

***JOURNAL OF PUBLIC ADMINISTRATION,
FINANCE AND LAW***

EDITORIAL BOARD

Editor in Chief:

Mihaela ONOFREI, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Editorial Board:

Sorin Gabriel ANTON, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Ana Maria BERCU, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Elena CIGU, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Florin OPREA, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Ada Iuliana POPESCU, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Mihaela TOFAN, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Administrative editors:

Dan LUPU, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Mihai Bogdan PETRIȘOR, Alexandru Ioan Cuza University of Iași, Faculty of Economics and Business Administration

Scientific Committee:

Paolo ANDREI, University of Parma

Stefano AZZALI, University of Parma

Braduț-Vasile BOLOȘ, Petru Maior University, Targu Mures, Faculty of Economics and Administrative Sciences

Ionel BOSTAN, Stefan cel Mare University of Suceava, Faculty of Economics and Public Administration

Dănuț Tiberius EPURE, Ovidius University, Constanta, Faculty of Economic Sciences

Adrian FLOREA, University of Oradea, Faculty of Economics

Călin Emilian HINȚEA, Babeș-Bolyai University of Cluj Napoca, Faculty of Political, Administration and Communication Sciences

Nicolae ISTUDOR, Academy of Economic Studies, Bucharest, Accounting and management information system

Ani MATEI, National School of Political Studies and Public Administration, Bucharest

Lucica MATEI, National School of Political Studies and Public Administration, Bucharest

Claudia Olimpia MOISA, 1 Decembrie 1918 University of Alba Iulia, Faculty of Sciences

Alunica MORARIU, Stefan cel Mare University of Suceava, Faculty of Economics and Public Administration

Marius PROFIROIU, Academy of Economic Studies, Bucharest, Administration and Public Management Faculty

Eugeniu ȚURLEA, Academy of Economic Studies, Bucharest, Accounting and management information system

Giovanni VERGA, University of Parma

CONTENTS

PUBLIC ADMINISTRATION	5
CITY MANAGER VS PUBLIC ADMINISTRATOR IN THE CURRENT ECONOMIC AND SOCIAL DEVELOPMENT	7
Mihai-Bogdan PETRISOR Cristian VASILACHE	
THE UTILITY OF USING PUBLIC-PRIVATE PARTNERSHIP FOR LOCAL GOVERNMENTS	17
Marina ZAHARIOAIE	
FINANCE	25
ECONOMIC CRISIS IMPACT ON COUNTY ALBA HOTEL INDUSTRY. CASE STUDY PARK HOTEL ALBA IULIA	27
Claudia Olimpia MOISĂ	
ENVIRONMENTAL LIABILITIES ACCOUNTING: AN REVIEW OF SOME STANDARDS AND GUIDELINES	35
Alina Cristina NUȚĂ Florian Marcel NUTĂ	
THE IMPACT OF THE HEALTH SYSTEM DETERMINANTS	41
Ovidiu STAMATIN	
LAW	47
MULTINATIONALS COMPANIES AND COLLECTIVE DISMISSAL. COMPARATIVE VIEW ON NOKIA LABOR POLICY IN GERMANY AND ROMANIA	49
Dan LUPU	

PUBLIC ADMINISTRATION

CITY MANAGER VS PUBLIC ADMINISTRATOR IN THE CURRENT ECONOMIC AND SOCIAL DEVELOPMENT

Mihai-Bogdan PETRISOR
Alexandru Ioan Cuza University
Iasi, Romania
mihai.petrisor@uaic.ro

Cristian VASILACHE
Alexandru Ioan Cuza University
Iasi, Romania

Abstract: *Romanian public administration modernization is a key objective of governments declared that they have succeeded in recent years. An example is the project run by CUPAR to promote public administrator function, depending institutionalized by Law 286/2006. Inspired by the American model of city manager (this being the original name of the function), it aims to increase professionalism in the local government of Romania and to ensure separation of the political administrative landing. City Manager is a professional administration and is the leader of this team. Personality and his professional interests have a major impact on the locality. The role of city managers all Americans are to help local authorities to improve services provided to citizens. The success or failure of a city manager bases on developing a close working relationship with the mayor and city council members. Often, their concerns have priority and the city manager must continuously inform on all issues of interest. American counterpart city manager, if one may say that, in the Romanian administrative system is the public administrator. Function was introduced by Law 286/2006 amending the Law on Local Public Administration, 215/2001. The main duties of public administrators in Romania are: exercise main credit quality, coordination of various public services, direct relations with the public (audience, addressing petitions). Media relations, relations with non-governmental organizations, writing projects with extra-budgetary funding. A comparison of the two administrative functions considered appropriate given that too many times in Romania, and here are considered only issues concerning the public sphere were adopted techniques, methods, practices considered successful, the West without accommodate the local environment, techniques, in many cases failed to achieve its objectives or even causing an adverse effect.*

Keywords: *city manager, public administrator, legislative framework, relationships, management*

Introduction and definition of concepts

Political and administrative organizations of local authorities in European Union countries have a number of basic characteristics in common.

First, the political bodies in each municipality representative, is the result of democratic elections. In almost all municipal entities there is a political leader, recognized as such, whether the function of such person is mentioned or not. This leader can be elected directly by citizens or by the governing board members or appointed by the central government. Political and executive powers of the people can vary greatly. Also, in most municipalities have at least one person whose role is to:

- ♣ manage, coordinate and supervise the organization of government;
- ♣ to provide advice to politicians;
- ♣ to ensure rational use of public resources, efficiently and in accordance with law.

These three features reflect the principles governing the organization of local government. Two decades ago, City Manager was usually a senior civil servant (age than in the organization), with a basic training in financial and legal. Experience in local government was seen as the most important requirement to fill such a post. This experience was gained through specialized training programs in public administration training institutes in their respective countries.

As regards public administration, legislation in European countries has not institutionalized a stable space professionalized management that can be separated from politics. The legislature has often opted for a president of local government, leaving the option of delegation of management tasks. The political dimension as prevail in the executive or management functions, the administrative expense of the organization. (Soto, 2003).

Therefore, in recent years, European governments have chosen to modify some parameters bureaucratic organization for flexible management methods, with emphasis on the economic side and individual performance. Attitude in the City Manager has changed as a result of awareness that managerial skills are more important than specialized training. Effective management of public institutions realizes that an organization requires management skills and specific knowledge on effective use of human resources. Currently, among the decisive factors for the appointment of a City Manager holds the largest share of the management skills, combined with experience in local government.

"Professionalization" management has its sources in the need to differentiate the role of elected officials from that of technical professionals in other words; policy must be distinguished from the implementation. (Ramió, 1999).

Among European countries now applying a model of coordination of local public services by a person other than the Mayor, City Manager shall include: Belgium, Denmark, Germany, Ireland, Latvia, United Kingdom, Netherlands and Sweden. Given the strategic position they occupy City Manager, it is preferable to have higher education. Expertise is less important because the management team, City Manager working with department heads, who have specialized training. Implementation of effective management in public administration has its origins in the United States and Western European countries (especially Anglo-Saxon), where community services are organized based on specific mechanisms of the private sector, in coordination with City Manager / Executive Director.

Such notice the existence of the following items from the U.S. literature the role of City Manager is defined and explained so well (Journal of Public Administration Research and Theory, Vol 20, Issue 2, pp. 461-476, 2010): "Many times the city manager faces an important issue that influences political existence. According to this article, which has as its main subject study investigating the mechanisms that lead officials elected to postpone work to develop policy manager, city manager faces a number of factors such as experience, professionalism, relationship with Council members, which is

the main reason of failure. Data from this study show that city managers leading image detrimental earn their administrative authority through their ability to manage and develop policies to achieve objectives. Thus, managers must reconcile the inherent tension between responsibility and respect. "In other words the content of this journal of public administration refers to the City Managers ability to impose its political influence in their activities, to achieving the targets. Such notice, the influence of a City Manager gets stronger at the expense of their administrative authority.

The definition of the City Manager in foreign literature we find in Elgie McFayden Jr.'s conception, in his "City Managers: Impact on Citizen Participation in Local Government", that the objective side of this concept: "A city manager is a administrative officer, who is usually appointed to serve as chief administrative officer within the Board. A city manager is clearly responsible for the City Council, but is much less likely that the image of responsible dethrone a strong mayor. To be held accountable for their decisions often unpopular fiscal policy they should respond to voters. Another fact to consider is that it is difficult for voters to hold board members responsible for inadequate social and fiscal policies, because power is decentralized; city manager is appointed and usually has a contract with well-established tasks legal point showing their performance in some time. This paper analyzes the impact of the Government Board on the relationship between citizens and local Administrative. The objective of this paper is to determine whether a current city manager has a negative peace on the level of interaction between citizens and local government and if it decreases the influence of citizens in social and fiscal policies. (Elgie McFayden Jr. City Managers: Impact on Citizen Participation in Local Government).

On the other hand as "The International Conference on Business and Commerce" on the topic "The city manager: from the U.S. experience to Romanian reality" city manager is seen as an entrepreneur, a bureaucratic set in contrast with the political entrepreneur is relatively more prudent in the proposed policy and more likely to support new ideas that have been "verified" their associated professionals. (Teske and Schneider 1994). The literature offers another perspective on the city manager. This route to success is their move to larger cities and better paid, but there are still a few city managers who enjoy office in small towns, poorly developed. (Bowers and Wilbur, 2000).

City Manager

In the United States of America, a city administration was and is a complex process. It was found, thus the need for a professional administrative leadership at the local level. To this end local authorities have decided to hire specialists in government to work in team and to provide effective and quality services to citizens.

City Manager is a professional administration and is the leader of this team. Personality and his professional interests have a major impact on the locality. The role of city managers all Americans are to help local authorities to improve services provided to citizens. In the U.S., cities and regions have established the position of "city manager" from the early twentieth century. In communities that have decided, by resolution entered

in the "charter" school, administrative use system that includes city manager is the key character in all activities to increase living standards in these localities.

It is possible to define in detail the role of city manager not be a rigid definition. Under the idea of decentralization on which the whole American nation, each community chose a model and created detailed specifications for city administrator, best for those features. Therefore may be suggested in terms generals of important factors that shape the role of a manager and general nature of the job. In the U.S., administrator may be mayor of a city, region manager or general administrator who are appointed by the local or primary. To remember is that all these categories of administrators have a lot in common, and one can browse more of these steps along his career. City manager as a community change as expected.

They are involved in the processes by which the community decides what to do and what means to be used, sometimes on issues that go outside the formal jurisdiction of the municipality. Public confidence is very important. Equally important is that the city manager is a person that people trust. City manager needs citizens to accept and have confidence in him. City managers rely on the experience of the regular members of Hall, who are specialists in their fields: financial manager, financial director, personnel director, chief engineer, and chief architect. Regarding the educational formation city managers, are required in higher education and recommend administration and master studies published studies focus on public finance and legislative aspects of public administration.

Generally, a city manager undertakes early career in a small town, where gain experience and become familiar with administration issues. From here, city manager may advance in their careers, engaging in localities increasingly larger. This feature has disadvantages and best known is that a change of mandate, city manager is first on the list of substitutes, regardless of the professionalism they demonstrate. In the context of the political system of the community, city manager is involved in a series of relationships with the mayor and city council, with subordinate employees with other public authorities and citizens. Creation, maintenance, maintenance of these relationships is part of the daily experience of public administrator. The important relationship is that the heads of departments and City Hall staff and must be built on trust.

The success or failure of a city manager depends on a close working relationship with the mayor and city council members. Often, their concerns have priority and the city manager must continuously inform on all issues of interest.

Table 1 Average annual salary for elected executives and managers who hold the position of the local management, USA

Occupation	Salary (\$)
City manager	94,992
Assistant chief administrative officer	89,000
Engineer	85,424
Information services director	83,000
Fire chief	79,123
Chief financial officer	79,045
Human resources director	78,234

Human services director	75,961
Economic development director	73,590
Parks and recreation director	71,593
Public works director	71,427
Chief librarian	57,163

Source: developed by the International City Management Association

Public Administrator

In Romania, public administrator function was regulated by Law no.286/2006 amending and supplementing Law no. 215/2001 local government. One of the innovations introduced by Law no.286/2006 is the introduction of public administrator, creating the legal framework for delegating certain tasks to the mayor / chairman of the county public administrator.

The legislative framework provided by this law allows mayors / presidents of county councils to engage, under a management contract, a public administrator responsible for coordinating specialized device or public service at local / county. By delegation, he may exercise the chief quality officer. Public administrator may be employed on a proposal Mayor / Chairperson of the county, with approval of the local / county as a result of competition, the maximum number of posts approved. Appointment and dismissal of public administrator are made by the mayor / chairman of the county on the basis of procedures and specific tasks approved by the local / county.

