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ROMANIA BETWEEN PHILLIPS AND OKUN

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Abstract:

Over time, inflation and unemployment have been ubiquitous no matter how the economy was driven. However, the magnitude of these phenomena has varied over time, and how it interacts has also changed. Using the research by economist A. W. Phillips, we want to highlight the interaction between inflation and unemployment, focusing on unemployment, both in the short and long term. Using the short and long term Phillips curve, we built the Phillips loop using data on the Romanian economy to see its applicability. At the same time, we added Okun's Law to this study to see if the difference between potential and real GDP in the case of Romania complies with the law on variation in unemployment as stated by Arthur Okun.

Keywords: Unemployment, Phillips Loop, Okun's Law, Potential GDP, Natural Unemployment Rate

1. INTRODUCTION

Unemployment occurs when the labor market shows an imbalance between the demand for labor represented by jobs made available to the population by the firms and the labor supply of people who want to spare their time in exchange for their salary. For unemployment to be present, the demand for labor must be lower than labor supply so that there is an unsolvable offer on the labor market.

Just as inflation revolves around money, unemployment revolves around the unemployed. To avoid confusion, the status of the unemployed was very well defined in economic theory, and, of course, in law as well. According to the approach of several economists (Iordache & Lazăr, 1999; Bodea, 2001), the quality of the unemployed is attributed to a person who:

- Has reached the working age (15 years old)
- Is fit to work (both physically and mentally)
- He / she does not have a job and does not work on his / her own behalf with the purpose of obtaining income
- Is actively looking for a job, using the available resources (Labor and Unemployment Office, private agencies, etc.)
- It is available to start working within the next 15 days

In this category we can add the people that are about to start working, but at the time they are still not working, or those waiting to be recruited to the old job without working during the referenced period. Students or retirees can be assimilated to this category only if they express their will to work.

In terms of the structure of the labor market, Samuelson & Nordhaus (2000) distinguished **three forms** of unemployment: **frictional**, **structural** and **cyclical**; and from the point of view of the willingness of the unemployed to work, two forms of unemployment can be distinguished: **voluntarily** and **involuntarily**.

- **Frictional unemployment:** This form of unemployment is caused by the movement of employees between different areas or workplaces. Even in the event of a full employment in the labor market, frictional unemployment will occur due to the process of absorbing young graduates into the labor market or the re-entry of women who have given birth. Another cause of frictional unemployment is the desire to find a better job, in which case people are unemployed during the transition from one job to another.

- **Structural Unemployment:** Structural unemployment occurs when there is a change in the labor market trend in the demand for certain occupational categories. Although in the case of the excess demand, the shortage of people with the appropriate training can be solved by raising the salary, thus attracting more people to specialize in this field, if the demand falls due to the technological advance by which the workers may be substituted, they will have to reconsider their career. People will be unemployed until they are absorbed by the labor market. This period may be long if we take into account that the specialization process does not have a 100% success rate or that the mobility of some groups of people (e.g. the elderly) is rather low.

- **Cyclical unemployment:** As the name suggests, cyclical unemployment occurs within economic cycles in times of economic slowdown. Unlike the other two types of unemployment, the cyclical one occurs when there is a general decline in labor demand in the labor market, not just within domains or for short periods as people look for a better job.

- **Voluntary unemployment:** In the case of voluntary unemployment, we can talk about replacing additional income with leisure time. For some people the opportunity cost between income and leisure is too low to work. This report is also influenced by government measures such as early retirement or extended welfare policies. Frictional unemployment is also part of voluntary unemployment because workers give up on their own job to find a better paid job.

- **Involuntary Unemployment:** In this case, it's not about the substitution of income with leisure time. People want to work, but there is not enough demand. Structural or cyclical unemployment are by definition types of involuntary unemployment. The cause of this type of unemployment is the inflexibility of short-term wages¹. If the labor price is higher than the equilibrium price, there is a supply surplus on the market, and firms have to tighten recruitment conditions to hire the most appropriate candidates. Otherwise, if the labor price is below the equilibrium point, demand is higher than the offer and then there are more jobs than people available to work. In the long run, wages are working to restore balance, but "long term" can refer to a long period of time, so unemployment is persisting for longer.

2. MEASURING UNEMPLOYMENT

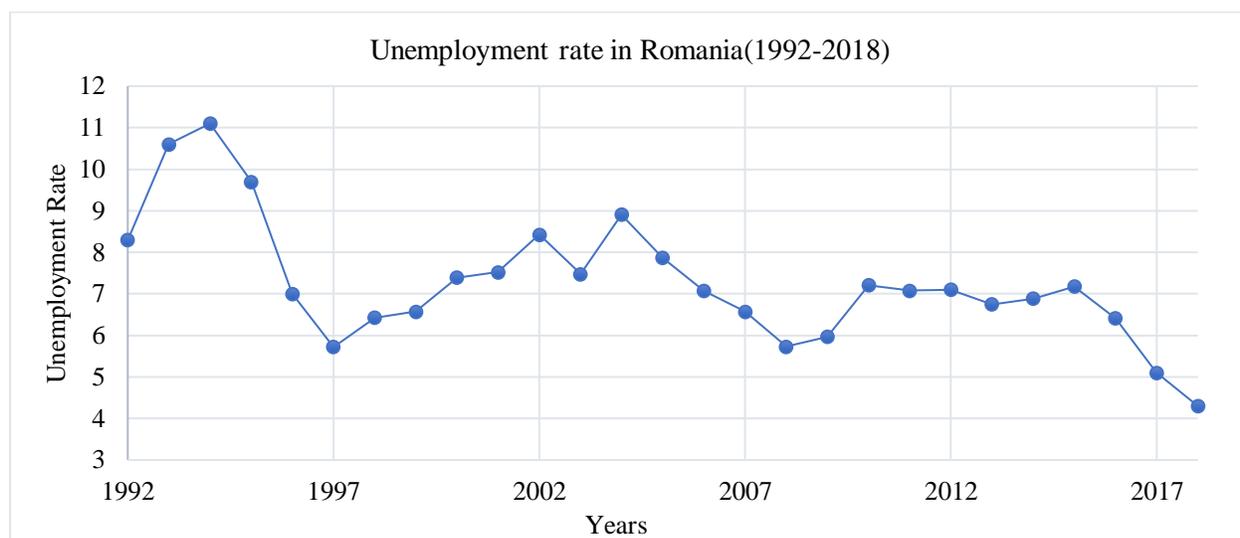
Unemployment can be measured in two ways, as an absolute value by the number of unemployed either registered or those who meet the criteria described above or the share of the unemployed in the active population. We can define the active population as people who offer their workforce for the production of goods and services, consisting of the employed population, ie. people who are employed and work to which the unemployed are added.

$$u = \frac{S}{PA} \cdot 100 = \frac{S}{PO + S} \cdot 100$$

In the following figure we presented the evolution of the unemployment rate between 1992 and 2018. As can be seen from the formula of the unemployment rate, it may decrease if the number of unemployed drops. This phenomenon can have 2 causes. Either the unemployed have been integrated into the labor market and are among the employed population, so they are not eligible to be classified as unemployed, or the unemployed have emigrated, which excludes them from future unemployment rate calculations. In the case of Romania, we observe, in addition to trying to provide jobs for the unemployed there is an increasing phenomenon of labor emigration, for various reasons, which artificially reduces the unemployment rate because the number of unemployed does not decrease due to the fact that Romania's economy offers them jobs, but because they decide to work in the economy of another state.

¹ The inflexibility of wages is caused by how they are set. Firms often set a fixed rate of pay for a certain amount of time. Because of this rigidity in the labor contracts, firms cannot adapt very frequently and with a high amplitude, just as the prices on the stock exchange adjust, the salaries of the workers. If workers are enrolled in a union, the rigidity is even higher. Besides this rigidity, workers are very reluctant to firms lowering their wages, and this measure is rarely applied.

Figure 1. The evolution of the unemployment rate in Romania between 1992 and 2018



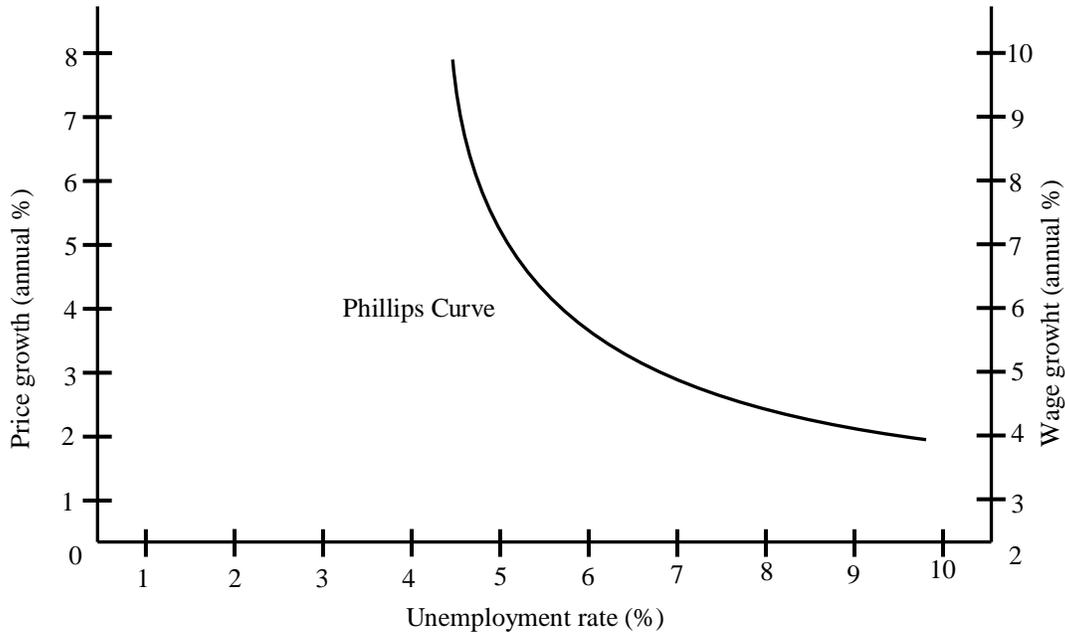
Source: Eurostat

3. THE PHILLIPS CURVE

We believe that through his work, A. W. Phillips succeeded in conveying quite convincingly the inversely proportional relationship between inflation and unemployment. Following his UK-based studies at that time, he noticed that wages tend to rise when the unemployment rate is low, and they will decrease as the unemployment rate rises. This phenomenon can be explained by the interaction of demand and supply curves within the labor market. In periods of low unemployment, labor supply is lower than demand, prompting firms now in high competition to hiring and retaining staff, to increase wages so they will be able to attract the few available workers on the market to the posts they offer. In the opposite case, when the unemployment rate is high, there is a surplus on the market, with more people looking for jobs. Workers will be willing to make compromises in this situation and will work at a lower salary than in the first case, because they have to earn an income that let's them survive.

The Phillips curve can be used to illustrate the phenomena of unemployment and inflation in the short term. According to Samuelson & Nordhaus (2000) there are 3 axes in the figure. On the horizontal axis on the left is the increase in prices in annual percentage, the vertical axis on the right represents the increase in wages in annual percentage, and on the horizontal axis we find the unemployment rate.

Figure 2. Phillips Curve illustrated



Source: Paul A. Samuelson & William D. Nordhaus – Economie Politică, București 2001: Editura TEORA

Trying to explain the reasoning behind the construction of this curve, Samuelson & Nordhaus (2000) exemplified through a mathematical calculation the relationship established between the three axes. Considering labor productivity, meaning worker productivity, as having a steady upward trend of 2% per year and the fact that companies set their prices according to the average cost of labor, they showed how, depending the rise in wages, the equilibrium point ascends or descends on the Phillips curve. Taking into account the relationship between prices and the average cost of labor that they considered in this example, we can deduce that prices will increase in the same way as the labor costs per product unit. If wages are increased by 6% and productivity remains 2%, prices would increase by 4 percent, a result obtained by a simple calculation:

$$\text{inflation rate} = \text{wage growth rate} - \text{productivity growth rate}$$

The difference in the scale of the two horizontal axes comes from this relationship, because at a 6% increase in price per year, with a steady 2% increase in productivity, corresponds to a 8% increase in wages. This illustrates the relationship between inflation and unemployment by the fact that a low rate of unemployment can only materialize under inflationary conditions.

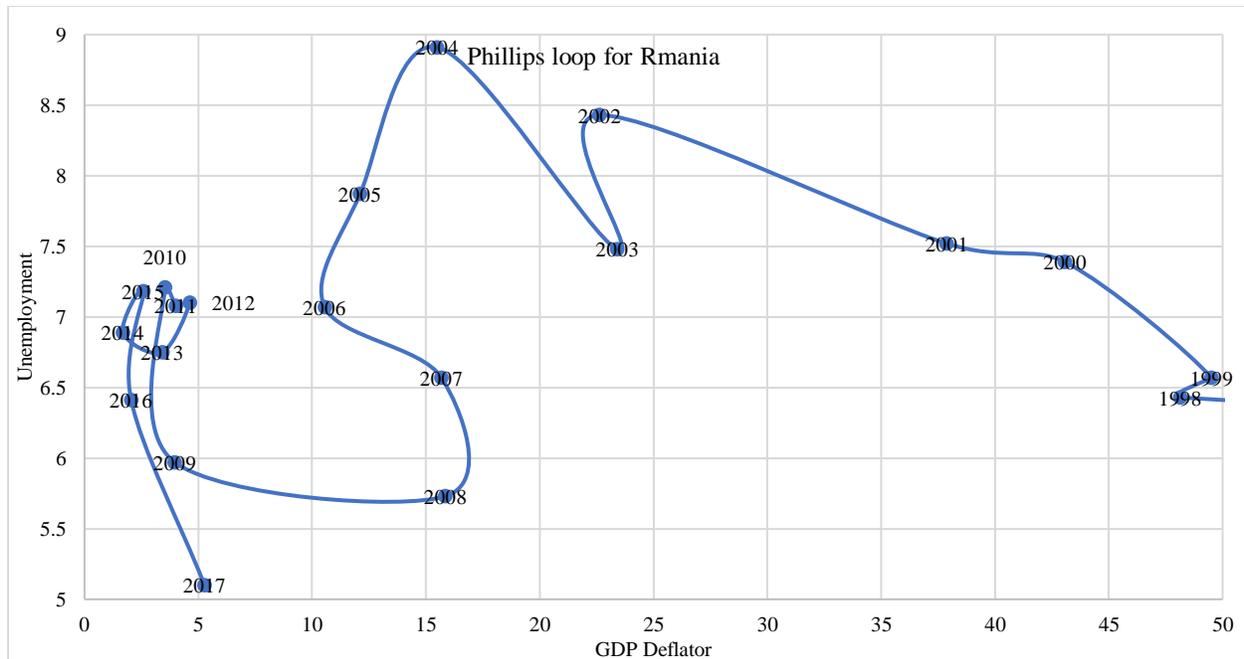
4. PHILLIPS LOOP

By reporting to reality, economists have tried to recreate the Phillips curve with real data. If it was considered a longer period of time, it could be noticed that the figure built with real economy data does not resemble the shape of the Phillips curve at all. It was found that over time the Phillips curve changed shape. The points seem to succeed in the clockwise direction, having the tendency to oscillate inside or outside.

We tried to verify this theory by building the Phillips loop using data from the Romanian economy. As can be seen from the figure below, the shape of the loop materialized in the period after 2009. We consider that the different form in the pre-2009 period was caused by discrepancies arising from the transition from the

command economy causing effects such as very high inflation rate due to the shock of the transition. Another problem could be the relatively short horizon taken into account. The data used ranged over a period of 19 years, while in other examples, considerably longer periods were taken into account².

Figure 3. Phillips loop for Romania



Source: Euromonitor

5. LONG-TERM PHILLIPS CURVE - NATURAL UNEMPLOYMENT RATE

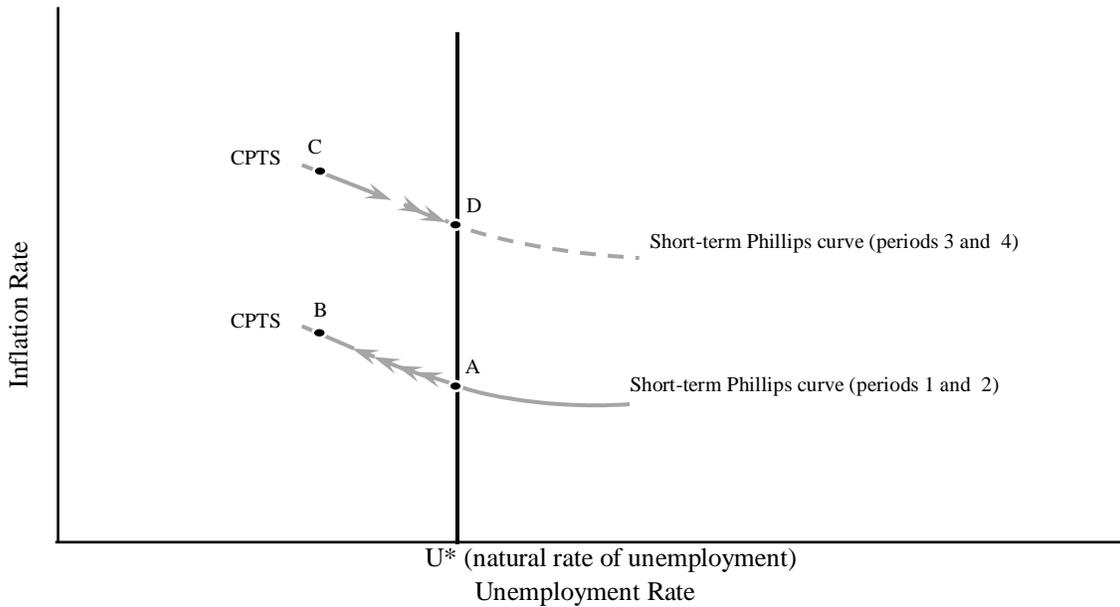
Starting from the distinct form of the Phillips loop, economists Milton Friedman and Edmund Phelps attempted to explain how it is formed using the natural rate of unemployment.

The natural rate of unemployment, according to Samuelson & Nordhaus (2000), is the rate at which unemployment and inflation are in balance. In this case, inflation is stable, without any tendency to increase or decrease. A real rate of unemployment below the natural rate will increase inflation, while a real rate of unemployment higher than natural unemployment rate will reduce inflation. In this respect, we can identify the natural rate of unemployment with the maximum potential level of output that can be achieved without causing inflation. The natural rate of unemployment can be influenced by the increase in government social protection programs such as guaranteed minimum income or unemployment benefits as some people will prefer to refuse a low-paid job to continue to benefit from both the income and leisure.

With the definition of the natural rate of unemployment, it was also considered that the long-term Phillips curve turns into a vertical straight line. Below we will show how this transformation is based on the Samuelson & Nordhaus economists' exposure (2000, p. 701).

² In the example given in the book "Economics," the authors Paul A. Samuelson and William D. Nordhaus present the Phillips loop for a 32-year period

Figure 4. The long-term Phillips curve



Source: Samuelson & Nordhaus – Politici Economicie

It can be seen that the economy is in balance in point A on curve 1. The unemployment rate coincides with that of the natural rate, and inflation is as low as possible under the given conditions.

If the economic context is considered to be beneficial and the state adopts an expansionist policy that seeks to reduce the unemployment rate and increase production, the shock will move the real rate of unemployment to the left of the natural one because of firms that will hire more people to increase productivity.

As stated above, according to the Phillips curve in the short term, with the fall in unemployment, wages will rise and prices as well, as firms set their prices according to the average cost of labor. Thus, the new equilibrium point, B, will be located to the left and above the initial equilibrium point.

Due to rising wages and prices, and the higher the amplitude, firms and workers will consider the increased inflation when they negotiate prices and wages. Due to the increase in the expected or inertial inflation rate, the short-term Phillips curve will move upwards to the equilibrium point C, corresponding to higher inflation.

Finally, due to rising inflation, economic activity is beginning to decline, which reduces the activity of companies, thus increasing unemployment. Unemployment will stop growing when output is equal to potential output, and real unemployment will be equal to the natural rate of unemployment. Following the economic downturn, inflation will be reduced but in a slower way, so the new equilibrium will be D, where the short-term Phillips curve 2 will intersect the natural rate of unemployment.

