of this is diminishing quality standards up to an effect considered lucrative in the ongoing processes. This minimization quality is mainly a mental attitude caused by a misunderstanding of the definition of quality. Quality is perceived by organizations with the need for high costs for implementation, leading to the idea that not all organizations can afford it. A broader approach must include not only the resulting product but also the quality throughout the carried out of processes developed by departments of the organization.

All functions of the organization must contain elements of quality. If the quality is inadequate for the processes performed, unnecessary costs will be supported by the organization, which are ultimately passed on to the customer. Total Quality Management considers the employees a source of inspiration at each organizational level aimed at continuous improvement of what they do, thus resulting in the elimination of unnecessary costs.(Andreea Cristina Ionică, 2013)

Properly implementing a total quality management an organization can reduce operating costs and increasing market competitiveness through improved customer service, tracking costs and efficient use of resources.

2.2 Application of inadequate management

The competitive market, the use of inadequate management and lack of desire in increasing competitiveness can lead to a behavior from employees that will worsen the production or provision of services. Acceptance of inadequate management by the organization's management complacency leads to the idea that this type of management is properly and therefore employees must undergo management decisions without examining their consequences.

This neglect causes a failure of management regarding employee's training on the fundamentals of total quality management in order to involve them in identifying and resolving problems in the organization. This training can transform participants engaged in problem solving and identifying solutions for these occurred problems. This will stimulate motivation and creativity and build productive and healthy attitudes so that employees will focus on the basic fundamentals of functioning of the organization, such as identifying customer needs, continuous improvement activity and create their responsibility over it. (Ioan Marian Miclăuş, 2006)

2.3 Organizational ineffective structures

The existence of a thick organizational structure leads to situations of overlapping the tasks and responsibilities regarding the organization's employees. Because of this organization's employees show reluctance to implement a quality system of organization management, considering it useless and burdening. In addition, there may be the perception that this is the responsibility of the quality management structure without any need for employee's involvement. Quality management with the notion of giving birth to a powerful system where decisions are always the right ones causing employees to take part in improvement. In this respect it should be permanently motivated to engage in quality system implementation by identifying and using customer problems discovered thus producing a better quality of processes carried out. (Ioan Marian Miclăuş, 2006). Also, a common problem in organizations is the low involvement of top management in improving quality.

2.4 An inappropriate organizational culture

Organizations conduct their business after a method very well set by the management. These are defined in scientific terms by the organization's culture. Processes, philosophy, procedures and traditions define how employees and management are performing the work needed to fulfill the needs and expectations set as objectives of the organization. Lack of the organizational culture leads to failure of the mission of the organization. The culture of an organization must be in constant contact with the economic realities, political, social and technological developments and needs to accept them in order to improve the efficiency of the organization. (Andreea Cristina Ionică, 2013) Rigidity regarding the fulfillment of objectives in the existing management as a result of inadequate organizational culture can lead to difficulties in implementing total quality.

2.5 Lack of a strategy for the implementation of total quality management

Lack of strategy from organizations on the implementation of total quality management makes the allocation of human and financial resources to be deficient in this respect. They shall draw up the strategy to increase the profit to the detriment of the quality of products and services offered and expected by customers. It requires the allocation of necessary budgets to improve staff training and it is a prerequisite to successful implementation of total quality management in the organization.(Ioan Marian Miclăuş, 2006) This however leads to decreasing the allocation of the profit margin that is not perceived favorably by management considering implementing total quality management does not bring a short term gain in the organization.

2.6 Non-involvement of the consumer in taking choices

There are organizations where their strategy plans do not include their customer's involvement in taking decisions, their targets being the concentration on the objectives of achieving a profit in a very short time. Through market research, that should exist, regarding the quality of the product or service offered by the organization is often of low magnitude leading to reduced performance in meeting objectives. Increased costs appeared by the application of these surveys lead to decisions from organizations with repercussions for their limited use in quality improvement processes and services. .(Ioan Marian Miclăuş, 2006)

2.7 Disturbances in ongoing processes

Implementation of total quality management seeks to monitor employee's activities and processes carried out by them in order to establish the organization's objectives that anticipate customer needs to create its satisfaction and appreciation in using the products. The objective of the implementation of total quality management is undertaken by many organizations in the development process encountering failures due to their conduct in the performance, standards required their browsing faulty planning, lack of resources and competitiveness in quality standards. Another problem may be the incompatibility between the monitoring procedures performed in the organization processes and procedures for monitoring human resources. In comparison with the educational field, of higher / top education, curriculum inappropriate conduct may result in a failure of process quality, giving rise to poor educational systems that use inefficient procedures to those created by a total quality management performance. (Robert J. Masters, 1996)

2.8 Lack of managerial work strategies

Both in business and in education, the absence of a management strategy leads to an activity of inadequate quality. Good planning can ensure a purposeful activity of the organization with positive results. There are managers who realize low involvement in quality, with obvious repercussions in progress, continuing to pay its low importance. Studies have shown that the use of pre-planning through implementation of clear lines of development and taking action on their achievement is secure in order to achieve quality improvement plan. Drawing documented and detailed planning is done by knowing and identifying the stages in the process of execution, otherwise it will have repercussions on the quality of processes, cost and time of their execution. It also increases the cost of poor planning execution, completion time increases, creating a sense of failure corresponding organizational objectives.

Implementation of and using a total quality management requires the consent of the use time and money to achieve a quality planning activities to coordinate processes to be carried out. (Robert J. Masters, 1996) Management organization with a powerful team involved in the process of achieving the objectives of the proposed project creating rigorous planning activities to be performed, their results will be the products and services of superior quality, with a high level of satisfaction regarding the customers.

2.9 Total Non-involvement of top management

A total quality program implementation will be successful only if the top management has a permanent involvement, commitment and responsibility towards its realization. Lack of involvement can lead to the interrupting process of continuous quality regarding the ongoing processes. The lack of accountability in quality management can come for various reasons, the prevailing lack of training and limited experience in this area managers and their desire to obtain profits in a timely fashion. Analyses carried out in this context showed that many managers with extensive experience in business and finance did not give their work on improving the quality of considerable importance. In this respect there is no need to have a previous Know-quality but you have to believe the implementation of Total Quality Management's is one of the conditions necessary to achieve customer satisfaction and achieve profitability. (Ioan Marian Miclăuş, 2006)

In conclusion, the management organization must develop programs to improve quality regardless of existing financial resources and the costs involved in this process that expects them to start playing.

2.10 Lack of belief in the usefulness employees of total quality management program

Employees are also often reluctant to implement a total quality management program, one reason being the lack of organization in the long-term objectives and targets causing a decline in the credibility of the effectiveness of this program. In this respect it is preferable to have a close link between permanent and non-management to achieve successful management objectives. The implementation of a total quality management program can be successful if the organization has well-trained employees who understand and accept management by objectives. Compared to the most economic in higher education teaching staff consists of professionals traditionally autonomy and academic freedom awaits. Academic staff do not like to rethink teaching styles, the most devoted teaching, considering implementation of a total quality management a bureaucratic process and its implementation will therefore need a longer time. (George Moldoveanu, Cosmin Dobrin, 2014)

In conclusion, we can say that the management must consider and persuade employees that are part of decision making within the organization, creating their involvement and motivation in implementing quality improvement programs.

2.11 Failure of specialized training

Lack of training leads to an inadequate understanding of the processes at all levels of the organization creating the feeling of resistance to change from employees. Using a trained improper management decisions lead to inefficient outcomes from him. Successful implementation of a total quality management can be achieved with human resources capacity solid understanding of processes, with a developed sense of communication and expertise in the field. The training should be conducted at all levels of the organization in order to obtain products and services with superior quality to meet customer needs. Producing a quality product or service by the human resource is obtained only when it has the necessary knowledge of the workplace where it is framed. Total Quality Management must provide comprehensive training, including technical expertise, communication skills, teamwork, tools to solve problems and a good relationship with customers. Also in educational domain, the lack of permanent teacher training may result in failure towards their adaptability regarding the educational needs. (Robert J. Masters, 1996)

Total quality management requires good planning and systematic training of all teachers including the use of external training institutions.

3. Conclusions

Implementation of total quality management is a fundamental goal for an organization that requires its culture change depending on time's realities, requiring full and responsible involvement of Management and both employees and customers. Top management must clearly define quality policy involving total quality management principles consistent overall policy of the organization. Allocation of resources, achieving appropriate training and involvement as required, the use of efficient working techniques are success factors in the implementation of a total quality management. Effective communication will coordinate all activities of the organization in the spirit of total quality management principles. A successful program of total quality management is unique, and it would motivate middle management to focus on long-term strategy, to short-term goals. Creating a team to fulfill the duties through continuous involvement and effective for improving the quality of products and services in order to meet customer needs, is an essential requirement for top management performance.

The implementation of a total quality management performance requires constant concern for organizations to improve products and services in order to cope competitiveness and thus the continuation of the activity and preserve jobs. To prevent unnecessary costs it is necessary impetuous to conduct preventive and corrective processes that will ultimately lead to the development of quality products and services and a considerably higher profit. (Ioan Marian Miclăuş, 2006)

Implementation of total quality management is a process of change, transformation within the organization. To cope with this change, it is necessary that the top management of the organization (management) to be able to motivate, maintain enthusiasm through organization and to identify effective ways to overcome improper influences arising in its business, aiming successful completion of the implementation of total quality management system.

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RURAL DEVELOPMENT THROUGH EDUCATION SCHOOL CONTEST

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ABSTRACT
A survey in rural areas, on a sample of about 250 students from schools in Cluj county, revealed that the participation of students who study in rural schools in competitions and Olympiads in mathematics declined in the last 10 years with almost 50%.
Entering a contest involving only children who learn in rural schools would actually improve educational outcomes? It is a question we can answer the end of the study. The overall objective of this competition is to attract students to learn better discipline of mathematics and mathematical dimension strengthening of rural education by encouraging cooperation between teachers, between students, between institutions and schools.
The competition will require training and will result better results in school. Mathematical Olympiad villages in Transylvania is a competition that offers quality in at least three areas: teaching, assessment and interculturalism.

Keywords: Olympics villages, school competitions management, rural project
JEL Classification: I20, D83, R0
Paper type: Research paper

Introduction

A survey in rural areas, on a sample of about 758 students from schools in Cluj county, revealed that the participation of students who study in rural schools in competitions and Olympiads in mathematics declined in the last 10 years with almost 50%.

Entering a contest involving only children who learn in rural schools would actually improve educational outcomes? It is a question we can answer the end of the study. The overall objective of this competition is to attract students to learn better discipline of mathematics and mathematical dimension strengthening of rural education by encouraging cooperation between teachers, between students, between institutions and schools.

The competition will require training and will result better results in school. Mathematical Olympiad villages in Transylvania is a competition that offers quality in at least three areas: teaching, assessment and interculturalism.

The purpose and objectives of the project (Project Olympiad villages in Transylvania):

- strengthen mathematical dimension of rural education by encouraging cooperation between teachers, between students, between institutions and schools.
- stimulating rural students to participate in all competitions.
- development of relations between local and regional institutions;
- promote and develop exchange programs between groups of students and teachers;
- promote the exchange of ideas, information and educational practices in the training of teachers and improve the quality of education in rural areas;
- is the possibility of essays by students and teachers participating in the contest during a communication session.

The procedure for organizing the competition have provided the following steps:

- popularization contest among students and teachers of mathematics in schools located in rural areas;
- organizing a contest organizing committee, involving regionalization County (divided into nine geographical areas) and establishing local leaders;
- finding sponsors to support expenses related to the organization of the competition and awards of the students;
- identifying centers of competition;
- organizing a scientific committee for development issues;
- training a group of evaluators;
- training a group of supervisors (assistants);
- organizing a ceremony of awarding the best students;
- disseminating the results of the contest among students, parents and teachers;

The competition is for classes IV-VIII class IV being chosen to stimulate competition between students and for better integration of pupils in secondary schools. The focus on the structure and degree of difficulty of the topics from class VIII to be as close to the subjects of the National Assessment. One of the project objectives was to get better results from the National Assessment exam among students in rural areas.

The project management team has established a procedure for monitoring the results of the National Assessment exam simulation and math competitions.

Impact of short-term (Project Olympiad villages in Transylvania):

- attracting students from rural areas to the mathematical discipline;
- unique opportunity to be evaluated at county and inter-county;
- exchange of experiences for students and teachers resulting in an impact of mutual knowledge of participants, teachers who come in contact with during the 3 stages;
- creation of working tools tailored Romanian education;
- acquisition techniques working / teaching practices in the exchange of experience
- Establish partnerships between schools in rural counties participating in this competition.
- better results obtained by pupils in national examinations in Transylvania counties: National Assessment
- knowledge sightseeing in the counties of Tansilvania by students and teachers in rural schools.

Impact of long-term (Project Olympiad villages in Transylvania)

- Organizing a national stage Mathematics Contest: Olympic villages in Romania;
- Identify sponsors for awarding rural students with outstanding results in this competition, scholarships for excellence;
- capacity to engage in high level competitions;
- meeting with outstanding personalities in mathematics (inviting academics);
- partnerships between schools;
- knowledge of events and objectives of county interest in participating counties publicity materials;
- improve the quality of rural education;
- improve communication between inspectors / directors / teachers;
- involvement in the organization and conduct of national school partnerships;

Statistics participation of students in the last four editions of the Olympic villages in Transylvania

Table no.1

No.	Event	Participants year 2010-2011	Participants year 2011-2012	Participants year 2012-2013	Participants year 2013-2014
1	Olympiade of villages	560 students	600 students	672 students	723 students
2	Olympiade of Cluj villages	150 students	150 students	150 students	150 students
3	Olympiade of Transylvania villages	---	50 students	80 students	180 students

Because of the interest in this contest by students, parents and teachers in the school year 2013-2014 was submitted to the Ministry of National Education project for inclusion in the regional school competitions calendar.

According to the methodology framework for organizing and conducting competitions in schools (Annex 1 to the Order of the Minister of Education, Research, Youth and Sports no. 3035 / 10.01.2012) we have the following classification of school competitions

Article 8. The function theme, school competitions are:
a) Subject competitions;
b) Competitions multidisciplinary / interdisciplinary / transdisciplinary;
c) Competitions and extracurricular extracurricular education.

Article 9. Depending on the degree of participation of pupils, school competitions are:

a) local competitions, in which students from a public school or more educational institutions, from the same locality / sector;

b) county competition, in which university students from schools in the same county / Bucharest;

c) regional competitions / long distance, involving students in school units in two or more counties;

d) national competitions, in which students from school units of at least 70% of counties. An exception to this rule competitions disciplines / fields of study for not providing study / schooling in all counties, in which case it is considered the national competition, where students participate in the competition at least 70% of the counties in which study provides discipline / field of study enrollment;

e) international competitions involving students from several countries.

Research Excellence:

study done on school participation in competitions and contests;

student participation in courses at the Centre of Excellence;

collaboration between schools, exchange ideas and opinions on the performance achievement;

dissemination of results and examples of good practice;

Scientific Knowledge:

development of rural education was one of the priorities of the Ministry of National Education

Modernising education in rural areas is one of the areas of HRD intervention;

most researchers, teachers, politicians are from rural areas;

knowledge objectives in counties by students and teachers in rural schools.

Social progress:

School -first step towards social progress. The motto used by the European Association for Progress (http://www.aeprogres.ro/) is a quote by Nelson Mandela: "Education is the most powerful weapon which you can use it to change the world."

Social progress is defined as the ability of a society to cover basic needs of its citizens to provide them with the essential elements to improve life and create the conditions in which individuals and communities can achieve their full potential. I believe that the development of a national competition for rural students is perfectly in terms of the definition of social progress;

Encouraging the exchange of ideas, information and educational practices in the training of teachers and improve the quality of education in rural areas;

The study on the development of students who were awarded the Olympics Cluj villages shows that the additional training students have achieved better results from the National Assessment exam, students prizes reaching national colleges and high schools in the county of Cluj.