Also, intercommunity development associations may decide to appoint a public administrator for management services of general interest subject association. Recruitment, appointment and dismissal of public administrator intercommunity development associations are made according by Law.286/2006 amending and supplementing Law no.215/2001 on local public administration, republished, based on specific procedures by their boards of directors and approved by decisions of local and county councils concerned. (Law no.215/2001 on local public administration republished, Chapter VIII, Art.114).

Institution as a public administrator is bottom-up initiative (Public Administrator's Guide, 2007, p 28) of local government in an attempt mayors and presidents of county councils to delegate a multitude of their duties. Romanian public administrator has increasingly become a reality in communities inspired model City Manager. Its presence has emerged as a viable solution for local officials in the separation of attributes specific management representative and current activities. Public administrator function comes as an alternative local Romanian, was introduced into law in mid 2006.

Local realities require a change in system performance by redistributing tasks locally by primary and / or presidents of county councils, to streamline administrative act. Although the institutions of public administrator work in some administrative units, it was not yet introduced a bill. No local government law.215/2001 does not restrict the adoption of local development policies, but does not specify the nature of these initiatives, which required an amendment of it.

The main duties of public administrators in Romania are: exercise main credit quality, coordination of various public services (Service Management and Community Public Service and Fire Emergency, Community Police Service, security and order of services for social assistance, Department of Population, education, health service, sports, culture, public service for local public finance, local taxes), direct relations with the public (audience, addressing petitions), media relations, relationship with non-governmental organizations, writing extra-budgetary funded projects. Note that these duties are not distributed uniformly in terms of public administrator job description, at the county councils and / or municipalities (of city, town or village). Not all public administrators have the same powers, but they differ from one political subdivision to another. For example, not all public administrators have been delegated the task of authorizing officer. Others were delegated this authority, limited to a certain level or not. Justifying its delegation to the mayor, it may concern different aspects, some referring to the trust and loyalty capabilities.

On the status of public administrator, it is not a public official in the mayor's specialized unit, but has the quality of contract staff, as reflected in the law which states a contract of management between primary and under which the administrator will accomplished latter duties. Moreover, this is strengthened because the not specifying text Law 188/19994 or within Law 286/2006 of any references that we could conclude that the public administrator would be considered a public official.

Quality staff and not official contract implies a lower wage regulating public administrator, which increases the primary instruments available to motivate his subordinate, or to reward their merits. Thus, according to O.G. 10/2007, salary of a public administrator will fall within certain "limits, with the minimum basic salary of secretary administrative unit and the maximum salary of the mayor, president of the county or the mayor of Bucharest, as appropriate" (Government Ordinance no.10/2007).

City Manager and Public Administrator: commonalities and differences

A comparison of the two administrative functions considered appropriate given that too many times in Romania, and here are considered only issues concerning the public sphere were adopted techniques, methods, practices considered successful, the West without accommodate the local environment, techniques, in many cases failed to achieve its objectives or even causing an adverse effect. Comparison will run on multiple dimensions, so that on each of them to highlight the main similarities and differences.

1. Obligation and the flexibility of function

Appearance probably closest public administrator in Romania American city manager is optional nature of their freedom for those who wish to implement function to determine the powers and functions they want to place them in the task manager (flexibility). Thus, both in the U.S. and in Romania are an optional function, any territorial administrative unit not obliged to adopt. In the United States may be correlated with the optional nature historical tradition of local autonomy that characterizes the U.S. administration, while in Romania can be correlated with the optional nature of opportunity and even constitutional issues (Ciochina Bakirci, 2006).

2. Adoption function

At this level, the mode of adopting the public administrator function, that the council manager system in the United States, there is a difference between the first two cases. The comparison is even more difficult for American since there is no uniform system of adoption of the model, most often this shift achieved by means of a chart that can be adopted but the unit administratively at the county level or State, by decision of the local deliberative or by referendum (Willingboro Township, New Jersey in 1960). If the U.S. rule is that deliberative is designating the city manager, mayor returns to Romania this role, which, in addition to and take the initiative in this respect, in other words, even if the council will introduce the public administrator function in lack of initiative in this regard came from the mayor, it cannot be adopted.

3. Political dichotomy Directors

Like the U.S., public administrator is meant to ensure separation of the political landing administrative. Important to note is that the model manager in Romania is rather similar in this respect with authentic model system manager council, city manager model in which it was reserved for a significant role in public policy process, role theory has been excluded by 1920, but exclusion was not a realistic approach.

4. Relationship with the council

At this level there is a significant difference between the case of local public administrator and city manager if the U.S. and that is because in Romania the public administrator is appointed by the council, while in the U.S. is. But from this fact, relations between the two bodies in the two cases are significantly different. First, in the U.S. rule is that deliberative appoint and dismiss the city manager, while in the case of Romania, the mayor appoints and dismisses the public administrator, based on procedures, criteria and specific tasks set by the council, the mayor's proposal. Hence, they under other differences as well that if the assessment manager is the city council, if the administrator is the primary, as superior.

5. Roles vs. city manager. Public administrator roles

Again, in terms of roles, the two compared cases rather different than similar, differences being generated by the method of selecting the city manager and how to appoint the public administrator. Thus, if the American manager is accountable to the local council is responsible for implementing its decisions, the management of its own human resources specialist, has a duty to provide advice and counsel, the budget drafting and submitting for Council adoption it so., where the public administrator tasks are more variable and limited: task of implementing decisions of the local council is still the remit of the mayor, according to local government law, influence public administrator in this regard depending on the level of responsibilities held within control Mayor specialized device that met deliberative decisions. Anyway, formally speaking administrator implements the local council decisions, unlike, therefore, his American counterpart.

Also the role of city manager and the public administrator and consulting expertise to ensure the council, public administrator and city manager may exercise such a power, and even being recommended to ensure good relations with deliberative. Obviously, such a task is but necessary and defining its relationship with the mayor, regardless of its delegated responsibilities, as evidenced by the public administrator's

guide: "Public Administrator participate and be consulted in the allocation of material resources, financial, human and information, as a condition of exercising the function has been invested and program implementation and performance indicators set out in contract management (Public Administrator's Guide, p 19).

In Romania, the position of city manager in a meeting in localities such as person Resita Aurel Gheorghiu, Galati - Florin Poa, Iasi - Michael Chirica, Piatra Neamt - Bogdan Puscasu, Ploiesti - Lovin Constantin, Baia Mare - Basil Barbul, Brasov - Gantz Miklos, Sector 6, Bucharest - Cristina Parvulescu, Botosani - Adriana Zaiceanu, Arad - Claudia Lean and Hârșova - Dumitru Ifrim. In addition to these localities come across the city manager position in another government, but in most cities and towns this feature is missing or "confused" with the mayor, the latter exercise the responsibilities city manager, even if does not have specialized training for this function.

To address this issue believe that the creation of a portrait of the city manager would be able to operate in the Romanian administration is very welcome, because to have an efficiency as high in the Romanian institutions and also to modernize their be adopted and integrated this feature in the Romanian system. So I think that the main tasks that must also have this function and load that must be met to consist of:

- ability to cooperate and to associate with foreign-administrative units and to join an international association of administrative units will be notified to the Ministry of Foreign Affairs and Ministry of Interior;
- The main credit quality;
- ability to perform, under a management contract concluded in this respect the County Council or the Mayor, responsible for coordination of specialized equipment or services of county or local government;
- coordination of various public services (Service Management and Community Public Service and Fire Emergency, Community Police Service, security and order of services for social care service Population, education, health service, sports, culture, public service for local public finance, local taxes);
- direct contact with the public (audience, addressing petitions);
- relationship with the media;
- the relationship with nongovernmental organizations;
- writing extra-budgetary funded projects

Also between primary / county council president and city manger must be closely linked as a collaborative relationship to meet the public interest, a relationship in which the position of city manager should not depend on the political, the political changes taking place local / county or the policy of the party in power, which in most cases do nothing else than to denigrate the citizens' demands for their own interests. A city manager should be someone who knows all that is knowledgeable and very thorough. City manager should not have any connection with politics. His only concern should be to make a good job. The purpose of his work is to relieve the primary current affairs of the village. This mayor is only occupying the city development strategy and the community has chosen to represent various local and international meetings. In other words, city-manager does the job, and only deals with image mayor or city. However it must be a specialist, specialized studies have a very good preparation to deal with

problems faced by government, to bring innovation in it, run the Conditions; best city / municipality concerned, have the ability to supervise the personnel departments and the institution to both the department heads and direct.

Implementation of the new features in public administration in Romania think that is necessary with the rise of the changes in the reform of the Romanian government, the need to improve management in local government, political landing separating the executive and attracting highly qualified specialists.

To obtain the best results in this office believe that the continuous monitoring and regular evaluation of all city managers employed activity and an increased professionalism in the functioning of public authorities at county, city, town and common practice is good for this task. The introduction of this new feature in the administration will be a favorable environment for students graduating from university in the field, students to come up with new ideas, with a new concept about administration and functionality that will help modernize it.

Conclusions

Regarding the presence of a public administrator in administrative units in Romania, the benefits are undeniable. Such advantages are to improve the efficiency of the administrative record, following the introduction of this feature. Streamline flow of documents and information are other arguments in support of the model adopted by other local government units, as a guarantee of professionalization of Romanian modern public management. In these circumstances, an administrator could then support duties Mayor / Chairperson of the county and could secure a more efficient administrative system.

Thus, as shown in the above aspects are also approaching the two cases analyzed (common values, common mission - to separate the political from the administrative tier, local executive to work more efficiently - the flexible and optional) and aspects that distinguish them (roles, responsibilities, relationships with local power factors, the council and mayor, etc.). However, whereas most points compared to the two cases are different rather than similar, especially as relations with the mayor deliberative are practically reversed, I think it is doubtful that the public administrator's function is to adapt the city manager Romanian administrative system. Notable differences between the two cases, including that regarding a case we speak of city manager as the local executive, while in the other case we speak of the public administrator as part of the local executive, are more striking than the similarities, and close case Romanian public administrator when Chief Administrative Officer (CAO) of the American administrative system, CAO which also public administrator is appointed, evaluated and dismissed by the mayor and is found in systems with strong primary, exercising the powers conferred within the limits set by it.

I think that the two notions of city manager and public administrator are similar and identical define where we talk about common values, common mission - to separate the political from the administrative tier, local executive to work more efficiently - flexible and optional character. We note the existence of small differences in the roles, responsibilities; relationships with the local, them, but a large proportion of these two

concepts are similar especially in order to professionalize their local government requirements and grateful citizens.

References

- Cauldfield, J. A., Larsen, H., (2002) *Local Government at the Millennium*, Opladen: Leske-Budrich.
- Ciochina Bakirci, D. (2006) Public administrator. A legal arrangement unconstitutional and artificial, *Public Law Review*
- McFayden, E. Jr. (2008) *City Managers: Impact on Citizen Participation in Local Government*, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1099848
- Ramió, C., (1999) *Desenvolupament organitzatiu de l'Ajuntament gerencial* in Diputació of Barcelona: L'Ajuntament gerencial: reflexions and propostes per gerencialitzar, Barcelona: Barcelona Diputació
- Soto, J.L. (2003) *Los secretaries gestion y Administración local entre to control him. En evolución role*, in Estudios Locales Magazine.
- Law no. 188/1999 on the Statute of Civil Servants* Official Gazette no. 600 of December 8, 1999.
- Law 286/2006 amending Law 215/2001 of the Local Public Administration, published in Official Gazette no. 621 of July 18, 2006.
- Government Ordinance no. 10/2007 on wage increases will be awarded in 2007 budget staff remunerated according to Government Emergency Ordinance nr.24/2000 on setting base salaries for staff of public-sector employees and salaried staff under annexes. II and III of the Act nr.154/1998 on setting basic wages in the budgetary sector and allowances for persons occupying public functions, published in Official Gazette no. 80 of February 1, 2007.
- Public Administrator's Guide, http://www.administratorulpublic.ro/files/articles/GhidAP23.04_.07_2.pdf
- http://www.bozeman.net/administration/commission-manager_form_of_government.aspx

THE UTILITY OF USING PUBLIC-PRIVATE PARTNERSHIP FOR LOCAL GOVERNMENTS

Marina ZAHARIOAIE
“Alexandru Ioan Cuza” University
Iași, Romania
marina_zaharioaie@yahoo.com

Abstract: *The purpose of this article is to present which are the main advantages and risks associated with the use of the public-private partnership for local government. Knowing and understanding them is important, because the use of such cooperation form do not represent an all-heal solution for every problem of the local government, but must be analysed taking in consideration both the advantages and risks associated. Thus, by making a critical incursion in the literature will emphasize in this article the utility that the use of the public-private partnership in the local government might have, especially in the context of assuming both benefits and risks associated.*

Keywords: *local governments, public-private partnership, public services, risks*

Introduction

All the European states provide public services to its citizens, having different names and scopes, according to every country's particularities. The public services from the EU countries have undergone some changes determined by the political, economical and social evolutions, and the notion of public service can have different meanings, according to the state in which we relate, thus, in every state, they are insured in different proportions. In many states it is ingrained that the public sector is responsible for delivering the basic services, but this thing can change, especially since the public sector wishes to exploit the advantages offered by the private sector. One of the possibilities at hand for the local governments is to collaborate with the private sector to provide public services through private operators, this form of collaboration being called public-private partnership. In this respect, the present article aims to make an incursion into the literature of the domain to correlatively analyse the benefits and risks that the public-private partnerships presume, in order to outsource the administrative activity.