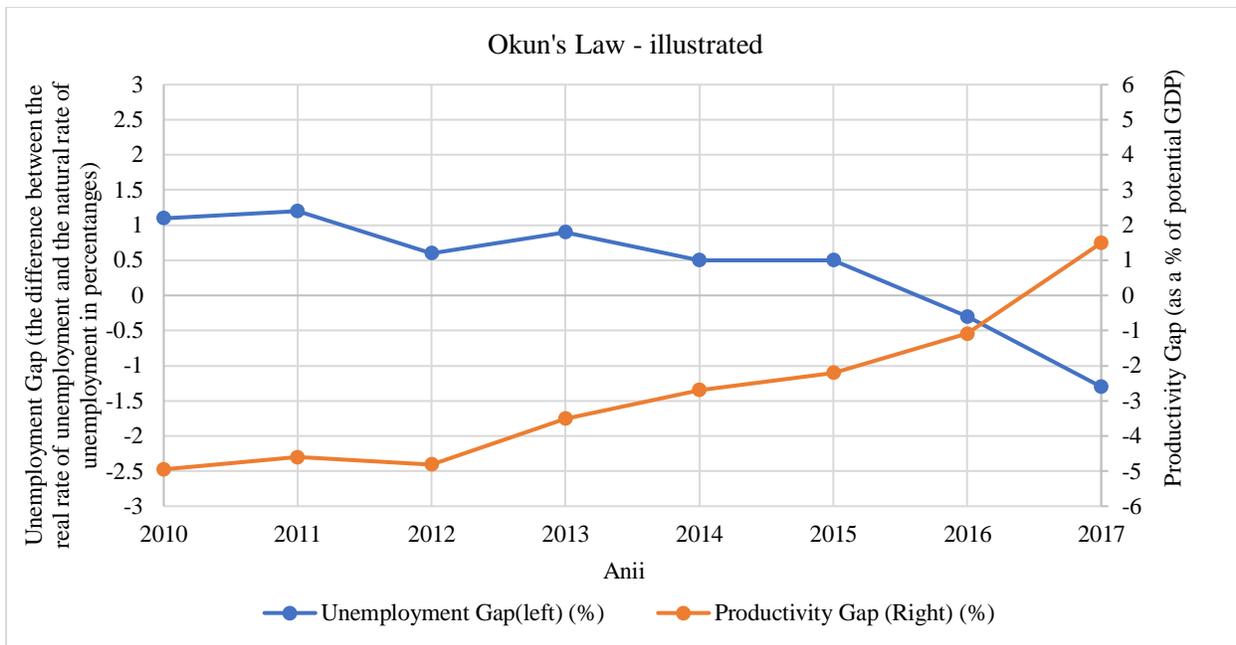
As we can see, in the long run, the Phillips curve turns into a vertical straight line (AD in our example) because inflation is more flexible and more sensitive to market movements than the natural rate of unemployment.

6. OKUN'S LAW

Another approach to the unemployment problem was related to its evolution according to the difference between potential GDP and real GDP. According to Samuelson & Nordhaus (2000), Arthur Okun identified a link between the level of unemployment and the evolution of production, later referred to as the "Okun's Law." Okun's law predicts that a 2% decline in GDP relative to potential GDP will lead to a 1% increase in unemployment. In the light of this assertion, a useful solution is given to controlling the unemployment rate. In order to keep unemployment under control, the state will have to maintain a steady relationship between GDP and potential GDP. In order to reduce unemployment, economic growth (measured by GDP increase) should exceed the potential GDP growth rate by doubling the extent to which unemployment is desirable. From a numerical point of view, in order to ensure a 1% decrease in unemployment, economic growth will have to be equal to the potential GDP growth rate plus 2%, according to Okun's law.

Using this link between production and labor, I tried to verify Okun's law in the Romanian economy.

Figure 5. Okun's Law – illustrated for Romania



Source: Report over inflation by BNR and European Commission data

In order to achieve the values presented in the chart, we calculated the unemployment gap as the difference between the real unemployment rate and its natural rate, and the output gap was calculated as the difference (in percent) between the real GDP and the potential GDP.

Verifying Okun's statement, we notice that the output gap begins at -5% in 2010, reaching about +1.5% in 2017, an increase of 6.5 percentage points. At the same time, the unemployment gap starts at the 1% point, reaching a figure close to -1.5% in 2017, a decrease of 2.5%. According to Okun's law, the unemployment gap should have fallen by about 3.25 points. However, we consider that the deviation is an acceptable one, taking into account the migration phenomenon of the Romanian labor force, which is accentuated by the inversely proportional movement of the two straights. Concluding, we can say that Okun's law applies also to Romania, so the unemployment level can be correlated with the level of production.

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8. ANNEXES

Table 1. Annual unemployment rates for Romania (1992-2018)

Year	Unemployment rate
1992	8.3
1993	10.6
1994	11.1
1995	9.7
1996	7
1997	5.72
1998	6.43
1999	6.57
2000	7.39
2001	7.52
2002	8.43
2003	7.48
2004	8.91
2005	7.87
2006	7.07
2007	6.57
2008	5.73
2009	5.97
2010	7.21
2011	7.08
2012	7.1
2013	6.75
2014	6.89
2015	7.18
2016	6.41
2017	5.1
2018	4.3

Source: Eurostat

Table 2. Unemployment rate and GDP deflator (1997-2017)

Year	Deflator	Unemployment
1997	135.434	5.72
1998	48.126	6.43
1999	49.507	6.57
2000	43.07	7.39
2001	37.878	7.52
2002	22.632	8.43
2003	23.407	7.48
2004	15.495	8.91
2005	12.104	7.87
2006	10.55	7.07
2007	15.683	6.57
2008	15.856	5.73
2009	3.97	5.97
2010	3.534	7.21
2011	4.014	7.08
2012	4.63	7.1
2013	3.417	6.75
2014	1.686	6.89
2015	2.586	7.18
2016	2.052	6.41
2017	5.278	5.1

Source: Euromonitor; Eurostat

Table 3. Calculus for Unemployment Gap and Productivity Gap

Year	2010	2011	2012	2013	2014	2015	2016	2017
NAIRU (1)	5.9	6	6.2	6.2	6.3	6.3	6.3	6.2
Unemployment rate (2)	7	7.2	6.8	7.1	6.8	6.8	5.9	4.9
Unemployment Gap (2) – (1)	1.1	1.2	0.6	0.9	0.5	0.5	-0.3	-1.3
Productivity Gap	-4.95	-4.60	-4.81	-3.50	-2.68	-2.20	-1.09	1.49

Source: BNR – Raport asupra inflației (2017), Comisia Europeană, Calcule autor

STATISTICAL ANALYSIS OF THE EUROPEAN MARITIME AND FISHERIES FUND (EMFF) BENEFICIARIES IN ROMANIA

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Abstract:

The Operational Programme for Fisheries and Maritime Affairs 2014-2020 implemented in Romania ensures that the strategic vision in this sector is respected and its economic, social and environmental implications are beneficial both for the European Union and nationally. The European Maritime and Fisheries Fund, one of European Structural and Investment Funds, supports the implementation of the Common Fisheries Policy (CFP) and the EU Integrated Maritime Policy (IMP). In Romania, this financial instruments funds the modernisation of fishing infrastructure (landing sites, ports etc.), the production of the aquaculture species (based on market demand), data management, the surveillance and preservation of the Black Sea ecosystem, the modernisation in technology and marketing for fisheries and aquaculture products (thus increasing the sector's competitiveness), the increase of employment and territorial cohesion in fisheries area by diversifying activities in the sector, promoting cultural heritage and environmental assets. Just like any other policies, CFP and IMP can be improved from a programming period to another and in order to better understand the national need of optimization of the previously mentioned policies, data is one of the most valuable tools that can help modelling towards the ideal policies. The main objective of this research is to elaborate a cross-sectional statistical analysis of the Romanian beneficiaries of the Operational Programme, based on the list of Romanian beneficiaries of the European Maritime and Fisheries Fund (EMFF), published by the Management Authority on February 2019. The importance of elaborating this study resides in the valuable insight it provides on the state of the beneficiaries of the EMFF in Romania and on the strong and weak points of Operational Programme for Fisheries and Maritime Affairs. The results of this research are represented by the improvement possibilities identified, based on the statistical analysis.

Keywords: European Maritime and Fisheries Fund, Operational Programme, Romania, statistics

1. INTRODUCTION

After the first steps were made towards joining the European Union, Romania had access to European funds. The European Fisheries Fund (EFF) 2007-2013 provided funding to the fishing industry and coastal communities. It helped the fishing communities that were affected by changes in the industry, become economically resilient and ecologically sustainable. According to the European Commission, projects were funded on the basis of strategic plans and operational programmes drawn up by national authorities.

The National Strategic Plan for the period 2007-2013 was elaborated in accordance with the Common Fisheries Policy and Romania's governance policy for the development of the fisheries sector. The Operational Programme for Fisheries 2007-2013 was developed by the National Agency for Fisheries and Aquaculture in accordance with Article 17(3) of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF). Based on the Operational Programme for Fisheries 2007-2013, the strategic vision for Romania was founded based on the following strategic vision: to create a competitive, modern and dynamic fisheries sector based on sustainable fishing and aquaculture activities that takes into account environmental issues, social development and economic welfare. The Operational Programme contributes to the implementation of the strategic vision through four general objectives: the development of the competitiveness and sustainability of the primary fisheries sector; the development of the market for

fisheries products; to provide support of the sustainable development of fisheries areas and improvement in the quality of life in these areas; and finally, to provide adequate support in implementation of the Operational Programme within the Common Fisheries Policy.

In accordance with the evaluation of the European Fisheries Fund 2007-2013, based on the data provided after Romania implemented The Operational Programme for Fisheries 2007-2013, a new national programme was developed for the new programming period (2014-2020), The Operational Programme for Fisheries and Maritime Affairs 2014-2020. The previously mentioned programme brings improvements to the one implemented between 2007-2013 and better supports the implementation of the Common Fisheries Policy in Romania. Therefore, statistical evidence contributes towards the elaborating and implementing more effective policies.

European Maritime and Fisheries Fund (EMFF) 2014-2020 is one of the European Structural and Investment Funds that supports the implementation of the Common Fisheries Policy (CFP) and the EU Integrated Maritime Policy (IMP). As stated by the European Commission, EMFF helps fishermen in the transition to sustainable fishing; supports coastal communities in diversifying their economies; supports sustainable aquaculture developments; finances projects that create new jobs and improve quality of life along European coasts; and makes it easier for applicants to access financing. The European financial allocation for Romania is € 168.421.371 (2.9% of the total EMFF) and € 223.709.082 in total, which represents the EU and national allocation.

The Operational Programme for Fisheries and Maritime Affairs 2014-2020 aims to create the conditions for economic recovery, generating jobs in fisheries, aquaculture and maritime affairs. The program was approved by European Commission Decision no. 8416/2015 and allows access to structural and investment funds through the European Maritime and Fisheries Fund. According to the Operational Programme, the strategic vision for Romania is directed mainly towards the increase production in aquaculture and processing. It also directed towards the increase of operators' profitability, preserving biodiversity, protecting the environment, maintaining and creating jobs, especially in fisheries areas.

For Romania, the Operational Programme for Fisheries and Maritime Affairs 2014-2020 contributes towards the equitable development of the fisheries and maritime sectors in all regions. The most important inland fisheries of Romania are centered along Danube (total length – 1.074 km, only in Romania), even though there are no specialised fishing ports on the Black Sea.

2. THE MOTIVATION AND AIM OF THIS PAPER

According to the Food and Agriculture Organization of the United Nations, the 2030 Agenda provides a vision of a world which is more peaceful, where no one is left behind. Therefore, the Common Fisheries Policy (CFP) and the EU Integrated Maritime Policy (IMP) represent important points of reference for 2030 Agenda, which sets aims for the contributions and conduct of fisheries towards nutrition and food security, the sector's use of natural resources and also for ensuring sustainable development in multiple directions: economic, social and environment. In order to eliminate the disparity while continuously making progress towards the targets set by the Agenda 2030 for restoration of overfished stocks, the European Union elaborates and implements policies that contribute towards reaching common goals.

The motivation behind conducting this research consists of the mix between the following factors:

- The Common Fisheries Policy (CFP) is an important factor in the context of efficiently managing natural resources (fishery resources) – both nationally and also at the level of the European Union (Lado, 2016), which is ranked fifth in the world (after China, India, Peru and Indonesia) in 2012 in terms of the magnitude of catches (6,1 million tones per annum)

- In Romania, the increase human activity in the coastal area has deepened the pressure on ecosystems, which determined the implementation of specific laws regarding fishery (Zaharia et al., 2012). The Common Fisheries Policy addresses the need of protection of biodiversity and ensures the implementation of such projects via its financial fund: EMFF
- In order to understand the need of adjustments and optimization of the Common Fisheries Policy, data is one of the most valuable tools that can help modelling towards the ideal complete policy in the European Union (Wakefield, 2016)

The main objective of this research is to elaborate a statistical analysis of the Romanian beneficiaries of the Operational Programme for Fisheries and Maritime Affairs 2014-2020, based on the list of Romanian beneficiaries of the European Maritime and Fisheries Fund (the financial european instrument), according to the following criteria:

- Total value of submitted projects by the beneficiaries (expressed in euro)
- Total eligible expenditure of selected operations for support (expressed in euro)
- Total public contribution of selected operations for support (expressed in euro)
- The Operational Programme's priorities
- The measures financed via EMFF
- The legal entity types of EMFF beneficiaries
- The county where projects are to be implemented

The importance of elaborating the previously mentioned statistical analysis resides in the valuable insight it provides on the state of the beneficiaries of the European Maritime and Fisheries Fund in Romania. The research findings represent the result of the Common Fisheries Policy (CFP) and the EU Integrated Maritime Policy (IMP) implemented in Romania, programming period: 2014-2020. Furthermore, these findings can be taken into consideration when elaborating the strategy in this field for the following programming period: 2021-2027.

3. RESEARCH METHODOLOGY

Cross-sectional statistical analysis, therefore quantitative analysis, is at the core of this research. In order to provide insight regarding the beneficiaries of the European Maritime and Fisheries Fund in Romania, relevant data (available on the official website of the Romanian Management Authority of the Operational Programme for Fisheries and Maritime Affairs, "*List of EMFFOP beneficiaries in Romania, february 2019*", Excel document, www.ampeste.ro) was processed. The main point of reference in the analysis of the beneficiaries of the European Maritime and Fisheries Fund is represented by the economic total value of the projects that have been submitted to Management Authority. Other criteria (such as: total eligible expenditure of selected operations for support, total public contribution of selected operations for support, the Operational Programme's priorities, the measures financed via EMFF, the legal entity types of EMFF beneficiaries, the county where projects are to be implemented) will be statistical analysed only by referring to main point of reference, which was previously mentioned. In order to calculate certain values in the official EU currency (euro), the exchange rate of reference has been the following: one euro is equal to 4,75 lei (according to the National Bank of Romania, date: 24 of April 2019).

4. RESEARCH FINDINGS

Taking into consideration the paper's objective, the cross-sectional statistical analysis is split in multiple parts. The first part is focused on the analysis of the Romanian beneficiaries of the Operational Programme for Fisheries and Maritime Affairs, based on the the following criteria: the number of projects submitted by these per priority of the programme, the total value of projects submitted, total eligible expenditure of operations selected to be financed and the total public contribution of financed operations.

For the 2014-2020 programming period, there are seven priorities mentioned in the Operational Programme for Fisheries and Maritime Affairs, as it follows:

- Priority 1: Promoting environmentally sustainable, resource efficient, innovative, competitive and knowledge based fisheries (€ 17.87 million, 7.98% of the OP allocation)
- Priority 2: Fostering environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture (€ 112.34 million, 50.21% of the OP allocation)
- Priority 3: Fostering the implementation of the CFP (€ 16.4 million, 7.34% of the OP)
- Priority 4: Increasing employment and territorial cohesion (€ 44.91 million, 20.07% of the OP allocation)
- Priority 5: Fostering marketing and processing (€ 15.39 million, 6.88% of the OP)
- Priority 6: Fostering the implementation of the Integrated Maritime Policy (€ 3.3 million, 1.49% of the OP allocation)
- Priority 7: Technical assistance

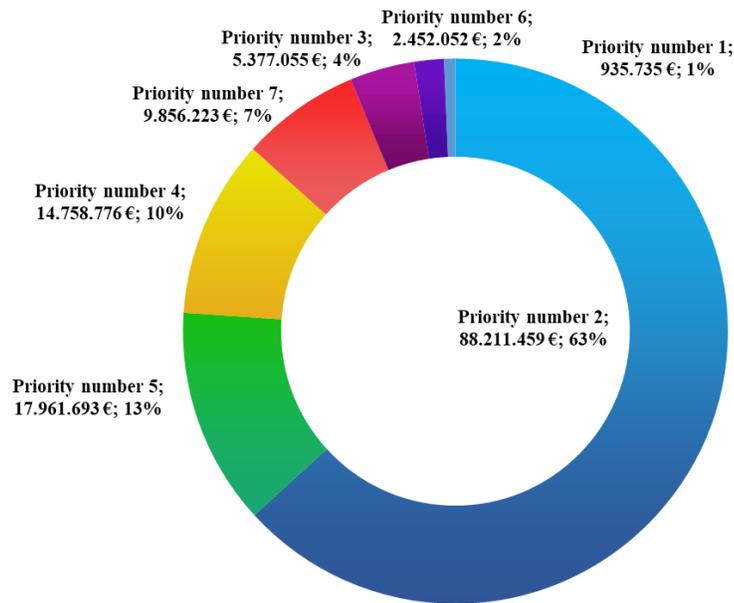
According to the Romanian Management Authority that is responsible for the implementation of the Operational Programme for Fisheries and Maritime Affairs in Romania:

- The total value of projects submitted represents the total eligible and ineligible expenditure incurred by the beneficiary, necessary for the implementation of the project
- The total eligible expenditure of operations selected to be financed represents the total expenditure incurred by a beneficiary in The Operational Programme for Fisheries and Maritime Affairs 2014-2020, as regulated by national and European legislation
- The total public contribution of financed operations represents the amount funded by the Romanian Management Authority of the total eligible value of a project and consists of the contribution from the European Maritime and Fisheries Fund (EMFF) and contribution from the national budget.