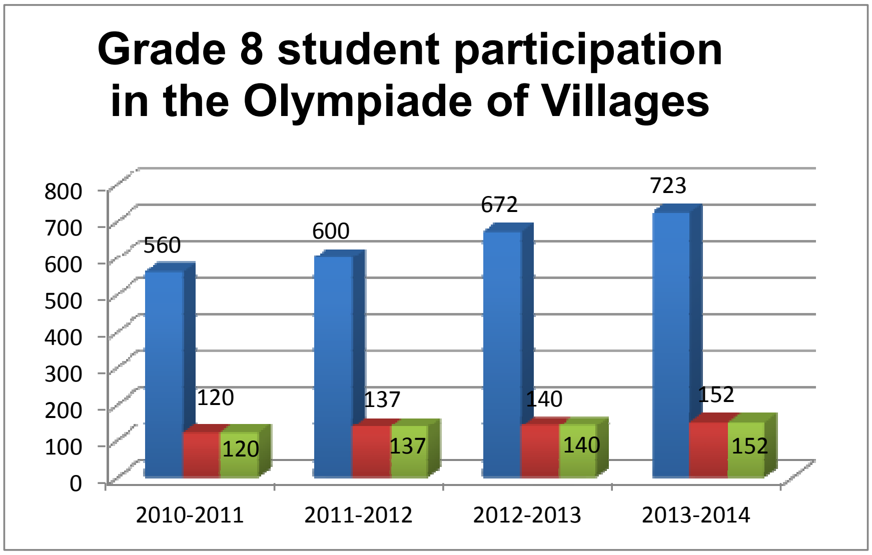

Figure 1. Students participation to the OSC

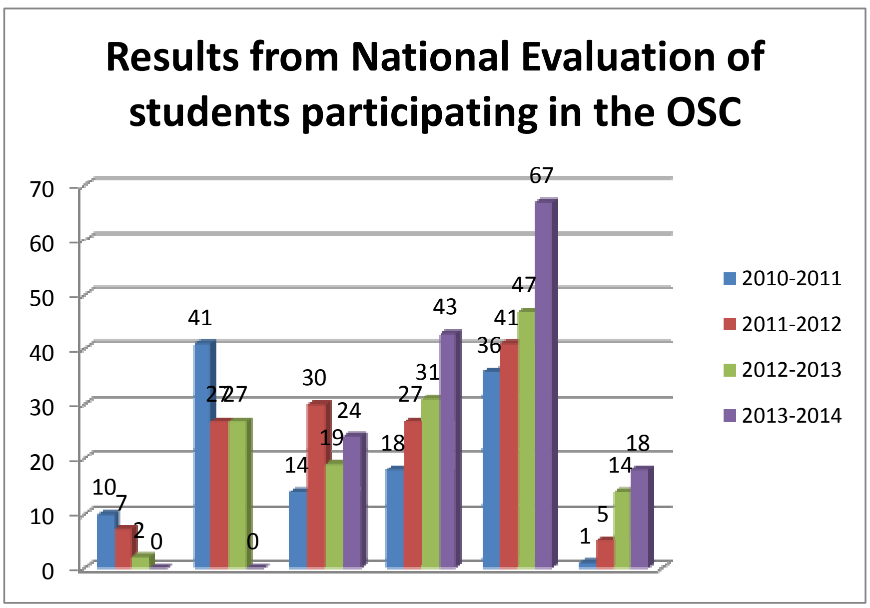

Figure 2. Results from National Evaluation Exam

According to a study done by Mrs. Laura Stoica (Laura Stoica, Courses of action for increasing access to education for children from disadvantaged backgrounds), researcher at the Research Institute for Quality of Life of the Romanian Academy (IRQL), the performance of students in rural areas is weaker than students from urban areas, closely-related effect on the quality staff on the one hand, and the other elements of the learning environment. At the national level examination results of students in classes IV in 2000 reveals performance differences depending on the residence, which is also a source of bias in education, training and quality differences chance and school vocational graduates and those in rural and urban areas.

It was found that rural education is facing further major difficulties related to investment in physical infrastructure, the number of qualified teachers, staff turnover, determined by the degree of isolation of communities and their development, limited access to training and to training programs, the rural population, all leading to a still unsatisfactory efficiency of education in rural and / or disadvantaged. Differences between rural and urban exists in the chapter on the qualifications of teachers: the majority of teaching positions are covered in full, but their share is higher in urban areas. Rural areas still remains a disadvantaged environment, characterized by a high turnover of teachers and a lower share of qualified personnel, and rural areas.

The priorities identified are attracting sponsors and private and state institutions to support this competition and development of rural education by motivating teachers who agree to work in these schools.

Identified threats are reducing the number of students in rural areas and lack of qualified staff willing to work in rural schools.

Conclusions:

1. Students' results have improved due to additional training in order to participate in the Olympics villages;
2. The number of students interested in participating in this contest has grown from year to year;
3. Teachers of Mathematics results are highlighted in rural schools;
4. Teachers are motivated to organize additional training to students:
5. Students awarded the Olympics rural villages are admitted to National Colleges and Theoretical High prestige;
6. Interest in this contest in the country is very high, being introduced in competitions calendar approved by the Ministry of National Education;

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2. Laura Stoica, Courses of action for increasing access to education for children from disadvantaged backgrounds.

3. Pop Cristian Peter, Project Olympiad villages in Transylvania.

4. http://www.aeprogres.ro/, European Association for progress.

Acknowledgement

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USING INTEGRATED COMMUNICATION INSIDE AN ORGANIZATION

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Abstract
In any organization, regardless its activity, efficient communication is an indicator of its performance by which it can increase the market share, improves and consolidate its image and level of employment involvement. In order to get these results, communication has to be managed according to integrated communication that needs adopting a global strategy that can send a unitary message through all channels and ways. Used mainly by big corporations, integrated communication is still too little known and used, the advantages of this type of communication being neglected, most of the times. The reason we have started the study of the present article is identifying the factors that lead to the decision of valuing the concept of integrated communication on the results we get by applying this concept.

Keywords: *communication, integrated communication, management.*
JEL Classification: *D83; H830; L1.*
Paper type: Research paper.

Introduction

Present economical conditions stand under the influence of globalization and new technology, both being under a permanent expanding process that stimulates communication and competitiveness (Bhagwati, 2007:4). Under these circumstances, getting a competitive advantage becomes the main aim of the communication strategy included in the general strategy of the organization that using any element of the communicational mix becomes a decisive point in the competitive advantage. Optimizing communication inside an organization is provided by integrated communication that besides reaching the communication aim – of building and maintaining relationships (Zyman, Brott, 2008) – succeeds in maintaining on long term the competitive advantage by consolidating an equal partnership between customers and organization , by identifying, implementing and evaluating a clear set of solutions in communication (Gayeski, Woodward, 1996).

The basis of integrated communication were set on the principle of marketing integrated communication and even Don Schultz (Schultz, 1996), the one considered the father of integrated marketing, underlined that the problem of integrated communication is not questionable because no matter of the shape of the messages sent by an organization, customers integrate all the received messages and this forces the organization to manage the communication process according to its own strategic interests and aims (Cornelissen, 2011:23).

Communication in business is a dynamic process that goes both ways and suffers multiple influences and is under permanent changing (Harris, Sherblom, 2011:126). Academic world, both the one preoccupied of research and the one concerning teaching started to realize that the best way to satisfy the communication demands at world's level needs more than communicating in a widely used language (Palmer-Silveira, Ruiz-Garrido, 2008:29). This way, integrated communication has rapidly become an expanded discipline that connected marketing to other domains like: corporative identity(Gruning,1993), corporative design (Van Riel, 1995:5), corporative culture (Baker, Balmer, 1997), public relations (Van Riel, Fombrum, 2007:263) and corporative communication (Christensen and others, 2008), becoming itself a discipline.

Current state of knowledge

Integrated business communication refers to the planning process, applying and evaluating the unified messaging that relates the interested parts and that build the brand recognition (Babcock, Du-Babcock, 2001). In any organization, integrated communication is necessary both for establishing and developing internal and organizational communication in order to ensure clarity and durability (Iddrisu, Kumasey, 2014).

There are three elements of integrated communication in any organization: marketing, public relations and human relations (Barat, 2008:7) that can increase the business, reputation, efficiency and profit. Generaly speaking, public relations and marketing are linked in a web together with the statistics, informational science, economy and organizational behaviour (Pincus, 1999). It is well known that the maximum advantage can be obtained by removing obstacles not just by using information from only one knowledge area, this being exactly the kind of advantage brought by integrated communication that combines information, different types of instructions, collaboration, business process project and stimulation systems in order to improve human performance at work with the aim of getting the best results for the organization (Gayeski, Woodward, 1996).

The organizational communication system (Van Riel, Fombrum, 2007:2) means marketing communication, public relations, relations with the investors and communication with the employees but includes also all kinds of institutional communication that influences the way in which organizational problems are framed and the public debate resulting from it.

One of the most important characteristics of integrated communication is adopting pull communication instruments and using them along with the old push instruments, association that equalises the roles of the communication process both for the organization and the interested parts but also brings directed and personalized reactions (Bruhn, 2001).

Communication is one of the basic activities inside an organization with great influence on people (Mucchielli, 2002) whose main objective is to establish the relationships that allow reaching the organizational aims (Bălănică, 2003:26).

In order that an organization communicates with clarity, coherence and continuity inside and outside the formal organizational borders (Christensen and others, 2008) specialists in communication advise organizations to adopt the integrated communication concept that has a strong appeal for the contemporary organizations, regarding aligning and coherence and who offers order, stability and prediction in a fragmentary and confused world (Cornelissen, 2001; Cornelissen, Lock, 2000).

This concept needs coordinated effort from each member of the organization (Stuart et al., 2007:7) but we must not forget that future belongs to communication (Schultz, 1996:139) through all the new communication channels brought by the digital revolution (Young, 2010:2). And the natural evolution led to the concept of integrating the same message in all the mixed elements of marketing, to the integrated communication strategy plan that brings together all the communicative disciplines to get the results the organization is waiting for (Kitchen, Burgmann, 2010).

Another important characteristic is that using this concept means efficient applying of informational technology in aspects related to promoting and efficient management in relating with customers (Dissanayake, 2012:28).

Integrated communication includes and uses all the communication activities (Hallahan, 2007:320-324) for the strategic success of the organization and to apply the communicational concepts in different domains (Stuart et al., 2007:154-155) succeeding this way to connect almost instantaneously the services suppliers with the companies and the corporations with the consumers and the public (Weinberg, 2009:2-3) and to establish emotional connections by adopting important causes for the public (Mangold, Faulds, 2009:363-364).

The social and economical realities demand assuming organizational social responsibilities and this can be done only by marketing integrated communication that can establish the balance between profitability, public usefulness and clients' needs satisfaction (Kitchen, Schultz, 2003).

In what integrated communication is concerned, all that is related to information, knowledge, innovation and improvement meet fast changes and the organizational efforts to get to the B2B and B2C public can be simplified by a good knowledge of present realities but especially by the constant upgrading according to the technological evolution.

A research regarding the integrated communication valorisation

Context

Integrated communication refers to communication in a single voice and it is a problem of organizational culture, strength and managerial decision (Thorson, Moore, 2013:168). There are many reasons for which companies should choose integrated communication: the necessity of reducing business costs, consolidating organizational dynamics in order to increase employees' productivity. The target public, competition, community are great factors that can make any organization adopt the concept of integrated communication, in order to maintain its position on the market. Each of these factors as well as the factors of the internal organizational environment through specific reactions influence directly the way in which the organization understands to answer to the new challenges of the business environment.

The identified problem that determined us to choose the research theme is driven by the observation of the existence a sort of resistance in adopting this concept.

Methodology and data source

The subject of the research is integrated communication.

In order to have a clear image on the actual stage of use of the integrated communication a research was made to discover the degree in which activities specific to integrated communication are implemented in the organizations of the South-Muntenia region.

The quantitative empirical research presented in this article is just a part of a larger research, based on an opinion survey.

The data gathering instrument was the questionnaire which along with some identification/demographic data contained 15 questions related to the activities of the integrated communication concept.

The research method was the sociological investigation.

The observation unit is represented by the organization regardless of its domain of property form. The survey unit was established as being the person with leadership and decisional role in the firms forming the survey group, meaning: managers, department chiefs, consultants, general managers.

In what the scaling patterns are concerned, the semantic differential was used, the one in five steps.

The information analysis was made using Microsoft Excel.

The data gathering period, was between 02.03.2014 and 15.06.2014.

The study was made by using a simple random scheme.

The appreciation of each answer type for the questionnaire, were highlighted by calculating the average score using the weighted average formula.

$$\bar{X} = \frac{\sum x_i * n_i}{\sum z_i}$$

where: $x_i =$ is relative frequency,

$n_i =$ is the grade given to the answer and

$z_i =$ is the total answers to the analyzed question.

The average scores and the global score after the analysis of the answers are the values, based on which the interpretation was made on the study group involved in the research.

The research had as aims:

- The analysis of the managerial attitude towards integrated communication.
- The analysis of their interests relating valorisation of integrated communication.

Hypothesis of the research:

1. Integrated communication presents a moderate interest inside the analysed organizations.
2. The concept of integrated communication is still little known and developed.

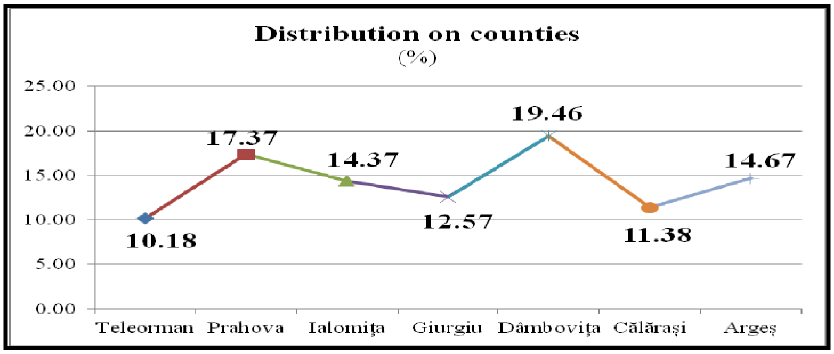
The questionnaire aims to discover the interest towards the essential aspects of the strategic answers of the organizations in order to value the benefits that integrated communication brings. To gain an exact image regarding integrated communication use inside the organizations in south Romania, the questions were grouped in three analysis domains, as it follows:

1. Assessing the integrated communication situation inside the studied organizations.
2. Managers' interest towards integrated communication.
3. The interest of investing in implementing the concept inside the organization.

Research findings

The research statistics

The distribution of the respondents in the counties that form the South-Muntenia Region is varied due to the interviewing possibilities influenced mainly by the distances and the time given to this activity. This distribution is represented in the chart below:



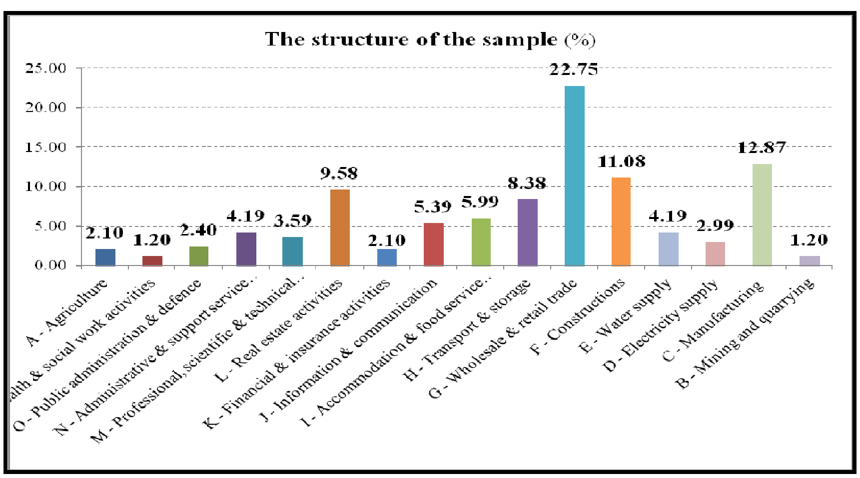
Source: own projection

For the 334 respondents that answered our questionnaire, we created three segmentation variables according to: average age, sex and studies.

Our study respondents are around 49 years old.

The distribution according to sex shows that there are mainly males – 203 of the respondents are men. 131 of the respondents are women. The proportion is 60.78% men and 39.22% are women, thing that is very close to the Romanian social reality where over 34% of the managerial positions are occupied by women according to a study made by the Mercer consulting company (Nicutar, 2012)

In what studies are concerned, 69.14% of the respondents graduated university and 16.21% post graduate studies and only 14.65% of them graduated high school. In the chart below we presented the structure of the sample according to CAEN and each respondent individually.



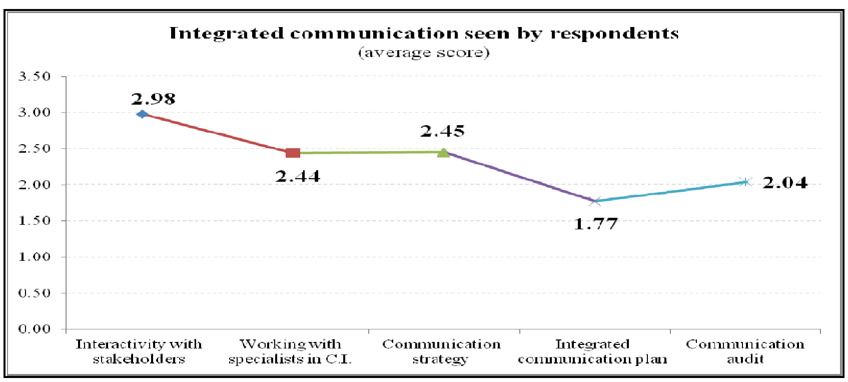
Source: own projection

This sample uses firms that are active in 16 of the 21 classified activities. Most of the respondents are part of commerce and manufacturing. So, we can keep the natural balance of the activities with higher importance just like the national structure according to the INSSE.

1. Evaluating the situation of the integrated communication inside the studied organization

Used to the easy access to information because of the internet, the external public of the organization waits for the integration of the new communicational technologies that can save time and nerves. On the other hand internal communication can solve a lot of problems related to the difference between the content of the message or the expected impact and the way the other members of the organization receive the message. All these communication can be solved by implementing integrated communication that using all its instruments, approaches and communication resources succeeds in maximizing the expected results.

The respondents' opinion towards the main aspects that underline the integrated communication situation in the institutions they manage (the chart below) show that four of the presented aspects of the questionnaire were evaluated as unimportant: the integrated communication plan (2.04), working with specialists in integrated communication (2.44).



Source: own projection

The only aspect that proved to be important for the subjects of the research is the interaction with the interested parts, aspect that got a score of 2.98.