Conceptual framework regarding the public-private partnership

The public-private partnership is a concept that stirs controversy regarding its area of use. In this respect, there is a dilemma about how much of certain administrative services can be outsourced, which of the public services can be made in the public version and which in the private one, aiming at choosing the most efficient option that will best correspond to the citizens' needs. When making these decisions, the public-

private partnership must not be seen as the all-heal solution that can solve any problem, but it must be analysed from the associated benefits and risks' point of view.

Regarding the definition of the public-private partnership, we consider that until now it has not been reached a unanimous consensus in this matter, but can be grouped in two big categories. A first category defines the public-private partnership in a wide meaning, being considered an umbrella notion (Bovaird, 2004; Hodge & Greve, 2007) that covers a wide range of public-private collaboration forms and considers that any public interference in providing a public service or making an infrastructure work can be called a public-private partnership. The second category defines the public-private partnership in a narrow meaning, considering that for being able to talk about public-private partnership, the meeting of some characteristics is mandatory, such as: sharing between partners, one public and one private, the risks, costs, benefits, resources and responsibilities. We consider that the second category is the closest to what the public-private partnership means, but in the international practice, the public-private partnership takes many forms, due to various domains, particularities of the states and different needs that it is used for.

At a community level, the public-private partnership term is not defined, but it is used by the European Committee (2004) with the sense of cooperation form between the public authorities and the private environment that aims for the guarantee, financing, construction, renovation, management of the infrastructure and public services. Calleja (2010) is taking in consideration the neutral community law, because it leaves to the public authorities the liberty to choose the way of satisfying the public services, but enters in the game only when the public authorities decide to involve third parties through regulations that refer to public acquisitions and concessions.

Benefits and risks of the public-private partnership usage

The local governments will run projects in public-private partnerships as long as the advantages of such collaboration, from both the financially point of view and from efficiency growth motives and the responsibility in providing public services and/or in making infrastructure works, overcome the disadvantages and risks they assume.

One main motive that is considered an advantage of the public-private partnership usage is represented by attracting private investments in domains traditionally considered public, this is especially important since most states are facing, both at central and local levels, with budgetary constraints. In the case of the public-private partnership, the investments made are not directly supported by the public budget, but through the private partner that will recover the investment and will obtain profit either through taxes paid by the final users (concession model), either by amount paid by the public authorities (the case of the *Public Finance Initiative* from the Great Britain) that can have the shape of subsidies, guarantees or *shadow fees* (Engel, Fisher & Galetovic, 2008). Through the contribution of the private investment capital, the public resources can be supplemented or they can be later redirected towards other public needs, thus seeking the enhance of the efficiency in using the financial resources and even the reform of the public sector based on the reallocation of roles, incentives and responsibilities. Because of the private

investment in domains that used to be financed in a traditional way by the public sector, the public authorities relieve its budget from some of the investment expenses, especially in the context in which the ordinary incomes are insufficient and thus they avoid public loans.

The budgetary restrictions that the public authorities confront itself with are important, also because they are closely monitored and managed in the EU states, where, according to the Stability and Growth Pact stipulations, it has established that the limit of the public debt will represent 60% of the gross domestic product and the budgetary deficit will not exceed 3%.

What must be specified is that by the version of the public-private partnership usage the responsibilities of the private sector will not be eliminated. The public sector must continue to assume an active role in providing public services and infrastructure, for several reasons such as that the public sector does not take into account the externalities, that without the intervention from the state the infrastructure works such as street constructions and street lighting would not be able to be provided free of charge (public goods), that providing them only on competitive basis of the infrastructure would not be effective, meaning that it needs a public control and even if the competition is possible, the public sector must supply those public goods that through private supply would exclude certain social categories (in the case of the existence only of private schools, the social categories that cannot afford to pay would be excluded from the educational process), that there are domains, such as the one of the road infrastructure that need a high initial investment and the recovery period is long, which makes unattractive a private investment without public support (Yescombe, 2007). But, it cannot be called in question the importance of the private sector that disposes of a better mobility than the public sector, because not only that it is capable of decreasing the costs of the projects in the planning, designing construction and operation phases, but can also avoid paper work and can diminish the administrative formalities.

Regarding the decrease of the investment expenses by using the public-private partnership, there are some controversies in this regard, because various specialists consider that this concept is surrounded by numerous myths, one of which being that there is no alternative for making different projects than through the public-private partnership (Hall, 2008). Before using the public-private partnership, it is mandatory to make a rigorous justification of the decision regarding the exploitation modality of a public service, the use of the method called Public Sector Comparator being necessary. The Public Sector Comparator is a modality to compare whether the private exploitation version of a public service brings value for money compared to the most effective modality of public exploitation. Thus, based on the advantaged and disadvantages of each way of providing public services and making of infrastructure works must be decided if the traditional version of public acquisitions is or not more advantageous than the public-private partnership. Among the value for money principle, it must take into consideration the criteria such as minimizing the total social costs. More specifically, the governments should reduce the production costs that they have (including payment to third parties), plus the transaction costs, plus the negative externalities (net), keeping at the same time constant quality. The specialists in this domain emphasis that when taking a decision it

must not take in consideration only the accounting costs, but also the social costs of such a project. The government must use the public-private partnership only if it brings value for money to a project, being mandatory to establish whether the payments made in the public-private partnership (taking in consideration the risk as well) bring value for money in relation to the cash-flow (and the assumed risk) compared to the traditional or alternative versions that the state has at hand. Before a decision is made whether a certain public service or a certain work must be outsourced by the private sector, it is mandatory to have an analysis of the cost-benefit that will take in consideration all the important aspects of the given project.

Although the advantages of having such a comparison are clear, many times, it is either not used or not used properly. These deficiencies have been seen in European countries such as Estonia, Italy or Holland. In Estonia, the national authority audit report reflected the fact that because of the improper use of the Public Sector Comparator, many projects have been assigned to be implemented in the public-private partnership that on the long term would have been 25% more expensive than in the public sector version (Friedrich & Reiljan, 2007). Only in the case where all the particularities of the project are taken in consideration it will be decided that the public-private partnership is the most efficient, only then it can be said that public funds are being saved.

Other advantages of the public-private partnership use that do not refer to financial aspects, refer to the added value brought by the collaboration with the private sector that has as strong points: innovation, financial capacity, knowledge of new technologies, managerial effectiveness and entrepreneurship (Bennet, James & Grohmann, 2000). Thus, by collaborating with the private sector by making projects through the public-private partnership, the public sector does not share only the financial costs of the projects, but also the risks, better services are being provided, a better monitoring of projects is being done, it benefits from the efficiency and flexibility of the organizations from the private sector (Hodge, 2004). In this respect, the European Committee (European Committee, 2007) has identified the following benefits of the public-private partnership use: providing additional capital, offering alternatives in managing the public services, offering added value to consumers and assuring a better identification of the needs and an optimal use of resources.

Also, by involving the private sector, better services are being provided and a good risk-profit balance can be maintained in the project from the public-private partnership. In this context, the private investors will start projects with higher risks as long as the profit they predict is directly proportional to the risk they assumed.

Another benefit of the public-private partnership is that through it an effective use of the resources is being made (Cheung, Chan & Kajewsky, 2009), due to the fact that the long term costs for the provided services are being analysed, which generates a much more realistic and objective analysis in selecting the projects. Once the private partner is involved not only in the construction phase of an infrastructure work, but also in the exploitation and maintenance phase, it focuses not only on the minimization of construction costs, but also in the minimization of costs for the entire life of the project. Also, it tries to control much better the deadlines, because by a faster execution of the project, the investment can be recovered earlier and thus the profit as well.

The call for public-private partnership is determined also by the increase of the demand in services and public infrastructure, thus the World Bank estimates that in the developing countries the total annual demand for infrastructure works, that includes domains such as roads, railways, ports, water supply, health, telecommunications and energy overcomes 1000 billion dollars (Menendez, 1998). Also, the same source shows that in the 1990-1996 periods the private investments multiplied, so that in the telecommunications and energy infrastructure domain they represented 70% of the total investment. We can conclude that the public authorities have turned in the recent years their attention toward financial, human and technological resources of the private sector.

For example, the dates regarding the public-private partnership in Slovenia and Croatia show that in these two countries an exceptional growth of the public-private partnerships has been registered regarding the construction of public infrastructure and supplying public services. The factors that determined this development have been represented especially by the economic motivation. By involving the private sector in financing infrastructure projects and supplying public services, the public sector was capable to obtain financial resources sufficient to make the proposed projects without increasing the public debt. At the same time, because of the good private management, the public sector was capable to offer better, cheaper and more efficient public services. Based on this study, it has been noticed that in two states of the Central and South-East Europe, where the public-private partnership has been used at the local government level, it has been registered a growth of the quality of public services and infrastructure, of the investments in public objectives, without being accompanied also by a growth of the local government's public debt (Grafenauer & Klaric, 2010).

The advantages of making projects in the public-private partnership have to be felt by both parts, because only in this manner the business environment representatives will be interested in running such projects. In the first place, by running projects in the public-private partnership new investment opportunities arise in domains that could not be exploited before either because of the role assumed by the state in the economy, or because it required big investments with uncertain recovery. The public-private partnership offers the possibility to make investments in domains like: road, railway, port, telecommunication and energy infrastructure, but also social infrastructure (schools, hospitals, prisons).

Another important aspect both for the public and private sector is the way the risks are shared between the two sectors. Most authors consider that the risk should be shared based on the benefits perceived by each associated part of the project. The risks are grouped in two categories: endogenous and exogenous risks for each of the two sectors. Most risks are exogenous, thus the private partner is not better informed about this risk than the public partner, nor can it manage it better. However, although it is in the state's interest to isolate the contractor from the exogenous risks and to support it, this doesn't mean that it will be automatically transferred to the public sector. In case of inflation risk, that is exogenous to the private partner, but endogenous for the state, because the inflation is the result of its monetary and/or fiscal policies, the public sector cannot compensate the private partner of future price growth, and it will lead to the situation where this risk will be transferred to the public through increases of fees or

prices for the goods or provided services. We can observe that in the literature, the opinions are divided, regarding the way in which the risks should be divided; this decision must be taken based on the particularities of each project.

The participants from the private sector are more reluctant to risk than the ones in the public sector; therefore they are more willing to give up on a part of the future profits to assume a smaller risk. This is due to the fact that the managers from the private sector and the private capital investors bear the consequences in a more direct and personal way, in the case the risks become a reality. For the public-private partnership to become more attractive to them either the state should assume a significant part of the risks or it should offer more significant risk premiums that will make the investment attractive for the investor. They will invest only when the risks will be lower than the profit expected to be obtained from the project. The risks are of many types, such as: market and income risks, risks from the design phase, risks from the construction phase, exploitation risks, financial risks, political risks, legal risks, environment risks, force majeure risk (Yescombe, 2007).

The risks that are supported by the state are in lots of cases the ones that the private operators have little control of, such as political, financial and usage risk. For example, for running a project in the public-private partnership, a political support is necessary. This is due to the fact that the public-private partnership contract is closed on a long period of time, in this period major political changes could occur. The public-private partnership contract not being under the auspices of the commercial law, can be discretionary modified by the public authorities against the private partner. The specific political risks also refer to war or civil conflict situations, expropriation regime (the public authority being able to expropriate the private partner without compensation) or the unilateral termination of the contract. The private investors will be more attracted by investments in stable states from a political point of view and in which there is a climate that offers a safe investment. However, the international practice has proven many times that either the public part assumes too many responsibilities, which determines the financial risk to be transferred to it. The solution in this case could be given by the existence of a legal framework that establishes in clear terms the terms of the contract, but leaves at the same time a certain flexibility through which the particularities of the contract are taken into account. The risk sharing should be fair and determined by the responsibilities of each part assumed through the contract.