Tabel 1. Cross-sectional statistical analysis of the Romanian beneficiaries of EMFF, based on the number of projects submitted by these per priority of the programme, the total value of projects submitted, total eligible expenditure of operations selected to be financed and the total public contribution of financed operations										
CRITERIA	PRIORITY #2	PRIORITY #5	PRIORITY #4	PRIORITY #7	PRIORITY #3	PRIORITY #6	PRIORITY #1	TOTAL	AVERAGE	STANDARD DEVIATION
NUMBER OF PROJECTS	94	14	85	3	4	1	3	204	29	38
PERCENTAGE OF THE NUMBER OF PROJECTS IN TOTAL	46,08%	6,86%	41,67%	1,47%	1,96%	0,49%	1,47%	100,00%	14,29%	18,85
TOTAL VALUE OF PROJECTS (LEI)	419.004.431 lei	85.318.041 lei	70.104.184 lei	46.817.060 lei	25.541.012 lei	11.647.248 lei	4.444.743 lei	662.876.719 lei	94.696.674 lei	135.217.207 lei
TOTAL VALUE OF PROJECTS (€)	€ 88.211.459	€ 17.961.693	€ 14.758.776	€ 9.856.223	€ 5.377.055	€ 2.452.052	€ 935.735	€ 139.552.993	€ 19.936.142	€ 28.466.780
PERCENTAGE OF THE TOTAL VALUE OF PROJECTS IN TOTAL	63,21%	12,87%	10,58%	7,06%	3,85%	1,76%	0,67%	100,00%	14,29%	20,40
TOTAL ELIGIBLE EXPENDITURE OF OPERATIONS SELECTED (€)	€ 79.007.657	€ 15.369.437	€ 14.143.232	€ 9.809.263	€ 5.377.055	€ 2.452.052	€ 776.133	€ 126.934.830	€ 18.133.547	€ 25.378.368
PERCENTAGE OF TOTAL ELIGIBLE EXPENDITURE OF OPERATIONS SELECTED IN TOTAL	62,24%	12,11%	11,14%	7,73%	4,24%	1,93%	0,61%	100,00%	14,29%	19,99%
PERCENTAGE OF TOTAL ELIGIBLE EXPENDITURE OF SELETECTED OPERATIONS IN THE TOTAL VALUE OF PROJECTS	89,57%	85,57%	95,83%	99,52%	100,00%	100,00%	82,94%	-	93,35%	6,72
TOTAL PUBLIC CONTRIBUTION OF SELETED OPERATIONS (€)	€ 50.389.649	€ 7.607.839	€ 13.927.224	€ 9.809.263	€ 5.377.055	€ 2.452.052	€ 706.187	€ 90.269.269	€ 12.895.610	€ 15.849.885
PERCENTAGE OF TOTAL PUBLIC CONTRIBUTION OF SELETED OPERATIONS IN TOTAL	55,82%	8,43%	15,43%	10,87%	5,96%	2,72%	0,78%	100,00%	14,29%	17,56%
PERCENTAGE OF TOTAL PUBLIC CONTRIBUTION IN THE TOTAL VALUE OF PROJECTS	57,12%	42,36%	94,37%	99,52%	100,00%	100,00%	75,47%	-	81,26%	21,83

Source: Authors' conceptualisation, based of the public information available at <http://ampeste.ro/>

Figure 1. Total value of submitted projects to be funded by EMFF, per priority, in Romania



Source: Authors' conceptualisation, based on the public information available at www.ampeste.ro

It can be noticed that for priority number 2 (*Fostering environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture*), the Romanian EMFF beneficiaries have submitted most projects – 94, which represent 46,08% of the total projects available in the *List of EMFFOP beneficiaries in Romania, february 2019*. Furthermore, the total value of these 94 projects represent 63,21% of the total value of all project analysed, which represent € 88.211.459. Out of the previously mentioned value, only 89,57% represent eligible expenditure of operations selected to be financed and 57,12% represent total public contribution of selected operations. Therefore, the second priority of EMFFOP is the accessed by beneficiaries and seems to be suitable for Romania. On the other hand, priority number 6 (*Fostering the implementation of the Integrated Maritime Policy*) is the least accessed by the EMFF Romanian beneficiaries, which submitted only one project (which represents only 0,49% out of the total projects submitted on all priorities) with a total value of € 2.452.052. However, all this value is considered eligible expenditure. Similar to this priority in terms of the number of projects submitted, it can be noticed that priorities 3, 1 and 5 have the least projects submitted so far – only 21 in total, which represents 10,29% out of the total projects analysed. Priority number 4, which has social implications (*Increasing employment and territorial cohesion*) resonated with the needs of the EMFF Romanian beneficiaries, which submitted 85 projects (41,67% out of the total projects analysed), with a total value of € 14.758.776 – almost 6x less than the total value of the projects submitted for priority number 2. Out of € 14.758.776 – 95,83% is considered eligible expenditure.

The second part of the cross-sectional statistical analysis is focused on the Romanian beneficiaries of the Operational Programme for Fisheries and Maritime Affairs, based on the the following criteria: the number of projects submitted by beneficiaries per measure within the operational programme and the total value of projects submitted.

Tabel 2. Cross-sectional statistical analysis of the Romanian beneficiaries of EMFF, based on the number of projects submitted by these per measures of the operational programme, sorted by the total value of submitted projects					
MEASURES	PROJECTS VALUE IN LEI (RON)	PROJECTS VALUE IN EURO (EURO)	PERCENTAGE OF PROJECTS VALUE IN TOTAL	NUMBER OF PROJECTS	PERCENTAGE OF THE NUMBER OF PROJECTS IN TOTAL
Productive investments in aquaculture	287.896.607 lei	€ 60.609.812	43,43%	38	18,63%
Conversion to eco-management and audit schemes and organic aquaculture	115.716.638 lei	€ 24.361.397	17,46%	45	22,06%
Storage aid	85.318.041 lei	€ 17.961.693	12,87%	14	6,86%
Implementation of local development strategies	67.070.581 lei	€ 14.120.122	10,12%	57	27,94%
Technical assistance	46.817.060 lei	€ 9.856.223	7,06%	3	1,47%
Control and enforcement	13.131.798 lei	€ 2.764.589	1,98%	3	1,47%
Data collection	12.409.214 lei	€ 2.612.466	1,87%	1	0,49%
Integrating maritime surveillance	11.647.248 lei	€ 2.452.052	1,76%	1	0,49%
Productive investments in aquaculture - resource efficiency, reducing usage of water and chemicals, recirculation systems minimising water use	10.968.326 lei	€ 2.309.121	1,65%	3	1,47%
Fishing ports, landing sites, auction halls and shelters - investments improving fishing port and auctions halls infrastructure ; construction of shelters to improve safety of fishermen	4.444.743 lei	€ 935.735	0,67%	3	1,47%
Preparatory support	3.033.603 lei	€ 638.653	0,46%	28	13,73%
Productive investments in aquaculture - increasing energy efficiency, renewable energy	1.991.592 lei	€ 419.283	0,30%	3	1,47%
Management, relief and advisory services for aquaculture farms	1.238.228 lei	€ 260.680	0,19%	2	0,98%
Animal health and welfare measures	1.193.039 lei	€ 251.166	0,18%	3	1,47%
TOTAL	662.876.719 lei	€ 139.552.993	100,00%	204	100,00%

Source: Authors' conceptualisation, based of the public information available at <http://ampeste.ro/>

It can be noticed that the Romanian EMFF beneficiaries have submitted the most projects on the following measures within the Operational Programme: *Implementation of local development strategies* (57 projects, 27,94% out of all analysed, with a total value of € 14.120.122, which represents only 10,12% out of the value of all the projects on all measures), *Conversion to eco-management and audit schemes and organic aquaculture* (45 projects, 22,06% out of all analysed, with a total value of € 24.361.397, which represents 17,46% out of the value of all the projects on all measures), *Productive investments in aquaculture* (38 projects, which represent 18,63% out of all analysed, with a total value of € 60.609.812 – representing a huge proportion with in the value of all the projects on all measures – 43,43%). Even though these measures were the most appealing to the Romanian EMFF beneficiaries, other measures such as: *Integrating maritime surveillance* (one project submitted, 0,49% out of all analysed, with a total value of € 2.452.052, which represents only 1,76% out of the value of all the projects on all measures), *Management, relief and advisory services for aquaculture farms* (two project submitted, 0,98% out of all analysed, with a total value of €260.680, which represents only 0,19% out of the value of all the projects on all measures), *Animal health and welfare measures* (three project submitted, 1,47% out of all analysed, with a total value of €251.166, which represents only 0,18% out of the value of all the projects on all measures).

The third part of the analysis is focused on the Romanian beneficiaries of the Operational Programme for Fisheries and Maritime Affairs, based on the the following criteria: the number of projects submitted by beneficiaries per county and the total value of projects submitted.

Tabel 3. Cross-sectional statistical analysis of the Romanian beneficiaries of EMFF, based on the number of projects submitted by these per county, sorted by the total value of submitted projects					
COUNTY WHERE PROJECTS ARE IMPLEMENTED	PROJECTS VALUE IN LEI (LEI)	PROJECTS VALUE IN EURO (EURO)	PERCENTAGE OF PROJECTS VALUE IN TOTAL	NUMBER OF PROJECTS ANALYSED	PERCENTAGE OF THE NUMBER OF PROJECTS IN TOTAL
București	92.961.832 lei	€ 19.570.912	14,02%	9	4,41%
Tulcea	83.752.440 lei	€ 17.632.093	12,63%	28	13,73%
Bacău	40.645.189 lei	€ 8.556.882	6,13%	3	1,47%
Brașov	32.658.278 lei	€ 6.875.427	4,93%	8	3,92%
Brăila	32.291.216 lei	€ 6.798.151	4,87%	13	6,37%

Constanța	31.678.349 lei	€ 6.669.126	4,78%	12	5,88%
Călărași	28.515.344 lei	€ 6.003.230	4,30%	12	5,88%
Neamț	27.682.728 lei	€ 5.827.943	4,18%	5	2,45%
Bihor	27.278.224 lei	€ 5.742.784	4,12%	5	2,45%
Ilfov	26.110.307 lei	€ 5.496.907	3,94%	3	1,47%
Satu Mare	22.558.161 lei	€ 4.749.087	3,40%	5	2,45%
Sibiu	20.406.294 lei	€ 4.296.062	3,08%	1	0,49%
Maramureș	19.577.206 lei	€ 4.121.517	2,95%	3	1,47%
Dolj	19.223.539 lei	€ 4.047.061	2,90%	6	2,94%
Sălaj	19.187.661 lei	€ 4.039.508	2,89%	2	0,98%
Vâlcea	13.893.961 lei	€ 2.925.044	2,10%	5	2,45%
Giurgiu	11.301.844 lei	€ 2.379.336	1,70%	6	2,94%
Prahova	10.946.653 lei	€ 2.304.559	1,65%	7	3,43%
Iași	10.768.664 lei	€ 2.267.087	1,62%	8	3,92%
Timiș	9.962.478 lei	€ 2.097.364	1,50%	3	1,47%
Vrancea	8.951.539 lei	€ 1.884.535	1,35%	1	0,49%
Olt	8.780.603 lei	€ 1.848.548	1,32%	8	3,92%
Botoșani	7.396.460 lei	€ 1.557.149	1,12%	7	3,43%
Tulcea	7.309.305 lei	€ 1.538.801	1,10%	2	0,98%
Ialomița	7.055.582 lei	€ 1.485.386	1,06%	2	0,98%
Gorj	6.611.016 lei	€ 1.391.793	1,00%	2	0,98%
Galați	6.571.622 lei	€ 1.383.499	0,99%	11	5,39%
Cluj	5.596.901 lei	€ 1.178.295	0,84%	4	1,96%
Suceava	3.947.542 lei	€ 831.061	0,60%	2	0,98%
Buzău	3.282.626 lei	€ 691.079	0,50%	1	0,49%
Mureș	3.032.068 lei	€ 638.330	0,46%	3	1,47%
Mehedinți	1.998.047 lei	€ 420.641	0,30%	3	1,47%
Caras-Severin	1.677.630 lei	€ 353.185	0,25%	3	1,47%
Calarsi	1.676.716 lei	€ 352.993	0,25%	1	0,49%
Telorman	1.593.773 lei	€ 335.531	0,24%	2	0,98%
Alba	1.447.753 lei	€ 304.790	0,22%	2	0,98%
Vaslui	1.322.786 lei	€ 278.481	0,20%	1	0,49%
Brăila	1.276.083 lei	€ 268.649	0,19%	1	0,49%
Buzau	1.046.794 lei	€ 220.378	0,16%	1	0,49%
Dâmbovița	798.134 lei	€ 168.028	0,12%	2	0,98%
Hunedoara	103.371 lei	€ 21.762	0,02%	1	0,49%
TOTAL	662.876.719 lei	€ 139.552.993	100,00%	204	100,00%
Source: Authors' conceptualisation, based of the public information available at http://ampeste.ro/					

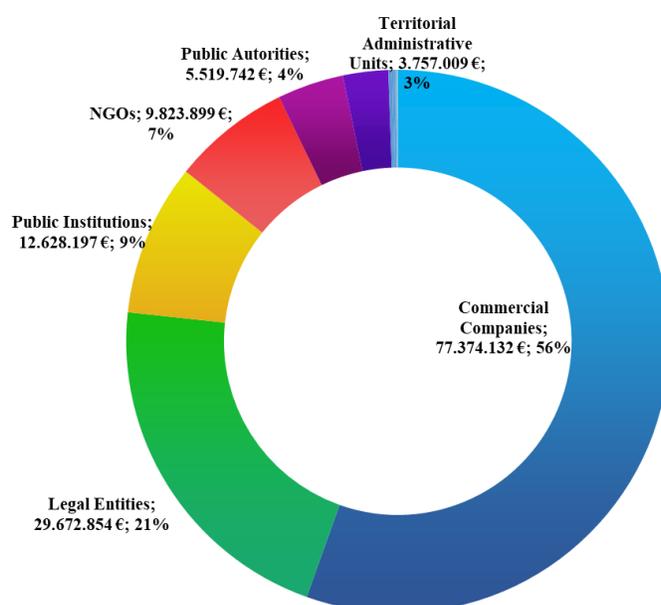
It can be noticed that the Romanian EMFF beneficiaries that have submitted the most projects to be funded are located in Tulcea (28 projects, 13,73% out of all analysed – with a value of € 17.632.093, which represents 12,63% out of the total value of all projects analysed). This statistics places Tulcea at the top of the list (second place) when analysing the total value of submitted projects, right after Bucharest – where there are 19 less projects submitted. However, the total value of the projects implemented in Bucharest represents 14,02% out of the total value of all projects analysed. Unlike Bucharest, Tulcea is situated on the right bank of the Danube and the Tulcea Harbour comprise the Industrial and Commercial Ports, which justifies the big number of projects submitted towards funding in Tulcea. On the other hand, the total value of projects submitted to be implemented in Bucharest, which represents a considerable amount of the budget, is justified by the value of the project “*Salaries for MA (Management Authority), period 2016-2018 / 7.1 140917 0194/SMIS 116732*” which sums up to a total project value of € 9.473.684, representing 6,78% out of the total value of all analysed projects. Furthermore, it can be noticed that Romanian beneficiaries from counties where the fisheries sector plays an important source of income (Buzău, Brăila, Constanța) are more likely to submit projects towards receiving funding from the EMFF.

The fourth part of the analysis is focused on the Romanian beneficiaries of the Operational Programme for Fisheries and Maritime Affairs, based on the the following criteria: the number of projects submitted by these per legal entity types, sorted by the total value of submitted projects.

Tabel 4. Cross-sectional statistical analysis of the Romanian beneficiaries of EMFF, based on the number of projects submitted by these per legal entity types, sorted by the total value of submitted projects					
TYPE OF BENEFICIARIES (LEGAL ENTITY TYPES)	PROJECTS VALUE IN LEI (LEI)	PROJECTS VALUE IN EURO (EURO)	PERCENTAGE OF PROJECTS VALUE IN TOTAL	NUMBER OF PROJECTS	PERCENTAGE OF THE NUMBER OF PROJECTS IN TOTAL
Commercial Companies	367.527.129 lei	€ 77.374.132	55,44%	63	30,88%
Legal Entities	140.946.058 lei	€ 29.672.854	21,26%	52	25,49%
Public Institutions	59.983.935 lei	€ 12.628.197	9,05%	7	3,43%
NGOs	46.663.519 lei	€ 9.823.899	7,04%	43	21,08%
Public Authorities	26.218.775 lei	€ 5.519.742	3,96%	10	4,90%
Territorial Administrative Units	17.845.793 lei	€ 3.757.009	2,69%	20	9,80%
Higher Education Institutions	1.385.629 lei	€ 291.71	0,21%	2	0,98%
Research & Development Stations	798.134 lei	€ 168.028	0,12%	2	0,98%
Institutions of Public Interest	636.779 lei	€ 134.059	0,10%	1	0,49%
Authorized Persons	339.904 lei	€ 71.559	0,05%	1	0,49%
Higher Education Units	307.452 lei	€ 64.727	0,05%	1	0,49%
Fisheries Organisations	111.808 lei	€ 23.538	0,02%	1	0,49%
Producers Organisations	111.805 lei	€ 23.538	0,02%	1	0,49%
TOTAL	662.876.719 lei	€ 139.552.993	100,00%	204	100,00%

Source: Authors' conceptualisation, based of the public information available at <http://ampeste.ro/>

Figure 2. Total value of submitted projects to be funded by EMFF, per legal entity type, in Romania



Source: Authors' conceptualisation, based on the public information available at www.ampeste.ro

It can be noticed that the Romanian EMFF beneficiaries that have submitted the most projects to be funded are Commercial Companies – 63 projects (30,88% out of all analysed) with the biggest total value, € 77.374.132, which represents more than half (55,44%) of the total value of the projects submitted to be funded by all the legal entity types. Romanian legal entities, public institutions and NGOs are the following legal entity types with the second, third and fourth biggest total value of projects submitted towards funding, representing 37,35% out of the total value of € 139.552.993. These three types of legal entities are the beneficiaries of 102 submitted projects (half of all the projects analysed). However, institutions of public interest, authorized persons, higher education units, fisheries and producer organisations are legal entity types, beneficiaries which have submitted only one project each. If we sum the total value of the projects mentioned above, the result is 0,24% out of € 139.552.993 (the last representing the total value of the analysed projects), therefore a very small percentage.

5. CONCLUSIONS

Taking into consideration that the Operational Programme for Fisheries and Maritime Affairs 2014-2020 for Romania ensures that the strategic vision in this sector (with economic, social and environmental implications), the importance and need to study the structure of the Romanian beneficiaries of The European Maritime and Fisheries Fund is obvious. This paper contributes to a better understanding of the need of adjustments and optimization of the Common Fisheries Policy, data being one of the most valuable tools that can help modelling towards the ideal complete policy in the European Union.

The main objective of this research has been achieved, since the cross-sectional statistical analysis of the Romanian beneficiaries of the Operational Programme for Fisheries and Maritime Affairs 2014-2020 has been elaborated, based on the list of Romanian beneficiaries of the European Maritime and Fisheries Fund (the financial European instrument) available on website of the Management Authority.

“Fostering environmentally sustainable, resource efficient, innovative, competitive and knowledge based aquaculture” and *“Increasing employment and territorial cohesion”* are the most efficient priorities of the EMFFOP in Romania in the 2014-2020 programming period, since they gathered the biggest total value of the projects submitted (87% of all the analysed projects are submitted towards receiving funds on these priorities). *“Animal health and welfare measures”* and *“Management, relief and advisory services for aquaculture farms”* represent the least attractive measures for the Romanian EMFF beneficiaries and this fact will probably be taken into consideration when evaluating the Common Fisheries Policy (CFP) and the EU Integrated Maritime Policy (IMP).

It has been noted that Romanian beneficiaries from counties where the fisheries sector plays an essential source of income (Tulcea, Buzău, Brăila, Constanța) are more likely to submit projects towards receiving funding from the EMFF. Furthermore, commercial companies, NGOs, legal and public entities are entity types which are more likely to submit projects towards receiving financial support via EMFF. Policies should adapt and support other type of beneficiaries as well, such as: fisheries and producer organisations, since the previously mentioned entities barely submit projects towards receiving funding via EMFF.

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STATISTICS OF THE NATIONAL FUNDING PROGRAM - “START-UP NATION”

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Abstract:

The “Start-up Nation” Program is a program for encourage and stimulate the establishment and development of small and medium-sized enterprises, implemented by the Ministry of Business, Commerce and Entrepreneurship. The purpose of the article is to make a short presentation of the start-up nation program and to develop a statistics about the implementation of the start-up nation program based on the main evaluation criteria.

Keywords: Start-up Nation, small and medium-sized enterprises, statistics.

1. INTRODUCTION

The Start-up Nation Program is a program to encourage and stimulate the establishment and development of small and medium-sized enterprises, implemented by the Ministry of Business, Commerce and Entrepreneurship (MMACA). The main objective of the Program is to stimulate the establishment and development of small and medium enterprises and to improve their economic performance, create new jobs, disadvantaged people, unemployed and graduates, increase investment in innovative new technologies.

Objectives Start-up Nation Romania is to stimulate the establishment and development of small and medium-sized enterprises and to improve their economic performance, create new jobs, disadvantaged people, unemployed and graduates, increase investment in innovative new technologies. The program purpose is to create a favorable framework for capitalizing on the current possibilities for economic development of Romania and stimulating the business environment by developing new public policies needed to relaunch the economy, reduce unemployment by creating new jobs and stimulating the entrepreneurial spirit.

Eligible Entities

In order to access the Romania Start-up Nation program, the applicant companies have to fulfill several conditions, out of which the following are listed below:

- ✚ Are SRL-D, SRL or co-operatives.
- ✚ They are set up after the date of entry into force of the GEO 10 / 30.01.2017
- ✚ They have no debts to the consolidated general budget and local budgets
- ✚ They have the NACC code approved at ONRC at the time of filing the first withdrawal request.
- ✚ Creates a minimum of 1 job and maintains it for at least 2 years after project implementation.
- ✚ The shareholder / shareholder does not have, or has not, been a shareholder or associate in another IMM (SRL, SA or SRL-D) who carries out or has carried out the same licensed activity for which he / she applies under the program in the year prior to or in the year of enrollment until the sign-up session opens.

Eligible expenditure

Eligible expenditure is represented by equipment and machinery, workspaces, vans, cars, limited to 36,000 lei and only one on the company; these limitations are not valid for taxi, driver, rent-a-car, air conditioning / heating equipment, equipment for obtaining energy savings, IT equipment, furniture, office supplies, rent - only for spaces that do not have a residential destination, full salary expenditure within the average salary

for the economy, making presentation pages, up to 8000 lei, franchises, licenses, entrepreneurship courses, software, consultancy, within the limit of 8000 lei, VAT, eligible expense only for companies that are not VAT-paying.