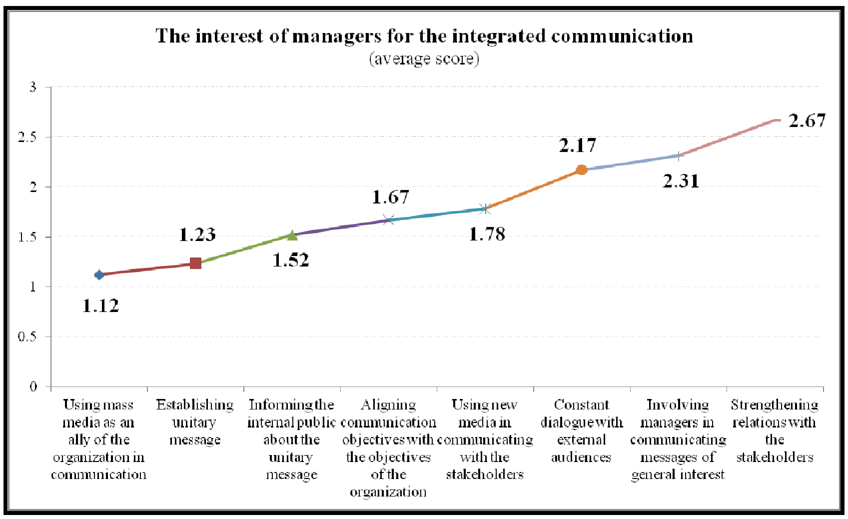
2. The managerial interest towards integrated communication interest and leaders' preoccupations relating the research we can say that that the received answers show that integrated communication is not important regardless of the previously presented aspects.

Knowing and especially using the best communication practices is a priority job for any manager and integrated communication is nothing else but applying the organizational strategy in communication because integrated communication is built on the idea that between internal and external communication there is a continuous independent interaction having as aim building profitable relations with the key clients and the interested parts.

Our respondents' opinions regarding the interest for integrated communication place the given answers in the lack of importance area of using mass media as an ally of the organization in communication (1.12) and establishing a unitary message in communication (1.23).

Unimportant are also considered: informing internal public about the content of the unitary message (1.52), aligning the aims of communication with the organizational aims (1.67), using new media in communication with the interested public (1.78), a constant dialogue with the interested public (2.17) and involving managers in communicating messages of general interest (2.31).

The only aspect on which the subjects of the study are undecided is strengthening the relationships with the interested public it got a score of 2.67 (the chart below).



Source: own projection

<u>3. The interest in investing in the implementation of the concept inside own organizations</u>

The investments for implementing the concept inside own organizations. The questioned managers of the study consider the investments for implementing the concept inside own organizations the last problem that they have to solve.

Both, allowing a budget for integrated communication and the expenses that working with specialists in the field are appreciated as unimportant, the average scores having values of 1.74 and 1.83.

On the whole, a global score of 1.98 is obvious because our respondents consider that integrated communication can be completed absent. As for the valorisation of the concept inside their organization, it is completely out of the question.

Conclusions

At the end of the research, above the formal answers, the main conclusion is that inside the studied organizations there is no interest for the integrated communication.

The study has reached its aim by making an analysis of the managers' attitude towards integrated communication and by identifying the interest towards the integrated communication.

In what the study starting hypothesis are concerned, we can say that:

Hypothesis 1 - integrated communication presents a moderate interest inside the analysed organizations – is denied

The given answers especially to the questions that are relevant for the research show that people with leadership roles inside the district councils that are part of our research, are far from our expectations.

More than half of our respondents do not understand the meaning and the importance of the communication strategy, the integrated communication plan and the communication audit.

Most probably, these people have no managerial skills and most certainly do not have the necessary training.

Hypothesis 2 – the integrated communication concept is very little known and developed – is confirmed

There is a shy interest towards integrated communication, most of the respondents many respondents still not being too clear what this entails. The organizations have most of the times empirical activities and too little of them have got specialized teams. The reality of the actual economical life imposes the use of integrated communication activities in the organizational general strategy.

This activity ensures not only the understanding of the present conditions but also the one of the intentions estimating this way all the evolutional possibilities and probabilities. The integrated communication practice still remains little developed and covers mainly the marketing department activities needing widening in order to integrate itself in the environment.

Having in mind that most of the respondents do not understand the concept of integrated communication and have no interest for it, it is obvious why integrated communication is not part of the organizational general strategy.

Our efforts to get an image as clear as possible of the actual situation regarding the valorisation of integrated communication led to the conclusion that the real situation is not at all encouraging and determined us to offer some suggestions:

- a sustained preoccupation for building good public relations is necessary thus increasing the level of trust in the organizational activities and intentions.

Unfortunately, this concern is present only in isolated cases, which demonstrates the lack of interest and knowledge. There is still a lot of work to do in consolidating the communicational activities, integrated communication especially in order to understand that it represents one of the most important management instruments that can build strong connections between the organization and its public.

- the existence of a communication specialist or the collaboration with specialized communication agencies that can bring great advantages for the organization.
- a real preoccupation for consolidating the image of the organization and the relationships with the interested public can be obtained by using the informational technology which is both accessible and used by a wide public.

At the end of this empirical research we can conclude that above the revealed problems, the present perspectives are not pleasant at all and we know and we need a deep change in the way we see the professionalism.

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IMPACT OF COMMUNICATION ON THE BUILDING OF THE EDUCATIONAL ORGANIZATION IMAGE AND OF PRESTIGE

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ABSTRACT
The "funding follows the student" principle, settled by the Governmental Decision H.G. 1165 / 2013, constrains high school units to use means and instruments destined to modernize their image, support their performance, improve the quality of their relations with their beneficiaries and educational partners.
The hypothesis of the present study is that, under the competitional effect of the reform, the mass information principles do not guarantee the external communication efficiency. The communication strategy, oriented exclusively towards the distribution of information, necessary to the training activity (number of classes, profiles, specializations) proves today insufficiently adapted to the logic of competitiveness.
The evident conclusion is that the prestige of an educational organization is determined by the capacity of managing its visibility, both locally and nationally. High schools, particularly national colleges, tend to become brands.

Keywords: communication, educational organization, image, prestige.
JEL Classification: L32 , L 39
Paper type: Case study

Introduction

The current terms used for denoting the relative social statute of an organization are image and prestige. While the concept of prestige has a strong positive connotation, that of image is neuter and can, when accompanied by an epithet, suggest a certain reputation.

Frequently used in marketing, the terms have been taken over with the purpose of insisting on the fact that high school organizations develop brand image policies by which they set themselves apart from the traditional practices of the Romanian high school institutions.

The new practices are an immediate consequence of the educational reform, based on the ”funding follows the student” principle, settled by H.G. 1165 / 2013, a principle constraining high school units to use means and instruments destined to modernize their image, support their performances, improve the quality of their relations with beneficiaries and educational partners.

This setting apart is, on one hand, required by the directions of development in education by which the educational system is defined as *”public service, quality provider”* [Preda, L., Diaconescu, M., 2013], on the other hand, it is motivated by the need to get synchronized with the other organizations of the economic world, appropriating the communication techniques in force.

1. Specifics of notoriety in high school institutions

In today’s society, high school institutions use means and instruments destined to “stimulate” their targeted public. But, one of the traditional traps of public communication is the limitation to the technical dimension of communication, creating information supports and actions to the detriment of the relational dimension, which is related to the sharing of organizational values and culture and relies on a participative management, which pursues the members’ adesion to a common objective.

However, the specifics of the mission of the educational organization, the objectives, the forms of organization and the structuring principles of the educational system prevent the adoption of an aggressive vision on external communication.

”In the public domain, the importance of relation generates a sort of communication that cannot meet the mass information principles in the competitive environment or the marketing principles, which suppose the modification of the offer based on the repartition among competitors.” [Zémor P., 2005]. Yet, an action oriented exclusively towards the distribution of information, which is necessary to the training activity (school contact data, education forms and levels of schooling, domains, profiles and specializations, number of classes, programme of the educational unit) appears non-adapted to the logic of aautonomy and the competition system.

The main goal of the school managers is to strengthen the reputation of the organization. The administrative name, which refers to a writer, scientist, architect, is often completed by the title obtained after the participation to different competitions among schools. For instance, the National College “Nicolae Titulescu”, Pucioasa, was certified as European School, in the years 2007, 2010, 2013.

Such actions are part of the objective of consolidation of the national visibility, pursued in the institutional and media discourses, as well. The messages circulated by the school units evoke ”excellence”, ”quality”, ”performance”, ”efficiency”, ”innovation”, ”adequacy of the educational offer”.

Under the effect of the publication in the media of certain national high schools tops in articles like: *"Top 100 of the best Romanian high schools"*, *"The top of the prestigious Romanian high schools: they have obtained the best results at the baccalaureate"*, of the generalization of the ICT instruments, the rhetoric related to excellence has become the motto of the external communication meant to promote the educational offer and services.

The first long-term and medium-term strategic target, assumed by the managers of the National College of Pucioasa is *"the development of a quality culture aiming at excellence, on the level of all the institutional departments"*.

Without designating the instructive-educational activity or the teacher's profession, excellence valorizes the high school environment and the professional culture only if accompanied by a set of managerial recommendations.

The Governmental Decision H.G. 1165 / 2013 constrains the school units' managers to develop communication policies based on the creation of a specific brand identity.

The specific managerial language records, on the level of the discourse, a transformation, a modification of the idea of student and of teacher. The sense of the pedagogical relation is changing; the notion of client and the concept of quality are developing.

2. Information elements contributing to the shaping of the image of an educational organization

The institutional image, considered an efficient advertizing instrument in the competitive environment, may be used to the schools' benefit, in their strategy meant to help them obtain a favourable position on the educational market.

Contrary to most previous studies on the school units' image, most of them descriptive and often devoid of any empiric check-up (Alfred et Horowitz, 1990; Davies et Melchiori, 1982; Melchiori, 1990; Weissman, 1990), the present study intends to identify the set of factors explaining the school image perceived among students. The survey carried out in the National College "Nicolae Titulescu" of Pucioasa, Dâmbovita County, has identified seven information elements used by students in the process of grasping the image of the institution attended, represented in the order of importance by: institutional identity, communication policy, offer of educational services, material support, quality of the teaching act realized by the teaching staff.

For school managers, these results represent marketing challenge, i.e. to optimally manage the institutional image, stressing, among others, the tangible and visible elements in the creation and dissemination of this image. Thus, image is becoming more concrete and easier to tell apart.

According to the model of the economic organizations from the competitive environment, schools, as organizations providing educational services and having a financial management dictated by the educational reform based on “the funding follows the student” principle, settled by H.G. 1165/ 2013, are faced with situations in which the position of the institution in the eyes of the targeted public is becoming an important marketing instrument, oriented towards attracting and assuring the loyalty of the educational clients. Actually, several studies state that the selection of a school, particularly on the high school education level, relies on the organizational image, particularly on its reputation and prestige (Kealy and Rockel, 1987; King, Kobayasht and Bigler, 1986; Milo, Edson and McEuen, 1989).

The notion of institutional image is strongly exploited in the marketing strategies of the industrial sector and, recently, of the tertiary one.

In the high school education domain, the institutional image may be used both to the benefit of the schools faced with an increasingly stronger competition in their attempt of attracting the best candidates, and in the acts meant to persuade the public power and the community to support the needs of the educational organization.

The results of the present explanatory study will allow assessing the relative importance of the different components of the institutional image, offering at the same time suggestions to the educational managers for the marketing activities oriented towards the improvement of the school image among the educational services beneficiaries.

2.1. Institutional image

Institutional image is defined as a set of *“common impressions on a certain institution: reputation, attitude, belief, credibility, visual representation (visual identity)”* [Dinescu A., 2010]. This image includes two dimensions: a functional and an emotional one (Mazursky and Jacoby, 1986).

The functional dimension contains the tangible, measurable features by which a comparison with other institutions’ images may be easily achieved. Such features are mainly related to domains, profiles and specializations, number of classes, school programme, human resources, curricular and extra-curricular offer, and material resources available for the instructive-educative activities.

The emotional dimension includes psychological elements expressed as feelings or attitudes to school.

The interest of the present study is oriented towards the image perceived by the educational services consumers. At the contact with the school unit, the student has the tendency to retain only the information compatible with his cognitive configuration, and with his attitudes and beliefs. Later on, after his participation in the school’s instructive-educative activities, he is building in his mind a portrait of the school unit, on the basis of certain information elements.

According to Mazursky and Jacoby (1986), the image-shaping process is the result of integration of two realities: the objective one, defined by a set of features of the institution, and the subjective one, made up of the individuals' impressions on the most important features retained.

The shaping of the institutional image is, consequently, the result of a process of decoding of information by the student. He combines the personal attributes (personality, feeling etc.) with the organizational ones (advertizing, service quality etc.) to form a sense - or value - bearing set that he keeps in memory and uses to describe his global perception on the institution.

It is important to note that the offer of services of a school unit is fundamentally immaterial. Just as in all the tertiary sector domains, the imperceptibile character of the educational service arises from the absence of its material representation, namely from the fact that it is not constituted as visual or tactile representation. This feature determines the student to favour, within the personal image-shaping process, certain tangible aspects, often extrinsic to the educational service, particularly the human resource (teaching staff) and the material resource (technical equipment), assuring the supply of the respective service.

2.2. The role of the information elements in the shaping of the institutional image

The analysis of the studies in the field reveals the fact that the information used by the student in the shaping of the school image may consist in the organizational identity, in the communication policy, in the unit managers, its teachers, material equipment and service offer.

Any institution projects its identity by means of a set of material and behavioural indicators. This identity is often used to represent or symbolize the institution, differentiating it from the others. The key identity elements - often visual - must be instantly recognized and be synonymous with the institutional personality. Thus, it is important that harmony between such elements should be realized in order to avoid any contradictory messages that may prejudice the institutional image. An institutional identity can be measured, among others, by name, logo and culture.

Communication policy

The communication policy is built on two dimensions: one is addressed to the clientsthat are targeted and other external groups (external communication) and anotherone is addressed to the staff (internal communication).

Communication with the clients comprises a set of decisions, regarding the themes and messages that the institution intends to transmit. For instance, certain high schools use the media to publicize the teachers' and students' success with the aim of creating attitudes and beliefs favourable to the educational organization. Other high schools participate as co-agents to scientific, cultural or sport contests to enhance their visibility within the groups targeted. The National College "Nicolae Titulescu" profitably uses such advantages in the leaflet presenting its educational offer.

Also, an essential contribution to the strengthening of their position on the educational market is represented by the statute of European School. In addition, to assure a decoding as precise as possible of the message by the public targeted, the leaflet also contains a column *"Why are we a European School?"* with an explanatory and justificative value, meant to valorize the status of European School of this educational organization.

Equally, the institutional managers are among the direct contact personnel with the educational clients, yet from superior hierarchic levels. They project, among the public targeted, their own reputation and image which can be easily identified with those of the institution they manage. In this case, we can speak about an image transfer from the individual towards the organization.

The same sense needs to be given to the tendency of mentioning the former students, who have become public personalities who have marked the activity fields in which they got involved. For instance, the same educational offer leaflet contains a column named *"They have been students of the National College "Nicolae Titulescu"..."* enumerating higher education, culture and sport personalities.

Actually, the managers - through their management style and leadership qualities - promote an organizational culture specific to the institution, which facilitates the shaping of beliefs and attitudes, both among employees, and among the educational service beneficiaries.

Teachers represent the basis of the contact staff of an educational organization. Actually, they form a part of the student-focussed teaching process. As a main factor responsible for the provision of services meant to shape the student, the teacher can best identify the weaknesses of the instructive-educative activities. In this hypostasis, it is obvious that the teacher becomes an important information source, influencing the decision-making by the manager and the improvement of the service quality. On the level of the educational beneficiaries, the teaching staff represents a prevalent dimension of the institutional image, since they constitute one of the first contact points and continue through their role of privileged interlocutor of the learning process.

Several studies highlight the role of the material support in the shaping of the student's perceptions, particularly regarding the quality of the services provided by the school unit and the institutional image (Bitner, 1992; LeBlanc and Nguyen, 1988).

The material support contains the instruments necessary to the service provision and the environment in which the teaching activities are carried out. The assessment of the material support includes the localization, arrangements, scenery, comfort and safety of the institution.

The service offer quality has a significant effect on the students' beliefs and attitudes towards the school unit.

Actually, the school unit offers several services, although the service concept is often presented as mono-service. Actually, a service offer generally comprises a basic service and several peripheral ones. In the case of the educational organization, the basic service deriving from the objective of shaping the student is the first element pursued by the educational client to meet his main need. *"The educational services are activities provided by the personnel qualified and specialized in different domains from an educational institution, meant to meet the social needs of the educable person."* [Enache R., Brezoi A., Crişan A., 2013]

Therefore, the basic service depends on domains, profiles and specializations.

For instance, for the school year 2014-2015, the educational offer of the National College "Nicolae Titulescu" comprises – for the *science profile - 3 classes* (Mathematics - Informatics; Mathematics - Informatics - English language intensive programme; natural sciences), and for the *art profile - 4 classes* (social sciences; philology - English language intensive programme; philology - French language intensive programme; philology – Italian language intensive programme).

Such training services depend on other peripheral ones which facilitate the access to the basic service and make it more attractive for students. The European projects, partnerships, volunteering, ICT programmes, medical services, orientation and counseling for the future carreer are peripheral services.

The present study intends to carry out an exploratory and empiric analysis of the information used by students in the perception of the image of the school they attend.

3. Methodology

The assessment of the institutional image has been performed on the basis of the educational clients of the National College "Nicolae Titulescu", the only college in the north of Dâmbovita County. The institution has a number of 752 students, and provides studies specific to the theoretic domain, for the art and science profiles.