The financial risks that influence the public-private partnership refer to the exchange rate risk and the interest rate risk. Another threat that the projects running in the public-private partnership have to deal with is given by the exchange rate's fluctuation. In case the private partner has to cover a high external debt, the exchange rate's fluctuations can have repercussions regarding the project. This situation appears especially in the case where the private partner has underestimated the exchange rate risk or it is in the construction phase and needs import goods whose acquisition leads to an increase of expenses that has not been estimated. The financial crisis has been felt, leading to the increase of the interest rate, this situation has determined the private investors to be in a state of expectation regarding future investments.

Conclusions

The public-private partnership is a notion that covers a great range of cooperation shapes between the public and private sector, which has determined in the international literature and practice the inexistence of an unanimous accepted opinion regarding what this partnership represents. The differences in opinion regarding the public-private partnership exist also because of the different approach of each state. This diversity of opinions from the literature is found also in what it's use by the local public administration in concerned. However, we can conclude that despite this diversity of opinions, the decision to run a project in the public-private partnership must be taken based on a cost-benefit analysis that relatively analyses the version of running a project in the public-private partnership and the version of running one in a traditional way. Only when all the particularities, benefits and risks of a project are taken in consideration, the version of running a project in the public-private partnership is more viable and brings value for money, only then we can stipulate that the public-private partnership bring value to the public administration.

Acknowledgements

This work was supported by the European Social Fund in Romania, under the responsibility of the Managing Authority for the Sectorial Operational Programme for Human Resources Development 2007-2013 [grant POSDRU/107/1.5/S/78342]

References

- Bennet, E., James, S., Grohmann, P. (2000), Joint Venture Public Partnerships for Urban Environmental Services, *Report on UNDP/PPPUE's Project Development Facility 1995-1999*, New York: UNDP & Yale University
- Bovaird, T. (2004), Public Private Partnerships: From Contested Concepts to Prevalent Practice, *International Review of Administrative Sciences*, 70(2): 199-215, available on <http://ras.sagepub.com/content/70/2/199.abstract>
- Calleja, A. (2010), The Legal and Policy Considerations in the Award of Public-Private Partnerships, *European Public Private Partnership Law Review*, 2/2010, available on ProQuest
- Cheung, E., Chan, A., Kajewsky, S., (2009) Reasons for implementing public private partnership projects: Perspectives from Hong Kong, Australian and British practitioners, *Journal of Property Investment & Finance*, Vol. 27, Iss:1
- Commission (2004), Green Paper on Public-Private Partnerships and Community law on public contracts and concessions, COM(2004)327, available on http://ec.europa.eu/internal_market/publicprocurement/ppp_en.htm
- Engel, E., Fisher, R., Galetovic, A., (2008) Public-Private Partnership: When and How, *Infrastructure and Development Seminar*
- European Commission (2004), *Resource Book on PPP Case Studies*
- Friedrich, P., Reiljan, J. (2007), An Economic Public Sector Comparator for Public Private Partnership and Public Real Estate Mangament. *ASPE Conference St Petersburg*
- Grafenauer, B., Klaric, M. (2010), Alternative service delivery arrangements at the municipal level in Slovenia and Croatia, *Journal of Local Self Government*, Vol. 9, No. 1
- Gray, S., Hall, J. & Pollard, G. (2010), The public private partnership paradox, available on http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1582312

11. Grimsey, D., Lewis, M.K. (2007)., *Public-Private Partnership: The Worldwide Revolution in Infrastructure Provision and Project Finance*, Edward Elgar
12. Hall, D. (2008), Public-Private Partnerships (PPPs) Summary paper, available on www.ppsiru.org
13. Hodge, G. A. & Greve, C. (2007), Public-Private Partnerships: An International Performance Review, *Public Administration Review*, 67(3): 545, available on ProQuest
14. Hodge, G. A. (2004), The Risky Business of Public-Private Partnerships, *Australian Journal of Public Administration*, 63(4): 37-49, available on Proquest.
15. Jenkinson, T.(2004), Private Finance, *Oxford Review of Economic Policy*, Vol. 19, No. 2, pp. 323-334 available on <http://oxrep.oxfordjournals.org/cgi/content/short/19/2/323>
16. Menendez, A. (1998), *Constraints and Opportunities for PPP Transport Projects*, Seminar Public Transport: Private Sector Solutions for Investment and Services
17. Onofrei, Mihaela, and Dan Lupu. "The dimension of public administration in central and Eastern European countries in the current financial crisis." *Transylvanian Review of Administrative Sciences*,(29E) (2010): 109-124.
19. Vining, A. & Boardman, A. (2008), „Public–Private Partnerships Eight Rules for Governments”, *Public Works Management & Policy*, Volume 13 Number 2, pp. 149-161 available on <http://online.sagepub.com>
20. Yescombe, E.R. (2007), *Public-private partnership. Principles of Policy and Finance*, Ed. Butterworth-Heinemann

FINANCE

ECONOMIC CRISIS IMPACT ON COUNTY ALBA HOTEL INDUSTRY. CASE STUDY PARK HOTEL ALBA IULIA

Claudia Olimpia MOISĂ
1 Decembrie University of Alba Iulia,
Alba Iulia, Romania
claudiapatrut@yahoo.com

Abstract: *The present paper, dominated by the global economic crisis effects is and continues to be a critical time for global tourism industry and for Romanian too. This study tries to play on a particular case, Park Hotel, located in Alba Iulia, the impact of this phenomenon over tourist hotel services.*

Keywords: *economic crisis, hotel industry, the impact of financial crisis.*

Introduction

As expected, the global financial and economic crisis has left its mark on the Romanian economy and our country begins to feel increasingly the economic recession that the great economists of the world fail to find an antidote.

Overall, the EU economy will stagnate this year and in 2013 will grow by only 1%. Economic activity in France and Germany will increase by 0.5% and 0.7%, in Italy, the economy will remain the same, the Netherlands, internal demand decreased late last year, but will recover in the last quarter of 2012. According to forecasts, Spain will remain in recession until the end of 2012 and growth will recover in the first quarter of 2013.

After four years of crisis, Romania has not escaped and is still in bad economic times. Businessmen and analysts say that 2012 is likely to be even worse for the Romanian state. Although in 2011 the Romanian economy showed signs of recovery, it is a circumstantial output from recession, and there is no assurance that this output will continue in 2012 because they are too large disturbing factors that affects the economy in general and Romanian tourism sector in particular.

This crisis is strongly felt in companies in Romania. Default tourism services have and will suffer from the crisis as far as population demand for these services is considerably reduced; people search to satisfy the basic needs first and then the other needs to the extent that they possess enough resources. Also can be observe that between people income and the consumption of tourist services is a relationship of direct proportionality, meaning that an income decrease will decrease demand for these services and vice versa.

Research methodology

Regarding research methodology, to assess the impact of economic crisis on tourism services is achieved a practical documentation at PARK SA, the leading tourist hotel in the county of Alba and Alba Iulia city, where is studied the evolution of several relevant indicators for measuring progress impact of this phenomenon which has been felt in the tourism industry too. First we analyze the evolution of tourist traffic main indicators, considered the reference period ranging 2008 to 2011.

In this analysis aims the evolution of tourists number, overnight stays, average length of stay, the average occupancy, the revenues volume / average spending per tourist and day-tourist. In order to more easily interpret the results will be calculated the indicators abovementioned dynamic both in absolute values and relative values.

Short presentation of Park Hotel Alba Iulia

Located in the central park of the city, close to Alba Iulia's Town Hall, Alba Iulia's County Council, the Prefect's office and Chamber of Commerce, Industry and Agriculture of Alba County, Park Hotel has 150 accommodation places in 35 rooms with king-size beds, 27 double rooms with single beds, 8 apartments and 2 rooms for disabled people. Regarding the public food services Park Hotel has three restaurants with 200 seats, 100 seats and 50 seats and a bar with 80 seats. The hotel offers tourists recreation-entertainment services in the leisure base consists of a pool dimensions of 18m x 6m/ 1.8 m with water heated to 29°C, two eight-person jacuzzi with water recycling system, 12 maintenance equipments, two modern saunas with a capacity of 4 and 10 people. For tourists accommodated at the hotel, leisure services are included in accommodation rates and hotel customers without accommodation can choose for more favorable rates on subscription based entertainment. Businessmen receive specific services offered in a conference hall with 180 seats with amplification and the application development based on user wishes, air conditioning, projector and screen.

Being in the neighborhood of the most important public institutions, banks and major companies, the hotel adds an additional reason for businesspeople or tourists visiting the city, to choose this hotel.

Measuring the economic crisis impact on the tourist traffic in Park Hotel

A special place in the structure of tourism indicators is the tourism traffic expressing actual demand in various aspects, but sometimes also on the potential demand or supply-demand relationship. Tourism indicators capture and give a synthetic, mathematic speech, information on various aspects of tourism, information useful to measure the phenomenon and its effects, to anticipate trends and to base policy development in this field.

Among the most representative and important indicators that will be analyzed to measure the tourist traffic in the Park hotel complex in Alba Iulia, can be mentioned: the tourists number, overnight stays or day-tourists, average length of stay, the use of accommodations.

Collected and processed data for measurement of tourist traffic in the Park Hotel Alba Iulia have the following results:

Table no.1 Tourist traffic indicators at Park Hotel Alba Iulia

Indicators	Period		Deviations		Period		Deviations		Period		Deviations	
	2008	2009	±	%	2009	2010	±	%	2010	2011	±	%
Visitors:	7189	6485	-704	-9,8	6485	4678	-1807	-27	4678	4003	-675	-14
-resident tourists	4891	4783	-108	-2,2	4783	3242	-1541	-32	3242	2160	-1082	-33
-non-resident tourists	2298	1702	-596	-26	1702	1436	-266	-16	1436	1843	407	28
Overnight stays (days-tourist)	22286	16213	-6073	-27	16213	13196	-3017	-18	13196	10980	-2216	-16
-resident tourists	17650	12792	-4858	-27	12792	10128	-2664	-20	10128	5700	-4428	-43
-non-resident tourists	4636	3421	-1215	-26	3421	3068	-353	-10	3068	5280	2212	52
Average length of stay (days)	3,1	2,5	-0,6	-19	2,5	2,82	0,32	12	2,82	2,74	-0,08	-2,8
-resident tourists	3,6	2,67	-0,93	-25	2,67	3,12	0,45	16	3,12	2,63	-0,49	-15
-non-resident tourists	2,6	1,8	-0,8	-31	2	2,1	0,1	0,5	2,1	2,84	0,74	35
Average occupancy rate (%)	60,36	54,45	-5,91	-10	54,45	43,82	-10,6	-20	43,82	50,08	6,26	14

Source: prepared by author based on data gathered from company SC PARC SA

Based on table no.1 informations, are emerging following trends for tourism activity held in the Park hotel complex, over the range considered relevant to analysis, namely:

1. Following the evolution of the indicator tourists number during 2008-2011 we can see a quite significant decrease of this indicator values, result caused by economic crisis. So, in 2008 when the company was still a thriving business there has been a total of 7,189 tourists compared to 2009 when their number is reduced by approximately 9.8%, which means a decrease in absolute numbers by about 704 guests. The analysis of 2010 compared to 2009 there was a more significant decrease in the number of tourists from 6485 tourists who had been in 2009 to 4678 tourists in 2010. This means a decrease of about 27%, which represents in absolute values a decrease by about 1,807 tourists of the analyzed indicator. 2011 brings to a quite significant decrease in the number of tourists, and hence that the negative effects of financial crisis still persists in the studied company in considerable intensity. The lower number of tourists in 2011 compared to 2010 is about 14%, which means a decrease in absolute numbers with 675 tourists.

Analyzing the number of tourists for years indicator located at the ends of the range, namely 2008 and 2011 there is a sharp contrast, a very significant discrepancy. Thus, number of tourists indicator experienced a downward trend from year to year,

being 7,189 tourists in 2008 compared to 2011 when gradually decreased to around 4,003 tourists, so a decrease of about 3,000 tourists, representing a significant percentage of 44.4%.

A higher share in the total number of tourists is held by resident tourists in Romania, but their share decreases as economic crisis is increasing and its effects becomes apparent, significant resented as population income level decreases accordingly. The decrease of Romanian tourists number is more obvious starting with 2009, 2010, recording a minimum in 2011. The decrease in 2010 compared to 2009 is 32% (in absolute numbers with 1,541 tourists), while the negative trend in 2011 compared with 2010 still increases with a rate reaching 33% (in absolute numbers decreasing with 1082 tourists). For non-resident tourists declines are not so pronounced in the first two analyzed years from 2008 to 2009 their share decreased by about 26% (from 2,298 tourists in 2008 to 1702 tourists in 2009). 2009, 2010 approached compared bring down about 16% for non-resident tourists, while 2011 brings an increase of 28% compared to the previous year, which means there was an increase in tourists to 407 persons. Hence it may be concluded that the economic crisis effects experiencing a greater extent in Romania, the externally the economy is less affected.