Evaluation

In 2017 the first evaluation criterion is the company's business. Companies that have production activities (including IT production) receive 40 points. The creative industries (35 points), services (30 points) and trade (25 points) are ranked in the rank order of the field of activity. The second criterion is the number of employees the startup undertakes to maintain after the end of the implementation period. Thus, if a firm receiving de minimis aid undertakes to maintain a single job for at least 24 months, the project is eligible but does not receive any points. If the firm undertakes to maintain at least two jobs for 24 months, the project receives 20 points. The third evaluation criterion is given by the condition of the persons to be employed. If the firm undertakes to hire at least one disadvantaged or unemployed person or graduate after 2012, the project receives 20 points. If both employees are disadvantaged, unemployed or graduates, the project receives 25 points. The fourth criterion is given by how the company will spend the amount of funding. Thus, the project receives 10 points if at least 50% of the de minimis aid is intended for the purchase of the technological equipment and software

In 2018 scoring grid, production businesses and service businesses (excluding IT) will have maximum score, but 30 points , businesses in the creative industries will have 20 points , and trade and other activities, 10 points . Therefore, the services were raised in the grid hierarchy, although they remain at the same number of points.

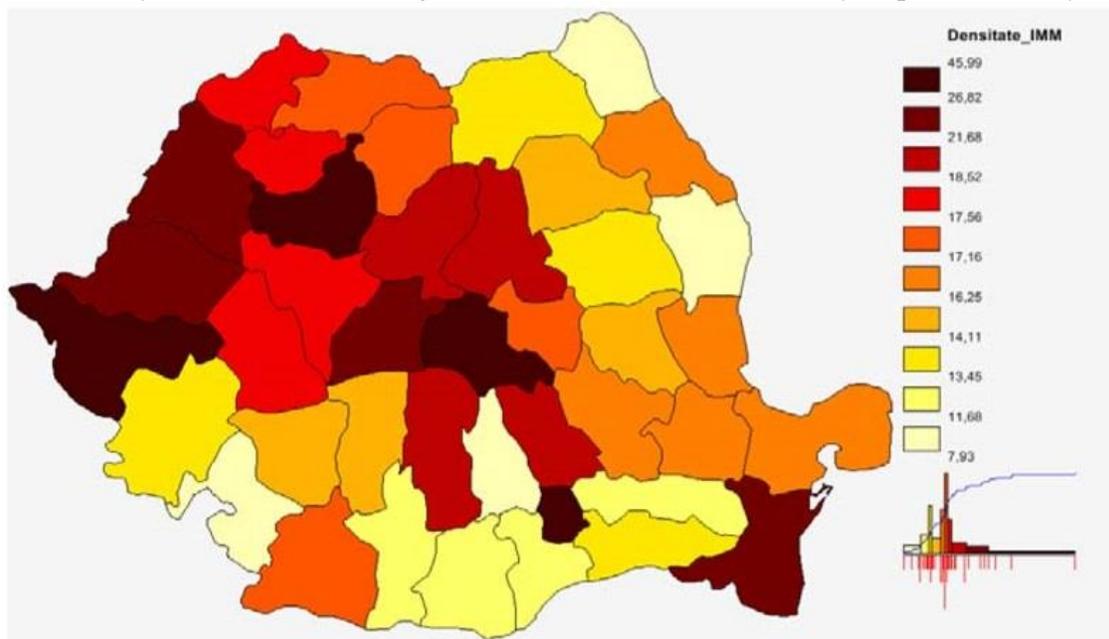
In the 2017 edition, production and IT programming had a maximum score of 40 points. Then came creative industries - 35 points, service activities - 30 points, trade activities and other activities - 25 points. In 2018 also programe focuses on business creation in counties where private activity is low - which will especially disadvantage entrepreneurs in Bucharest and in more developed counties. Another novelty the Start-up Nation Program - Romania , at the beneficiary's request, an advance of up to 30% of the total amount approved "as a non-reimbursable financial aid may be granted. And also introduction of the first-come-first-served system for companies with scores equal to or greater than 90 points, projects will be contracted in the order of entry in the application, provided they score more than or equal to 90 points.

Equal scores will prevail:

- ✚ the number of jobs to be created under the program;
- ✚ the number of jobs in deprived persons / unemployed / graduates after 2012;
- ✚ the acquisition of technological equipment;
- ✚ the domain of activity that the program accesses;
- ✚ date and time of enrollment in the program.

According to the proposal of the scoring grid from the Ministry of Business Environment, firms in the counties where the number of small and medium enterprises (SMEs) is higher than 4 per 100 inhabitants will lose 15 points from the evaluation automatic business plans. In fact, entrepreneurs who wanted to open their small businesses in Bucharest and Ilfov and Cluj counties with non-reimbursable funds were strongly deployed in the Start-Up Nation 2018 program.

In a study from the National Prognosis Commission, the SME density map in the country



Number of SMEs per thousand inhabitants

2. STATISTICS

In 2017, entries in the Start-Up Nation project began on 14 June 2017 and closed on July 14, 2017. During this time, 19,296 projects were submitted, about 2 times higher than the number of available entries, 10,001 projects were evaluated and the remaining 9,295 projects did not have the chance to be analyzed. Out of the total of 10,001 firms that entered the assessment, only 8,653 were declared admitted. The budget allocated to the de minimis scheme for the budget year 2017, approved by Law no. 6/2017 of the State Budget for 2017 is 1,713,798,000 lei.

Of the total of 19,296 submitted projects:

- ✚ 3,983 projects achieved the maximum score of 100 points
- ✚ 4,566 achieved 95 points
- ✚ 4,684 have earned 90 points
- ✚ 5,235 had less than 90 points
- ✚ 270 business plans were entered incorrectly and were not subject to evaluation.

According to the information published by the Ministry of Business, Trade and Entrepreneurship at the beginning of February 2018, the following results were obtained:

- ✚ 1764 approved files;
- ✚ 563 paid files;
- ✚ 938 files submitted by the beneficiaries;
- ✚ 8,444 signed contracts;
- ✚ 19,297 registered applicants;
- ✚ 10,000 business plans evaluated and verified for eligibility;

At the moment, the Start-Up Nation status for 2017 is as follows:

- ✚ 787 aborted accounts;
- ✚ 4,920 approved bridge credits;
- ✚ 383 files in analysis at banks;

The budget allocated to the de minimis scheme for the budget year 2018, approved by Law no. 2/2018 of the State Budget for start up nation 2018 is 2,000,000,000 lei.

The Start-Up Nation 2018-2019 sign-up session ended at 20:00 on Tuesday evening, with companies registering a total of 33,514 files, of which 32,152 were awarded the maximum score (100 points) .

Admission to the program will be in descending order of score obtained in assessing business plans submitted online. One of the criteria for differentiation in the case of equal scores is the number of jobs to be created within the program.

Taking into account the total number of submitted files (33,514), the number of business plans that obtained the maximum score (32,152) and the criteria for differentiation in the case of equal scores, only the companies that have foreseen the creation of more than 4 jobs have the chance to receive support of up to 200,000 lei.

According to the data provided by the Minister for SMEs, most participants have submitted projects that would create 3, respectively 4 jobs:

- ✚ 1 job - 40 applicants (0.12%)
- ✚ 2 jobs - 4681 applicants (13.97%)
- ✚ 3 jobs - 11,791 applicants (35.18%)
- ✚ 4 jobs - 11,018 applicants (32.88%)
- ✚ 5 jobs - 4,414 applicants (13.17%)
- ✚ 6 jobs - 1,070 applicants (3.19%)
- ✚ 7 jobs - 218 applicants (0.65%)
- ✚ 8 jobs - 132 applicants (0.39%)
- ✚ 9 jobs - 29 applicants (0.08%)
- ✚ Over 9 jobs - 121 applicants (0.36%)

Points for Enrollments:

- ✚ 100 points - 32,152 plans submitted
- ✚ 95 points - 56 plans submitted
- ✚ 90 points - 300 plans submitted
- ✚ 85 points - 910 plans submitted
- ✚ 80 points - 34 plans submitted
- ✚ 75 points - 33 plans submitted
- ✚ 70 points - 17 plans submitted
- ✚ 65 points - 5 plans submitted
- ✚ 60 points - 2 plans submitted
- ✚ 55 points - 4 plans submitted
- ✚ 50 points - 1 plan submitted

Admission to the program will be in descending order of score obtained in assessing business plans submitted online.

Equal scores will prevail:

- ✚ the number of jobs to be created under the program
- ✚ the number of jobs occupied by persons in the category of disadvantaged persons / graduates after 2012 / unemployed
- ✚ the score obtained on the criterion of the weight of the technological equipment value from the total value of the project (Section D of the evaluation criteria)
- ✚ date and time of enrollment in the program.

3. IMPACT

According to the data analyzed, the number of registrations of limited liability companies between October and December 2014 - 2018 was:

Table 1. Number of registrations of limited liability companies between October and December 2014 - 2018

Year	October	November	December
2014	5030	4203	3616
2015	5661	4766	4945
2016	5583	5619	4461
2017	6781	6285	4695
2018	9031	9961	8681

It is the first time since 2014 when the level of Bucharest registered a decrease (of about 3.76%) in the number of LLC registrations.

The counties that recorded the most significant percentage increases during October-December 2018 compared to the same period in 2017 were:

- ✚ October: Tulcea (+ 175.61%), Bistrita-Nasaud (+ 128.99%), Salaj (+ 125%).
- ✚ November: Salaj (+ 280.43%), Alba (+ 182.67%), Bistrita-Nasaud (+ 164.29%).
- ✚ December: Vrancea (+ 323.68%), Ialomita (+ 309.09%), Teleorman (+ 300%).

The areas of activity that recorded the most important percentage increases during October-December 2018 compared to the same period of 2017 were:

- ✚ October: Water transport (+ 1.150%), Manufacture of road transport vehicles, trailers and semi-trailers (+ 800%), Manufacture of textiles (+ 600%).
- ✚ November: Printing and reproduction of recordings (+ 2.425%), Water transport (+ 1.600%), Manufacture of paper and paper products (+ 1.600%).
- ✚ December: Manufacture of paper and paper products (+ 2.800%), Manufacture of textiles (+ 2.750%), Printing and reproduction of recordings (+ 2.275%).

4. CONCLUSION

More than 48,000 people would be hired by the 10,000 companies, of which around 35,000 of the special categories add extra scores: unemployed or young graduates or disadvantaged people.

According to statistical data at the level of the National Trade Register Office, there was an increase in the number of registrations in the period October-December 2018 compared to the previous years in the case of limited liability companies, which could have been determined by the start-up program Nation

The Start-Up Nation program is likely to motivate those who start their business.

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MONETARY POLICY AND MONETARY POLICY STRATEGIES

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Abstract:

Romania joined the European Union on January 1, 2007, the process of nominal and real convergence to the euro area will have to continue, perhaps even faster than before. The objective of Romania is to enter into the Exchange Rate Mechanism (ERM II) and to subsequently adopt the euro. In order to achieve this objective, the inflation rate will have to remain on a downward trend.

Thus, the monetary policy of the NBR has an essential role in the process of nominal convergence, but also in the process of real convergence, as evidenced in the literature, ensuring and maintaining price stability by stimulating economic growth. From this perspective, the present paper aims to analyze the monetary policy and exchange rate strategies of the NBR, their evolution and especially the challenges that will have to face in the future from the perspective of European integration.

The used instruments, especially the direct targeting of inflation, seen as a last step before the Exchange Rate Mechanism (ERM II), play a very important role in monetary policy. The change of the monetary policy strategy by the NBR in 2005 and the adoption of the inflation target was mainly motivated by the fact that targeting the monetary aggregates was no longer a strategy as effective as in the past because the link between the monetary aggregates and the inflation weakened and it became less predictable. On the other hand, the continued use of the exchange rate as a nominal anti-inflationary anchor would have been jeopardized by the liberalization of the capital account, which is currently completely liberalized.

Keywords: monetary policy, inflation, exchange rate, economic policy, central bank

1. MONETARY POLICY - GENERAL FRAMEWORK

Monetary policy is an essential component of economic policy. Through the specific measures it promotes, the monetary authorities try to regulate the level of aggregate demand in the economy, influencing the level of liquidity, the conditions for granting and the availability of credit in the economy. The objectives of monetary policy must be integrated within the broader economic policy framework, with the performance of each policy group depending on the success of the entire package of measures.

The central bank aims to achieve **final goals**, which it does not control directly. To achieve these objectives, the central bank uses a set of tools, indirectly affecting the objectives, after a certain period of time. Price stability is the most important end goal of monetary policy, but at the same time, it is a central objective of economic policy, along with sustainable economic growth, full employment, sustainability of balance of payments. In order to achieve these objectives, at the level of each country, the instruments that lead to the best results are identified, of which the most important are: fiscal policy, income policy, monetary policy, currency policy and commercial policy.

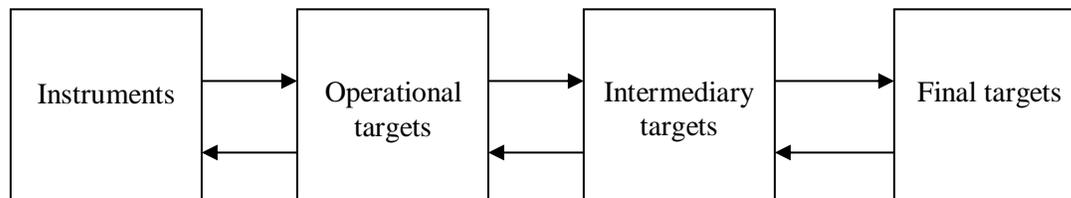
After choosing the final objectives, the central banks set the **intermediate objectives** which consist of the following:

- a. The development of the monetary mass to an optimum level, by determining by the monetary authority a degree of increase of the monetary mass as close to the rate of the real increase of the economy.
- b. Maintaining the interest rate to an appropriate degree, which allows the establishment of a certain level of the exchange rate and influences the investments of the economic agents.
- c. The exercise of an optimum standard of exchange rate mobilizes balances or imbalances of the balance of payments depending on the appreciation or the depreciation of the national currency. If the level of the exchange rate is overvalued for the national currency, there is a consumption of foreign exchange

reserves, while a depreciated rate could lead to an increase in exports and an increase in foreign currency availability.

- d. Optimal allocation of financial resources (funds for lending) within the economy by selecting loans according to the degree of possible returns to be obtained. This objective mobilizes negative effects, as well as the decrease of the competition between the economic agents and the reduction of their reaction to the development of the interest rate.

Figure 1. Monetary policy approach



As control over intermediary objectives is also indirect, the central bank chooses another set of variables called *operational objectives* such as monetary base (M_0) or refinancing interest rates (repo rate, interest rate on government securities traded on the secondary market), which are under its direct control.

After presenting the objectives we will continue with an analysis of the elements that define the monetary policy, grouping realized by the governor of the NBR¹:

- *economic theories*, which created the framework of the state intervention through the money and the movement of the monasticist thinking in different historical periods;
- *the objectives of monetary policy*, taking into account the remarkable diversity, even in the contemporary world, of these objectives: monetary balance, general economic balance, price stability, stimulation of economic activity;
- *the institutions that set the objectives of the monetary policy* (Parliament, Government, central bank); the tendency towards establishing the objectives of the monetary policy is noticed through an unequivocal law text, which reduces the disputes in this area;
- *the regulations, instruments and mechanisms for the transmission of monetary policy*, which can be grouped in the known fields of monetary interventionism (monetary control, market operations, mandatory minimum reserves of banks, international reserves of gold and convertible currency, exchange rate, supervision banking);
- *the integration of the monetary policy into the other major groups of the economic policy* (budgetary fiscal policies, income control policies, industrial and state specific policies, etc.) and the formulation of the mix of economic policies.

At the conclusion of this general presentation, the *constraints of monetary policy*² must be mentioned in order to be aware of the importance of its implementation:

1. Prevention of financial panic

The financial panic and the economic recession lead to an increase in unemployment and an increase in the number of bankruptcies. Those who have bought assets on credit can sell them by paying off their obligations to creditors as some of the creditors go bankrupt, because they cannot pay off their loans, some

¹ Isărescu M. *Economic reflections: Markets, Money, Banks* Expert P.H., Bucharest, 2001, pag.169-170

² Tudorache D. *Currency, banks, credit* University P.H., Bucharest, 2005, pag. 38

of their creditors also go bankrupt (for example, banks). Bankruptcies and their temporary inability to recover their deposits were the main features of financial panic.

2. Supporting the burden of restrictive policy by some economic sectors

Restrictive monetary policy causes some sectors to suffer more than others. The most affected are the exporting sectors. The purpose of the restrictive policy is to reduce the demand for resources, when this demand is excessive and inflationary.

3. The confidence of foreign investors must be maintained

Monetary policy should pay more attention to how foreign investors respond to changes in the monetary circulation on the financial market. If a country's assets are in decline, foreign investors withdraw their capital. They will also sell stocks and bonds held in that country, implying a reduction in prices. This reduction of prices leads to a reduction of wealth and an increase in the cost of investments and, finally, to an economic recession.

1.2. Monetary policy strategies

1.2.1 Price stability as the ultimate goal of monetary policy

The generalized increase in prices is one of the problems facing the world economy due to the pressures generated by inflation. In addition to causing price distortions, inflation generates a sharp erosion of economies, discourages investments, favors capital migration to assets that generate additional real income (most often the case of strong current assets) or, most of all, in non-productive assets. This imbalance intensely affects the decisions of the private economic sector regarding the investment of economies and even the evolution of the production, consequently resulting in the decrease of the level of production.

All these are just as many arguments for adopting measures to reduce inflationary pressures. This is also the reason why, in recent years, national economies have changed their macroeconomic policies in order to ensure price stability.

The adoption of a monetary policy strategy depends, to a large extent, on what it can generate, at the level of the economy, the monetary policy adopted and, last but not least, the authority of the central bank in the respective economy. In the last years, most economies are oriented towards ensuring production growth, against the background of reducing the unemployment rate, all of which are based on the application of sustainable measures by the economy concerned.

Ensuring price stability, as a final objective of monetary policy, is based on the disadvantages marked in time by the various approaches used. A first aspect is that a monetary policy oriented towards guaranteeing the increase of the economy and the reduction of unemployment generates consequences whose predicted level is fluctuating.

On the other hand, taking into account the "Philips curve" has proven to be effective in the short term, because ensuring a low unemployment rate or a high degree of economic growth can only be ensured by applying a policy. expansionary currency which is also associated with a high level of inflation. In fact, the arguments made are based on the dispute over the nature of monetary policy: strict rules-based monetary policy or discretionary monetary policy (*rules versus discretion*)

The arguments also are based on the fact that, often, the adopted monetary policy measures, may not have the foreseen consequences as a result of their "inconsistency" over time. What should not be omitted is the fact that in the situation in which the stability of prices is envisaged, the monetary system works much better, the effect, even if in time, being that of raising the standard of living of the population. If the price

guarantee does not continue, which means rising inflation, the company is affected by a multitude of **economic costs**³.

The first type of costs (“shoe leather cost of inflation”) is defined by the holding of cash which, as is known, is not interest bearing. In the event that inflation is increased, cash holders seek to discover other situations of holding the currency.

The second category of costs derives from the causes generated by the presence of inflation: "if prices tend to increase why should we not raise prices up to the general level of growth, even if economically it is not justified?". This basically shows an opportunity to make a profit. For example, in some European countries (France, Italy) when converting national currencies into euros, traders rounded up prices, making an unjustified profit. The immediate effect is manifested on the financial market, as there is a change in the value of the assets expressed in nominal terms, making a transfer of value from creditors to debtors (the latter being benefited by the increase in inflation).

The third category of costs is given by the interaction between inflation and the fiscal policy of the state, more precisely the tax system that can lead to the development of those underground channels of tax avoidance.

Starting from this, it is possible to highlight the need to adopt a monetary policy based on a nominal anchor, which can also become a target for the adopted monetary policy.

1.2.2 Targeting of monetary aggregates

Since the central bank cannot act directly on the level of the inflation rate, nor on the level of the activity of the real economy, through these intermediary purposes it is sought to make the connection, finally, between the action exercised through the monetary policy instruments regarding fulfilling

The short-term goals of the monetary policy - that is, the operational objectives, objectives that can be directly achieved by the monetary authority - and the level of activity of the real economy and inflation⁴.