The survey was addressed to a number of 120 students, registered in the two profiles. 120 questionnaires have been distributed to the students of the classes selected according to the profile and form. 112 questionnaires filled in constitute the final sample, representing an answer percentage of 93.33%. This percentage is explained by the participation of the teachers involved in the distribution of questionnaires at the beginning of the counselling and guidance class, which has determined the students to participate in the study. Regarding the rest of 8 non-answers, 3 of them refused to fill the questionnaires and 5 questionnaires have been incomplete. The distribution of the answers provided by the students is presented in Table no. 1.

The measurement of the institutional image used in this study focuses on two questions: *What are the components of the institutional image? What is the importance of the different components of the image?*

The goal of the present study is the identification of the information elements used by the student in grasping the institutional image. For the fulfilment of this goal, a meeting with a group of 10 students, randomly selected for the identification of the relative dimensions of the institutional image, has been organized, before the main survey. They discussed about the organizational identity features, about the communication policy, managers, teaching staff, material suport and educational service offer. The meeting results allowed the identification of 24 dimensions, which were resumed and presented in our questionnaire as 24 statements assessed on a scale of 5 points, from ”-2 = very little important” to ”2 = very important”.

Table no. 3.1. Distribution of the students' answers assessing the educational offer

Factors	**Variables**	Very little important	Little important	Indifferent	Important	Very important	Ratio Very little important	Ratio Little important	atio Indifferent	atio Important	atio Very important
Score		2	1								
F1: Material support	School interior arrangement			9	7	9	0,89%	8,04%	16,96%	33,04%	43,75 %
	School exterior arrangement	1		4	6	0	9,82%	0,89%	30,36%	32,14%	26,79 %
	Environment and interior scenery				1	0	7,14%	8,04%	3,57%	45,54%	35,71 %
	Aspect of school exterior and schoolyard				7	9	0,00%	1,79%	6,25%	33,04%	61,61 %
	Cleanliness			1	5	6	0,00%	0,00%	9,82%	40,18%	50,00 %
F2: Teaching staff	Capacity to transmit specific knowledge				5	1	0,00%	0,00%	5,36%	40,18%	54,46 %
	Capacity to arouse students¢		0	1	2	9	0,00%	8,93%	9,82%	46,43%	34,82 %

	curiosity										
	Evaluation methods used			3	8	9	1,79%	0,00%	20,54%	42,86%	34,82 %
	Kindness and respect			2	3	7	0,00%	0,00%	10,71%	56,25%	33,04 %
	Qualification (diplomas, teaching experience)		3	7	2	6	3,57%	11,61 %	24,11%	46,43%	14,29 %
F3: Peripheral assets	School library	4	1	3	1		12,50 %	36,61 %	29,46%	18,75%	2,68%
	Projects, partnerships and volunteering			1	7	7	1,79%	4,46%	9,82%	33,04%	50,89 %
	IT Equipment and material			7	9	6	4,46%	4,46%	15,18%	34,82%	41,07 %
	Variety of curricular courses based on school decision				0	6	0,00%	8,04%	6,25%	17,86%	67,86 %
F4: Leadership	Leadership reputation				9	1	2,68%	3,57%	4,46%	34,82%	54,46 %
	Leadership visibility			5	1	0	0,89%	4,46%	22,32%	27,68%	44,64 %
	Leadership style and qualities				2	4	0,00%	7,14%	7,14%	19,64%	66,07 %
F5: Identity and promotion	School logo			7	7	9	2,68%	5,36%	15,18%	33,04%	43,75 %
	School name		0	5	5	0	1,79%	8,93%	13,39%	22,32%	53,57 %
	Distinctive character of the educational institution				4	6	0,00%	5,36%	5,36%	39,29%	50,00 %
	Promotion in the media				7	5	0,00%	0,00%	0,00%	59,82%	40,18 %
F6: Accessibility	Schedule of classes			4	1	9	2,68%	4,46%	21,43%	27,68%	43,75 %
F7: Others' opinions	Parents and friends			6	1	8	0,00%	6,25%	23,21%	36,61%	33,93 %
	Secondary school teachers			3	8	1	0,00%	0,00%	11,61%	51,79%	36,61 %

Source: developed by author

For the assessment of the actual institutional image, two statements reported to a Likert scale of 5 points have been used: the first regards the assessment of the college reputation (”1 = very unfavourable”, “5 = very favourable”), the second statement concerns the current image of the school (“1 = very unfavourable”, “5 = very favourable”). For the two questions, the students’ answers were distributed according to the table below.

Table no. 3.2. Distribution of the students’ answers assessing the institutional image

Likert values	Very unfavourable	Unfavorable	Quite favourable	Favorable	Very favourable	Ratio: Very unfavourable	Ratio: Unfavorable	Ratio: Quite favourable	Ratio: Favorable	Ratio: Very favourable
Score	2	1								
College reputation			7	5	0	0,00%	0,00%	15,18%	58,04%	26,80%
Actual image of the college			6	0	6	0,00%	0,00%	14,29%	53,57%	32,10%

Source: developed by author

Result analysis

The analysis of the factors discerned was realized based on 24 variables, using the Likert scale as a measurement instrument. The obtained global score is 1.10. The variables were retained based on their harmony with the intrinsic significance of the group (factor) to which they belong.

Table no. 3.3 shows the seven factors. Factor F1, with a score of 1.13, represents the “material support” component. The variables retained for this factor express the college positioning, arrangements and ambient conditions of the spaces intended for educational service provision.

Factor F2 is the “teaching staff” component, with a score of 1.08. Except for the physical appearance, all the variables foreseen for this group have been retained.

Factors F3 and F6 represent the "educational service offer" component, with an average score of 0.94. The variables retained in group F3, named "peripheral assets" describe the main features of the basic and peripheral services provided by the educational organization. F6 designates the access to the educational offer, defined by the courses' programmes.

Factor F4, named "leadership", has a score of 1.30 and contains three features of the leadership.

Factor F5 comprises two dimensions, often differently defined, irrespective of their dependance degree: institutional identity and advertising. But advertising, combined with the variables retained for F7 (others' opinions) normally constitutes a part of the institution's communication policy. The average score of the two factors is 1.18.

Table no. 3.3.Distribution of the scores for the educational offer

Factors	Variables	Likert score
Score		
F1: Material support	School interior arrangement	1,11
	School exterior arrangement	0,65
	Environment and interior scenery	0,95
	Aspect of school exterior and schoolyard	1,54
	Cleanliness	1,4
F2: Teaching staff	Capacity to transmit specific knowledge	1,49
	Capacity to arouse students¢ curiosity	1,07
	Evaluation methods used	1,09
	Kindness and respect	1,22
	Qualification (diplomas, teaching experience)	0,56
F3: Peripheral assets	School library	-0,38
	Projects, partnerships and volunteering	1,27
	IT Equipment and material	1,04
	Variety of curricular courses based on school decision	1,46
F4: Leadership	Leadership reputation	1,35
	Leadership visibility	1,11
	Leadership style and qualities	1,45
F5:	School logo	1,1

Identity and promotion	School name	1,17
	Distinctive character of the educational institution	1,34
	Promotion in the media	1,4
F6: Accessibility	Schedule of classes	1,05
F7: Others¢ opinions	Parents and friends	0,98
	Secondary school teachers	1,25

Source: developed by author

As a whole, the factors' analysis supplied a stable and positive image, with a total score of 1.09. The retained variables obtained positive scores, except for the school library, a variable with a score of – 0.38. Actually, a positive score under 1 was retained only for four factors.

The results of the accuracy tests reveal the internal coherence of these factors as satisfactory, considering the exploratory nature of the present study.

In order to evaluate the institutional image, two statements have been formulated, of which the first one aimed to assess the school reputation (with a score of 1.11), and the second appreciated the present image of the college (with a score of 1.17). The results obtained after the use of the Likert scale are synthetized in the Table below.

Table no. 3.4. Distribution of the scores assessing the institutional image

Institutional image	
Aspects evaluated	Likert score
College reputation	1,11
Actual image of the college	1,17
Likert global score	1,14

Source: developed by author

A comparison made between the total Likert score of 1.14, obtained after the interpretation of the answers assessing the institutional image and the one of 1.09, obtained by the assessment of the educational offer, prove that the tests results are similarly satisfactory.

4. Conclusions

Based on the results obtained, synthesized in Figure 4.1, we found out that in the grasping of the school unit image, two components prevail, namely: the manager-initiated communication policy, identity and advertizing.

Although identity of one institution is not synonymous with its image, it certainly constitutes an important benchmark.

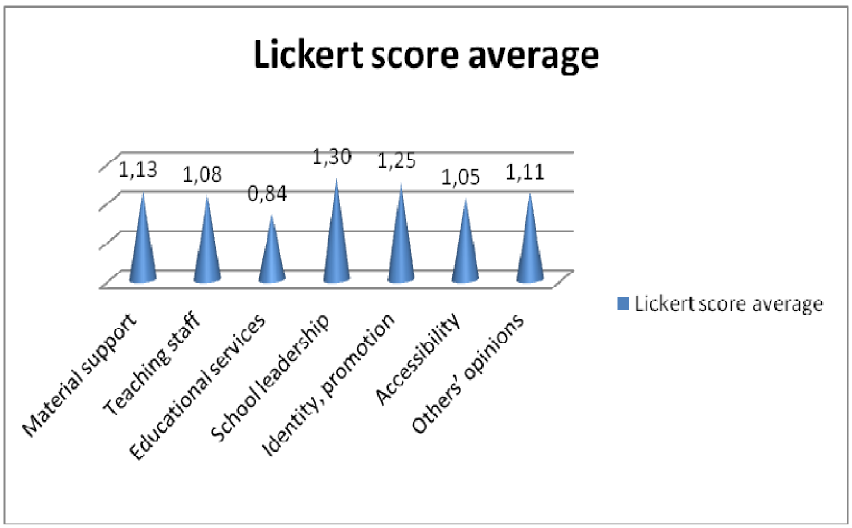

Figure 4.1. Distribution of Likert score according to the factors
Source: developed by author

One can note that, to reinforce or to create an image, identity often becomes a marketing instrument. This practice may lead to confusions between the two concepts, which, no matter how distinctive from the conceptual perspective they may be, actually rely, in the shaping process, on several similar indicators: name, organizational culture and distinctive character of the institution.

In case of the educational organizations, it is recommended that the school identity agree with the dominant values of the collectivity it serves. Such a correlation helps strengthen the students' feeling of belonging. A primary attention to this concordance is motivated by the following aspects specific to the school as an organization providing educational services:

- The communicational stakes are considerable for the school system, considering that school is an organization, and the educational service beneficiaries are in transit, having as target - after finishing the four high school years - either the insertion in the labour field, or the specialization in a domain by attending university.

- Quality of the educational services provided by the school institution is not exclusively determined on the basis of the services provided within the teaching frame. As an active partner in the instructive-educational process, the student, by his / her involvement, offers added value to the services provided.

One can note that the student is not an ordinary client since his / her role in and influence on the institution are essential. For instance, the success of the students at the baccalaureate contributes positively to the quality of the school organization image.

The communication policy is the main instrument for the transmission of the information that is susceptible to favourably influence the attitudes and beliefs of the group targeted, regarding the school unit. Obviously, the choice of themes and messages meant for external communication is useful for the management process of the institutional image.

The difficulty in communicating what the educational service is like, due to the immaterial character of the term "education", challenges the institution to use substitutes of the service such as: teaching staff, material suport in order to be able to promote the promised benefits of the educational service provided.

On the other hand, the institution must not neglect the effect of roumors, which are specific to this communication, which often get out of control, avoiding, for instance, the involvment in events generating controversies. If the rumour is positive, it materializes in the attractiveness of the school for the potential educational clients; if it is negative, it may generate, within the same target groups, a real aversion to the institution. The power of the rumours' influence is major in the service providing organizations, when the potential client is actively looking for information on the school unit and on its educational offer. Here, we include those selecting the high school whose classes they want to attend. Obviously, in the decision making, the individual is influenced by the others' opinions.

To conclude, the crucial role of advertising in the process of image shaping must translate in the practise of a communication policy based on the principle of continuity, clearness and coherence to avoid the distribution of little convincing or doubtful images.

The training services offer, a component of the school unit image does not constitute a revelation, because, in the marketing plan, such services represent one of the key elements of the strategy meant to influence or modify the target groups' beliefs or behaviour regarding the institution. Nevertheless, the average score obtained for the factor "Peripheral assets" is 0.84.

A determination of the score for each variable, as one can see in Figure 4.2, shows that the least appreciated aspect of the educational services is the school library.

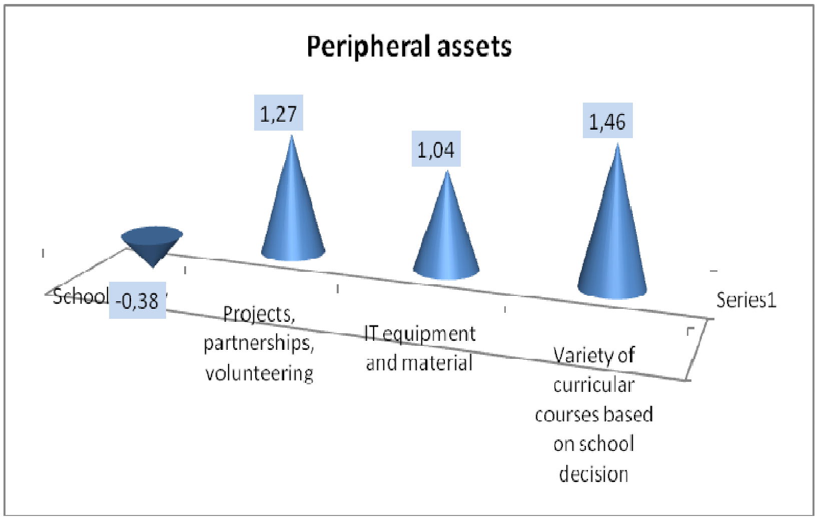

Figure 4.2. Distribution of the Likert score for the educational service variables
Source: developed by author

The negative score recorded by the library confirms that the modern times belong to the new human type – "the communicating man". The present student, who is a part of the Y Generation or Net Generation, has technical abilities, and a digital behaviour and thinking. In Don Tapscott's opinion, *"the whole organizational culture will have to change to exploit the potential of the present generation, for which collaboration by means of socialization networks, blogs or wikis is the natural working way"*. [Don Tapscott, 2009]

Another explicative factor of the image of an educational organization is represented by the managers; its significance level is very strong from a statistical perspective.

The managers' impact on the institutional image is more obvious when it is about well-known people, since the personal reputation is related to the reputation of the institution. The added value they may bring to the school unit is given by their competences in management and, particularly, to their power of influencing groups and organizations with which the school runs projects and partnerships.

The present study confirms the significant contribution of the material support to the perception of the institutional image, which comprises the instruments of the environment in which the service is provided. The result obtained is in harmony with other works that have highlighted the influence of the material support on the image in other service fields (Bitner, 1992).

The students' perception of the material support may generate cognitive, psychological and emotional reactions to the institution attended, which, in turn, contributes to shaping its image.

On the cognitive level, the material support shall communicate the student indices that allow him / her to recognize certain dominant features of the institution and of the quality of the educational services offer.

The psychological and emotional reactions determine the student's decision to continue or interrupt his / her training in the respective institution.

Thus, it is important that the material support should be conceived as to answer:

- The operational needs of the service supply, pursuing the maximization of the organizational efficiency,
- The marketing needs, pursuing the creation of a favourable educational climate for the student, in order to influence the beliefs and attitudes to the school unit, or to influence the image perception.

The contribution of the "teaching staff" component to the image shaping appeared as less significant, according to the results of the questionnaire. For a better understanding of the result, we related this component to a dependant variable – "student's satisfaction". It results that the instructive-educative activity carried out by the teaching staff constitutes the first explicative factor of satisfaction.

We must emphasize the fact that satisfaction is the result of an assessment process of a specific service provision, while the image perception - though determined by a single service provision - is a global reasoning produced based on the assessment of a series of services provided over a given period of time. In this respect, satisfaction is a psychological state, and image perception - *an attitude*.

However, we consider that the instructive-educative activity is directly related to satisfaction and less related to image, since the student considers it as a service occured at a certain moment, though repetitively.

The variable that recorded the lowest score (0.56) on the level of the "Teaching staff" factor, is the one regarding the teacher's professional training. A possible explanation is that one of the teacher's tasks within the organization – the teaching one – is not realized exclusively based on the knowledge held by the teacher. The teaching staff has to communicate knowledge and must know how to do it. For this reason, the Likert items with the best score within the "Teaching staff" group are "Capacity to transmit specific knowledge" (1.49) and "Politeness and respect" (1.22). Within this context, it is obvious that the technical dimension of communication finds an essential support in the relational dimension.

The low interest of the students in the teaching staff's professional training points to the discrepancy between the teachers, owners of an encyclopaedic knowledge (written culture), and the students, involved in the TV revolution (oral culture).

Despite this result, we need to recognize the role of the teaching staff in the shaping of the image of an educational organization, since the satisfaction produced by the services received has a sure consolidation effect on the perception of the image by the student.

The teaching staff is, equally, a determining factor for the perception of the quality of the educational service offer, which quality further contributes to the shaping of the institutional image.

Finally, we must admit to the partial and limitative character of these results in point of the contribution to the generalization on the level of all the school units. Even in the case of high schools, the selected school unit may actually be actually considered non representative, taking into account its dimension and its regional particularities.

However, the results obtained represent, for the educational managers, a challenge in terms of management of their own school institution.