2. Indicator overnight stays or days-tourist mostly negative in the period under analysis, as an undeniable result of the economic crisis that is felt more acutely in the hospitality industry of the city of Alba Iulia too. Thus, in 2008-2009 the number of overnight stay is reduced from 22,286 to 16,213 days-tourist, which means a decrease of about 6073 days-tourist, and the relative numbers decreased by about 27%.

In 2010 compared to 2009 the lower number of overnight stays in the Park hotel is increasing, this time decrease is about 18%, which means a decrease in absolute numbers with 3017 days-tourist. In 2011 compared with the previous year, days-tourist indicator knows a downward trend, falling from 13,196 to 10,980 days-tourists.

For the Romanian tourists who also are the most numerous, the number of overnight stays is higher, but equally reported decreases in the number of overnight developments for foreign tourists. Consequently, in 2008-2009 the indicator decreases by 27% (from 17,650 days-tourist in 2008 to 12,792 days-tourist in 2009) for residents, while for non-residents is recorded a decrease by 26% (from 4636 overnight stays in 2008 to 3421 in 2009). 2009, 2010 approached compared bring some changes meaning that this time the number of overnight stays for non-residents falls in a lower proportion (10%), while the number of overnight stays for residents has decreased by about 10 percent high (20%). The developments during 2010-2011 are positive only for the indicator corresponding number of overnight stays of foreign tourists, the increase is about 50% compared to previous year. For the Romanian tourists is maintained the downward trend in the number of tourist overnight stays spent at Park Hotel in Alba Iulia.

3. The average length of stay is another indicator whose importance in drawing the study findings the impact initiated by this paper worth highlighting. Although for this indicator values are maintained fairly constant, with small deviations, the economic crisis effects are felt on the hotel business from this perspective too. The explanation lies in the fact that lower incomes lead to a decline in tourism demand and thus reduce the average length of stay. Based on analyzed and processed data on the average length of stay can be

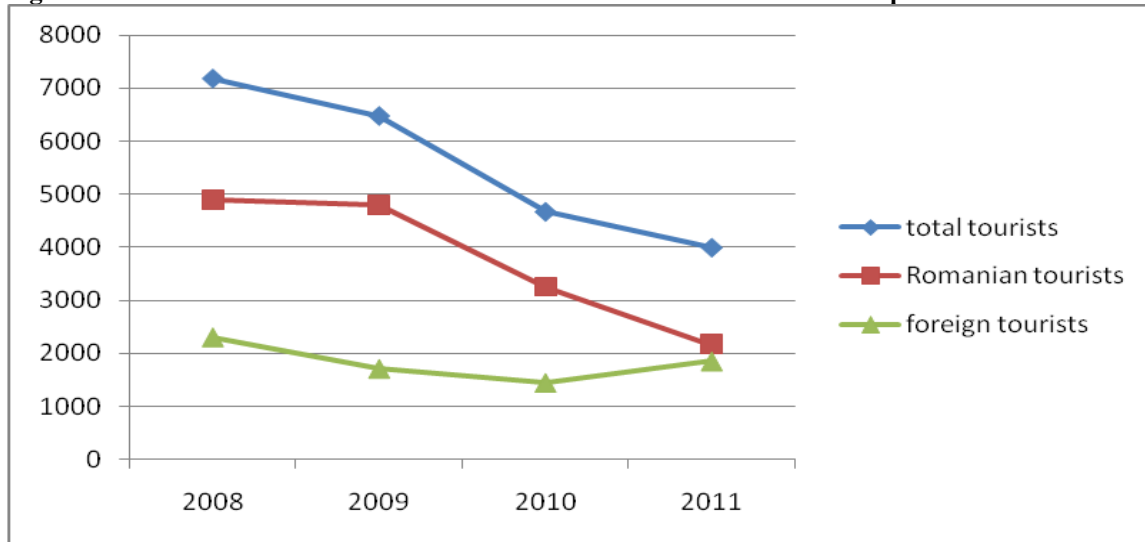
concluded that is about 2-3 days for tourists residing in Romania, and for non-residents is about one or two days, with increasing tendency during 2011 towards 3 days.

4. The average occupancy is another decisive indicator to point tourist traffic in Alba Park Hotel in the representative period. From an occupancy of about 60% in 2008 reached a level of about 55% in 2009, with about 6 percent lower than the previous year, minimum for this indicator recorded at the end of 2010 (about 44%), decreased is about 11% than the previous year.

Economic crisis effects, according to trends in this indicator are felt more acutely in 2010, when the percentage which plays the analyzed hotel occupancy decreases significantly. In 2011 the occupancy rate increases, phenomenon explained by reducing the number of accommodation places available due to removal from the touristic circuit, in the last months of 2011, a large number of rooms for their modernization. Therefore, although the average occupancy in 2011 achieves higher values than in 2008 and 2010, tourists number kept a downward trend throughout the analyzed period.

To play in a more convincing way the evolution of the tourists in Park hotel 2008-2011 was drawn on the chart below upon which can be identified quite significant variations from year to year in what concerns tourists.

Figure no.1 Evolution of the indicator “number of tourists” to the Park Hotel period 2008-2011



Source: prepared by author based on data gathered from company SCPARC SA

May be observed a very significant decrease in the number of tourists in the period under review, and this is particularly visible in 2010, especially if the developments of this year compared to values recorded in 2008 when the activity was a thriving tourist business.

The decrease of the tourists number due the economic crisis finds its explanation in the following words: "Between income allocated to tourism activity (meaning that part of income that remains after we have satisfied other types of needs) and demand for tourism is a relationship of direct proportionality: increasing income - increasing demand, decreases the income – decreases the demand".

The category of value indicators to quantify the tourist traffic from Park Hotel, the most important are *incomes volume / average costs per tourist* and *incomes volume / average costs per daily-tourist* which is determined reporting incomes/costs at tourists number, and overnight stays respectively. The values they recorded in the analyzed period follow the same trend as physical indicators previously analyzed.

Table 2 The evolution of value indicators to quantify the tourist traffic for Park Hotel Alba Iulia

Indicators	Period		Deviations		Period		Deviations		Period		Deviations	
	2008	2009	±	%	2009	2010	±	%	2010	2011	±	%
Revenue per tourist	569,6	650,8	81,2	14	650,8	763,7	112,9	1,7	763,7	854,8	91,1	11
Revenue per day-tourist	183,7	260,3	76,6	41	260,3	270,7	10,4	3,9	270,7	311,6	40,9	15,1
The average tourist cost	491,5	612,9	121,4	24	612,9	758,4	145,5	23	758,4	817,2	58,8	7,7
The average cost per day-tourist	158,5	245,1	86,6	53	245,1	268,8	23,7	9,6	268,8	297,9	29,1	10,8

Source: prepared by author based on data gathered from company SC PARC SA

Analyzing revenue per tourist indicator values, we see that it grows at a lower rate than the average tourist costs growing, although in recent years considered this indicator values tend to be closer to the values calculated for cost indicators. Thus, in 2011 compared with 2010 we can see that revenue per tourist indicator ahead of the growing proportion of average cost per tourist.

Average revenue per day-tourist upward evolving in analyzes range, even if extent to which increases are in a certain decrease. If in 2009 compared to 2008 average revenue per day-tourist increase by about 40% in 2010 compared to 2009 the increase is only about 4% which means a rationalization of costs that are tourists, direct and immediate effect of the economic crisis.

Average cost per tourist increased from year to year, reflecting an unfavorable aspect because they will feel on the financial results of the company. Average cost per day-tourist is maintained, also in an ascending trend. Increased costs predominantly in faster than revenue growth due to the impact of economic crisis generally on the tourism activity and particularly on the Park Hotel business. This is explained because the price of raw materials increase, increase the cost of utilities, resulting in default increased costs.

Can be mentioned other ways of analyzing the activity of the under review hotel that can provide conclusive information to assess the impact of economic crisis on services SC PARC S.A. and his activity. Thus, the analysis of company revenues from services can be considered, and the income trends structured their main categories, determining their share in total company revenue over the four years proposed representative study.

Measures to reduce the economic crisis impact on tourist traffic to Park Hotel

To mitigate the impact of financial crisis on the tourist traffic of Park Hotel Alba is required to be taken through several measures of which may be mentioned:

- Retain existing customers of the hotel by offering preferential rates or launching new marketing tools such as loyalty cards, gift cards, or the guaranteed price offer. But the real challenge is to maintain a portfolio of loyal customers, in this category entering tourists buying package tours or hotel services over a separate price level for several years.
- Lower prices and tariffs. High prices and tariffs generally limits the access to the hotel services, which is reflected by reducing the tourists number, reducing tourist length of stay, reducing the range of purchased services. At this time, tourists will be especially attracted by those products that are offered to convenient prices, thus stimulating the competitiveness between providers of tourist services which will try a stronger individualization of their offer.
- Reduction of certain categories of expenditure, respectively expenditure on raw materials, with consumables, etc.. Compared with most companies affected by the economic crisis who used a personnel policy restructuring in order to reduce the employees number, SC Park SA made a discordant note by keeping the personnel number and reducing to some extent, especially in the 2010 compared to previous years.
- Developing and diversifying the range of additional offer services. It's tourist information services, brokerage services, commercial services, etc.. Tourist information services facilitating access to knowledge and access to specific offer and additional benefits made available by the hotel unit inside or outside it. Brokerage services, as well as other additional services are designed to satisfy tourists requirements. Park Hotel, within its discretion, mediates between his own tourists and specialized services providers the implementation of various works - repair or maintenance of objects in tourist facilities when these operations cannot be performed at unit level, reservations of tickets to various cultural, artistic events, booking of transport or other accommodation and several other fees, car rental from specialized units and some activities with special character (supervision of children and the disabled, translations for business, stenography, congresses, conferences, symposiums).
- Improving the quality of hotel services. In times of crisis tourist behavior changes, meaning he requires a more high quality, becomes more exigent and has high expectations regarding the services he requires. In this context, development and diversification of services is a guarantee of a more attractive tourism products offered by Park hotel and their quality, but also an opportunity to conquer new market segments.

Conclusions

The economic crisis had a significant impact on tourism services of Park Hotel Alba Iulia in that it decreased tourism demand for these services in a worrying pace, especially in 2009, 2010 impact reflected in the evolution of main tourist traffic indicators analyzed in 2008-2011. In 2010-2011, the percentage of the indicator number of tourists

decreased was important, both for the Romanian tourists and foreigners, that because prices have remained stagnant or increased and tourists became more reluctant consuming tourist services. Also, in 2011 the number of overnight stays decreased significantly and hence the degree of occupancy, which finally led to lower turnover and income.

References

- Lupu, N., (2010) *Hotel - Economics and Management*, Fifth Edition, C.H. Beck Publishing, Bucharest.
Mazilu, M., Abraham, M., Ispas, R., (2011) *The Effects of the World Economic Crisis on the Tourist Market from Romania*, International Journal of Energy and Environment, Issue 1, Volume 5.
Savin, F.A., (2004) *Tourism marketing strategies*, Publishing House, Bucharest.
Vanhove, N., (2005) *The economics of tourism destination*, Elsevier, Amsterdam.
Snake, O, (2001) *Tourism Economy*, Expert Publishing, Bucharest.
<http://www.hotelparc.ro/>

ENVIRONMENTAL LIABILITIES ACCOUNTING: AN REVIEW OF SOME STANDARDS AND GUIDELINES

Florian Marcel NUȚĂ
Danubius University of Galați
Galați, Romania
floriann@univ-danubius.ro

Alina Cristina NUȚĂ
Danubius University of Galați
Galați, Romania
alinanuta@univ-danubius.ro

Abstract: *The paper's aim is to assess the recent developments of standards and guidelines regarding the environmental liabilities treatment and reporting. The proliferation of environmental accidents and opening economic consequences on businesses affected by any environmental liabilities accounting purposes has become an inevitable issue for all the enterprises. To overcome the negative effects of these issues upon the financial performance the professional organisms issued different methods and tools for a more comprehensive approach of non-financial forces that occur.*

Keywords: *Environment, accounting, reporting, liabilities*

Environmental liabilities accounting

Environmental liability is an obligation which may result in future payments for the enterprise, due to past events or to compensate a third party harmed by environmental damage by the company. Based on this definition, the term environmental liabilities can be divided into two or liabilities incurred which are presented in the financial statements, including liability (environmental risks), often called contingencies, which are found in the notes to financial statements. Liabilities incurred can be derived from two sources. First there are legal obligations, such as rehabilitation of land, a fine result of a crime or sought compensation in court. Then there are contractual obligations arising out of, employed by two or three parts those environmental safeguards. The accounting treatment of the passive kind of the environment is different from other liabilities of the company. In certain circumstances, a liability is recognized even if voluntary measures to prevent pollution or restoration.