Regarding the use of monetary aggregates as an intermediate objective of monetary policy, they require the application of a restrictive monetary policy that aims to control the level of growth of monetary aggregates, in order to eliminate the excess liquidity in the economy, excess that ultimately leads to when reducing the purchasing power of the national currency. It is unanimously accepted that high inflation is permanently accompanied by an excess supply of currency, which will cover the sustained increase in the general level of prices.

The adoption of the monetary anchor based on the verification of the monetary aggregates is based on the quantitative theory represented by the exchange equation, according to which, in the long term, the increase of the price level is determined by the increase registered at the level of the money supply. For this, the monetary authority has the obligation to guarantee a certain level of increase of the monetary mass represented by the aggregate chosen to achieve this intermediate objective. In this situation, several problems arise regarding:

- **selecting the representative monetary unit** (taking into account their diversity and the level of aggregation of the elements that compose them);
- **establishing a level of growth of the chosen aggregate** or a band of fluctuation of the rate of increase of the monetary mass;

³ Costică I. coord. *Targeting inflation versus targeting monetary aggregates*, ASE P.H., 2005, pag. 12

⁴ WALSH, Carl E. – *Monetary theory and policy*, Massachusetts Institute of Technology, 1998 taken from Costică I. *Targeting inflation versus targeting monetary aggregates* ASE P.H., Bucharest, 2005, pag. 13

- establishing **the way of managing the monetary aggregate** established as an intermediate objective of monetary policy.

Having the capacity to ensure a certain degree of growth of the money supply in the economy, the central bank has a major level of monetary policy independence, thus having the opportunity to react quickly under the conditions of strong shocks in the national economy (either through direct interventions, either through indirect interventions).

However, an important issue with which the monetary authority meets is that of establishing the **optimal monetary aggregate** that will accept the achievement of the final objective of monetary policy, because it imposes *to be relevant* for the economy it represents and, at the same time, through the *influence* of the central bank must take into account exactly *the influence of the level of prices in the economy*, in order to guarantee their mobility. As such, fixing the monetary policy as a monetary anchor - the control of the monetary aggregates - is effective only in situations where the link between the development of the monetary aggregate concerned and the price level is predictable, the central bank being able to guarantee, based on the monetary policy instruments for which it is concerned. it has at that time the efficient management of the money supply in the economy. In the current situation, determined by strong changes in the financial plan, as well as by the computerization of the markets characterized by a strong process of globalization, the relationship between the two elements (the monetary aggregate controlled and the price level in the economy) is even more volatile and as therefore it is very difficult to predict.

The problem that arises, in the conditions of manifestation of an inflationary phenomenon, is that of the stability, as far as possible, of the level of the money supply below the level of production increase. At first glance it seems an easy task to perform, but nevertheless, in depth, it generates a multitude of dilemmas: why is the best money supply represented by the monetary aggregate? Which of the monetary aggregates should be considered as intermediate targets for monetary policy?

Another important difficulty is the one related to the ability of the central bank to influence the chosen aggregate as an intermediary objective, as well as that of maintaining the degree of demand for money in the economy, a request to which the offer of currency is referred. Practice has shown that maintaining it is not easy at all.

In other ideas, given the fact that we were discussing the presence of a market economy, it is difficult to properly control the money supply in the economy, knowing that this is defined by the current activity of the banks in the system, activity. which cannot be directly influenced by the monetary authority, intervening, in fact, its own ideologies in the field of lending to the economy. If the level of the exchange rate is easily understood by the public, the same cannot be said about the development of the degree of monetary aggregates, which is not fully understood by the public, the cause for which, the pressures generated by increasing the supply of currency on the market are felt in the level prices and, implicitly, inflation with a certain gap (most often in the long term).

As a result, the monetary authority must take action before it can influence the future level of the inflation rate. The use of such a monetary policy (with monetary anchor - monetary aggregate) implies the presence of an economic framework that allows the manifestation of a stable and predictable commitment between the monetary aggregate envisaged and the level of inflation, the ideal channel for transmitting the monetary policy being represented by the credit channel , because the monetary creation is closely related to the credits granted to the economy by the banks in the system, it guarantees the possibility of influencing them being the interest rate degree.

In conclusion, it is considered that the easiest to track monetary aggregate is represented by the broad monetary mass (**M2**), because the monetary policy instruments can guarantee an indirect influence on the components of this aggregate. However, the practical results obtained by the countries that tried to track

monetary aggregates as an intermediate objective of the monetary policy were generally inconclusive.⁵ Even if one considers the target levels of the monetary aggregates, it must be said that the deviations, in one way or another, are quite common, without reflecting, in each case, the change in inflationary pressures.

1.2.3 Targeting the exchange rate

The market economy involves the exercise of a floating exchange rate established on the basis of the demand-supply ratio, whether it is the independent exchange rate regime (in case the market mechanisms are the only ones that influence the exchange rate) or it is the administered exchange rate regime. (in which case the central bank appears on the market in order to influence the demand and supply of the currency)⁶.

In the situation in which the regime based on the targeting of the exchange rate is reached, the central bank seeks to ensure that the nominal exchange rate is maintained, through the use of its own instruments, aimed on the one hand, changes in the interest rates used, and on the other hand direct interventions. on the foreign exchange market, interventions designed to support the exchange rate. Adopting such a regime requires several situations:

- ✓ adopting a mix of macroeconomic policies that will lead to guaranteeing a low level of the inflation rate, compared to the one related to the currencies or currency of which the currency exchange rate of its own currency is “anchored”;
- ✓ the presence of a sufficient degree of international reserves to allow operative interventions on the foreign exchange market;
- ✓ maintaining the country's external credibility, including political stability and institutional and legislative framework that strongly influence the former.

The simplest form of this strategy involves "anchoring" the exchange rate of the national currency by one or more currencies belonging to the countries with a low level of the inflation rate, thus contributing to lower inflation and the anchored country (**exchange rate peg**). This is done, in fact, by "importing" inflation from the country or countries with which it is confronted. The operating principle of this regime is based on the establishment of a fixed exchange rate, based on the reference to the anchor currency (or the currency basket).

The advantageous variables for adopting such a strategy are:

- accelerating international and investment trade flows, through the high degree of maintenance and attractiveness of the national currency;
- disciplining macroeconomic policies to ensure and respect the chosen arrangement (as an integral part of macro-stabilization programs);
- promoting international cooperation and coordination in the event of large external shocks.

There are also **arguments against this strategy**, aimed at:

- the need to maintain a monthly low inflation rate, which will not affect neither the exchange rate level nor the external competitiveness;
- the high cost, represented by the level of the foreign reserves, if at the moment of establishing the exchange rate the balance degree was not taken into account;
- the impossibility of continuously adapting the exchange rate because it would lead to the deterioration of confidence in this strategy and in the central bank;

⁵ Rădulescu E. *Inflation, the big challenge*, Enciclopedic P.H., Bucharest, 1999, pag. 32

⁶ Costică I., Lăzărescu S. *Banking policies and techniques*, P.H., Bucharest, 2004

- the worsening of the financing of the balance of payments if there are no other sources than those generated by the foreign exchange reserves.

Fluctuation margins of the market exchange rate can be set against this rate; this is the so-called "**exchange rate band**" (or crawling band) regime.

The fluctuation band was established only for the official exchange rate, the market exchange rate floating freely, the central bank's interventions being expressed only in situations where market developments lead to exceeding these limits. In the case of the fluctuation band, unlike the classic example, a decrease of the speculative capital flows is realized, because, by conferring a certain level of free float of the exchange rate, the uncertainty regarding the future evolution of the market exchange rate increases, which guarantees a greater degree of freedom for the central bank to develop and implement the monetary policy.

An alternative, we could say extreme, if we consider the current situation manifested internationally (and especially in the case of Argentina), is represented by the monetary council (**currency board**), according to which the national currency is put into circulation only on the basis of foreign exchange reserves. available, establishing a fixed exchange rate against a reference currency, exchange rate to be maintained at the level initially set (in the case of transition countries it is Bulgaria which initially adopted the anchoring of the Bulgarian levy of the German mark, the parity ratio being from 1 to 1).

This strong anchorage actually forces the respective country to lead its economic development in the direction of achieving the performances of the country with which it is compared, which can often cause an overload of the real economy which can simply "bankrupt" pressure.

However, the use of the exchange rate as a monetary policy anchor also presents certain advantages for the beneficiary country. First, it forces the respective economy to tend to the level of inflation manifested at the level of the economy with which it is compared. What is also important to note is the fact that the use of such an anchor provides a much more prompt reaction from the public, because the announcement of a certain level of the exchange rate determines the population to a certain behavior, the exchange rate being, in fact, the price that highlights the future evolution of the purchasing power of the national currency and, implicitly, its solidity at the level of the economy.

Even though the practice of a monetary regime based on the exchange rate management can lead to an increase in the credibility of the monetary authority, we cannot say that this regime leads, at the same time, to reducing the central bank's autonomy regarding the adoption of monetary policy measures; the other monetary variables must be determined in close correlation with the observance of the currency exchange rate. Thus, automatically the other monetary variables will be linked to the corresponding variables in the country with which the comparison is made, modifying the latter, generating significant changes in the level of premiums. Another possible risk is the adoption of an overvalued exchange rate which, over time, leads to an erosion of the purchasing power of the national currency, because the real economy cannot sustain such a course in the long run.

2. CONCLUSIONS

Considering that modern economies are par excellence monetary economies, the economic phenomenon cannot be analyzed without referring to the monetary phenomenon. The monetary field is a first-rate component of the economic system that has always been and is still troubled by uncertainty and unrest. The currency can be considered a barometer that records swiftly and accurately the fluctuations of a country's economy.

Monetary policy is much more flexible than fiscal policy, because the central bank can influence daily money market conditions. The interventions of the monetary authority manifest, on the one hand, at a strategic level (specific, in essence, at the macroeconomic level, because, through the measures adopted,

the final objectives of the macroeconomic policy are taken into account) and at a tactical level (in which case the operational procedures of the Central Bank are highlighted, thus directly influencing the targeted variables).

Modern monetary policy has surpassed its classical sphere of regulating the issuance, circulation and withdrawal of money so that it appears as a chain of elements.

In fact, the Maastricht Treaty itself states that "the main objective of the single monetary policy is to maintain price stability and, without prejudice to this objective, to support the general economic policies of the community". Even if, in the short term, inflation generates a number of important advantages (financing public spending by increasing the monetary mass, increasing tax revenues, reducing the real value of public debt, etc.), the negative effects of inflation, manifested by price increases, demand for goods falling, economic stagnation and .a. impose measures to combat this phenomenon.

Modern monetary policy aims, in essence, to provide the liquidities necessary for the functioning of the economy under conditions of growth and stability, because a reduced amount of means of payment forces the economic agents to limit their economic activities, and an excessive amount of payment leads to the growth. prices. From these assessments, we find the place of the monetary policy that is permanently between the need for liquidity and the concern to control the phenomenon of inflation.

The direct inflation targeting regime implies a high degree of independence of the central bank in the conduct of the monetary policy. At the institutional level, this implies the existence of a law that states the independence of the central bank's board of directors against the government and gives the central bank exclusive and complete control in the choice and application of monetary policy instruments.

The correct choice of the central exchange rate for the adoption of the single currency, from the beginning of the ERM II period, will be able to prevent any speculative attacks on the national currency, becoming a credible course for the adoption of the euro. It will also be an important factor in reaching and maintaining the proposed level of inflation, having an impact on competitiveness and economic growth. Given that the estimation of the equilibrium exchange rate can never be accurate, it will be important for Romania to estimate the relative costs of overvaluation or undervaluation of the equilibrium rate, so as to minimize the cost of possible errors.

The concurrent attempt to directly target inflation and maintain exchange rate stability must be supported by prudent fiscal and wage policies. It is also important to keep credit expansion under control, which would affect current account and inflation.

The process of adopting the single currency will be an additional source of volatility for Romania. After the adoption of the euro, the responsibility for conducting the monetary policy will be transferred from the NBR to the ECB. In this respect, in the coming years, the NBR could change its strategy, which implies a great flexibility, in parallel with strengthening its credibility.

Although the existence of the single currency will simplify trade between member countries, each member country will give up the ability to use monetary policy to influence the economy. No central bank in the member countries will have the capacity to establish or influence the level of interest. They will also lose the ability to periodically determine the exchange rates of the national currency.

The Central Bank must ensure, maintaining its inflation targeting strategy, the gradual approximation of the inflation rate to the levels compatible with meeting the Maastricht criterion on price stability. Once the low inflation has been consolidated, favorable conditions will be created for the sustainable fulfillment of

the nominal convergence criteria regarding the long-term interest rate and exchange rate stability. At the same time, the implementation of a prudent fiscal policy will support the sustainability of public finances.

The enlargement of the European Union was accompanied by the need to reorient the exchange rate policy in the countries that joined the process of integration into the European Union. Thus, while in the 1990s of the 20th century many countries in Central and South-Eastern Europe linked their currencies to a dollar or a currency basket that included both the dollar and other European currencies, the exchange rate strategy of these countries has been gradually redirected to the euro.

Although exchange rate regimes have been the most diverse in the countries that have entered or will join the European Union, as the moment of their participation in ERM II approaches, there is a convergence of exchange rate regimes towards the same common point - fixed rate against the euro with fluctuation band. However, we appreciate that, as mentioned above, there is no optimal exchange rate regime to follow until entering ERM II. The choice depends on the economic objectives of the decision-makers, on the source of the shocks to which the economy is subjected, on the structural characteristics of the economy and on the influence of the political factors. Success in the process of nominal and real convergence is not directly related to a particular exchange rate regime, whose choice depends more on the characteristics of each economy.

The easing of the exchange rate of the leu from November 2004 was necessary as a preparation step for the liberalization of the capital account - the access of non-residents to term deposits in lei from April 2005, as well as for preparing the implementation of the direct inflation targeting strategy introduced in August 2005, which has as a prerequisite a flexible exchange rate. Thus, I am of the opinion that using the exchange rate as an anti-inflation anchor was no longer possible due to the risks related to the liberalization of the capital account, and the nominal anchor was replaced with the inflation rate itself in the context of direct inflation targeting. However, the exchange rate is not perfectly free, the inflation targeting being a flexible one, given the maintenance of a controlled floating rate of the exchange rate, necessary due to the danger of accentuating the external deficit, but with rarer and less predictable interventions of the NBR on the market currency.

With a view to participating in ERM II and the subsequent adoption of the euro, efforts must be made to achieve nominal and real convergence of the Romanian economy. The entry into ERM II of Romania is conditioned, in my opinion, by the fulfillment of the nominal convergence criteria and the progress made in reducing the gaps in the real economy, in order to minimize the period of participation in ERM II. From this perspective, the premature entry into ERM II could extend the waiting period, and on the other hand, excessive deferral could weaken the motivation for a sustained pace of reforms and strengthen discipline at the macroeconomic level.

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A RESEARCH ON IMPORTANCE OF FINANCIAL LITERACY LEVEL OF STUDENTS

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Abstract:

Globalisation is faster with new technologies in 21st Century, according to that individual has opportunities to use methods of financial market for protecting their money and make a portfolio with shares and bonds in the market. Risk of business life causes worries about the future for youth. To eliminate the risk, ability to manage their money is possible with financial literacy. Accuracy of financial decisions taken by individuals, it relates to the level of financial literacy. Nowadays universities

studies gives beginner level of finance, however its not sufficient in Turkey, developed countries notice to studies about issue.

Students and young individuals should learn how to use methods of investment to create a portfolio for their future plans and their family fund. Countries which noticed the issue are financial 'gravity model' states. Turkey has works for raising level of literacy by governmental organizations and private courses. The demographic characteristics of each individuals different to have to raise the level of financial literacy is high the importance of financial education courses. In this researchment is a way to see how is students and young persons knows the financial methods, market and economic situations. Where Turkey located for given notice to works on raising financial literacy and how to maintain on issue for young and new generations is intended.

Keywords: Financial methods, Financial literacy, Student Education on Finance.

1. INTRODUCTION

In today's world where economic developments are gaining momentum and technology is easily accessible with globalization, individuals start to live their lives within the framework of certain decisions. Factors such as family, country, city and social environment have an absolute impact on the economic levels of individuals, the family institution educates individuals with high welfare levels in direct proportion with a good income. The social economic situation of the country undertakes the duty of providing welfare on family institutions, the city where the individual lives, provides the environment for creating the opportunity to provide the social environment for the future life. These factors directly affect the economic decisions of the individual and are transferred to the future with the level of financial literacy.

Individuals have entered the first stage of financial literacy with the use of money in daily life. While the simplest spending tool in the past was paper banknotes, nowadays credit cards, bank cards, virtual cards, check-bills, etc. vehicles are used and new ones are coming.

Individuals take into account their earnings first when creating an expenditure plan, after the basic needs are solved, non-basic needs are purchased in order to purchase the requests; we may call it 'healty consumption'

Daily, weekly and monthly expenses are not dangerous unless they exceed the monthly income, but the individual budget is not saved due to economic conditions, causes a contraction against inflation and a decline in the consumption pool.

2. FINANCIAL LITERACY

Financial Literacy, as a new term, firstly includes social income-expenditure awareness and budget management. Capital management, risk management, understanding of the balance of financial markets, saving and directing investments in parallel with these developments is very important.

Individuals spend their spending according to financial literacy level as spending, savings and investment. People who do not know the financial markets are constantly consuming; traditional savings individuals; buys foreign currency and gold and considers that they are protecting or raising their money. Individuals with a relatively high level of financial literacy who know financial markets consider the risk of markets and financial instruments such as stocks, bonds, bills and warrants.

Financial literacy level cannot be measured only by saving and investing, factors such as bank features, credit card features, count a bank loan costs, making subjective decisions while applying for credit indicate that the individual possesses a financially sufficient level of knowledge.

2.1 Definitions of Financial Literacy

It can be described as the correct use of an individual in making financial decisions in his daily life by knowing financial terms but nevertheless he does not have a universal definition.

Schagen and Lines (1996) stated that *financial literacy for individuals is around three main skills in financial planning, problem solving and decision making*. In addition to that, financial institutions must have a full level of knowledge about the use of the system and market.

2.2 Effects of Financial Literacy on Individuals

Economic problems such as unemployment, inflation, crisis along with globalization and increasing consumption products; medium luxury goods, demands, technological needs causes individuals are forced to save thinking while consuming, so individuals have to rank from basic to luxury when planning their daily expenses.

The purchasing power of people depends on their earnings, but it can be increased by using the financial instruments correctly. Developing and changing today's technology brings new needs into the lives of individuals and creates new opportunities. Individuals who want to increase and maintain their savings must use financial instrument correctly, with private courses or using virtual applications individuals can improve their skills of financial literacy.

Financial literacy, that is directly proportional to the level of education has become an important concept by creating the biggest factor in the financial decision-making processes of individuals.

Each individuals must have a plan for raising level of welfare, to maket his they have to include their earnings from business and income from assets on markets.

2.3 Effects of financial literacy on society

Inviduals create a social consciousness while raising their financial literacy according to that society with throughout country consciousness of finance will raise.

Increase in financial awareness and increase in literacy rate to make savings, to invest, to make a profit with banking standarts throughout the country.

2.4 Increase the level of financial literacy

Departmans of universities such as business, management, finance, economy etc, are the best option & education center for raising financial literacy level. Young people should be involved in studies and trainings to increase the level of literacy starting from high school. For example, it is necessary to take

courses such as ve Financial Markets or Money Management in the curricula in high schools and the contents should be arranged by the financiers. Young individuals spend on a daily basis, even though they live a dependent economic life, and think that they have a certain income.

Management of money is very important for this reason; young individuals who will have to spend a direct proportion to the level of income when they have independent economic situation. When individuals reach the money they try to spent all over the money that can be causes to have more loan than can be affordable. If individuals has knowledge on financial instruments they can use that for invest on their money this could make a safety future life.

Education on Financial Literacy

There are many educators organizations and associations in Turkey. FODER (Financial Literacy and Access Association) It aims to raise awareness as voluntary on individuals in Turkey. Financial Markets and Stock Exchange Analysis Courses are offered at universities and are open to all who wish.