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ANALYSIS OF EUROPEAN'S QUALITY OF LIFE BASED ON THE RELATIONSHIP BETWEEN EDUCATION AND EMPLOYMENT [i]

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ABSTRACT

Lately the twentieth century individual has evolved psychologically and so his self-esteem drives him into putting himself first, so that he feels well and enjoys a decent living. These changes have also brought the need to ensure the best quality of life possible.

The working hypothesis of the article starts from the assumption that a fundamental role in ensuring the quality of human life is held by education and labor. If work ensures the needs of everyday life and gives individual safety, education satisfies its need to strengthen knowledge in a century of speed in which if you're not constantly well informed, you risk being misinformed as the information you had and knew in the past, may no longer be valid.

Although the term quality of life has been addressed in national and international literature, this article brings added value to the presentation. The research is basically an investigation based on a survey conducted in 2012 by the European Value Survey which provided our data. We processed and interpreted it in our own way. Romania is not a part of this research.

Research findings highlighted the fact that education has no purpose in case of lack of work and work without education has no value, the existence of the partnership between the two generate a high standard of life of Europeans.

Keywords: quality of life, job satisfaction, work-family balance, education
JEL Classification: E 24, I21, J21, J28, M12

Introduction

Education and work are important factors of substantiating the quality of life of individuals. Quality seen from the education perspective aims at the individual's ability to become a responsible human being, and the quality seen from the work perspective results in work satisfaction (reward system, work environment, horizontal and vertical relations).

We cannot just talk about these two things in ensuring the quality of life of individuals, but also health has an important role which means free access to medical services. Even if the individual has the money obtained as a result of work and accumulated extensive knowledge as a result of education, he cannot enjoy them if his physical or mental conditions are poor.

1. Quality of life, work and education- state of knowledge

The concept of quality of life began to take shape in recent years. This concept includes the total amount of healthy experiences of the individual. A key component of this concept is experience at work(Gupta A, 2013).

One approach in identifying the welfare of the population is by measuring the quality of a person in terms of: health, living and health conditions, and this method is sometimes used to measure well-being, as it focuses on measurable criteria (http://www.insee.fr/en/ffc/docs_ffc/ref/FPORSOC10E.pdf)

This concept was first introduced in 1930 and it describes practical methods by which an organization can ensure a holistic approach in terms welfare of human resources and is not entirely based on work in particular (Tayebeh M; Farzaneh M; Ismail A, Nurs M, 2014). The balance between job satisfaction and life satisfaction is important in order to have as high quality work. The quality seen from the perspective of work takes into account the environment at the workplace and the human interface-technology-organization factor(Mohammad B, 2012) .

The concept of quality of life is described as a favorable factor that supports and promotes satisfaction by providing deserved rewards to the human resource, job security, career development and opportunities (Nanjundeswaraswamy S, Swamy R, 2010).

There are three components of the work-family balance: Balance Time: an equal amount of time devoted to work and family responsibilities; Balance Involvement: an equal level of psychological involvement in work and family responsibilities; Balance Satisfaction: an equal level of satisfaction with work and family responsibilities (Svenn A, 2008).

Each component of the work-family balance can be linked to positive or negative situations while the balance regarding time, commitment, and satisfaction have the same importance (Jeffrey H, Collins M, 2003) .

Work is seen as a vehicle which creates a personal identity same as in society or in peer groups. The recession and employment rate caused mutations in preferences for employment and working conditions. Among the most significant of these changes are: limits on employment in the public sector and reduced or freezing wages. The answer of the companies to these mutations consisted of restructuring, reducing working hours, layoffs or reduction of payment(Viljoen A, Kruger S, Saayman M, 2014). Support for work-life effectiveness ratio for employers in all sectors has evolved in the past two decades in seven clusters of people practices (Vedder R, 2010) :

Figure 1. Clusters of people practice

The traditional work program that began at nine o'clock is a memory now, and this is due to : technological advances (eg PDAs / smart phones, VPN access, virtual desktops, etc.). Increasing competition/global economy. Varying needs of different generations in the workplace (Shrm V, 2008).

2. Analysis of the labor market and education in Europe

Tabel 1. Total EU employment rate by gender

2013	Total	Males	Females
Value %	68,4	74,3	62,6

Source:http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_lfse_02&lang=en

Tabel 2. Total EU employment rate by graduates

Years	2011	2012	2013
Value %	52,9	52,1	51,4

Source:http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_lfse_02&lang=en

Analysis of the employment rate by gender and the employment rate by graduates in 2011-2013 in Europe highlights the existence of nonlinearity.

Tabel 3. Education participation rate

	European Union
Years	**Value %**
2004	9,1
2005	9,5
2006	9,6
2007	9,3
2008	9,3
2009	9,3
2010	9,1
2011	8,9
2012	9,0
2013	10,5

Tabel 4. School abandonment rate

Years	**EU (27)**	**Romania**
2004	16,1	22,4
2005	15,8	19,6
2006	15,4	17,9
2007	15,0	17,3
2008	14,8	15,9
2009	14,3	16,6
2010	14,0	18,4
2011	13,5	17,5
2012	12,8	17,4
2013	12,0	17,3

Source :http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_lfse_02&lang=en

Analysis of the education in Europe in 2011-2013 in Europe highlights the existence of nonlinearity.

3. Analysis of Europeans satisfaction on work and education

3.1. Methodological framework within which the research carried out

The lack of concrete data on the contribution of education and work on quality of life of Europeans needed a research to be carried out in Europe, but the research does not include Romania.

Objectives:

-Europeans point of view on the safety of the current job,
- Identifying the extent to which family responsibilities are suffering as a result of time spent on the job,
-Identifying satisfactions about the current job
- Identify the current situation of education in Europe.

Assumptions:
- The majority of respondents believes that the current job is secure,
- Almost 20% of Europeans believe that the time spent at work has never been an obstacle to fulfilling family responsibilities,
- 40% of respondents are dissatisfied with their current job
- The education system is promising in the minds of Europeans,
- Covering all aspects of their lives most Europeans feel unhappy.

Organizing the research

Type of research - office research focused on the analysis of secondary sources. The method of gathering information: analysis of statistical sources and of European sites focused on analyzing the quality of life. The data base was taken from the European Social Survey, processed and interpreted in our own way. The questionnaire was completed in front of the site's representatives. The sample consists of 52,458 people drawn from different age groups, socio-professional structures. Romania was not part of this research. The questionnaire was applied in 2012.

3.2. Research results

From the database which contained a variety of areas of interest we chose for further analysis the job satisfaction and education.
The research is approached from two perspectives:
1. Ensuring the quality of life of Europeans in terms of job satisfaction,
2. Ensuring the quality of life of Europeans through the implications of education on labor

Analysis of the first plan

1. Express your opinion about the following statements. "Current job is secure,, and "family fulfillment of tasks facing barriers arising from the amount of time spent at work,,

Table 1. Job safety

Answer	Number	Percent
Not at all true	3,067	5.8
A little true	4,619	8.8
Quite true	6,325	12.1
Very true	5,694	10.9
Not applicable	31,857	60.7
Refusal	16	0.0
Don't know	703	1.3
No answer	177	0.3
Total	52,458	100.0

Table 2. Barriers in fulfilling family duties

	Number	Percent
Never	9,369	17.9
Hardly ever	7,156	13.6
Sometimes	3,846	7.3
Often	516	1.0
Always	55	0.1
Not applicable	30,017	57.2
Refusal	14	0.0
Don't know	347	0.7
No answer	1,138	2.2
Total	52,458	100.0

Source:http://www.europeansocialsurvey.org/

From a 100% respondents 60% are of the opinion that the first claim has no foundation, 0% of Europeans believe that this statement is quite true. The time spent on job as a barrier in fulfilling family responsibilities is seen by 19% of Europeans as not true, and 53% think that the claim has no foundation.

2. How satisfied are you with the following aspects: current job and ratio between time spent on the job and the free time.

Table 3. Satisfaction with the current job

	Number	Percent
Extremely dissatisfied	148	0.3
1	153	0.3
2	349	0.7
3	583	1.1
4	710	1.4
5	2,360	4.5
6	2,104	4.0
7	4,446	8.5
8	6,337	12.1
9	3,925	7.5
Extremely satisfied	2,762	5.3
Not applicable	28,275	53.9
Refusal	14	0.0
Don't know	97	0.2
No answer	195	0.4
Total	52,458	100.0

Table 4. Satisfaction regarding time

	Number	Percent
Extremely dissatisfied	203	0.4
1	181	0.3
2	610	1.2
3	1,324	2.5
4	1,632	3.1
5	4,354	8.3
6	3,143	6.0
7	4,251	8.1
8	4,499	8.6
9	2,034	3.9
Extremely satisfied	1,582	3.0
Not applicable	28,275	53.9
Refusal	14	0.0
Don't know	199	0.4
No answer	157	0.3
Total	52,458	100.0

Source:http://www.europeansocialsurvey.org/

The majority of Europeans who participated in the research considers it not applicable, while only 5.3% are very satisfied. The analysis of the relationship between time spent at work and free time points out that 3% are satisfied, 45.4% unsatisfied and 53.9 deemed not applicable.

3. Does the reward system depend on the effort on the job? 4.2% of respondents believe that it is true that the effort on the job directly determines remuneration, while 18.4% rejected this claim.

Table 5.Relationship between reward system and effort

	Number	Percent
Not at all true	9,628	18.4
A little true	4,752	9.1
Quite true	3,638	6.9
Very true	2,213	4.2
Not applicable	31,857	60.7
Refusal	17	0.0
Don't know	178	0.3
No answer	175	0.3
Total	52,458	100.0

Table 6. The situation of education

	Number	Percent
Extremely bad	2,008	3.7
1	1,441	2.6
2	2,867	5.2
3	4,537	8.3
4	5,116	9.4
5	8,184	15.0
6	6,912	12.6
7	8,583	15.7
8	7,726	14.1
9	3,131	5.7
Extremely good	1,589	2.9
Refusal	27	0.0
Don't know	2,525	4.6
No answer	27	0.0
Total	54,673	100.0

Table 7.Years of study required for a job

Number	Percent	
Less than 1 year	1,395	2.7
About 1 year	1,328	2.5
About 2 years	1,492	2.8
About 3 years	3,112	5.9
About 4-5 years	3,395	6.5
About 6-7 years	1,349	2.6
About 8-9 years	838	1.6
10 years or more	571	1.1
Not applicable	38,432	73.3
Don't know	359	0.7
No answer	187	0.4
Total	52,458	100.0

Source:http://www.europeansocialsurvey.org/

The second plan – The situation of education today and its impact on labor

2.9% of respondents see the situation of education in the current period as good, while 3.7% believe that the situation is bad. The answers given by people who participated in the research we see that 2.85 believe that you need a minimum of 2 years of study, 5.9% think that three years of study are enough, 6.55 of the respondents think that you should have between 4-5 years of study, and 1.1 5 considers that you should have 10 or more years of study as a potential employee.

4. How happy are you?

Table 8. Happy/ unhappy

Extremely unhappy	497	0.9
1	506	1.0
2	914	1.7
3	1,818	3.5
4	2,249	4.3
5	6,507	12.4
6	4,787	9.1
7	9,267	17.7
8	13,239	25.2
9	7,491	14.3
Extremely happy	4,718	9.0
Refusal	15	0.0
Don't know	315	0.6
No answer	135	0.3
Total	52,458	100.0

http://www.europeansocialsurvey.org/

9% state that they are extremely happy.

Conclusions

The current job is perceived as not being secure and so the first hypothesis is not verified because the responses of individuals who participated in the research show otherwise. This question is perceived by 60% of people as unsubstantiated.

The balance between the time spent at work and family time is not perceived to be in favor of that time spent at work and does not jeopardize the achievement of family responsibilities. This is supported by 20% of respondents and thus hypothesis number two is verified.

The quality of life as seen from the job satisfaction point of view, according to the Europeans, does not live up to their demands. 40% are dissatisfied with their current job, and so the hypothesis number three is verified.

The education seen as a part of ensuring the quality of life of individuals is perceived by 90% of Europeans as passing through a difficult situation. The hypothesis stating that the Romanian educational system is at a promising state, does not verify. Most Europeans are unhappy with all aspects of their lives. As a conclusion we must emphasize the fact that the lack of efficiency in the partnership between education and employment makes it impossible to have a high quality of life as a European.

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FORECASTS FOR ACTIVITY RATE ON LABOUR MARKET IN ROMANIA USING ECONOMETRIC MODELS

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Abstract:
The main objective of this study is related to the econometric modelling of the activity rate in Romania and the construction of prognoses. A dynamic panel data model with quarterly data, covering the period from Q1:1996-Q4:2013, was constructed. The values were registered for the 4 Romanian macroregions. Predictions for 2011-2013 at national level were obtained by aggregation. In parallel, an autoregressive model of order 1 and a vectorial-autoregressive mdel were built for forecasting. In the first period, 99.98% of the activity rate variation is due to this variable, while in the second period, the average number of retired people influences the activity rate in proportion of 4.129%. The influence of number of retired people grows in time, arriving to 9.501% in the 10th period. All the accuracy indicators showed that the naive forecasts were more accurate than the other prediction based on VAR and dynamic panel model on the horizon 2011-2013.

Keywords: activity rate, labour market, dynamic panel, VAR model, random walk
JEL Classification: C51, C53

1. Introduction

For crisis periods the researchers recommend the use of activity rate or participation rate on labour market in studies rather than the unemployment rate. In this context, many studies focus on the analysis and prediction of economic activity rate, mostly for females.

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In this study more econometric models were presented for explaining the evolution of activity rate in correlation with other macroeconomic indicators from literature (unemployment rate, number of retired people). In the case of Romania, it seems that there is no strong correlation between activity rate and unemployment rate, the participation on labour market being more related to the number of retired people.

The article is structured on several sections. After this introduction, a short presentation of activity rate modelling in literature is presented. It follows the construction of the econometric models for activity rate in Romania and the realization of prognoses. The last section concludes.

2. Modelling the activity rate in literature

Many studies from literature related to participation rate on labour market refer to females. The discriminations, the females' perspectives of maternity are factors that condition the females to actively participate on labour market.

For OECD countries the trends in females participation on labour market have been presented, the determinants of activity rate being identified by Jaumotte(2003).

Beaudry and Lemieux(1999) used an econometric technique to show the influence of factors like age, year, cohort effects on the participation rate of females on labour market. A large study regarding the activity rates for females in Australia was realized by Gordon(2012), who insisted on the age segment from 45 and more.

Using a vector-autoreggresive model- VAR model- Wasmer(2009) made a comparative analysis between USA and Europe countries regarding the relationship between unemployment and labour supply, but also between unemployment rate and activity rate. The relation between unemployment and rate of activity is unidirectional, an increase in overall and females participation rate generating unemployment rate increases. For studying the relationship between global unemployment rate and rate of activity on labour market, Bremmer and Kesselring(2011) also employed a VAR model, the impulse-response function reveling important results in the case of economic crisis din USA. Moreover, the analyses were extended to other categories. For males the following cases were studies: single, married and never married while for females the authors took into account single, married and withdraw women. From impulse-response functions analysis, the unemployment rate is inversely correlated with the activity rate for single and married males and for single females. A behaviour econometric model based on demographic and economic variables was developed by Toossi(2002) for studying the evolution in time of the participation rate in USA on gender and age groups. The model was then utilized for making predictions on participation rate on labour market.

Cengin and Şahin (2013) used a smooth autoregressive model for modelling the non-linear behaviour of activity rate in Turkey. The authors have shown the dependence between participation decision on labour market and the fluctuations consistency in conditions of economic shocks.

Emerson(2011) proved the existence of a long-run relationship between unemployment rate and activity rate in USA. Kakinaka and Miyamoto(2012) obtained for Japon a co-integration relationship between unemployment and participation rate only for males.

Ozdemir et al. (2013) showed that break points hide the stationarity property of the data series for activity rate in USA, Australia and Canada. Another cause is identified by Madsen et al. (2008) that put the lack of stationarity on the irrelevant information provided by unemployment. Prediction models that include uncertainty are utilized by Frees (2006) for participation in order to adapt the macroeconomic policies.

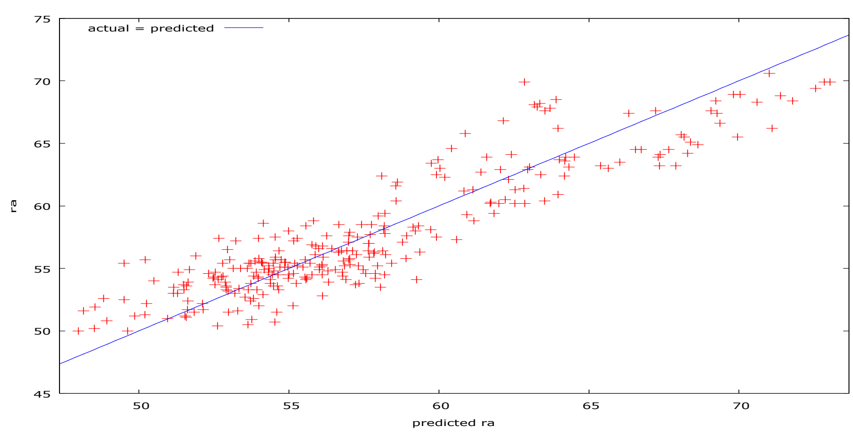
3. Rate of activity in Romania- models and prognoses

The variables used in this study are: the rate of activity (RA), average number of retired people from social securities (R) and the registered unemployment rate, the values being provided by the National Institute of Statistics from Romania (NIS) through online data base called Tempo. The average number of retired people is calculated as the total number of retired people that were paid in a month over number of months. The data for this variable are offered by NIS, the primary source being the National House of Pensions and other Rights and Social Securities. The rate of activity, taken from the Labour Balance, is computed by dividing the active civil population to the total number of population and it is expressed as percentage. From the statistical research regarding the number of unemployed people and the registered unemployment rate of NIS, with data provided by National Agency for Labour Occupation, we take the values of unemployment rate with is the number of unemployed people over the active civil population. For constructing the econometric models (VAR and AR), the annual data are considered in the period from 1991 to 2013. For dynamic panel model, there are quarterly data that cover the period from Q1:1996-Q4:2013 for the four Romanian macro-regions. The predictions are made for 2011-2013, for quarterly forecasts the aggregation being made to obtain the annual activity rate. The data series are stationary, according to ADF test, only for unemployment rate being necessary the first differentiation.