The proliferation of environmental accidents and opening economic consequences on businesses affected by any environmental liabilities accounting purposes has become an inevitable exercise. For example, multinational Monsanto accounted for in 1999 a provision for rehabilitation of sites covered by about 83% of net revenues.

Potential environmental liabilities differ in the uncertainty of future payments on realization, fact and importance. To be accounted for environmental liability must stem from the fact that an obligation immediate past more than likely be measurable. Thus, any environmental liability is likely when: 1) there is a legal obligation, 2) management team wants to prevent, reduce or repair environmental impact.

Accounts reporting

Corporations have many means for communication with stakeholders, especially the Internet, press, conference calls, annual meetings, management reports and financial reports. The latter are the main means of communication for public companies with financial markets. Accounting is required in cases of any environmental objectives which generates or generated transactions with other parties, or train current and future financial obligations known and estimable.

When measurement is not reasonably estimable and obligations are not certain that they meet the criteria relative importance, these obligations must be related notes presented in financial statements.

Moreover, products, costs (assets, expenses), including obligations (liabilities) are integrated environmental accounting primarily in posts. Rules do not require only that they are presented separately except eventualities will be described in Note. Financial reports users are difficult to assess the importance of the financial results of the enterprise environment. Of course it's minimum standards. To meet rising stakeholder expectations companies tend ever more to overcome these exceptions or separate communicating environmental information in financial reports or publishing environmental reports.

Publications of non-financial companies' reports that communicate environmental information have started in 1990. Marginalized then, this practice has evolved much, both in the content of reports, as the number of companies have adopted.

A study by KPMG in 1993 for over 100 companies from 11 major North American, European and Oceania countries showed that 28% of them published a non-financial report that address environmental issues. In addition, as STRATOS stated, a body dedicated to promoting sustainable development in Canada, 60% of the companies forming part of public TSX composite index performance information on sustainable development only 10% of them did it in 2000.

Environmental reporting form has evolved over the years. Initially, reports were mainly composed of strict environmental information. Moreover, current trends are moving more towards the sustainable development concept, aimed at such integration in a single report of the concepts of environmental and corporate social responsibility. Business names used in this report are non-multiple, for example: report on sustainable development, social balance.

To frame the preparation and communication of these reports, and to help businesses better respond to stakeholder expectations, several guidelines have been prepared by various national and international bodies. Among these, two are specifically

demarcated and are now preparing office reference sheet triple GRI Guidelines and the AA1000 standard International Institute of Professional Accounting.

Founded in 1997, GRI is the result of a partnership between UNEP and CERES. In 2002, the body has published guidelines for reporting on sustainable development and sectorial supplements and a protocol for performance indicators.

These guidelines are not aimed at preparing the accounting rules in force, but rather to serve as a guide for non-disclosure credible and precise information requested PCGR completed.

While the GRI guidelines on the content balance triple AA1000 standard refers to the information in order to be relevant for companies and stakeholders. In conclusion, AA1000 addresses three main criteria: relevance, completeness and responsiveness. The basic principle of law is the participation of stakeholders at all stages of preparing the triple balance.

Some of the environmental liabilities reporting standards and guidelines

Seeking to cover a more large scale of issues that can affect the company performance the accounting professional authorities designed several guidelines and standards to fulfill the needs of a better understanding and management of environmental issues. In the United States the public and the business actors become more concern about environmental issues since the 90s.

Both SEC (Securities and Exchange Commission) and AICPA (Association of Certified Public Accountants) issued public interest documents to cover the gap between reality and companies' approach of the matter.

Some of the environmental liabilities reporting standards and guidelines

SAB 92: "whether it is appropriate to offset in the balance sheet about a likely claim for recovery against a probable contingent liability, and report the net amount in the balance sheet. SAB 92 stated that in order to present potential consequences of the contingent claim fairly, there should be separate presentation of gross liability and of related claim for recovery in the balance sheet.

For situation where the reporting company is jointly and severally liable as a potentially responsible party, but there is a reasonable basis for apportionment of costs from the other parties. The issue is: whether the reporting company must recognize a liability with respect to costs apportioned to the other responsible parties. The interpretive response is no; however, if it is probable that the other parties will not fully pay costs apportioned to them, the reporting company should include a best estimate on the amount expects to pay.

SAB 92 states that if the amount of the obligation and the time are reliably determinable for a specific site, then the reporting entity may discount an environmental liability to reflect the time value of money. The notes to the financial statements should provide in detail the basis and amount of discounting.

SAB 92 specifies that where a reporting company expects to incur site restoration costs, post-closure and monitoring costs, or other environmental exit costs at the end of the useful life of an asset, these costs can be accrued over the useful life of the asset. The accrual of the liability would be recognized as an expense."

SOP 96-1 Environmental Remediation Liabilities: provides guidance on accounting issues related to the measurement and disclosure of environmental remediation liabilities. It applies to fiscal years beginning with December 1996 and to all companies that prepare financial statements in accordance with generally accepted accounting principles. Its limitation is related to the fact that does not apply to accounting for the costs associated to voluntary cleanup of damaged sites. Also does not apply for situations where the public

authorities seek not only remedial costs but also natural resources damages.
SOP 03-2 Attest Engagements on Greenhouse Gas Emissions Information: It was designed to respond to the concern related to greenhouse gases. Because of the Kyoto Protocol some of the US companies with foreign operations (the US does not sign the protocol) may have to meet emission targets set forth in the Protocol. SOP 03-2 provides examples of reports that can be used by professional auditors in providing attest engagements concerning greenhouse gas emissions.
FIN 47: issued by FASB out of a need for more consistent financial accounting treatment of liabilities associated with the sale or shut down of tangible assets such as ports or shipyards.
FAS 5: Accounting for Contingencies
FASB Interpretation 14 (FIN 14): Reasonable Estimation of the Amount of a Loss – and interpretation of FAS 5
FASB Interpretation 39: Offsetting of Amounts Related to Certain Contracts
APB Opinion 20: Accounting for Changes
AICPA SOP 94-6: Disclosure of Certain Significant Risks and Uncertainties
EIFT 90-8: Capitalization of Costs to Treat Environmental Contamination
EIFT 89-13: Accounting for the Cost of Asbestos Removal
SEC Staff Accounting Bulletin 92: Accounting and Disclosure Relating to Loss Contingencies
GASB Statement 18: Accounting for Municipal Solid Waste Landfill Closure and Postclosure
FAS 141(R): published in 2007 in the spirit of adapting US accounting with the international financial reporting standards. It requires US based enterprises to measure certain contingent liabilities assumed in Mergers&Acquisitions transactions, such as environmental cleanup, at fair value (fair value which is defined accordingly to FAS 157).

Conclusion

The modern business environment is characterized by a multitude of pressures for all kinds of stakeholders. The modern company has to respond to a various sum of interests and issue more than financial reports.

The main objective of a firm is still generating profits to the capital owners but this task is more difficult to achieve given the news challenges on the market. Beside the financial risks that always can occur there are a various non-financial risks even more dangerous for there are to be approached in different way.

As a response to these new conditions the professional organizations and regulators issued standards and guidelines. The reporting frameworks is available nowadays for many more users than only the shareholders and that is why have to be more comprehensive and more complex.

Acknowledgement

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number **POSDRU/89/1.5/S/59184 „Performance and excellence in postdoctoral research in Romanian economics science domain”**.

References

- Kolk, A., (2004) A decade of sustainability reporting: developments and significance. *Int. J. Environment and Sustainable Development*. Vol.3 no.1.
- McMahon, D., Gosselin, J., Lacombe, N., Bilodeau, J., Durocher, S. (2003) *Comptabilité intermédiaire, analyse, théorie et pratique*, Montréal, Les Éditions Chenelière Éducation.
- Schaltegger, S., Burritt, R. (2000) *Contemporary Environmental Accounting: Issues, Concepts and Practice*. Greenleaf Publishing: Sheffield.
- Walker, J., Krol, E., (2008) *Fair Value Accounting: 141(R) and Environmental Liabilities*, ACG, august.
- *** Fair Value Measurement, Statement of Financial Accounting Standards No. 157, (FASB 2006);
- Accounting for Conditional Asset Retirement Obligations, FIN No. 47 (FASB 2005);
- *** Accounting Standards Executive Comm., Am. Inst. of Certified Pub. Accountants, Statement of Position 96-1: Environmental Remediation Liabilities (1996);
- *** STRATOS, Divulgateion par les sociétés et marchés financiers. Information financière liée à la responsabilité des sociétés. Offre et demande, Ottawa, 2004
- *** IASB, *Standardele Internaționale de Raportare Financiară, incluzând Standardele Internaționale de Contabilitate (IAS) și interpretările lor la 1 ianuarie 2007*, London, 2007
- *** Nations Unies, Commission de statistique, *Rapport du groupe de Londres sur la comptabilité de l'environnement*, 2001
- *** GRI (2007). Performances indicators,
<http://www.globalreporting.org/ReportingFramework/G3Online/PerformanceIndicators/>. Consulté le 28 janvier 2007
- *** Global Compact Office, *The Global compact : report on progress and activities – Draft*, New York, 2002
- *** IFAC, *International Guidance Document. Environmental Management Accounting*, New York, 2005;

THE IMPACT OF THE HEALTH SYSTEM DETERMINANTS

Ovidiu STAMATIN

“Grigore T. Popa” University of Medicine and Pharmacy

Iași, Romania

ovidiustamatin@gmail.com

Abstract *Objectives: Social determinants usually identified as factors that influence health and health equity, including equity, such as housing, employment and education - factors of "upstream". More and more evidence from a variety of areas indicate that health systems are themselves factors of social determinants. They are seen more frequently as determinants of "downstream" type - as means of access to health services for disadvantaged groups, and this shows how health systems have significant influence, affecting the socio-political and economic environment. Purpose: The scientific evidence noted that when health systems are appropriately designed and managed properly, can address inequities in health. This occurs when an environment specifically address the disadvantaged and marginalized populations, including women, poorer groups and others excluded by stigma and discrimination. Methods: The current approach gives greater benefits to the society: a sense of security, hope, prosperity, social cohesion and trust needed for specialized assistance in times of sickness and by these characteristics can influence economic construction and social support programs that promote equity in health. In some cases, health systems actively perpetuate the injustice and social stratification. Results: There are health systems which fail to implement the institutional expertise to address the social determinants of health and does not contribute effectively to social responsibility in the interest of equity in health. Institutionalization of health systems creates financial and geographical barriers in the access disadvantaged groups through the development of insensitive institutional practices and culturally antagonistic by impoverishment of these groups while simultaneously allowing those with higher incomes to access higher levels of care in public spending health. Conclusions: This context can describe patterns of interaction which emphasizes health determinants at the individual level: personal lifestyle is embedded in social norms and interaction networks, as well as living and working conditions, which in turn are linked to the broader socio-economic and cultural context.*

Keywords: *health determinants, health system, social impact*

Introduction

Equity in the healthcare system impact is significant on the request toward change of healthcare system, but was put into the context of a difficult process identifiable and synthesized. Fundamental change of the health system is highly complex scattered and organized a host of "sub-actions" into several groups or organizations. This approach is often difficult to numerous goals, which make it difficult tracking the journey and explaining the effects achieved. Study healthcare systems, their impact, the role and the social determinants how changes should be defined to achieve the desired results, is a more recent and less documented than, for example, studying the results of clinical medicine, and specialty literature in developing countries development is under-represented and often difficult to access (Goetz and Gaventa, J., 2001; Baez and Barron 2006).

Knowledge of the social determinants of health is essential to identify the main factors of efficiency and analysis of social inequalities in health (Gilson, 2007). The analysis of causality factors must be developed and customized as the crucial elements of health status and on social fairness can vary significantly for different socioeconomic groups. In the center of a rainbow picture type, indicative of highlighting inequality determinants, individuals are characterized by elements such as: age, gender and constitutional characteristics that influence health and are substantially unchanged. For there are influences that are theoretically modifiable exogenous approach: first, there are individual behavioral factors, such as vicious habits and physical activity secondly, individuals interact with their colleagues and with the environment, being influenced by those factors (Govender and Penn-Kekana, 2007; Deaton, 2004).

A person's ability to maintain health is genetically determined and influenced by living and working conditions, food supply, access to essential goods and services. Finally, as mediators of the health status of the population, economic influences, cultural and environment prevail in the global society. This type of pattern to describe health determinants emphasizes interactions: personal lifestyle is embedded in social standards and interaction networks, as well as living and working conditions, which in turn are linked to the broader socio-economic and cultural. It is therefore of particular importance to be able to distinguish between social factors and healthcare for the general customized social factors in health inequalities (McKee, 2002).