3. IMPORTANCE OF FINANCIAL LITERACY LEVEL

The country's economy can be ensured if the spending habits of the individuals that form the basis of the country's economy are conscious and economical. When individuals create their own budgets, it becomes a building block for the country when it goes from private to general. For young individuals, planned budget before spending can help to found a fund for their family or future life. Every budget also a micro state budget for an individual in order to that financial literacy level of individual may saves the salaries. (Yucel S, injoss vol7.1 2018)

Allowance from their families when the students is under dependent economic conditions they must increase the level of literacy in order to accumulate and manage the money. The fact that at least one of the individuals in the family institution is a financial literate is important in order to make a family budget plan. Individuals may be a personal financial decision maker when they upgrade their financial literacy levels with private educational institutions, high schools, universities, associations and similar institutions. The short term benefit of this enables the individual to make banking transactions without any need from anybody, to create a budget, to invest in financial investment instruments and to create savings such as stocks, warrants, bonds and bonds. In the long term, as the individual makes savings, the local currency is preserved in terms of expenditure and the country's economy can be yielded as a current surplus.

3.1 Financial Literacy importance for World Countries

Developed countries have reached the awareness of financial consciousness in the past years and adapted to education systems. Studies on the use of financial instruments starting from high school age have revealed that the financial literacy level of the citizens of developed countries is higher than that of other citizens. The individuals living in the regions where developed countries are located provide benefits to protect their countries local currency thanks to their financial consciousness. The countries in the 'Gravity Model' has raise their citizens as high benefit for finance sector to advertise themselves to individuals with using finance language on their advertise canals. TV, radio, internet, newspaper, magazines are a canal to have information on finance sector for individuals.

3.2 Financial Literacy for Turkey

Turkey began to open market economies has led the company to investors through the stock market was established in the 1980s. The financial consciousness of the Turkish people is more common in people with higher education level, but it has lagged behind the citizens of developed countries. The reasons for this lack of financial literacy training in high schools and universities even young individuals, including

economics and finance students, find it difficult to manage their own money. (Karakurum K, TUSIAD 2012)

Saving is directly proportional to the economic stability of the country. Each individual needs to do what is needed before, then the price advantage today or tomorrow whether the price increase / decrease the possibility of realization plans by spending as a result of this, he meets his needs at the price he thinks are advantageous at one time and under the burden of the debts he will pay for months.

One of the main problems of the citizens of inflationist countries is the collective expenditure of evaluating their expenditures according to market conditions.

4. FINANCIAL LITERACY STUDIES

In research on Turkey and world states, says, financial education in early ages will help to raise level of literacy and awareness. Savings plans at the beginning of investments in future generations will help to found a society with awareness.

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THE EMERGENCE OF DIGITALIZATION: THE NOWADAYS BANKING SYSTEM IN THE ERA OF SOCIAL MEDIA

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Abstract:

The long lasting digital revolution is the key element that radically transforms the way of doing business worldwide and the banking system embrace digital transformation. A complete package of innovation will be observed, regarding the banking world. Nowadays, social media is considered golden for banks. The communication between customers and banks has reached its peak level in the online space. The acknowledgement of the banks with reference to being present in the social environment became widespread popular. Thus, in the following research paper, I have focused on the allowance of the banks in better understanding its clients and their interest, with the help of digitalization. Also, I presented the effects of influencer marketing on the banks, both positive and negative aspects, based on its interactions with social media. The findings emphasize the convenience for the banks to track and hone the behavior of the customers. Thus, I analyzed the consumer behavior of the banking customers on the online environment. The outcomes reveal the interdependence between the banking system and social media. Accordingly, the bank will flourish due to the impact of digital means of communication.

Keywords: banking system, social media, online marketing

1. INTRODUCTION

The studies of information systems are involved in considering the information technology and its impact on both individuals and companies. The latest development in the digitalization that brought global success is known to be social media. However, social media is an innovative element that has become indispensable nowadays. Based on this, banks have also adopted technology in their processes, in the worldwide environment.

Social media has a constantly expanding role as sources of information. In other words, *social media is a means for consumers to share text, images, audio and video information with each other and with companies, and vice versa. Social media allow marketers to establish a public voice and presence online. They can cost-effectively reinforce other communication activities. Because of their day-to-day immediacy, they can also encourage companies to stay innovative and relevant. There are three main platforms for social media:*

- *online communities and forums*
- *blogs*
- *social networks¹*

There can be noted Facebook, Twitter, Instagram, Snapchat, LinkedIn as internationally prominent examples of social media. These platforms not only give the audience information, but also provide them with omnipresent network connectivity.

Moreover, a popular definition, because of its simplicity, of social media is *a platform to create profiles, make explicit and traverse relationship.*² It is a bidirectional communication through online services with the ultimate goal of achieving profit. Motivated by the rising of a new, modern economy, banks are working

¹ Kotler, P., Keller, K. L., *Marketing Management*, Global Edition, pp. 642 - 643

² Boyd, D.M., Ellison, N.B., *Social Network Sites: Definition, History and Scholarship*, Journal of Computer-Mediated Communication,

with the information sharing and big data.³ Even though the digitalization period has been around for years, its impact can be seen today through social media. It is and it will be an important challenge for banks to cope properly with online communication in order to reach the peak of success.

According to this general information, I conducted a research in the worldwide banking system, investigating the potential of the modern market, the effects of adoption of social media and the perspectives of the future. Also, I observed and interpreted the consumer behavior in the online environment, expressed within the results of my analysis.

2. THE BUSINESS LINK BETWEEN SOCIAL MEDIA AND BANKING SYSTEM

Taking into consideration the significant importance of the affiliation of the banking system to the digital means of communication, a social media campaign:

- creates an online presence designed to provide greater visibility and it increases its reputation
- maintains a dialogue with its customers, through the online environment
- uses its own resources in order to acquire new clients
- facilitates the understanding of the audience

In addition, it gives the possibility to the bank to calculate the indicator Return of Investment (ROI) to have a clear, accurate and concrete vision of the results. It is of real use to be aware of what is working properly in the bank and what should be adjusted and it will be helpful for adapting the social marketing strategy.

In the international market, there was a financial company that implemented a marketing campaign through the help of social media, mainly of Instagram. American Express launched a marketing program under the name #MyAmex. It was associated with a group of fashion influencers, who had to create content about the benefits of using American Express in their businesses. Card holders could share adventures that they experienced with American Express, by posting on their Instagram account. In fact, this augmented reality had good influence on American Express. By this action, AmEx generated 10 million posts about impressions with this brand, only in two weeks.⁴ In this way, by engaging as many people, they succeeded in sharing compelling content. Each customer was trustworthy, because it was its own experience. More than that, hashtags on Instagram are helpful in the sense of attracting new followers, which may become cardholders, in the near future. Using a specific hashtag is a way of making the company more visible.

Locally, Banca Comercială Română introduced a financial education program dedicated primarily to young people in Romania, under the name of “School of money”. Desiring to get closer to youngsters who are using the internet on a daily basis, this program has also been launched in the social media. With the desire of attracting as many people as possible, they designed a contest. In order to register, people should post Instagram Stories or should post pictures or videos with the hashtag #HumbleBling. In the end, the winners will receive either a phone or a voucher.

³ Einav, L., Levin, J., *Economics in the Age of Big Data*, Science, 2016, pp. 715-717

⁴ Smith, S., *Amex Hands Over Instagram POV To Cardmembers*, MediaPost, https://www.mediapost.com/publications/article/238007/amex-hands-over-instagram-pov-to-cardmembers.html?utm_source=newsletter&utm_medium=email&utm_content=headline&utm_campaign=77785 2014, accessed on 12th April 2019

Figure 1. The use of Instagram hashtags in the banking system



Source: scoaladebani.ro Instagram account

In fact, by the help of example, it can be seen that banks can properly work with social media to create and to share content and to become more popular. Moreover, an influencer, who has a numerous audience, will distribute the posts from the page of the bank and will create awareness, brand recognition and, for sure, a part of the people who get the information will become active customers. This is not only the case of Instagram, but also of Facebook, Twitter or even LinkedIn. Each digital platform has its own target market. The decision of where to create a business account is taken by analyzing the profile of the bank and the goals for the future.

3. HOW CAN BANKS ATTRACT CLIENTS THROUGH SOCIAL MEDIA?

In the last decades, as social media became more attractive, banks started using them to connect with their own customers and also with the potential ones. Banks notify them about changes in the portfolio of products and services, about breakthroughs, events that are organized by the institution and other relevant content. Motivated by the technology advancement, banks are competing with various companies from different areas of activity, as electronics retailers or even fintech companies. Therefore, social media has come up with an important number of benefits and challenges for the banking system.

Furthermore, people's communication has radically changed. This is primarily due to the ubiquitous internet access, almost anywhere in the world.⁵ In this way, banks can find new way of growth, regarding the number of customers. This can be considered a mean of communication defined by convenience and speed of transmission the information. In our days, banks can build their brand through digital correspondence and this comes with a benefit: it is cheap.

It is well-known that for achieving success, a bank should pay attention to what consumers want rather than to what consumers need. Before choosing which social media platform should choose, a bank must respond to a list of relevant questions:

- Which is the target audience?
- Is it dedicated to individuals or companies?
- Which is the industry do the work in? / Which is the company's profile?
- Where should be the location of the audience?
- How long it will last?
- Which is the final goal?

⁵ Scott, P.R., Jacka, J.M., *Auditing Social Media: A Governance and Risk Guide*, Canada: John Wiley and Sons, 2011

After having a list of all these answers, it should be taken into consideration the suitable social media platform for the bank. Each platform is specialized on a field of activity and on a particular audience. Based on this, I analyzed the most popular social networks at this moment.

FACEBOOK

- more suitable for B2C, than for B2B
- popular industries: E-commerce, Marketing, Fashion, News, Banks, Sports⁶

Figure 2. Most popular Facebook posts in Romania in March 2019



Source: Social Bakers, March 2019 Social Marketing Report Romania, <https://www.socialbakers.com/resources/reports/romania/2019/march/>, accessed on 15th April 2019

It can be seen in the above figure that there is Banca Transilvania in top three posts on Facebook in March, with the most numerous number of total interactions. The post refers to a community tree planting action and it was carried out with the help of volunteers. Through this, it can be observable the importance of the link between community and nature, which being sponsored by a bank will bring benefits in both directions. Moreover, through this post, Banca Transilvania's page became more popular and with a greater impact on the audience.

Speaking in general terms, Facebook is a good opportunity for banks, regardless of the targeted audience. I observed that Facebook users are not only youngsters, but also people who are 65+. In fact, a bank could meet the requirements of followers at all ages.

⁶ McLeod, B., *The best social media platforms for businesses 2019 (and how to choose the right ones)*, Blue Corona Measurable Marketing Solutions, <https://www.bluecorona.com/blog/which-social-media-platforms-best-for-business>, 2018, accessed on 15th April 2019

Figure 3. Most popular Facebook brands in Romania, based on the number of interactions

Facebook stats for March 2019 in Romania



Source: Social Bakers, March 2019 Social Marketing Report Romania, <https://www.socialbakers.com/resources/reports/romania/2019/march/>, accessed on 15th April 2019

INSTAGRAM

- suitable for B2C
- popular industries: travel, beauty, photography, fashion, food, e-commerce

Instagram is considered suitable for selling visual products. The users are most likely youngsters. Taking this into consideration, if a bank wants to make a campaign dedicated to teenagers, Instagram is the best platform. More than that, Instagram is owned by Facebook. In fact, they have similarities, mostly in the marketing programs. It is a tool for gaining awareness and build the brand of the bank.⁷ Also, there is an explanation for the hashtags, which are used with a specific purpose. It was said that hashtags are related to a folksonomy, which indicated, at the metadata level, the collective organisation and the information concerned. A folksonomy is constantly extending as it is usually updated with new content, by a variety of users.⁸

Figure 4. The most popular hashtags on Instagram in Romania

Top hashtag-uri folosite

1	love	49644
2	romania	44746
3	instagood	44116
4	travel	38670
5	photography	38560
6	winter	35092
7	photooftheday	34003
8	fashion	26386
9	picoftheday	25848
10	beautiful	23536

Source: Katai, R., *Statistici Instagram Romania – Ianuarie 2018*, Instagramology, <https://instagramology.ro/statistici-instagram-romania-ianuarie-2018/>, 2018, accessed on 18th April 2019

⁷ Delaney, T., *Why your business should use Instagram*, The Business Journals, <https://www.bizjournals.com/bizjournals/how-to/marketing/2018/09/why-your-business-should-use-instagram.html>, 2018, accessed on 16th April 2019

⁸ Mathes, A., *Folksonomies – Cooperative Classification and Communication Through Shared Metadata*, Computer Mediated Communication, LIS590CMC, 2004

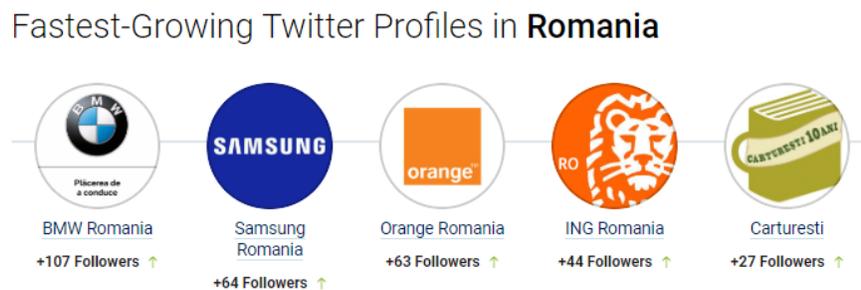
In the banking system, Instagram can be used to promote a product or service for young people. Through this platform, the bank can approach its clients or potential young customers simply by being there. Modern and relevant posts will attract the attention. Also, the concept of “storytelling” is of particular importance. It is a great opportunity for the bank to be aware of the competitors’ actions.⁹ However, a bank can see how another bank interact with its community, what content it usually posts and also what hashtags are frequently used

TWITTER

- suitable for both B2C and B2B
- popular industries: finance, banks, news, e-commerce, travel, retail

Even though many banks hesitate to invest money and time in their online presence, mostly in the social media environment, Twitter is a free digital platform where banks can be in contact with its target audience. Twitter gives the audience the feeling of knowing better the brand. The bank continues to post content even though the branches are closed. Hence, this social media tool allows banks to handle with the questions and with the complaints of the clients, in real time.¹⁰

Figure 5. Twitter Profiles in January, in Romania with the fastest growing of followers



Source: Social Bakers, January 2019 Social Marketing Report Romania, <https://www.socialbakers.com/resources/reports/romania/2019/march/>, accessed on 15th April 2019

Understanding which social media channel is the best for a specific bank will help it in achieving the goals. Thus, I personally think that commercial banks should use all social networks. Of course, some posts are better suited to some digital platforms. But it would be helpful for the bank to have active accounts on all social networks in order to interact with the whole audience. In this way, the customer – bank relationship is long lasting and the number of clients with whom there is interaction in the online environment increases.

4. THE WAY IN WHICH AN INFLUENCER CAN PROMOTE A BANK. POSITIVE AND NEGATIVE ASPECTS

The actual banking system is characterized by technology, speed and efficiency. The future of the banks is addressed only to those effective players on the market, the ones who are remarked as innovative. In this context, social media comes with a real support. Although not as popular in Romania as in other foreign countries, the influencer marketing occurs due to the emerging status of digitalization. Customers tend to spend more time on their gadgets and search for advertisements on their social media accounts, rather than watching TV and seeing generic advertisements. The online campaigns are most of the time tailored to the

⁹ Highfield, T., Leaver, T., *A Methodology for Mapping Instagram Hashtags*, First Monday, 20(1), 2015, pp. 1 - 11

¹⁰ Phua, J., Jin, V.S., Jihoon, K., *Gratifications of using Facebook, Twitter, Instagram, or Snapchat to follow brands: The moderating effect of social comparison, trust, tie strength, and network homophily on brand identification, brand engagement, brand commitment, and membership intention*, Telematics and Informatics, Volume 34, Issue 1, 2017, pp. 412 - 424

interests of one customer, as he is not searching especially for a good, but he has an interest in it, based on his past experience.

Influencer marketing is the process of identifying, engaging and supporting individuals who create content about a good and engage conversations with a brand’s customer or potential customer. When people think of this concept, they link it to the appearance of celebrities in commercials. But companies are looking forward finding and attracting new customers, by showcasing individuals of interest to their target market.¹¹

There are three types of influencers, due to their value on the market. Thus, nanoinfluencers (known also as micro influencers) are those people who have roughly 1.000 followers, but they still want to take part in marketing campaigns. The lack of fame is considered a quality by certain brands. Macro influencers create professional content on a specific subject. Also, they have a generous number of followers, between 10.000 and 999.999. Moreover, mega influencers can be considered celebrities not only on social media, but also in real life. They are known as having a large audience, but a passive one. Only brands that can afford expensive marketing campaigns will partner with these influencers. Working with mega influencers will be profitable for a brand, because they work with professional agents, who have experience in marketing.¹²

In particular, banks are trying to create an image on social media, that can build a strong relationship with their customers and potential customers, characterized by loyalty and recognition. I personally consider that a bank cannot be in absolute control with its appearance on social media. Hence, influencers can communicate with their audience unlimited and can establish a two-way conversation.

There are three important attributes that are determinant in the process of choosing one influencer to promote the bank:

- Authenticity - the influencer is genuine to the followers
- Interactivity – feedback is required from the followers
- Confidence – trustworthy for followers¹³

Table 1. The advantages and disadvantages of influencer marketing in the banking system

Advantages	Disadvantages
new advertisement dimension, based on a two-way conversation	traditional communication is no longer common
the audience is varied, but especially the youngsters are targeted	older audience is excluded
feedback is required	the results cannot be seen in real time
not expensive	can lead to loss of confidence for some customers
a follower can easily be turned into a brand consumer	
innovation & digitalization	

¹¹ Glucksman, M., *The Rise of Social Media Influencer Marketing on Lifestyle Branding: A Case Study of Lucie Fink*, *Elon Journal of Undergraduate Research in Communications*, Volume 8, No. 2, Elon University School of Communications, 2017, pp. 77 - 87

¹² Ranasinghe, E., *The Rise - and Fall? - of the Social Media Influence*, Omidyar Network, <https://www.omidyar.com/blog/rise%E2%80%8A-and-fall-social-media-influence>, 2019, accessed on 20th April 2019

¹³ Bandura, A., *Social Learning Theory*, General Learning Press, 1971

brand recognition is maximized	
unique promoting method	

Source: Author's personal research and experience

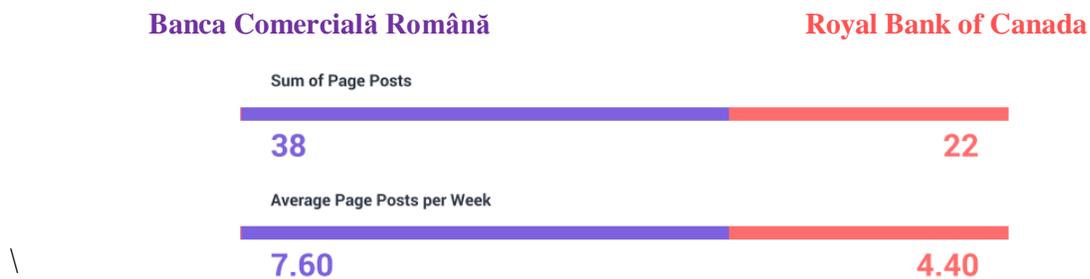
In conclusion, influencer marketing has the possibility to be targeted even more directly than a traditional marketing campaign. More than that, it can be measured in comparison with the campaigns of the competition. It is easily observable which is the audience of an influencer and how it is structured – percentage of men and women, age structure or preferences. Working with an influencer to promote a bank will generate awareness and, more than that, new customers, as the audience of the influencer is trustful and will follow the advice of working with a specific bank.

5. OBSERVING AND ANALYZING CONSUMER BEHAVIOR IN THE ONLINE ENVIRONMENT, REGARDING THE BANKING SYSTEM

First of all, in the banking marketing, the focus is on consumer behavior. This is because of the small differences in the thinking and behaving of consumers that can have big impact on the banks. Thus, keeping a finger on the ultimately trends is of utmost importance.

In this regard, I conducted a research on two popular banks – Banca Comercială Română and Royal Bank of Canada. These two banks are active in two different countries. The differences can be seen not only in the consumer behavior, but also in culture and lifestyle. The research is made by analyzing the Facebook accounts, comparing the impact on the audience during one month. It is essential to contribute with high quality content on social media in order to engage successfully with the audience. If the content is accurate, the positive feedback will gradually come to the bank and the advertising campaign are not so expensive.