Starting with 1992, this starts to decrease in Romania, registering then oscillations, but it did not surpass the threshold of 50%, its value in 1992.

For dynamic panel data model, we obtained Arellano–Bond estimator with robust variance, the results being presented in Appendix 1. In the following figure, in the same graph there is the representation of actual and estimated values based on the model.

Figure 1. ***The actual and estimated values based on a dynamic panel data model***



Source: author's figure

From more alternative ARMA models, the best model for explaining the evolution of rate of activity is an autoregressive model of order one (random walk with drift), for which te errors are independent according to errors' correlogram (Appendix 2): $ra_t = 45.079 + 0.796 \cdot ra_{t-1}$.

Table 1. The autocorrelation and partial correlation function of the errors (AR model)

<table>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><th>Autocorrelation</th><th>Partial correlation</th><th></th><th>AC</th><th>PAC</th><th>Q Stat.</th><th>Prob</th></tr>
<tr><td>. |* . |</td><td>. |* . |</td><td></td><td>0.097</td><td>0.097</td><td>0.2356</td><td></td></tr>
<tr><td>. | . |</td><td>. | . |</td><td></td><td>-0.038</td><td>-0.048</td><td>0.2742</td><td>0.601</td></tr>
<tr><td>. | . |</td><td>. | . |</td><td></td><td>-0.052</td><td>-0.044</td><td>0.3507</td><td>0.839</td></tr>
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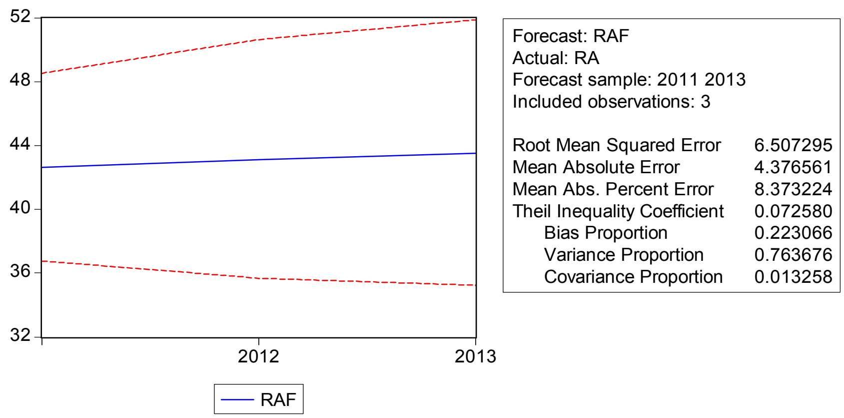
<tr><td>. | . |</td><td>. | . |</td><td></td><td>0.050</td><td>0.042</td><td>0.4601</td><td>0.994</td></tr>
<tr><td>. | . |</td><td>. | . |</td><td></td><td>-0.012</td><td>-0.021</td><td>0.4654</td><td>0.998</td></tr>
<tr><td>. | . |</td><td>. | . |</td><td></td><td>0.017</td><td>0.026</td><td>0.4766</td><td>1.000</td></tr>
<tr><td>. *| . |</td><td>. *| . |</td><td></td><td>-0.092</td><td>-0.094</td><td>0.8170</td><td>0.999</td></tr>
<tr><td>. *| . |</td><td>. | . |</td><td>0</td><td>-0.073</td><td>-0.055</td><td>1.0538</td><td>0.999</td></tr>
<tr><td>. *| . |</td><td>. *| . |</td><td>1</td><td>-0.064</td><td>-0.061</td><td>1.2488</td><td>1.000</td></tr>
<tr><td>. *| . |</td><td>. *| . |</td><td>2</td><td>-0.113</td><td>-0.119</td><td>1.9252</td><td>0.999</td></tr>
</table>

Source: author's calculations

The model was used in constructing the dynamic forecasts, taking into account the previous registered values and the previous forecasta based on the same model.

Figure 2. ***Dynamic forecasts of activity rate using the AR(1)model***



Source: author's figure

More VAR models were estimated, but a valid model VAR(1) between activity rate (RA- rate of activity) and average number of retired people (R) was valid:

R = 1.145834883*R(-1) + 75.2536721*RA(-1) - 4040.372523

RA = - 0.004948520242*R(-1) - 0.1833848355*RA(-1) + 79.51786892

In the first period the variation in average number of retired people is due only to this variable changes. Starting with the second period, the influence is observed, but the variation in activity rate is dominant.

Table 2. Variance decomposition of the variables

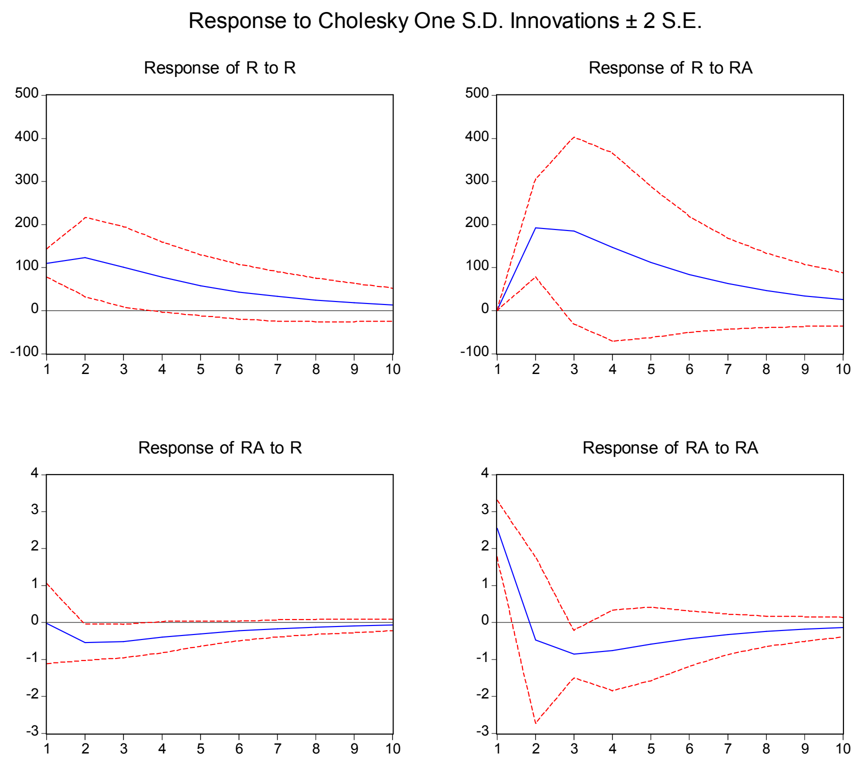
Variance decomposition of R			
Period	**Standard error**	**R**	**RA**
1	109.6743	100.0000	0.000000
2	253.1656	42.53940	57.46060
3		34.56035	65.43965

	329.2551		
4	368.5985	31.96082	68.03918
5	389.3208	30.86037	69.13963
6	400.4448	30.33325	69.66675
7	406.4954	30.06366	69.93634
8	409.8133	29.92074	70.07926
9	411.6412	29.84345	70.15655
10	412.6509	29.80119	70.19881
Variance decomposition of RA:			
Period	**Standard error**	**R**	**RA**
1	2.550302	0.013543	99.98646
2	2.647907	4.129751	95.87025
3	2.831990	6.882613	93.11739
4	2.959017	8.185787	91.81421
5	3.032315	8.823221	91.17678
6	3.073040	9.151567	90.84843
7	3.095520	9.326296	90.67370
8	3.107932	9.420993	90.57901
9	3.114794	9.472836	90.52716
10	3.118592	9.501375	90.49863

Source: author’s calculations

In the first period, 99.98% of the activity rate variation is due to this variable, while in the second period, the average number of retired people influences the activity rate in proportion of 4.129%. The influence of number of retired people grows in time, arriving to 9.501% in the 10th period. From the graphical representation of the impulse-response function we can observe the changes in one variable into the level of the other variable.

Figure 3. ***Impulse-response functions (VAR(1) model)***



Source: author's figure

Forecasta are made for the activity rate using the proposed ecoometric models.

Table 3. Predictions and registered values for activity rate in Romania

Year	Dynamic panel data model	VAR model	AR model	Actual values
2011	43.80303	43.78729	42.62754	41.30000
2012	44.71994	43.72531	43.12722	42.50000
2013	44.71583	43.37564	43.52508	44.70000

Source: author's calculations

We can observe that the forecasts based on AR(1) model are the closest ones compared to the registered values for activity rate.

For assessing these forecasts accuracy, several accuracy measures are employed: U1 Theil's statistic, mean error (ME), mean absolute error (MAE), root mean square error (RMSE), mean square error (MSE) and mean absolute percentage error (MAPE).

Table 4. The accuracy of activity rate predictions in Romania

Year	Dynamic panel data model	VAR model	AR model
U1	0,0019	0,0024	0,0014
ME	-1,5796	-0,7961	-0,2599
MAE	1,5796	1,6790	1,0432
RMSE	1,9316	1,7741	1,0857
MSE	3,7312	3,1473	1,1787
MAPE	3,7728	3,9557	2,4393

Source: author's calculations

According to U1 values, the AR model provided the most accurate predictions. All the other accuracy measures indicate the same conclusion of naive forecasts superiority.

4.Conclusions

The activity rate on the labour markey is considered a more relevant macroeconomic indicator in economic studies than unemployment rate in the context of economic crisis. Starting with 1992, this starts to decrease in Romania, registering then oscillations, but it did not surpass the threshold of 50%, its value in 1992.

In crisis period (2011-2013), a simpler econometric model like random walk with drift generated better predictions than the regional approach like a dynamic panel data model.

The research could be continued in few directions: the construction of a STAR model for predicting the activity rate in Romania or the application of the same models but on different age categories and taking into account the gender particularities.

Acknowledgements

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Appendix 1- Panel data models for activity rate

xtabond ar ur r, lags(1) artests(2)

```
Arellano-Bond dynamic panel-data estimation  Number of obs        =       280
Group variable: region                       Number of groups     =         4
Time variable: quarter
                                             Obs per group:    min =        70
                                                               avg =        70
                                                               max =        70

Number of instruments =    277               Wald chi2(3)         =   1347.96
                                             Prob > chi2          =    0.0000
One-step results
```

ar	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
ar						
L1.	.7668937	.0270726	28.33	0.000	.7138324	.8199551
ur	-.9500774	.110597	-8.59	0.000	-1.166844	-.7333112
r	-3.60e-06	1.01e-06	-3.57	0.000	-5.58e-06	-1.63e-06
_cons	23.92198	2.534656	9.44	0.000	18.95415	28.88982

```
Instruments for differenced equation
        GMM-type: L(2/.).ar
        Standard: D.ur D.r
Instruments for level equation
        Standard: _cons
```

.

xtdpdsys ar ur r, lags(1) vce(robust) artests(2)

```
System dynamic panel-data estimation         Number of obs         =       284
Group variable: region                       Number of groups      =         4
Time variable: quarter
                                             Obs per group:    min =        71
                                                               avg =        71
                                                               max =        71

Number of instruments =    347               Wald chi2(3)          =  44048.41
                                             Prob > chi2           =    0.0000
One-step results
------------------------------------------------------------------------------
             |               Robust
          ar |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
          ar |
         L1. |   .7703715   .0159685    48.24   0.000     .7390739    .8016691
             |
          ur |  -1.034842   .1342329    -7.71   0.000    -1.297934   -.7717503
           r |  -3.26e-06   1.20e-06    -2.72   0.007    -5.62e-06   -9.08e-07
       _cons |   23.92008   1.989293    12.02   0.000     20.02114    27.81902
------------------------------------------------------------------------------
Instruments for differenced equation
        GMM-type: L(2/.).ar
        Standard: D.ur D.r
Instruments for level equation
        GMM-type: LD.ar
        Standard: _cons
```

.

estat abond, artests(4)

Arellano-Bond test for zero autocorrelation in first-differenced errors

```
Arellano-Bond test for zero autocorrelation in first-differenced errors
  +-----------------------+
  |Order |  z     Prob > z|
  |------+----------------|
  |   1  |-1.4729  0.1408 |
  |   2  | -1.898  0.0577 |
  |   3  |-.59019  0.5551 |
  |   4  | 1.8846  0.0595 |
  +-----------------------+
   H0: no autocorrelation
```

IMPACT ASSESSMENT OF CONSUMPTION FROM OWN RESOURCES ON THE INCIDENCE OF RELATIVE POVERTY

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Abstract :
The paper focuses on the analysis of the impact of consumption from own resources on the incidence of relative poverty, by disposable income, on the threshold of 60% of median income. Highlighting consumption from own resources results from the differences between the relative poverty rates in the presence / absence of consumption from own resource of the disposable incomes of persons / households, per adult equivalent, on the modified OECD scale. The analysis of the results of carried out evaluations / simulations is based on the microdata from the Household Budget Surveys / National Institute of Statistics, between 2008 and 2013. These aspects captured in their dynamic consider different characteristics, such as the area of residence, the size of the household, the age of the head of household, gender, etc.

Keywords: consumption from own resources, income, poverty, indicators, dynamic, households
JEL Classification: I3, D1

I. Introduction

The paper focuses on analyzing the impact of consumption from own resources on the incidence of relative poverty, by disposable income, on the threshold of 60% of median income. The relative poverty rates were simulated on disposable income, including / excluding consumption from own resources, per equivalent adult, OECD modified scale, at the threshold of 60% of median disposable income, between 2008 and 2013, at household level (these analyzes can also be carried out at ***individual level***). The consumption from own resources will be highlighting from the differences between the poverty rates, when the consumption from own resources is taken/ not taken into consideration, per adult equivalent, OECD modified scale. The analysis of the results of carried out evaluations / simulations is based on the microdata from the Household Budget Surveys / National Institute of Statistics, between 2008 and 2013. Those aspects captured in their dynamics consider different characteristics, such as residence environment, household size, age of head of household, the gender perspective, etc.

The level and structure of food consumption are economic variables that reflect the welfare of the population, conditioned by the general macroeconomic context as well as agricultural policies and other factors that influence in many ways the food consumption behavior.

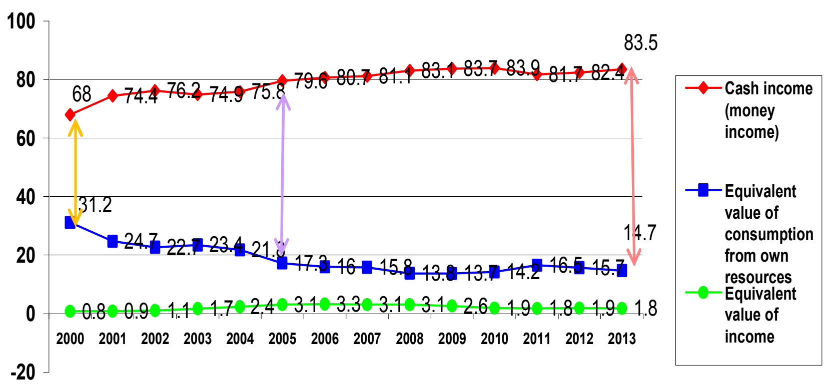
Although the component regarding the consumption from own resources blends better with the consumption expenditure, in this paper the reference was to the household income, because the simulation of the poverty rates was also based on income from the Household Budget Surveys / National Institute of Statistics, between 2008 and 2013.

The total income of the households contains the following three major groups: monetary income (salary income; income from social benefits; income from agriculture; income from non-agricultural independent activities; property income); the equivalent value of consumption of agricultural products from own resources and the equivalent value of income in kind obtained by employees and receivers of social benefits.

The equivalent value of consumption of agricultural products from own resources represents the value of food consumption from household's own resources (agricultural production, stocks from prior periods, products processed in household, products received as a gift or from work and so on).

Detailed at the level of total household income, **their structure, on the three major groups of income,** would look as it follows (Graphic 1):

Graphic 1
The structure of total income of households



Sources: Statistical Yearbook, Romania, National Institute of Statistics, 2002-2013 (and Tempo Online)

The general structure of the total household income had the following evolution: money income grew in a fast enough rhythm, from 68% in 2000 to approx. 84% in 2013, considering that, compared to the same period, the value of consumption of agricultural products from own resources entered a continuously decreasing trend in an accelerated rhythm so that the gap between the two components of expenditure has increased significantly since 2004.

In the analyzed period, almost a decade and a half, salary incomes registered the highest weight, approx. 50% of total household cash income. Also, incomes from social benefits have a significant percentage of up to 25% of total cash income of the population.

If in 2001, the consumption from own resources indicator was representing about a quarter of the total household income and money income were about 75%, after more than a decade, although the hierarchy is preserved, the value of consumption of agricultural products from own resources has significantly decreased, reaching approx. 15%, in terms of a significant increase in household income, up to 84%. Thus, it appears that own consumption is an important component of the households income (and of expenditure) - this paper refers only to income, and not to expenditure, but differences or trends are similar.