Materials and methods

Current research has conclusive evidence showing that health systems are an important determinant of health. Epidemiological and econometric analysis shows that health systems or individual elements within them, can promote public health, independent of other influences. Positive impact on health is particularly evident where primary health care (PHC) approach is applied behind the strategy of organizing the healthcare system and its accompanying philosophy. This strategy should be supported by recognizing the need to address the context of broader social determinants of health policy makers, and involve extensive action to promote equity in health. Such activity includes intersectional action for health and mechanisms to enable a planned approach provided the population health. In the healthcare insurance system services, the approach should also provide proper medical care, comprehensive, integrated focus on prevention and promoting prevention and place in a framework that recognizes the key role of primary care and appropriate use by all patients. While this perspective in health care captures only one dimension of the global approach in primary care, yet it makes an important contribution to improving health (Fig.1).



Figure 1 Healthcare determinants

Therefore, we can identify three lines of evidence from 25 studies (mainly high-income countries), which show a stronger association between the progressive primary health care and general population: a line consistently shows that public health is better in high density areas of primary care physicians, the second line shows that people who receive care from specialist physicians are healthier, and the third line of evidence shows that there is an association between specific characteristics of primary care (eg preventive care) and improve the health status of people who are beneficiaries of these services (this last point suggests not only that can be improved access to curative care that makes primary care efficient over time, but also is the embodiment of his principles of prevention and health promotion) (Fig.2). In addition, three detailed international comparisons of industrialized countries shows that countries with primary care services have developed in the population with better health status, particularly when health policies are generally focused at the primary level.



Figure2 The timeline evolution of health determinants

Despite of their potential to promote equity in health, many systems now working for the purpose of generating health inequality and social stratification potentiation. Efforts to strengthen health systems must therefore begin by recognizing the four key issues. First, most health systems have, at best, only a poor state of public health and health equity orientation.

Discussion

These systems performed limited and often economically unsustainable attempts to address differential exposure and vulnerability of patients and the right to free will (Robinson and Wharrad, 2000; Anand and Ravallion, 1993). A few countries apply a highly oriented primary health care within their health systems (van Doorslaer et al., 2006). In addition, issues of health system often exclude disadvantaged and marginalized social groups of population (McIntyre and Thiede, 2007). Second, despite the potential for redistribution discussed earlier, the lowest income countries, health care is pro-poor: the highest income groups use more health care from public funds, compared with groups poor (Nyirenda et al., 2006).

Globalization has improved the overall welfare because income has increased in many regions of the world. But despite the massive potential for technology transfer and generation, which is the wealth offered by globalization, it remains an area of fierce dispute among intellectuals - not least because of large differences of wealth that exists between those countries that have successfully harnessed the power of globalization and those that have not achieved it, is developing. Globalization has brought a Copernican revolution in how people relate to money, as wins and interpersonal communication issues. Globalization has been characterized as internationalization of production, a new international division of labor, producing new migratory movements from south to north and competitive advantage of a new environment. As such, some authors see economic globalization as a negative sum game, a "race to the end", in which states are obliged to reduce welfare and social spending, and companies are forced to abandon labor as much as possible and to ignore environmental standards and social determinants in order to remain competitive internationally.

There is current formed by supporters of the "European social model", which is characterized by extremely high welfare by increasing costs, restrictive labor laws, tax returns and very high individual burdensome regulations applied to private enterprises. If governments are able to direct and manage the labor market, it is assumed that the harmful effects of globalization - and while its effects on health - can be mitigated. But, given the current failure of the European social model to provide jobs and social security, how useful is critical of globalization in these terms? In terms of equity, there is credible evidence that international disparities related to income are associated with impaired health. And opinions that are most striking for this, with a par normative, it is worth remembering that amazing prosperity personal growth observed in recent years in China and India contributed greatly to reducing inequalities of income. In addition, global life expectancy - probably the best single indicator of human development - has improved

rapidly since 1970 (with the notable exception of sub-Saharan Africa in 90 years). Much of this is due to increased global prosperity, brought in part, by increasing international trade and investment. Indeed, those countries that have deliberately isolated from globalization, for example, North Korea and Zimbabwe, have depleted evenly, with a rapid decline of living standards and health.

Globalization can also help to speed up health status and living standards in poor countries by facilitating transfer of technology. Decrease costs in the health system allows specialized medical interventions, implementation and adoption of the drugs in poor countries, while cheaper and faster transfer of information through television and high speed Internet helps to spread information elements can improve public health through examples such as health consequences of smoking or the beneficial role of exercise (Mackintosh, 2007; Bokhari, 2007).

Conclusions

Many of the negative aspects of "social determinants of health" are caused by poor institutional failure and intervention, the late executive systems. Should be recognized that these "social determinants" produce poor health, but the best way to mitigate their impact by allowing the expression of free will, through access to basic elements of freedom - the right of ownership, market liberalization, the implementation of enforceable contracts, regulations clear and transparent and strengthening the rule of law. These types of actions also enable a country to maximize the opportunities of globalization better by attracting foreign capital and to make local industries more competitive. In addition, countries that give protection to a policy of open premises industrial and technological import can benefit directly impacts their health. For example, if the local pharmaceutical industry in a country is obliged to compete in an international global market, this means that citizens will receive medical services of the highest qualification, the latest effective drugs at the lowest cost. Many low-income countries have protected local industries, inefficient, by placing high taxes and high tariffs on imported drugs, such as inaccessible for people who are not insured. In India, for example, fees and charges is a percentage of 55 percent of product prices, fees that are charged for drugs ill patient. Because these determinants are so closely related to the rapid improvement in economic conditions, can help overcome most social problems and issues of access to quality health services, mainly for the developing countries.

References

- Anand, S., and Ravallion, M. (1993), Human development in poor countries: on the role of private incomes and public services. *Journal of Economic Perspectives*, 7, 136-149.
- Baez, C., Barron, P. (2006) *Community voice and role in district health systems in east and southern Africa: A literature review*, In Regional Network for Equity in Health in East and Southern Africa.
- Bokhari, F., Gai, Y., and Gottret, P. (2007) Government health expenditures and health outcomes, *Health Economics*, 16(3), 257-273.
- Deaton, A. (2004), *Health in an age of globalization*, Brookings Trade Forum, 83-130.

- van Doorslaer, E., O'Donnell, O., Rannan-Eliya, R. P., Somanathan, A., Adhikari, S., Garg, C., (2006) *Effects of payments for health care on poverty estimates in 11 countries in Asia: an analysis of household survey data*. *Lancet*, 368(9544), 1357-1364.
- Gilson, L. (2007). Acceptability, Trust and Equity. In G. Mooney and D. McIntyre (Eds.), *The economics of health equity*. Cambridge University Press.
- Goetz, A., and Gaventa, J. (2001) *Bringing citizen voice and client focus into service delivery*. IDS Working Papers-138. UK: Institute of Development Studies.
- Govender, V., and Penn-Kekana, L. Gender (2007). *Biases and Discrimination: a review of health care interpersonal interactions*. Paper prepared for the Women and Gender Equity Knowledge Network of the World Health Organization's Commission on the Social Determinants of Health.
- Mackintosh, M. (2007) *Planning and market regulation: strengths, weaknesses and interactions in the provision of less inequitable and better quality health care*. Health Systems Knowledge Network, World Health Organization's Commission on Social Determinants of Health.
- McIntyre, D., and Thiede, M. (2007) *Illness, health service costs and their consequences for households*. S. Bennett, eds. Health, Economic Development and Household Poverty. Routledge.
- McKee, M.(2002), What can health services contribute to the reduction of inequalities in health? *Scandinavian Journal of Public Health*, 20, 54-58.
- Nyirenda, L., Makwiza, I., Bongololo, G., and Theobald, S.(2006) A gender perspective on HIV treatment in Malawi : A multi-method approach. *Gender and Development*, 14(1), 10.
- Robinson, J., and Wharrad, H. (2000),Invisible nursing: exploring health outcomes at a global level. Relationships between infant and under 5 mortality rates and the distribution of health professionals, GNP per capita, and female literacy. *Journal of Advanced Nursing*, 32(1), 28-40.
- Sahn, D., and Younger, S.(2000), Expenditure incidence in Africa: microeconomic evidence. *Fiscal Studies*, 21(3), 41-47.

LAW

**MULTINATIONALS COMPANIES AND COLLECTIVE DISMISSAL.
COMPARATIVE VIEW ON NOKIA LABOR POLICY IN GERMANY AND
ROMANIA**

Dan LUPU

**Alexandru Ioan Cuza University of Iasi
Faculty of Economics and Business Administration
Iasi, Romania
danlupu20052000@yahoo.com**

Abstract: *The dismissal of nearly 2,000 employees from Jucu by Nokia has significant social and economic effects in Cluj, especially and for Romania in general. This article presents the Nokia multinational actions in relation to collective layoffs in two European countries, Germany and Romania and their consequences in labor law plan.*

Keywords: *Nokia, collective layoffs*

Introduction

The management's of largest phone maker in the world decided at the end of September 2011 to close its plant in village Jucu of Cluj, in a program of efficiency and cost reduction. The company is turning to the Asian market, an area that buys cheap phones such as those manufactured in Cluj. Nokia has lost so much ground in recent years in Europe, because most people buy smartphones, and many prefer Android or iPhone models ahead of the Finns. For Nokia factory in Cluj work around 3-4000 people, of which 2,200 are employees of Nokia, and the rest are temporary. Finnish group started in February 2008 Nokia mobile phone production plant in Jucu, investment amounting to 60 million.

Nokia came and Nokia leaves. What remains for Romanian economy? An imbalance that will be visible next year and possibly the lessons we should draw. Nokia's arrival in Romania brought a wave of excitement. Nokia left, in 2007, in Germany, at Bochum, along with a series of protests of workers and the general public. In contrast, in Romania, Nokia has been received with open arms, the results were as enthusiastic.

In three years, Nokia factory became the second largest exporter of Romania, became a success story and was considered a major industrial project that leads to economic growth of Romania. For three years it has happened. Finnish company's sales volume, in overwhelmingly for export, benefited for Romania. A balance of trade balance, an increase in exports and a substantial contribution rates are shown in the balance of the leu-euro were among the little good news in times of crisis.

The all excitement of Nokia arrival made us see less economic project itself. It had been overlooked the fact that it is a project of industrial outsourcing in the sense that the Finnish company only imported parts and assembled to plant near Cluj-Napoca. Of

course, the outsourcing of textile and footwear, practiced widely in the '90s, the outsourcing industry can be a step forward. Second, not seen that Nokia used in Romania poorly qualified workforce and low cost. In fact, it was also the main reason to stay for Finnish company in Romania. Thirdly, we find now, at Nokia leaving, that the unions failed to negotiate a collective labor solid contract. Why? It is hard to answer, especially how unions had in 2007-2008, a strong position in the Romanian society. But against a multinational company, union strength has not been the same. Was the unions fault or the fault of the company? It is hard to say.

Comments and doctrine

For Romanian law, the term of collective layoffs was introduced in a normative act only through the Government Emergency Ordinance no.9/1997, although social realities have forced the vocabulary of each of us long before that term.

In the field of collective layoffs, Directive 98/59/EC on the correlation of the provisions relating to collective layoffs is transposed into Romanian legislation, in its essential provisions, by GEO nr.98/1999 approved by Law no.312/2001 which replaces previous legislation in this field and provides a unified framework, non-discriminatory measures for social protection of unemployed persons in collective redundancies in all sectors, regardless of ownership and the organization of work. Following this change, the financial compensation for those involved in collective redundancies support of their own funds of employers (Popescu, 2002). Directive includes several important features: refers to the collective dismissal for economic reasons, establishes a procedure to follow in detail, does not prevent the employer to reduce the number of employees, and applies to workers who have contracts of indefinite duration.

According to Article 68 of the Labour Code, the collective layoffs means the dismissal, of multiple employees, in a period of 30 calendar days of one or more reasons not related to the employee (Labor Code, art.68). It is called like this because it affects not only one employee or more individually, but a community of employees.

Number of employees to be fired to attract to the provisions governing collective layoffs depends on the total number of employees each employer, as follows: at least 10 employees if the employer has employed between 20 and 100 employees, at least 10% of total employees if the employer has 100-300 employees, at least 30 employees for employers who have over 300 employees. In determining the number of gired employees are taken into account those employees who have individual contracts of employment terminated as a result of mutual consent, at the employer's proposal, provided there are at least 5 employees.

That a collective dismissal to be qualified it must meet three conditions (Tinca, 2010):

- First, to be about a number of employees affected by this measure;
- The second, the reason of the termination of employment shall not keep their person;
- Third, how long that will take place end of those contracts will not exceed 30 calendar days.