Figure 6. Comparison in the number of page posts from March 17, 2019 – April 21, 2019



Source: Social Bakers, Facebook Overview 17th March 2019 – 21st April 2019

Regarding the audience, it helps the bank observe if the content created is resonating or not with the followers. In the case of Banca Comercială Română, the number of followers is 332.908, while for Royal Bank of Canada 543.124. Even though, Banca Comercială Română has with approximately 38% less followers than Royal Bank of Canada, they are more engaged. The content can be more appropriate or the target audience well targeted.

Figure 7. Comparison in the number of interactions on page posts from March 17, 2019 to April 21, 2019



Source: Social Bakers, Facebook Overview 17th March 2019 – 21st April 2019

The most successful content is the one that resonates the best with the audience. In fact, in the case of Banca Comercială Română, the most popular was the post about George, an online bank account, which was launched a few months ago. The Facebook post has a visual content, a picture that explains well the content of the text and which managed to capture the attention of the followers much more than other posts. It can also be mentioned the innovation and technological progress that cannot go unnoticed.

In the case of Royal Bank of Canada, the most popular most on Facebook from the analyzed period is not related to a service or banking product. It shares the experience of being a sponsor for a culture site. Moreover, there is attached a link that leads to an article with this subject.

Figure 8. The most successful content from Banca Comercială Română and Royal Bank of Canada in the period of March 17, 2019 - April 21, 2019



Source: Social Bakers, Facebook Overview 17th March 2019 – 21st April 2019

It should be mentioned that it is a good opportunity for the banks to be aware of their audience in order to establish a good and durable relationship. By creating effective content, the banks will engage the base of the customers. In the end, the bank will be informed about the impact from social media actions. In the long run, investing and promoting on social networks, which is not expensive, can lead to generous gains and profits. Moreover, customers loyalty and the process of attracting new clients is not negligible. Customers

who are as well online followers are interested in the new trends and are curious about the latest changes. The relationship between the client and the bank will become, in this way, more stable and tight. In the case of potential clients, if they come from a position that interested them and the experience with the bank is a pleasant one, they will surely pass on their opinions further, bringing with them even more clients.

6. CONCLUSIONS

Even nowadays, a large number of people associate the banking system with traditional transactions in branches and with obsolete ways of doing business, but banks are exactly on the opposite side. Therefore, digitalization is the key element that sticks to the banking system on the path of the future. Moreover, social media is the innovative element that helps promote the bank in a digital way.

Taking into consideration that *the end result of any good is to identify, engage and nurture the most qualified prospects, ensuring the leads generated drive the highest customer acquisition rate*¹⁴, a bank should follow each important step in order to reach the heights of success. Influencer marketing and social media have a beneficial effect on the banks. But, above all, a marketing research must be carried with the coordinates on which promotion is actually based. The audience must also be well established to be able to choose an online platform where the campaign will be posted.

Nowadays, customers and potential customers should be encouraged to develop technological skills due to the digitalization era. Investing in marketing campaigns on social media is decisive due to the fact that everybody is influenced by advertisements, mostly in the online environment. Hence, the most useful recommendation comes from well informed customers.

My advice for the usage of social media in marketing campaigns of the banking system is to employ highly-skilled and passionate persons. Working with people who have good knowledge of digitalization is a formula for success.

In conclusion, the forthcoming achievement belongs only to the banks that will have a crucial position on the market. Using social networks will become increasingly popular among those who are not currently users and the presence of the banks on these digital platforms will be of utmost importance.

Regarding the above researched subject, it is advisable to make a more detailed analysis in the international banking with the purpose of discovering their manner of reaching the market. Likewise, it is requisite to discuss the topic with specialists. In addition, it is mandatory to be always informed about the new direction in the digitalization of the banking system and the emergence of the social media in this field.

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SOCIAL POLICY – EMPLOYMENT IN ROMANIA, THE CASE OF YOUNG PEOPLE

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Abstract:

The labour market for youngsters requires participation in employment, education or training, in order to become established in the market and achieve self-sufficiency. In the last decades, the integration of young people into the labour market has been the main subject for researchers. The high rate of globalization, the competition between employers in order to hire young people and the improvement in technology have led Romania to taking into consideration the overall importance of education and training. Moreover, the most common problems of young people during the migration from school to work can be solved by policy interventions. However, there are certain conditions for this type of activity to reach the heights of success, including the implications of the state. This article attempts to present the matter of youngsters into the labor market by analyzing the local and the international situation. Also, it will be highlighted the Europe 2020 Strategy, with its influential elements into the subject.

Keywords: young people, Romania, employment, Europe 2020

1. INTRODUCTION

The process of integration of young people is based on the quickness of absorption of the youngsters by the labour market. In the context of Europe Strategy 2020, more vigorous actions will be needed to improve the chances of hiring vulnerable groups, like young people, through raising the level of training and qualification. In general, young workers are employed under a temporary employment contract. That is because companies need to test their competencies and the level of their productivity before offering a stable job. In fact, a workplace can become not so attractive for a young person. In effect, such practice leads to a segmentation of the labour market for youngsters, many of them going through periods of temporary jobs to unemployment.

First of all, the number of early school leavers is currently growing, which implicitly leads to an increased risk of unemployment or, even worse, a higher number of inactive people who will live in poverty and who will resort to social protection. “Youth on the move” is one of the priorities with reference to young people within the Europe 2020 strategy. This concept is proposing a scheme for young people for a smart, sustainable and favourable growth inclusion by two relevant factors: increasing the performance of education and facilitating the entry of young people into the labour market. Putting in practice of the specific objectives can be done through some measures on the social inclusion of young people at national and European level.

Secondly, labour market conditions differ between countries in the European Union. Some countries can go through a recession whereas others can be in the middle of an upturn, at the same time. To prevent differences that can affect the youngsters, Romania decided to follow the Europe 2020 strategy. The alarm signal was triggered by the fact that, at present, young people represent one fifth of the total European population, that is about 100 million people in the age group of 15 to 30 years old. Unemployment among young people focuses around the ones who have finished a school institution. This phenomenon is also known under the name of unemployment trap.¹

¹ Gilles, S-P. (1995), *The High Unemployment Trap*, The Quarterly Journal of Economics, Volume 110, Issue 2, pp. 527 – 550

At the same time, a large number of Romanian youngsters go abroad to attend international university courses and then they find a workplace and only few come back to Romania. This is due to the fact that the level of the salary in Romania is low and also the education system is not in favour for young people.

This policy paper aims to analyze the current social policy in Romania, with reference to the employment of young people and the general European environment.

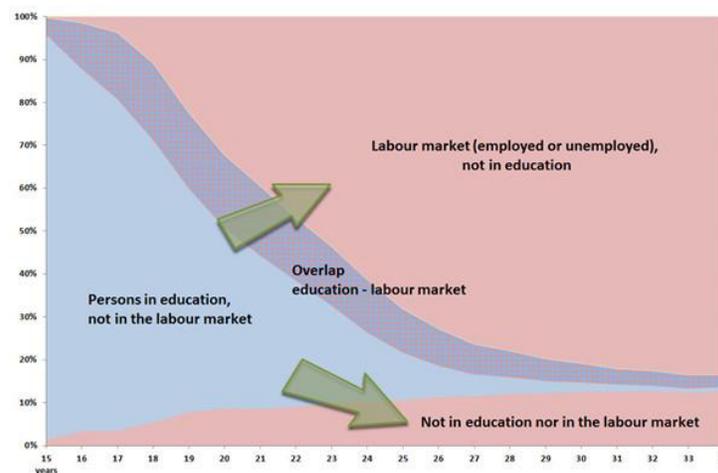
2. THE GLOBAL SITUATION

The integration of young people into the labour market is influenced by the way in which the market absorbs school leavers.² The theory of insider-outsider appears interesting and promising for the help of youngsters.³ This theory refers to the employed workers who are the “insiders” and unemployed workers are the “outsiders”. Thus, a part of outsiders are made of labour market entrants.⁴

It is important to mention that recent school leavers are competing with those with years of experience on the market for certain positions. Taking into consideration this theory, there is a wage bargaining only between insiders and employers, outsiders have no influence. The consequence is that outsiders remain unemployed for a long period of time.

On the other hand, the labour market includes employment-related issues, unemployment and quality of work, productivity, earning and labor costs. This facts make the labour market one of the key issues in social and political debates in European Union. Not by chance, the Europe 2020 Strategy has as the first indicator the employment rate of the population. In fact, European Employment Strategy (EES) has the objective of creating workplaces more and better in the European Union.

Figure 1. The structure of young people in European Union, regarding education and labour market in 2012



Source: Eurostat, (2018) *Participation of young people in education and the labour market*, accessed on 3rd January 2019

In European Union, by the age of 15, approximately 99% of youngsters are going to school. As they grow older, there is an observable decrease in the proportion of adolescents in education. For sure, not every young person leave the school at the same age. It is a simple process of exit from school, which is not the

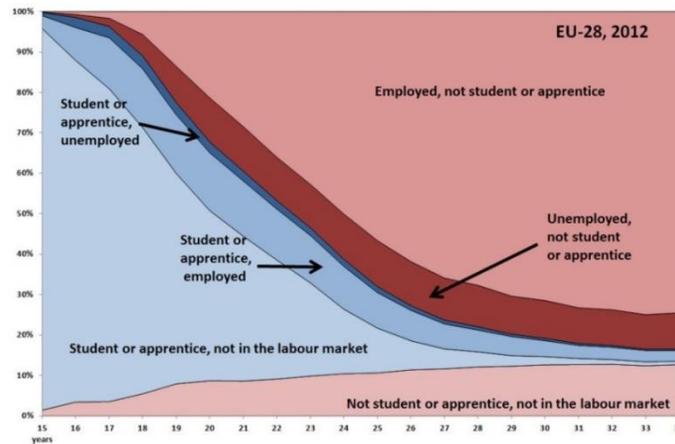
² OECD (1998), *Employment Outlook*, Chapter 3, Paris

³ Lindbeck, A., Snower, D. (1988), *The insider-outsider theory of employment and unemployment*, Cambridge, MIT Press

⁴ DeVreyer, Ph., Layte, R., Wolbers, M., Hussain, A. (2000), *The permanent effects of labour market entry in times of high unemployment. Welfare regimes and the experience of unemployment in Europe*, p. 134-152, Oxford University Press

same for entering onto the labour market. In the previous image, it can be observed the proportion of young people in education and in the labour market at each age, in European Union, in 2012.⁵

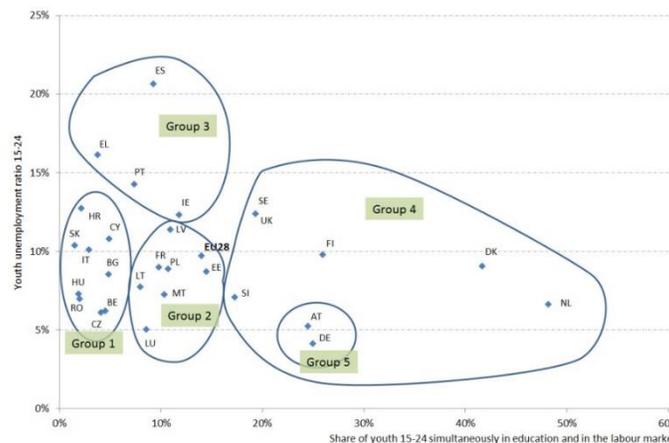
Figure 2. The structure of youngsters in European Union, in terms of education and labour market, in 2012



Source: Eurostat, (2018) *Participation of young people in education and the labour market*, accessed on 3rd January 2019

Looking at the figure above, it can be seen that most of the young and unemployed people are not in schools, but many of them are, at the age of 15 – 24 years. There are students who are involved on the labour market as well.

Figure 3. The structure of countries in Europe, considering the number of young people who are simultaneously in schools and in the labour market



Source: Eurostat, (2018) *Participation of young people in education and the labour market*, accessed on 3rd January 2019

The first group is formed by few young people who are in school and employed or unemployed, while the second group is made up by countries that meet the following conditions simultaneously: a medium overlap between the school and the labour market and exceeding the average of the European Union, regarding

⁵ Eurostat (2018), *Participation of young people in education and the labour market*, accessed on 3rd January 2019

unemployment. The third group consists in countries that have a medium overlap, as well as the second group, but also a high rate of unemployment. The main characteristics of the fourth group are high number of young people who are both students and involved in the labour market and also a medium level of unemployment. Also, there are some countries where there is applied the concept of “dual study programmes”, where student have to follow a practice program. The fifth group is similar to the fourth group with a difference of a very low level of unemployment among students.

Consequently, education, training and lifelong learning are the keys to a well informed young generation. When Europe 2020 Strategy was written, a quarter of all students in EU had poor skills of reading. One in seven young people abandon his studies too early. Almost 50% reach an average qualification level, but this is not enough to respond to the market needs.

3. THE SITUATION OF ROMANIA

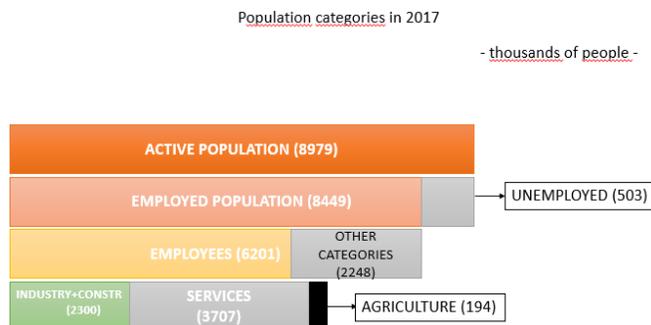
It is noted that Romania is ranked last in the EU in terms of employment, in the last few years. Also, in 2016, only 8% of Romanian employees attended training courses related to their professional activity, compared to an average of 31.9% at EU level. The training includes non-formal education, courses and seminars, which aim to improve knowledge, skills, competences and qualifications for professional reasons.⁶ This reflects the backwardness of Romania compared to the structure of other EU countries.

The “Youth on the Move” initiative is applied in Romania as well, because Romania is part of the EU and is following the Europe 2020 Strategy. In fact, Romania needs to make some activities in order to maintain the initiative:

- To make effective investments in education and training systems at all levels
- To improve educational outcomes, addressing to each segment of education in terms of a general approach. It is also need to reduce the level of early school leavers
- To facilitate the entry of young people into the labour market

In Romania, as it can be seen it the bellow figure, there is a stratification of the population:

Figure 4. The categories of inhabitants of Romania, regarding the workplace

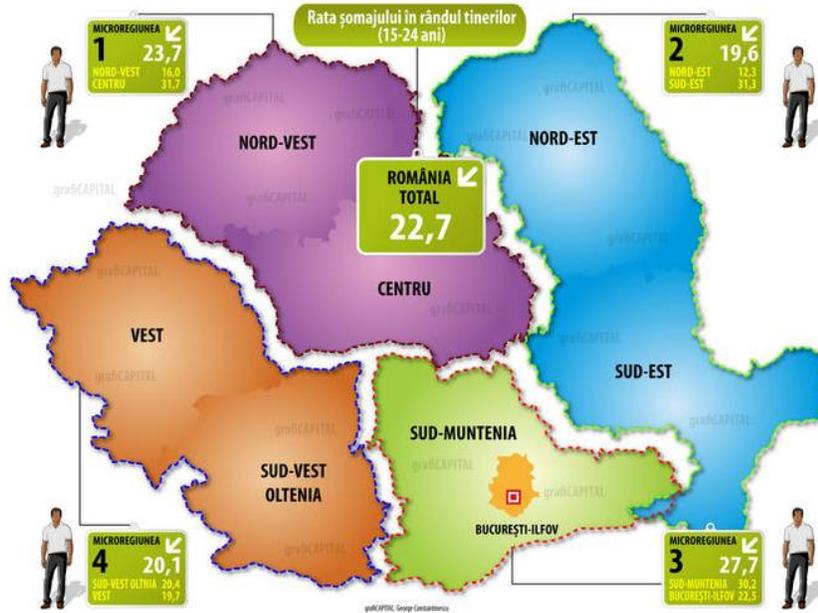


Source: personal contribution based on dates from Onescu, C., (2017) , 8.979.000 romani activi din 22.241.718, http://www.timisoaraexpress.ro/stiri-nationale/8979000-de-romani-activi-din-22241718-cu-tot-cu-someri-neremunerati-cooperatisti-informali-si-la-negru-restul-sunt-de-la-psd-pnl-si-udmr_18559?print , Timisoara Express, accessed on 15th February 2019

⁶ Bernovici, A., (2018) *Employees in Romania, the last in EU in terms of attending job-related training*, <https://www.romaniajournal.ro/employees-in-romania-the-last-in-eu-in-terms-of-attending-job-related-training/> , accessed on 4th January 2019

Based on the categories of the population in Romania, the youngsters are an important part, because they are the best and long-lived workforce. However, the unemployment rate among young generation should not be ignored.

Figure 5. Unemployment rate among young people, by geographical areas in Romania



Source: Money Street Cluj (2013), *Harta șomajului în România: Locul în care 30% din tineri sunt someri*, <http://www.moneystreet.ro/piata-muncii/harta-somajului-in-romania-locul-in-care-30-din-tineri-sunt-someri/>, accessed on 6th January 2019

Figure 6. The level and structure of unemployment in Romania

Underemployed people in 2017

	thousands of people	% thousands of people	% in the employed population	% in the employed population with part-time
Total	207	2,3	2,4	30,3
Male	135	2,6	2,8	36,6
Female	72	1,8	1,9	22,8
Urban	27	0,5	0,6	31,8
Rural	180	4,4	4,6	30,1

* Underemployed people are employed people who work part-time and who want and are willing to work more hours than they do today

Source: personal contribution based on dates from Onescu, C., (2017), 8.979.000 romani activi din 22.241.718, http://www.timisoaraexpress.ro/stiri-nationale/8979000-de-romani-activi-din-22241718-cu-tot-cu-someri-neremunerati-cooperatisti-informali-si-la-negru-restul-sunt-de-la-psd-pnl-si-udmr_18559?print, Timisoara Express, accessed on 6th January 2019

4. ROMANIAN'S OPTIONS TO REDUCE UNEMPLOYMENT AMONG YOUNG PEOPLE

There are many policy levers that can develop the labor market, especially for youth:

Restructuring the education and training system

- Attracting investment in education systems and improving their performance to deliver quality educational outcomes;
- Recognition of informal and non-formal learning (including through youth activities, experience gained in mobility, volunteering or through the use of open educational resources);
- Providing early school leavers and low-skilled young people with ways to respond to the education and training system.

Non-segmentation of the labor market so that young people are not affected

- The use of targeted and well-designed subsidies for salaries and recruitment, subsidies to encourage employers to create opportunities for young people, especially for those who face more difficulties entering the labor market;
- Supporting young people wishing to become entrepreneurs, providing support services for start-ups and raising awareness of self-employment opportunities.

Active capacity of public employment services to provide services to young people and limited efforts of these services to work with young people in the most vulnerable situations.

- Providing support for the establishment of apprenticeships programs for small and medium-sized enterprises and micro-enterprises, as well as encouraging cost-sharing mechanisms between employers and public authorities;
- Promoting apprenticeship systems through a process of awareness raising and professional guidance;
- Activating, improving and directing support for youngsters who are looking for a workplace or for those who have dropped out of school and did not register to the public employment service;
- Taking into account the changing realities of the labour market, social protection system may not be able to cover all unemployed people, especially with negative effects for young people;
- Among young people and the negative effects on the family and on the community they are part of. Young people have fewer opportunities to find a workplace.

5. THE FUTURE CONCERS OF THE STATE REGARDIND EMPLOYMENT

A priority issue within the EU is the increase of youth employment, the reduction of unemployment for this segment, knowing that the unemployment rate is above average.

Short and medium-term actions that can stimulate employment growth for young people include:

- helping to get the first job and starting a career by giving incentives for companies to employ graduates;
- promoting guidance and counseling services;
- promoting actions for the integration into the labor market of young people and the young unemployed, which will also be funded from the European Social Fund;
- promoting vocational and training opportunities for young people, including early familiarization of young people with the work environment.

6. LAWS ON THE YOUNG LABOR FORCE EMPLOYED AND ITS MIGRATION TO THE EXTERNAL ENVIRONMENT

Romania's domestic employment concerns among young people have generated the following legal projects:

A. The internship law

The reason for issuing the normative act:

Government Program 2017-2020 approved by the Decision of the Romanian Parliament no. 1/2017 for granting the Government's trust emphasizes: "The main objective in terms of employment, established in the context of the Europe 2020 strategy, is to reach the 70% target on employment age group 20-64 years old. This can only be achieved by promoting coherent public policies and realistic, leading to an efficient, dynamic and flexible labor market, which will ensure access of the majority of citizens to quality jobs, depending on their skills and abilities, on income decent.