At the same time, the share of own consumption in public spending is a very good poverty indicator. The consumption from own resources is higher, the population is poorer and is limited to consume at most everyday products. The consumption from own resources is changing under the influence of the dynamics of the income and behavioral changes of the population. Therefore, during periods when poverty increases, the level and the share of own consumption also increase. Conversely, an increase in income until it is subjectively considered as "sufficient" is not reflected in immediate changes in the level of own consumption.

The consumption from own resources is a major component of the poverty rate and decreases the incidence of poverty in a significant proportion, especially taking into account certain characteristics of the household. The importance of consumption from own resources will be seen especially in analyzes made by area of residence, within the household composition, especially in households that are affected to a greater extent by poverty. For these households, measures to reduce poverty must be taken faster and in a much greater proportion, more so as these types of households are perhaps the poorest, over time, and with a high weight in the total population.

As it can be seen, the consumption from own resources is changing under the influence of the dynamics of the income and of the behavioral changes of the population. The low level of the income of the population / households imposes a forced replacements within the consumption from own resources. Therefore, during periods in which the poverty level increases, the share of consumption from own resources increases as well. We consider that some behavioral inertia maintains this level of the consumption from own resources for a certain period, but its share in total consumption expenditure decreases in the detriment of monetary consumption expenditure growth.

Demo-socio-economic characteristics of individuals and the types of households in which they live, are also influential factors, frequently determining ones, for the emergence and increasing of relative poverty risk.

The calculation of the relative poverty rate in the analyzes below (Table 1, Graphic 2 and Graphic 3) was made at the household level based on disposable income, including and then excluding the consumption from own resources within the income, to analyze the importance of own consumption in the revenue and to change relative poverty rates in the presence/ absence of own consumption, in the 6 years of analysis, between 2008 and 2013.

Table 1

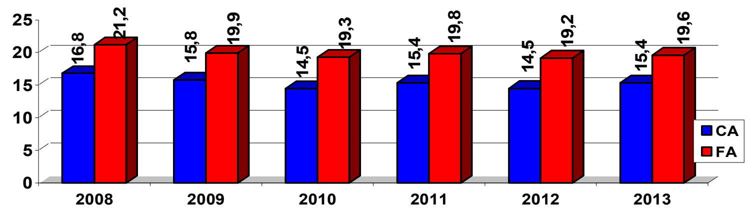
The differences between relative poverty rates with the inclusion/ exclusion of the own consumption from the disposable income

HOUSEHOLD		DIF 2008	DIF 2009	DIF 2010	DIF 2011	DIF 2012	DIF 2013
Total		4.39	4.10	4.83	4.49	4.65	4.23
Sex of ***Household's head***	**Male**	3.99	3.79	4.44	4.07	4.32	3.80
Sex of ***Household's head***	**Female**	5.59	5.00	5.91	5.61	5.57	5.37
Area of residence	**Urban**	0.68	-0.73	0.90	0.39	0.34	0.16
Area of residence	**Rural**	9.20	9.10	10.08	9.87	10.40	9.58
Household size	**1 person**	6.89	6.18	6.41	5.92	5.43	5.02
Household size	**2 persons**	4.53	3.33	3.21	2.88	3.57	3.54
Household size	**3 persons**	2.42	2.20	3.58	3.23	3.92	2.45
Household size	**4 persons**	3.63	4.29	5.33	5.37	5.23	5.18
Household size	**5 persons**	4.31	4.17	6.86	5.93	6.17	4.92
Household size	**6 persons and over**	7.09	8.44	7.83	8.07	6.90	8.90
Age of ***Household's head***	**age<30**	1.60	2.04	1.92	1.92	1.88	1.40
Age of ***Household's head***	**age>=30 and<=44**	3.05	3.68	4.41	4.15	5.03	4.22
Age of ***Household's head***	**age>=45 and <=59**	3.22	2.89	4.21	3.80	3.24	3.58
Age of ***Household's head***	**age>=60**	6.70	5.61	5.96	5.54	5.72	5.01

Source: Estimations based on HBS / INS, 2008-2013

Graphic 2

Poverty rates with the inclusion/ exclusion of the consumption from own resources, in total, in 2008-2013 (%)



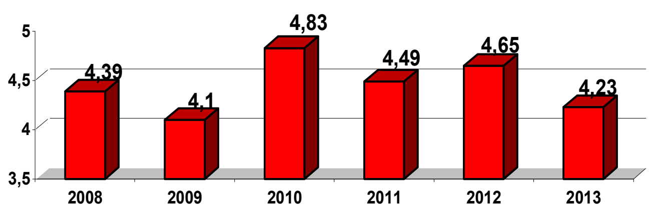
Note: CA - Poverty rates determined based on income including consumption from own resources

FA - Poverty rates determined based on income, excluding consumption from own resources

Source: Estimations based on HBS / INS, 2008-2013

Graphic 3

The differences between poverty rates with the inclusion/ exclusion of the consumption from own resources consumption, in total, in 2008-2013 (%)



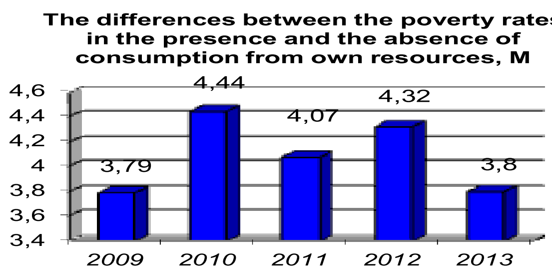
Source: Estimations based on HBS / INS, 2008-2013

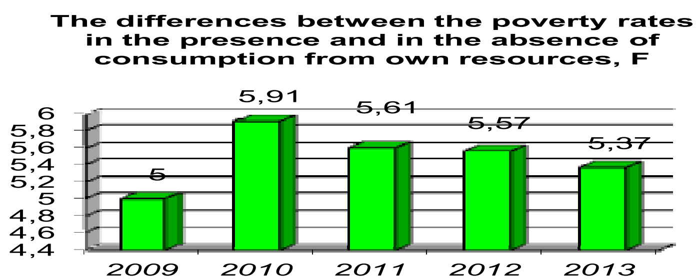
Relative poverty rates will be further analyzed with the inclusion, and then with the exclusion of the consumption from own resources of the disposable income, by different characteristics in dynamics during 2009-2013 period.

Determinant: ***Sex of H**ead **of the H**ousehold:* the differences in relative poverty rates, according the disposable income, with including and after with exclusion of the own consumption from the disposable income per adult equivalent, OECD modified scale, at the threshold of 60% of median disposable income in dynamics between 2008 and 2013 are presented in the Graphic 4 (pp.).

Graphic 4

The differences between relative poverty rates in the presence/ absence of consumption from own resources from disposable income, by sex





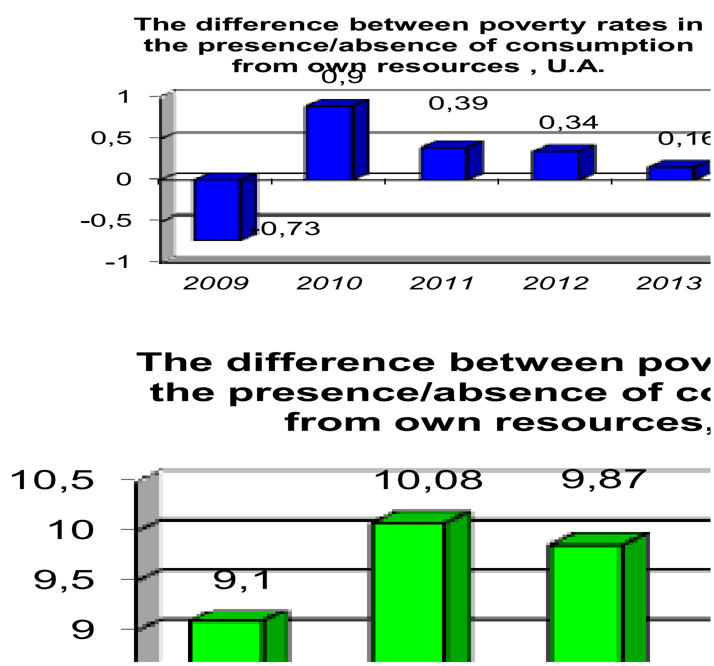
Source: Estimations based on HBS / INS, 2008-2013

The poverty rates, ***regardless of whether*** the consumption from own resources would be considered or ***not*****,** are higher for female***-headed households*** than for ***male-headed households*** and the differences between poverty rates, when the consumption from own resourcesis considered or not, are conclusive, around 3-4 pp. for ***male-headed households*** and 5-6 pp. for female***-headed households***.

Determinant: ***<u>Area of Residence:</u>*** the differences in relative poverty rates, according the disposable income, with including/ exclusion of the own consumption from the disposable income per adult equivalent, OECD modified scale, at the threshold of 60% of median disposable income in dynamics between 2008 and 2013 are presented in the Graphic 5 (pp.).

Graphic 5

The differences between relative poverty rates in the presence/ absence of consumption from own resources in the disposable income, by area of residence



Source: Estimations based on HBS / INS, 2008-2013

The relative poverty rates are higher for households located in rural areas, where poverty exceeds 35-38%. Like the female-*headed households*, when reporting concerns rural areas, poverty was always very high. In fact, as expected, consumption from own resources has made its presence felt most strongly in rural areas. The differences between poverty rates when you take into consideration or not the consumption from own resources in disposable income are very high, approx. 9-10 pp. which shows the influence / importance of own consumption particularly high within the revenues obtain by rural households.

As expected, the influence of the consumption from own resources is completely heterogeneous in both areas of residence. In urban areas, the influence of the consumption from own resources is insignificant, approx. 1 pp in 2010, after which, in recent years, it decreased considerably to 0.2 pp. Instead, the importance of the consumption from own resources can be observed constantly in rural areas, when the percentage differences between poverty rates in the presence/ absence of own consumption, have particularly high values that can not be found in any other analysed structure. In other words, if the consumption from own resources does not occur, the poverty of the rural households would be greatly increased and would reach 35-38%, while the presence of own consumption in income would lead to substantially lower poverty rates, by 27-29%. Thus, of all the variables used in the simulation model of relative poverty rates, regardless of the analyzed coordinates, the area of residence is the variable that shows the most conclusive the influence of own consumption in the household income / household.

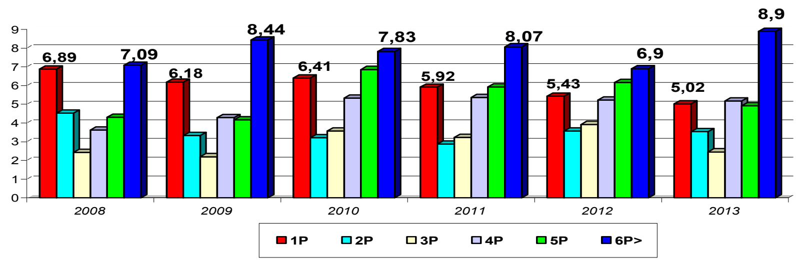
The fact that incomes of many rural households are depending on household agricultural production is one of the determining factors of the relatively low overall level disposable incomes in the households and the high incidence of poverty among the rural population.

Determinant: Household Composition: the differences in relative poverty rates, according the disposable income, with the inclusion and after with the exclusion of the own consumption from the disposable income per adult equivalent, OECD modified scale, at the threshold of 60% of median disposable income in dynamics the period 2009-2013 are presented in the Graphic 6 (pp.).

The overall trend of relative poverty rates, given the household composition, kept over time, the following trend: high values recorded when the household had one member, and then poverty increases as households have more numerous members, so if the household had as components 5 and more people, the incidence of poverty registered over time very high values, of 25-45%.

Graphic 6

The differences between relative poverty rates in the presence/ absence of consumption from own resources in the disposable income, by household composition (pp.)



Note: P – persons in household (1P – 1 person, 2P – two persons, etc.)
Source: Estimations based on HBS / INS, 2008-2013

The poverty rates are registering a minimum for households consisting of 2 to 4 people, when they reach the lowest values, respectively 9-17% in the six years of reference, taking into account household disposable incomes and the consumption, or by 13 to 23% for the same types of households, except for the consumption from own resources component.

The influence of own consumption makes its presence felt only at the ends of the variables used in the simulation of the relative poverty rates, when the household has only one member and when the households is counting six or more persons.

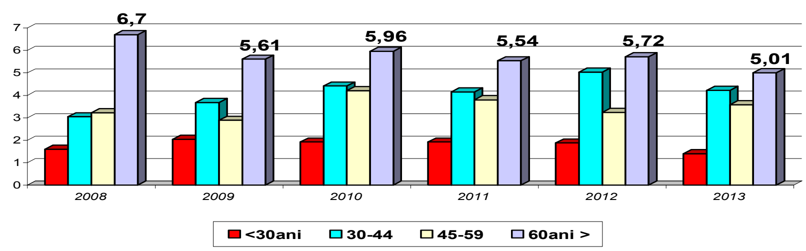
In these two extreme cases in terms of the number of members in the household, differences between the two simulated relative poverty rates in the presence/ absence of the consumption from own resources component is in the range of 6-9 percentage points higher in households with numerous members. As for the rest, households consisting of 2-5 members, the consumption from own resources component is not highlighted in absolute terms, the differences between the two simulated rates are of 2-6 percentage points.

The most significant impact is recorded for the very numerous households, where differences between the two relative poverty rates including/ excluding the consumption from own resources are once again very high to the 9 percentage points.

Determinant: ***<u>Age of</u>*** <u>Head</u> ***<u>of the</u>*** <u>Household</u>**:** the differences in relative poverty rates, according the disposable income, with including and after with exclusion the consumption from own resources from the disposable income, per adult equivalent, OECD modified scale, at the threshold of 60% of median disposable income in dynamics between 2008 and 2013 are presented in the Graphic 7 (pp.).

Graphic 7

The differences between relative poverty rates in the presence/ absence of consumption from own resources in the disposable income, by age of *head* of *household* (pp.)



Source: Estimations based on HBS / INS, 2008-2013

As in the general trend, poverty rates recorded higher values for households headed by the elderly, 60 years and over. Thus, whether the consumption from own resources is taken into account or not in the disposable income for the simulations of the relative poverty rates by age of household head, the incidence rates are quite high, starting from 13 to 18% when in the income component is added also the consumption from own resources, and is reaching up to 15-25% when the consumption from own resources is excluded of household disposable income.

The percentage differences between the two rates of poverty, in the presence/ absence of the consumption from own resources are insignificant for households headed by young people under the age of 30 years (1.5-2 percentage points), while for households headed by adults the differences between the two rates is between 3-5 percentage points, higher in the last 5 years of the analysis.

For households headed by the elderly, 60 years and over, the consumption from own resources makes its presence felt more clearly, having a greater influence than other households headed by adults or young people. In this case, when the householder is an older person, 60 years also over, relative poverty rates register high values and the consumption from own resources is differentiating the relative simulated poverty rates by approx. 5-7 percentage points (differences between the relative simulated poverty rates when the consumption from own resources is taken/ not taken into account in the simulation of such rates). It is true that in recent years, these differences are smaller than those recorded in 2008.

Conclusions

Regardless of whether consumption from own resources is included or not in the total disposable income of households considered in the simulation of relative poverty rates, a profile of poverty would look as it follows:

- By gender of the head of the household: the poorest households are headed by a woman, compared to those headed by a man;
- By area of residence: the poorest households are located in rural areas;
- By size of the household: the poorest households are both those composed of one person, and those counting five or more persons;
- By age of the head of the household: the poorest households are headed by an elderly person, aged 60 years and over.

This profile of the poorest households is perpetuated from year to year and represents the main issue, the main challenge for which solutions must be found to reduce poverty, especially by pro-poor growth policies focusing on economic growth for these vulnerable groups.

Another conclusion, simulated poverty rates at persons level or at households level (this paper only focuses on poverty rates at households level), consumption from own resources in the framework of disposable income included or not, is that, from year to year, relative poverty rates are decreasing compared to those recorded in 2008, regardless of the main characteristics of the household.

Consumption from own resources is a highly important component for the most vulnerable groups of the population (i.e. female-headed households, rural households, households headed by the elderly, large households composed of several members, especially with many children, as they contribute to increased consumption without adding any income).

Generally, the higher poverty rates are for these vulnerable groups, the higher the influence of consumption from own resources is, and the presence of consumption from own resources in the framework of disposable income makes the relative poverty rates for these households decrease considerably. Thus, in the absence of consumption from own resources, poverty rates would be much higher, up to 10 percentage points - which is an especially great value if related to poverty rates, but also to the amount of these rates, that, at times, under certain conditions, depending on household characteristics, reached 45%.

The consumption from own resources also has an overwhelming importance when referring to rural households. For these rural households, the consumption from own resources significantly reduces poverty rates. Thus, the presence of consumption from own resources in the framework of disposable income reduces relative poverty significantly, by up to 10 percentage points. Excluding the consumption from own resources from the disposable incomes would lead households to particularly high poverty rates (30-38% in rural areas, or 30-45% in the case of households with many members) - very high values, given the reporting years, the numerous anti-poverty programs, the national and international strategic documents with particularly important targets to reduce poverty and its extreme forms.

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THE FINANCIAL-ECONOMIC CRISIS AND PUBLIC DEBT SUSTAINABILITY

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Abstract
This paper aims to assess the sustainability of the public debt in the context of the Romanian economy evolution to find out to what extent the government meets its commitments, having as reference a certain trajectory of revenues and expenses, and also certain assumptions of the main macroeconomic variables.
Thus, the trend of increasing the public debt from 13.4% of GDP in 2008 to 42.47% of GDP in 2013 was determined both as a result of the economic and financial crisis, and also because of practicing a fiscal-budgetary policy that was unsustainable in the pre-crisis period.
In such a context, in the paper, through the public debt sustainability performance audit, with the help of a specific group of indicators we follow and reflect the sustainability in terms of solvency risk.
Last but not least, through the design of these indicators we will also analyze the link between the external public debt reported to the incomes from goods exports and services and the influence of this indicator over the repayment capacity of Romania.

Keywords: sustainability, public debt, gross domestic product
Clasificare JEL: G01, G18, H63

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The implications of the financial-economical crisis in managing public debt

The numerous worldwide financial crises have affected the ability of governments to repay debts, which led to the emergence of some budgetary difficulties and to economic and fiscal slippage and to serious liquidity problems. Moreover, the high degree of uncertainty regarding re-launching the global economic activity and the lack of a political agreement in the US regarding a fiscal consolidation plan has discouraged the consumers and investors worldwide.

Therefore, the sudden change in market conditions and in the financing needs of the state may result in the vulnerability of the public debt management strategy, with negative effects on the national economy.

A mismanagement of the public debt may lead, in time, to its non-sustainability situation, respectively reaching a level of public debt that will not allow compliance by the government of their obligations regarding the debt service payment. Along with the inability to maintain an acceptable level of economic development, the executive can resort to reducing or rescheduling the public debt, being generated financial crises with a significant negative economic impact and major negative consequences.

Given the problems that most countries are facing because of high levels of public debt, we consider that sustainability of public finances should be a major challenge to the level of the public policies of states. The most appropriate fiscal policies in terms of the public finances sustainability must take into account the EU's overall strategy and the main causes of problems in terms of the existing public finances sustainability at the level of the Member States. In order to ensure some sustainable levels of public debt, the EU Member States must achieve certain medium-term budgetary targets which ensure a downward trend in the public debt.

The complexity of the mechanisms of financial markets coupled with the significant increase of Romania's public debt in recent years and with the implications of the financial crisis over the public debt management in the current macroeconomic environment, require a new approach besides the financial audit over the general account of public debt and audits regarding the economy, efficiency and effectiveness management evaluation of the public debt.

The conceptual and legal framework regarding public debt sustainability

Due to the emergence of significant fiscal imbalances caused by excessive government spending, overestimating the revenues, the existence of numerous budget amendments having as impact increasing and reallocating expenditures, in 2010 the Law no. 69 regarding fiscal-budgetary responsibility was adopted. By adopting this normative act the following main objectives were considered:

- "ensuring and maintaining fiscal-budgetary discipline, transparency and medium and long-term sustainability of public finances;

- establishing a framework of principles and rules on which the Government would ensure the implementation of fiscal-budgetary policies conducive to a good financial management of the resources;
- Managing effectively the public finances in order to serve the public interest in long-term, ensuring the economic prosperity and anchoring the fiscal-budgetary policies in a sustainable framework. "

Thus, in the context of applying an economic and fiscal policy that has led to the emergence of some large external and internal imbalances, it has been regulated the obligation of the Ministry of Public Finances to forward to the Government the fiscal-budgetary strategy for the next three years, which will contain "the macroeconomic framework which sits at the base of the fiscal-budgetary policy, the fiscal-budgetary framework with the budget forecasts and the fiscal-budgetary policy and a statement of responsibility ... "

So far, the Ministry of Public Finances has prepared and submitted towards approval to the Government the following four fiscal-budgetary strategies:

- The fiscal-budgetary strategy for the period 2011-2013;
- The fiscal-budgetary strategy for the period 2012-2014;
- The fiscal-budgetary strategy for the period 2013-2015 revised;
- The fiscal-budgetary strategy for the period 2014-2016.

The public debt sustainability cannot be analyzed only in conjunction with the sustainability of the public finances. In this context, according to Article 4 (3) of Law no. 69/2010 on fiscal and budgetary responsibility "the sustainability of the public finances requires that, in the medium and long term, the Government should be able to manage risks or contingencies without having to make significant adjustments to expenses, incomes or to the budgetary deficit with destabilizing effects from an economic or social point of view."

The provisions of the International Standards of Supreme Audit Institutions 5410 "Guidelines for planning to achieve internal control of public debt" define the public debt sustainability defined as being "the degree to which a government can maintain the existing programs and fulfill the requirements of the creditors without increasing the burden of the public debt on the economy."

Evaluating the public debt sustainability has therefore the aim to show us how much the government fulfills its commitments, having as reference point a certain trajectory of revenues and expenses, and also certain assumptions of the main macroeconomic variables.

Indicators of public debt sustainability analysis

The analysis of the public debt indicators allows us a first approach in terms of its sustainability. These ratios can be indicators of ex-post, which provide us historical data or ex-ante indicators, which gives us information on the extent of the fiscal adjustment. From the literature study I could notice that the most used indicators in assessing the sustainability of public debt are those that keep the public debt to GDP ratio constant.

According to Blanchard's approach in the paper "Proposals for a new set of fiscal indicators" (1990) and also due to the difficulty of using other indicators, it can be noticed that the most widely used indicator is the evolution of the ratio between the public debt and GDP. This indicator measures the debt level in relation to the country's economic activity. This implicitly assumes that all GDP’s resources are available to finance the debt burden, which is not necessarily true. However, this indicator is recognized as being the most important in measuring the indebtedness degree, highlighting the country's solvency.

This element of evaluating the public debt sustainability assessment, the ratio between public debt and GDP has recorded a worsening during the period under analysis, namely the years 2010-2013 (5.37 percentage points to 42.47%).

During this period, analyzing the evolution of the public debt of our country based on the data estimated by the Ministry of Public Finances in the reports regarding public debt, we see a trend of continuous growth, revealing financing needs with an upward trend, reaching in 31.12.2013 the value of 266,952.80 million lei (59.525.23 million euros), compared to the level recorded on 31.12.2010, respectively from 194.459 million lei (45.383.50 million euros). The increase of the public debt volume (from a relative increase of 37.1% of GDP in 2010 to 41.10% in 2012) is explained not only by the need to finance the budget deficit, but also by the national currency depreciation and by increasing the liquidity reserves from the State Treasury with the purpose to finance in advance the budget deficit and to create a safety buffer for adverse conditions in the financial markets.

The public debt continued to increase in the last year under review, but with a slower rate, its share in the GDP increasing to 42.47% at the end of the year 2013, in the context of a lower budgetary deficit of 2.2% of GDP. The growth rate of the public debt has slowed as a result of an economic growth above expectations, but also because of the lowering of the interest paid for attracting loans. Thus, the average interest rate paid on the account of the public debt fell from 5.2% in 2012 to 4.5% in 2013. It is expected that the significant decrease in funding costs recorded in 2013 to be felt more and more over time, as the previously issued debt will reach maturity and will be refinanced at more favorable costs today.

Table no. 1- The public debt reported to the GDP in 2010-2013

Year	Public debt (million lei)	Public debt (million euro)	GDP (million lei)	Public Debt reported to GDP (%)	State budget deficit (million lei)	State budget deficit reported to GDP (%)
2010	194.459,2	45.383,5	523.693,3	37,1	62.396,6	11,9
2011	223.268,0	51.686,0	556.708,4	40,1	58.228,0	10,5
2012	240.842,6	54.382,2	587.466,2	41,1	50.753,7	8,6
2013	266.952,8	59.525,2	628.581,3	42,5	13.394,0	2,2

Source: Ministry of Public Finances reports on public debt for the period 2010-2013; The projection of the main macroeconomic indicators for the period 2013-2016 and 2014-2017 elaborated by the National Commission for Prognosis

Analyzing these data it can be seen that the increase in the public debt has exceeded the need for financing the deficit.

According to the current projections, public debt will be in the coming years at a lower level of the attention limit of 45% of GDP, provided by the Fiscal Responsibility Law no. 69/2010 with further amendments and completions. One of the changes of this law is the introduction, starting with 2014, of some public debt thresholds that trigger various government measures and actions.

Thus, according to the normative act, if the public debt exceeds 45% of GDP, but not more than the 50% threshold, the Ministry of Public Finances shall prepare a report on the evidence of debt growth, and presents proposals for maintaining this indicator at a sustainable level; if the indicator is above 50% but it is situated below 55% of GDP, the Government shall freeze the public sector wages and adopt a program of measures to reduce the public debt to GDP ratio. If indebtedness degree exceeds 55% of GDP, the government will initiate actions in freezing social assistance expenditure in the public system. In fact, all these new legal provisions aim to prevent the situation in which the share of the public debt to GDP would exceed the maximum threshold of 60% allowed by the nominal convergence criteria laid down in the Maastricht Treaty.

In addition to this indicator recognized as being the most eloquent in measuring government solvency, it can be analyzed a number of other indicators associated using the public debt and GDP criteria. The main indicators that utilize this criterion for assessing public debt sustainability try to measure the interest payments or the public debt in relation to the different scales of incomes and finally give some signals about the worsening or improvement of government position, about the solvency risk, or about the repayment capacity of the country.

In this context, the analysis indicator represented by the **ratio between the public debt and the level of the incomes that come from goods and services exports** (**The public debt / exports**) can be successfully used as a measure of sustainability because an increase over time of the indicator at a certain interest rate involves the growth of the public debt at a faster pace than the foreign incomes, indicating that there may be problems in terms of honoring the payment obligations at maturity. Therefore, this public debt sustainability analysis indicator can provide information about the repayment capacity of the country.

Table no. 2 - The public debt reported to the goods and services exports in 2010-2013

Year	Public debt (million euro)	Goods and services exports (million euro)	Public debt, percentage of exports of goods and services (%)	Growth (decrease) rythm of public debt (%)	Growth (decrease) rythm of exports of goods and services (%)	Growth (decrease) rythm of GDP (%)
2010	45.383,5	43.982,0	103,2	131,9	121,7	104,5
2011	51.686,0	52.528,0	98,4	113,9	119,4	106,3
2012	54.382,2	52.694,0	103,2	105,2	100,3	105,5
2013	59.525,2	59.890,0	99,39	109,5	113,7	107,0

Source: Ministry of Public Finances reports on public debt for the period 2010-2013; The projection of the main macroeconomic indicators for the period 2013-2016 and 2014-2017 elaborated by the National Commission for Prognosis

As seen from the data presented in the table above, between 2010 and 2011 the public debt share to exports of goods and services has recorded a slight decrease tendency due to the fact that in 2011 the growth rhythm of public debt (113.9 %) was lower than the growth rhythm of exports of goods and services (119.4%).

In the year 2012 the ratio between the public debt and exports of goods and services has recorded a slightly increase due to the increased volume of the exports by approximately 100.3%, while the public debt increased by approximately 105.2%, this has reflected negatively over the ratio between the public debt and the level of the exports. In the last year analyzed it can be observed that the growth rhythm of the public debt is inferior to the growth rhythm of exports of goods and services, this has positively reflected over the ratio between the public debt and the level of the exports, which thus record a downward trend.

It is noted that in the first two years of the period under review, the growth rhythm of the public debt outpaced that of the GDP, which shows that the level of debt in relation to our country's economic activity has generally recorded an increasing trend. However, starting with the year 2012 it can be seen a balance and a slight improvement of the situation.

Based on this analysis, we consider that in terms of a growth rate of the public debt which surpasses the growth rate of the economy, the solvency risk of Romania will increase.

Following our approach we propose to conduct a comparative analysis of the goods and services exports and imports for the same period in order to identify the evolution influence of these indices over the need for loans contracted by our country.

Table no. 3 – The evolution of goods and services exports and imports in the period 2010-2013

Year	**Goods and services exports (million euro)**	**Goods and services imports (million euro)**	**Goods and services balance deficit (million euro)**
2010	43.982,0	51.155,0	-7173,0
2011	52.528,0	59.596,0	-7.068,0
2012	52.694,0	59.527,0	-6834,0
2013	59.890,0	60.726,0	-836,0

Sursa: The projection of the main macroeconomic indicators for the period 2013-2016 and 2014-2017 elaborated by the National Commission for Prognosis

After analyzing the data from the table above it is observed that our country consumes more than it produces, which has a negative impact that reflects in the current account of payments balance. The goods and services balance deficit - which has suffered a significant improvement in the year 2013 - is due to the volume of imports that is higher than the volume of exports, which leads to the need to contract loans.

Last but not least, we will analyze the link between the external public debt reported to the incomes from exports of goods and services and the influence of this indicator over Romania's repayment capacity.

The **External public debt/Exports indicator,** which measures the level of the external debt as a share of goods and services exports, shows the burden debt in relation to the exports or the ability to acquire currencies. The analysis of this indicator gives us information about the evolution of the external public debt, reflecting its ability to refinance it.

Another useful indicator in the analysis of the external public debt and in assessing the payment capacity is represented by the **External Public Debt/GDP** report and is defined as being the ratio between the external public debt balance outstanding loan at the end of the year and the GDP.

These analysis indicators of public debt sustainability reflect what should be sacrificed in one year from the GDP in order to fully repay the debt in the year in question.

While the indicator **External public debt / GDP** is not influenced by the exports level, the indicator **External public debt / exports** is influenced by the volatility of prices of goods and services exported and may be less reliable in terms of the exchange rate changes.

The high value of these two indicators show a high degree of debt which is influenced however by the difference between the interest rate and by the exports, the GDP and tax revenue growth rate.

In the period under review, the evolution of the internal and external public debt is as follows:

Table no. 4 - The evolution of the internal and external public debt of Romania in relation to GDP and with the exports of goods and services in the period 2010-2013

Year	Public debt from which: (million lei)	Internal public debt (million lei)	External public debt (million lei)	Public debt from which: (million euro)	Internal public debt (million euro)	External public debt (million euro)	GDP (million lei)	Internal public debt reported to the GDP (%)	External public debt reported to the GDP (%)	Goods and services exports (million euro)	External public debt, percentage in goods and services exports (%)
2010	194.459,2	119.460,9	74.998,3	45.383,5	27.880,2	17.503,3	523.693,3	22,8	14,3	43.982,0	39,8
2011	223.268,0	131.606,2	91.661,8	51.686,0	30.446,5	21.219,5	556.708,4	23,6	16,5	52.528,0	40,4
2012	240.842,6	132.720,2	108.122,4	54.382,2	29.968,2	24.414,0	587.466,2	22,6	18,4	52.694,0	46,3
2013	266.952,8	144.574,6	122.378,2	59.525,2	32.237,3	27.288,0	628.581,3	23	19,5	59.890,0	45,6

Source: Ministry of Public Finances reports on public debt for the period 2010-2013; The projection of the main macroeconomic indicators for the period 2013-2016 and 2014-2017 elaborated by the National Commission for Prognosis

It is noted that in the period analyzed, in the total public debt a larger share is held by the internal public debt versus the external one, which shows that the Romanian state has appealed in a higher proportion to the resources from the internal market.

The evolution of the internal public debt in relation to the GDP varies between 22.8% and 23.6%, reaching in 2011 a maximum limit of 23.6%, because the debt pace from the internal market is higher than the economic growth rhythm. In 2012 the growth rate of GDP growth is superior to the internal public debt rhythm, leading to the ability to repay loans.

In the period 2010-2013 the evolution of the external public debt in relation to the GDP records a continuous growth trend, reaching a peak of 19.5% in 2013, whereas the growth rhythm of the external public debt surpasses the GDP growth rhythm.

Analyzing the data in the table above we find that the evolution of the external public debt in relation to goods and services exports record a continuous growth trend in the period 2010-2012 when it peaks at a maximum level of 46.3%, then in 2013 to record a slight decrease to 45.57%. The public debt growth rhythm that is superior to the exports growth rhythm negatively reflects over our country's repayment capacity.

Conclusions

In the period under review, our country's public debt had a continuous growth trend, revealing financing needs with an upward trend, reaching in 31.12.2013 the value of 266,952.80 million lei (59.525.23 million euro), compared to the level registered on 31.12.2010, respectively 194,459,000 million lei (45.383.50 million euro).

The ratio between public debt and the GDP has worsened in the period under review (+ 5,37 percentage points, up to 42,47%). The increase of the public debt volume is explained not only by the need to finance the budget deficit, but also by the currency depreciation and by the increase in the liquidity from the State Treasury, with the aim to finance in advance the budget deficit and to create a safety buffer for adverse conditions in the financial markets. We found, however, that increasing the public debt has exceeded the need for financing the deficit.

We have found that in the first two years from the period under review, the growth rate of the public debt outpaced that of the GDP, which shows that the level of debt in relation to our country's economic activity has generally recorded an increasing trend. However, starting with the year 2012 it can be seen a balance and a slight improvement of the situation. We consider that in terms of a growth rate of the public debt which surpasses the economy's growth rate, Romania's solvency risk will increase.

Analyzing the evolution of goods and services imports and exports in the period 2010-2013 we noticed that our country consumes more than it produces, which has a negative impact that reflects in the current account of the payment balance. The goods and services deficit - which has suffered a significant improvement in the year 2013 - is due to the volume of imports which is higher than the volume of exports, which leads to the need to contract loans.

The evolution of the external public debt in relation to goods and services exports records a constant upward trend, reaching a peak of 46.3% in the year 2012. It is noted that the growth rate of the external debt surpasses the growth rate of exports, which will negatively reflect on the repayment capacity of Romania.

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