The Governance Program, in the "Real Chances for Youth" section, refers to "promotion transformation internships in permanent contracts (contracts for an indefinite period)".

Among the measures proposed programs include the "Internship" participants are given an opportunity to acquire the experience, to experience to work in an organized environment, to get familiar with working methods of host organization.

According to the "Romania Country Report for 2016" the integration of young people into the market for labor remains one challenge; In 2015, youth unemployment has dropped to 22%, but is still slightly above the average EU. Proportion of people which are not framed professional and does not follow any educational or training program training is well above the EU average (17% versus 12%). At the same time, although declining, the rate of exposed people the risk of poverty or social exclusion registered in Romania in 2014 was one of the highest in the EU (40%).

B. The law on the integration of disadvantaged young people into local public authorities

In view of the above-mentioned aspects and the fact that the integration of young people unfit for the labor market depends fundamentally on the existence of jobs that are appropriate to their needs.

The Ministry of Labor and Social Justice proposes this draft normative act that aims to activate local public authorities in the process of integrating disadvantaged young people into the labor market, attributing exclusively a number of local public sector jobs at the local disadvantaged young people, the 24-month period, facilitating such accumulation experiences and competencies that can be later capitalized on private sector job.

7. CONCLUSIONS

Romania is the member state of the European Union that is ranked on the last places, in terms of hiring young people and supporting them on the labour market. Moreover, through the European 2020 Strategy it is aimed to improve all member states and even increase the employment rate of young people. It involves "Youth on the Move" initiative. The objective is to strengthen the international performance and attractiveness of higher education institutions in Europe, to increase the overall level of quality of education and training in the EU. It combines both excellence and equity by promoting the mobility of students and those undergoing training, as well as to improve the employment situation of young people. It is recommended that Romania will take into account the situation of young people and will create a perfect framework for their development.

Furthermore, our general thought is that young workers are employed under a temporary contract, a period used by companies to test their skills and productivity before a permanent job is offered. Such practice leads

to a segmentation of the labour market. In effect, many of young people alternate from periods of temporary employment to unemployment. During this time, young temporary workers are relatively underpaid, benefiting from less training and qualification programs and their contribution to the pension funds are usually incomplete.

Our advice is to focus on educating and training young people as they will have the power to change Romania into a better country and also to strengthen its position on the European scale

In conclusion, European 2020 Strategy will lead to a better change in favour for young people, with positive effects on the labour market.

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SUSTAINABLE DEVELOPMENT, THE STEP TOWARDS A SUSTAINABLE FUTURE

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Abstract:

Fears for an uncertain future led in 2015 to the implementation of agenda 2030 which aims to adopt policies at the fast pace of development of contemporary society.

The European project focused its public agenda on respect for human rights for a harmonious development of the population. Economic development is the harmonization of social policies in different areas, such as education, health, along with infrastructure development, but not jeopardizes the environment.

On the other hand, China is divided into two social dimensions, one of the major cities in rapid development and the rural world that bases its principles on traditions and customs. The "Made in China 2025" strategy creates the prerequisites for protecting national production, supporting rural areas with a skilled workforce, modern infrastructure and diminishing the migration of the population to major cities. Sustainable devotion is the concept by which we can protect the needs of future society through the rational allocation of the resources present.

Keywords: sustainable development, European Union, China, Agenda 2030

1. INTRODUCTION

The present paper is a comparative study between the European Union and China in terms of sustainable development and implementation of its objectives. The study comprises all measures taken by the two parties, the general situation of the analyzed examples, social, ecological, economic issues. The situations are increasingly diverse and complex and require pertinent solutions that can reduce disparities between the Member States in the case of the European Union, namely provinces in the case of China.

The concept of sustainable development is the foundation of the current society, approached with great importance in the United Nations by adopting in 2015 a work agenda for the next 15 years.

Sustainable development from concept to recent developments

Sustainable development is the long-term stability of the economy and the environment, which aims to meet the needs of the present without compromising the capacity of future generations to fulfill their own needs.

The Sustainable Development Goals (SDGs), known as global objectives, are a universal call for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The 2030 Agenda is built on 17 sustainable Development Goals (SDGs), coupled with all areas that directly or indirectly influence the development of modern society. Development goals are priorities requiring the adoption of policies with a multi-annual vision of each state since the adoption of agenda 2030 in the year 2015.

The sustainable development goals of Agenda 2030:

Objective 1: Eradicating poverty in all its forms all over the world.

Objective 2: eradicating hunger, guaranteeing food security, improving food and promoting sustainable agriculture.

Objective 3: Ensure a healthy life and promote the well-being of everyone at all ages Objective 4: ensuring quality, inclusive and equitable education and promoting lifelong learning opportunities for All.

Objective 5: Achieving gender equality and emancipation of all women and girls.

Objective 6: Ensuring the availability and sustainable management of water and sanitation.

Objective 7: Ensuring access to affordable energy from safe, sustainable and modern sources.

Objective 8: promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

Objective 9: Building resilient infrastructure, promoting sustainable and inclusive industrialization and encouraging innovation.

Objective 10: Reducing existing inequalities across countries and between them.

Objective 11: Creating inclusive, secure, resilient and sustainable cities and towns.

Objective 12: Ensuring sustainable consumption and production models.

Objective 13: Undertaking concrete actions to tackle climate change and their effects.

Objective 14: The conservation and sustainable use of oceans, seas and marine resources for sustainable development.

Objective 15: Protecting, restoring and promoting the sustainable use of terrestrial ecosystems sustainable forest management, combating desertification and halting soil degradation and restoring them, and combating decline Biodiversity.

Objective 16: Promoting peaceful and inclusive societies for sustainable development, ensuring access to justice for all and creating effective, accountable and inclusive institutions at all levels.

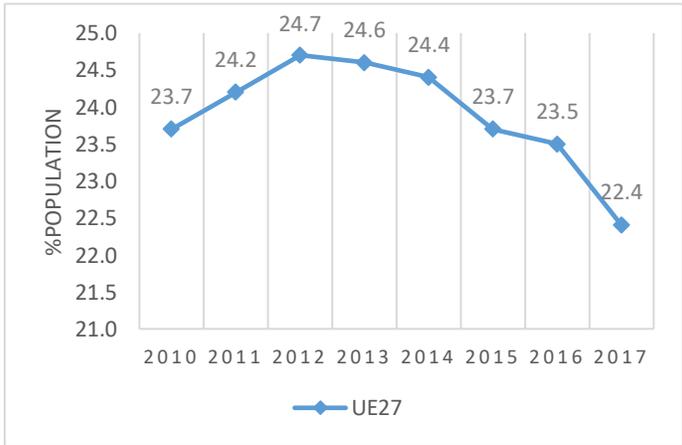
Objective 17: Reinforcing the means of implementing and revitalizing the global partnership for sustainable development.

2. EUROPE A WORLD MODEL

Since 1957, the European project has been one of the most successful peace projects in the world. Nobel Peace Prize laureate in 2012, Europe has built its decisions on respect for fundamental values, the rule of law, reconciliation, and democracy.

Rights defended by the rule of law have an immediate impact on the standard of living. Poverty, as a multi-dimensional social factor, has brought about the unitary development of European construction, especially during the crisis period. Economic recovery and improved labor market conditions have contributed to improving the risk of poverty. Progress in combating poverty is supported by annual rates exemplified in FIG1.

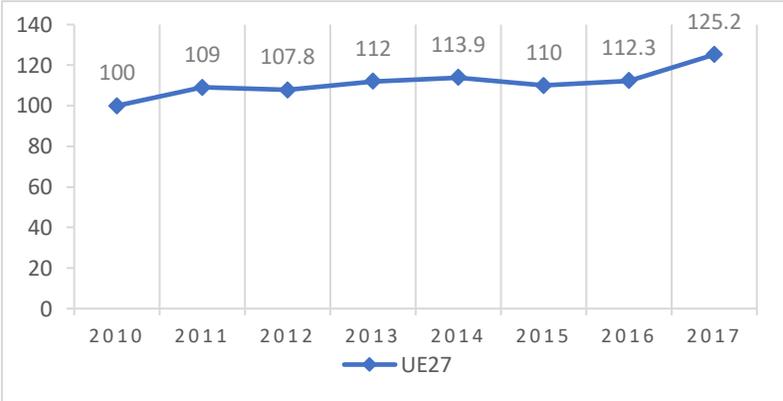
Figure 1. The population exposed to the risk of poverty and social exclusion



The human resource is the foundation of the European Community, which in the context of the current society must use its creativity and innovation power to thrive in a solid Europe. A healthy Europe is built on a set of policies in different fields, but with a common goal. The common agricultural policy lays the foundations for sustainable and sustainable agriculture to ensure healthy and safe nutrition. Organic farming has expanded more and more in recent years thus contributing to the reduction of greenhouse gas emissions from agriculture and the strengthening of the European economy. Agriculture is a key sector in Europe's development with an increasing contribution to the European Union budget, progress quantified by fig. 2.

European society is relying on adaptability and predictability in terms of sustainable development. The lifelong learning concept has led to significant progress in terms of economic development, the creation of new jobs and social cohesion. Investing in education is a sustainable investment the socio-economic situation of Europe.

Figure 2. Income from agriculture



The level of education is reflected in the degree of social inclusion and awareness of equal opportunities between women and men. Gender equality has always posed a global challenge. The European Union has made synergistic and steady efforts that have contributed to a gender equality index that ranks Europe in the first positions worldwide. Women's position in society has become an increasingly robust one, and access to social services much more easily has outlined a much more homogeneous, performance-based society.

The economic progress of the community is based on a high-performance infrastructure in the field of transport, energy and the digital sector. The transition to a smart industry requires infrastructure that ensures coherent collaboration between the sectors of the economy, based on research and innovation, and the result is fruitful by all citizens of Europe. Energy policy is the basis for switching from an economy dependent on fossil fuel imports to a green economy that protects both the environment and reduces dependence on third-party partners.

The development of the economy must take into account the environment and the consequences of subsequent actions. Both maritime and terrestrial biodiversity is a special area for European policy. With the largest maritime territory in the world, the European Union faces various problems that endanger maritime flora and fauna, with problems exacerbated by climate change. At ground level, some progress has been noted in terms of afforestation and reduction of soil erosion in the regions affected by this phenomenon. The firm stance on climate change, assuming its leading role in the combating of climate change and empowering the most polluting countries.

Environmental protection is also done by adopting a planning plan to delimit the protected areas for maintaining balance. European Communities enjoy support programs to develop a more responsible society that lives in smart cities that are in the middle of the environment.

3. CHINA TODAY AND TOMORROW

As early as 2015 when the Agenda 2030 was implemented, China joined other supporting countries, guiding Member States and international cooperation for sustainable development. By adopting strong measures, China is proposing a social alignment to become an example of global social policies.

Figure 3. University Cycle Promotion Rate



Chinese society is the result of combining a traditional (rural) world and a modern world of great cities full of effervescence and in continuous motion. To strike a balance between the two social dimensions, government policies have turned towards the adoption of a package of mitigation measures, oriented towards rural populations through the use of funds kept supporting a system of Sustainable social protection.

At the same time, society attaches greater importance to the integration of women into the cultural, political and economic life of the country. From a legislative point of view, China has mastered a package of regulations to protect women's rights, involving greater participation in economic development (women receive the same wage rights, the use of property and Distribution of revenue).

In the collective conception, agriculture occupies a special place both economically and national tradition. China aims to maintain its national grain production and ensure food that complies with quality standards. By implementing new technologies, China wants to increase agricultural productivity to prevent an increase in the rate of undernourishment, held in less than 5% of the population, to enrich rural areas, supported and through support programs for Farmers, promoted by banks.

The rural area needs permanent support in the face of demographical decline, prevented by policies to reduce mortality and aging population. By 2020, China aims to reduce the mortality rate to 18 deaths in 100,000 inhabitants, and for newborns and under 5 years at a rate of 7.5 to 1000 of newborns and 9.5 to 1000 children under 5 years of age. To ensure a healthy life has required the development of organic agriculture, the launch of advertising campaigns for women of childbearing potential and the employment of environmental protection policies about pollution especially in the environment Urban.

A competitive society develops through a high degree of schooling, which always brings projects that streamline the economy sectors. China proposes that by 2020 to reach a 95% promotion rate of the nine-year compulsory cycle. The reduction of the gap between urban-rural requires a fair delivery of public learning services to ensure equal rights for disadvantaged people about privileged persons. The motivation to increase the rate of promotion of the university cycle has repressions from the benefits achieved by a qualified higher workforce.

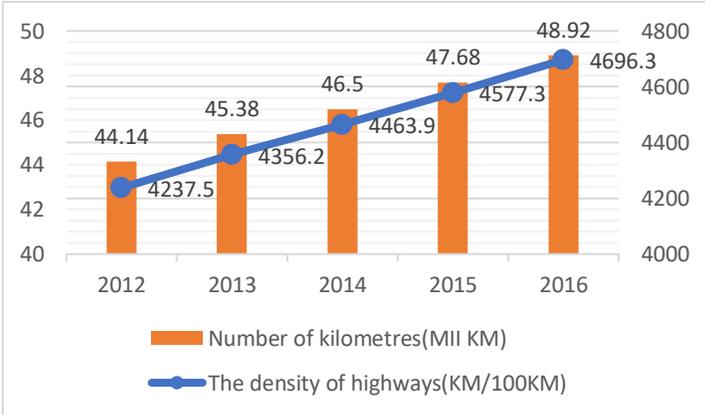
The degree of emancipation of the population will also lead to easier integration of women into society. The issue of gender equality has engaged several laws to protect women's rights: the Law on the protection of mothers, the law of marriage, and the anti-violence law to improve the judiciary, measures that support women's emancipation.

A responsible company is aware of the importance of water use, the protection of water reserves and its recycling. Water is an essential element for both man and economy, requiring the creation of a national ecological security framework for the protection and rehabilitation of water-related ecosystems. It seeks to implement water efficiency assessment systems in all sectors with the possibility of re-use and water consumption management.

Water has since antiquity been support in human activity, contributing to the development of areas that concern national security in particular in the energy sector. The universal access to reliable energy services will be ensured by 2030. Further reform and restructuring of the urban and rural energy network, focusing on upgrading networks for small towns and rural centers to ensure coverage throughout the national territory.

The energy independence of a State offers the possibility of an economy to develop strategies to strengthen the international position. The "Made in China 2025" strategy aims to promote national production in all its diversity, focusing on enhancing competitiveness in the labor market and the key sectors of the economy.

Figure 4. Number of mileage and motorway density



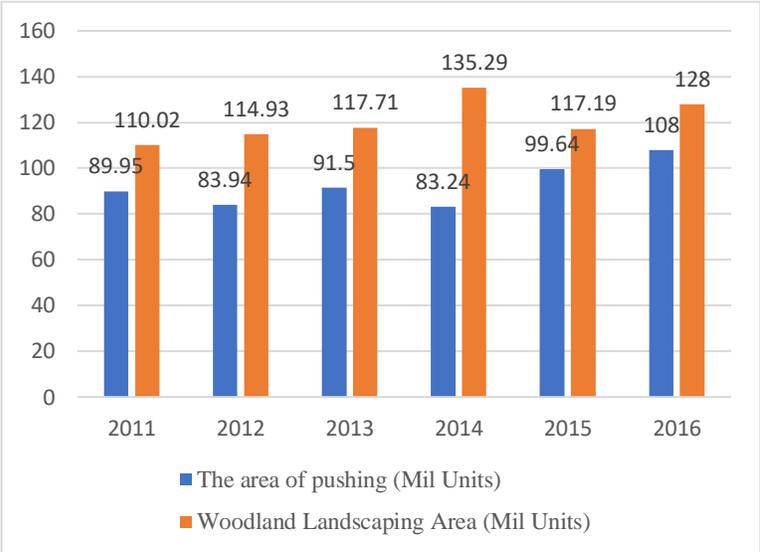
Infrastructure is support for economic development, to increase the efficiency of the movement and its safety. Sustainable growth is based on a modern network of transport, communication, and digital infrastructure. By 2020 there are the prerequisites for linking the cardinal points through a transport network and the construction of over 50 airports through the implementation of the Sustainable Development Goals, China aims to implement a strategy for innovation of the field and training programs to improve computer applications.

An expanding economy will produce profound mutations in setting up future urbanization plans. Pressure on the urban environment is a factor that can deepen the gap between the city and the countryside. Continuing migration is a delicate issue that has assumed the implementation of radical measures in terms of social protection whose main pillars are the pension system, the medical system, and the social assistance coat.

The pro-active urbanization strategy and the promotion of the smart-city program come in support of the dynamic private sector, wishing to promote intelligent cities as a model of urban organization.

China has taken a well-defined role in terms of climate change policy. China will effectively reduce carbon dioxide emissions in key industries and continue developing these policies in priority areas. China assumes its role to help and less developed countries to implement policies to combat climate change. The environment is an important theme of the "Agenda 2030". In 2016, China promulgated protective measures by adopting a 'red line' to prevent the degradation of coastal areas and marine ecological protection. The potential environmental risks for China's maritime development remain relatively high, and disastrous ecological anomalies occur frequently, hard to prevent and fight.

Figure 5. Afforestation and forest planning areas



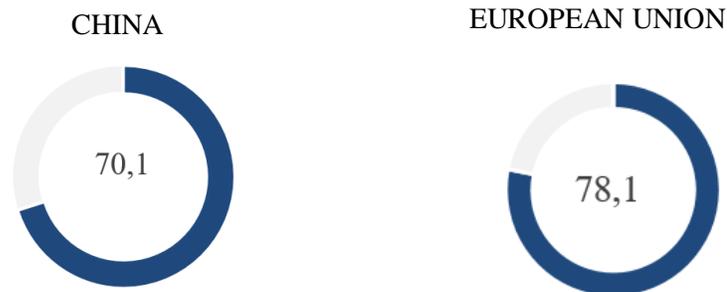
The deforestation and erosion of soils constitute a national problem. Restoring wetlands is a priority for broadening agricultural surfaces. Incorporation of organic forests into the National System by supplementing central government subsidies to halt the commercial logging of natural forests. The synergy of the efforts made in preventing deforestation and the retaining of wetlands is directly proportionate to the disastrous effects of extending the erosion effect and the needs of agricultural enlargement.

Progress in the economic field and environmental protection must be supported by a well-fundamental legislative framework. China now leads the world from the detection rate of murder cases, overcoming many developed countries. In 2016, the number of theft cases decreased by 12.9% and the rate of detecting the case by 1.6% compared to the year 2015.

Cyber attacks and other cybercrime have suffered a drastic blow by solving 93,000 cases and 52,000 people investigated and penalized in 2016.

Conciliation in the plan of government policies in the field of justice has known reminisces in all areas of activity, becoming an example throughout the world. China is a vital support in all the sustainable development goals, contained in the "Agenda 2030" for developing countries by bringing policies that apply to the specificities of each nation.

4. COMPARATIVE ANALYSIS



From these diagrams we can see that not only at the level of European states there is an advance, but also at an overall level of the European Union, we can notice an advance on the score obtained.

Nr card	Denumire țară	Scorul	Rangul
1	Suedia	85,0	1
2	Danemarca	84,6	2
3	Olanda	79,5	11
4	Luxemburg	76,1	22
5	Spania	75,4	25
6	Ungaria	75,0	26
7	Italia	74,2	29
8	Germania	82,3	4
9	Portugalia	74,0	21
10	Grecia	70,6	48
11	China	70,1	54

From the SDG Indices report of year 2018, we can compare the score obtained by some Member States of the European Union compared to China's score. The score of the Sustainable Development index signifies a country's position between the most serious (0) and the best or target (100) results.

5. CONCLUSIONS

Sustainable development is a concept supported by Consensus by all participating States at the United Nations meeting in September 2015, where the Agenda 2030 was adopted.

Both the European Union and China have taken on the role of the model of implementing political programs to achieve their sustainable development goals. Each example taken into question converge on a common agenda but faces different circumstances requiring pertinent solutions that apply to solve stringent situations.

The efforts of the two parties are directly proportionate to the needs of the population and it is worth noting how each case manages its resources according to the proposed targets and the irrefutable importance of the situation.

The European Union and China are among the most important actors of the world stage, who are trying to help and less developed countries in the fight to reduce poverty, hunger, prevent climate change and develop a sustainable economy.

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