Qualification of dismissal as individual or collective layoffs has an overwhelming importance in terms of its obligations to the employer. In the event of collective dismissal, the employer is obliged to follow a special legal procedure, as specified in detail in Article 69-74 of the Labour Code. In case of collective dismissal, the employer must: initiate timely, in order to make them agree, consultations with the union or, where appropriate, employee representatives, on the ways and means of avoiding collective redundancies or reducing the number of employees affected and mitigating, to provide the union has members in the unit or, where appropriate, employee representatives all relevant information relating to collective redundancies, in order to formulate proposals on their part (Top, 2008).

The employer has the obligation to initiate timely and in order to harmonize, consultation with the union or, where appropriate, employee representatives, on at least: the methods and means of avoiding collective layoffs or reducing the number of employees who will be employed; mitigate the consequences of dismissal by the use of social measures aimed, inter alia, support for retraining or retraining the fired employees (Țiclea, 2009).

The procedure for informing and consulting workers' representatives should strive to reach an agreement. The employer is obliged to provide all relevant information and communicate in writing to workers' representatives to enable them to make constructive proposals during the consultation, with reference to: reasons for the redundancies, the number and categories of workers to be dismissed, the period within which redundancies to be made, criteria for selecting employees to be dismissed in so far as legislation and / or practice confers competence employer, methods of compensation for dismissal (Popescu, 2008). Please note that the word "timely" means: the enterprises having fewer than 100 employees, 15 days prior notice, to companies with 101-250 employees, with 20 days prior notice, to companies with over 251 employees, 30 days prior notice. The employer is obliged to notify draft dismissal to the Labour Inspectorate and Territorial Employment Agency at the same time as the union notified or, where appropriate, employee representatives.

The essential elements that must be followed in the procedure for collective layoffs and to be observed by the employers are (Stefanescu, 2007):

- Written notification to the competent authority in work on the project dismissal and a copy of this notice transmitting the employee representatives, which in turn may submit comments that authority;
- Collective layoffs will become effective for at least 30 days notice; in the meantime the public authority will seek solutions to problems posed by future redundancies.

The union or, where appropriate, employee representatives may propose to the employer measures to avoid layoffs or decrease the number of employees fired within 10 days of receipt of the proposed dismissal. The employer is obliged to respond in writing and the proposals made within 5 days of receipt.

If the issues considered collective layoffs cannot be resolved within statutory deadlines established, at the request of either party, the Labor Inspectorate may decide to postpone the request of either party within 10 days from the decision of dismissal. The employer that disposed collective dismissal cannot make new employment for a period of

3 months from the date of their dismissal. If the employer resumes operations during this period which led to termination of collective redundancies, he shall transmit to employees who were dismissed with a written notice to this effect and to recommit the same jobs they previously held, without examination or competition or trial period. Employees have a period not exceeding 10 working days from the date the employer to show expressly consent to the job offered. If employees who are entitled to be enlisted this is required, the employer may make new employment on vacant jobs.

According to the Labor Code, the dismissal decision shall specify, among other items required, also the period of notice. Accordingly, this notice period begins after the dismissal decision is communicated to the employee. If employers choose to communicate the notice period as a separate document prior to the redundancies, he may face the risk that the entire procedure to be annulled in court.

Another reason for cancellation is if the dismissal decision does not include any of the items required under Labor Code, namely: the reasons for dismissal, notice period, the criteria considered, list of all jobs available in the unit, the term in which the employees will opt to fill a vacancy job.

The decisions of dismissal take effect from the date of their communication, or by mail with return receipt or by other ways such as through judicial enforcement. Since most times the employees refused to sign acknowledgment of receipt, and so employers cannot proof of the collective layoffs, the best solution is through the bailiff.

According to articles 81 of the Collective Labour Agreement, the effective application of staff reduction, by reducing vacancies as those removed, employer collective dismissal procedure will have redundancy measures so that they affect in order:

- employees who accumulate two or more functions, as well as those that accumulate pension with salary;
- individuals who meet the standard age and contribution period and did not require retirement by law;
- people that qualify for retirement at their request.

According to Government Emergency Ordinance nr.95/2002, the employees whose individual employment contracts terminated by collective layoffs in the restructuring, have the following rights: the time of dismissal, an amount equal to twice the average net wage economics Institute of Statistics announced by the previous month in which dismissal shall carry out, monthly payments, set at the average wage in the economy announced by the Institute of Statistics for the month preceding the month in which it shall carry out collective redundancies, unemployment benefits, monthly income completing (Article 12).

Germany, Bochum

In 2008, Finland's decision to move their factory from German city Bochum to Jucu, Romania raised eyebrows and sparked a few more dissatisfaction among Germans. Finish main argument for relocation was cost-effectiveness: it was cheaper to move their operations in Romania. Ironically, the Jucu employees happen now the same thing, losing battle with cheap labor in Asia.

Because of pressure from German politicians, Nokia has postponed plans for a while. Germans felt wronged because the government supported the Nokia with 80 million Euros. Factory in Bochum have 2,300 employees, but other than 2,000 people working at suppliers and other companies built around Nokia factory. In total, about 5,000 Germans were left jobless when.

Finnish group Nokia has offered a total compensation of 200 million to fired workers from the factory in Bochum. Then, Nokia and German state North Rhine - Westphalia have concluded an agreement for reimbursement of subsidies, after closing the Bochum plant by the Finnish group.

The state demanded 60 million Euros for the subsidy manufacturer during 1998-1999, when it opened the plant in Bochum. Nokia has paid 30 million Euros to a special fund "Growth for Bochum", to encourage the installation of other companies in the region.

Telecommunications Company then announced an agreement with representatives of plant employees to pay 200 million Euros of compensation for dismissal. Brussels also helped the Germans fired workers by Nokia, the European Commission approved a 5.5 million euro aid to support the reinstatement of employees fired over 1,300 Nokia factory in Bochum, Germany, after the Finnish group's decision to move production to Cluj.

Romania, Jucu

In March 2006, the Romanian Government, Cluj County Council signed a memorandum with Finnish company Nokia to build a factory in joint venture, in Jucu village, near Cluj-Napoca. In May, Government allocated 12 million lei for infrastructure works and utility area Tetarom III, where Nokia factory building. The government also issued an emergency ordinance to regulate the legal situation of land for the factory, and in February 2008 in Transylvania, the Finnish factory started production. Nokia received in 2007 with free charges 90 of the 159 hectares of Tetarom Industrial Park III, and Government has allocated 12 million lei to finance investment infrastructure works in Jucu Park.

Over time, three years after the opening production at Jucu, the Finno-Transylvanian factory closed, about the same reasons invoked in Bochum: Asian production units are more efficient, while the phones made so far to Jucu are sold more in Asia.

But the crisis has changed things dramatically. Nokia lost competition on smartphone's market, his stock market capitalization has dropped from 90 billion dollars in 2007 to only 15.7 in 2011, and the sales plummeted. Even so, it was one of the biggest exporters of Romania (the second).

If for Germany, the Bochum factory was not much to a GDP of over 3,000 billion; for Romania, a GDP of about 180 billion dollars, the Nokia leaving from Jucu would mean an economic loss over one percent, or nearly equivalent growth would cancel the year 2011-2012: the production accounting for 1.3% of GDP, the added value being 0.25% of GDP (in fact, GDP loses its value created, not turnover). Nokia added value of Romania's GDP was, but much smaller - is about 0.25%, the Nokia business in

Romania in 2010 reached approximately 1.6 billion Euros, up 60% compared to 2009. In 2010 the Finnish company in Romania recorded a net profit of about 42 million Euros. Last year, Nokia was the second largest exporter in Romania, after Dacia, providing 5% of the country's exports, with 1.56 billion Euros from 2008 to the end of 2010.

Nokia lockout was expected because only the Romanian state took the responsibility of all social responsibility that had to have the Finnish company, the Romanian legislation and the current Labour Code moving the unemployment's care from the firms to state. If the law would have been different, Nokia would have had to pay as in Germany, where workers from collective layoffs, severance payments granted. In turn, the unions could not do anything in this case because the law no longer allowed protesting in any way, the only protest that they could do was to ask all Romanian citizens to stop buying Nokia products.

Collective labour agreement between the Jucu factory's workers and Nokia did not provide compensation pay. In addition, Nokia notified in early 2011, the Labour Inspectorate that company was not affiliated to national contract of the branch, for electronic firms, which provides severance payments for workers. The contract was registered at Labour Inspectorate on 1 February 2011, so if it wanted, Nokia did not give any money for severance payments. Article 27 of the collective agreement is the only provision in this document that now forms the basis of negotiations between unions and employers. For their part, the unions have nothing on which to base so that all they got was only Finns favor. They have promised three salaries for every employee and nothing more.

Finally, Jucu employees of Nokia received at least three severance payments, after concluding negotiations with trade unions, which were offered to all employees of the Nokia factory at the end of Bridge program. The compensation packages were at the minimum clauses in existing collective labour agreement, not exceeding the provisions of Romanian law, representing three wages for each employee in question, plus a monthly salary for each year of service in the company. Also, Nokia employees have received a grace period between January 2012 and end March 2012, a paid period allowing employees who lose their job to adapt and focus on reemployment.

The only solution found by the Romanian government to return to employment of the 2,600 employees will lose their jobs by early next year was filing a European project to access the European Globalization Adjustment Fund. It is difficult to estimate that the replication of German project would happen in Romania, given that, after two years of implementation in Germany, just over half (56%) of the 1,337 employees at Bochum were able to find a new job. The project submitted to the European Commission to access European funds totaling over one million Euros creates an employment mini agency for the 2,600 employees affected by the lockout of Nokia factory.

The project, which would run for a period of two years from December 31, 2011 (official date of termination of employment contracts of employees), entitled "Transition Center: from job to smart job" is in the working phase and will be submitted to the Commission for first reading. The center will carry out activities of a small employment agency, will introduce evidence that CEA employees who lost their jobs because they

receive unemployment benefits, and some experts will identify vacancies in each region employees coming and they will get career transition counseling.

Most likely, among employees transition center (which will have a staff of about 65 people) will be employees of the department of human resources from Nokia. Depending on the qualifications that the employees have, the center will facilitate the introduction of mentoring programs in companies that need employees, but with no money to pay salaries of new employees so that employees covered by a mentoring program to be paid from EU funds.

Thus, the European Commission could spend 4,000 Euros each for every employee of Nokia Romania fired, in a project by whom the Ministry of Labour wants to obtain financing from the European Globalization Adjustment Fund (EGF) for employees affected by the departure of Nokia. The model is taken from the measures applied by Finland in Germany, after they closed the factory in Bochum.

Comparative view Bochum-Jucu

The way Nokia goes from Jucu, Romania, seems similar to the departure of Bochum, Germany, three and a half years ago, but compensation obtained by the Romanian employees differ from those obtained by the German employees:

- In Romania, 2,200 employees lost their jobs by the end of 2011. In Germany, 2,300 Germans on the payroll of Nokia have been sent in unemployment, with an additional 1,000 temporary employees and 1,000 from various other suppliers.
- In Romania, the departure news was received with quiet and resignation, the protests have been non-existent, at least on the first day of the announcement of collective layoffs, and unions have hardly made felt their presence in the company. The union leaders accused, among other things, alleged dictatorial practices in the factory, due to changed labor laws in favor of employers. On the other side, the Bochum factory relocation was met with violent protests at the time of leaving, the plant was surrounded by a human chain of 6,000 union members.
- As facilities offered to investors, the Romanian government granted from the beginning almost four million Euros for investments in infrastructure and utilities in the industrial park. Cluj County Council invested a total state investment of 33 million Euros, 10 million to local authorities and the rest of the government. In Bochum, Nokia has received effective subsidies of 60 million Euros.
- On compensation for workers after lockout, the 2,200 workers from Jucu will receive salaries until March 2012, while the average wage in the factory was about 250 Euros per month. In Bochum, Nokia was forced to pay employees severance payments of 200 million Euros in total individual compensation are in the tens of thousands of dollars and up to 200,000 Euros. In parallel, a program of 5 million approved by the European Commission was held for Nokia unemployed professional conversion at Bochum.

Conclusions

Finnish company Nokia has rejected proposals made by the unions and the authorities in Cluj County to pay their employees to be dismissed with lockout from 20 to 30 compensatory payments, the package set after negotiations are much smaller, announced both the company and unions. Of the 2,200 employees, only 1,830 have access to social package negotiated by unions with company representatives.

Nokia paid Romanians workers which were dismissed three compensatory payments - or about 2,250 lei (523 Euros), a sum that will add a product of Jucu factory, Nokia 500 smartphone, which was offered free. Nokia 500, the first smartphone product of Jucu, costed 165 Euros free piece. For employees with greater seniority, Nokia paid seven or eight compensatory salaries, and between 5250 and 6000 lei (1,220 and 1,395 Euros) plus cheap mobile.

In these circumstances, Nokia closed his operations in Romania with a reduced cost of several million Euros: if it paid 30 salaries of 2,200 employees compensatory budget had reached 11 million Euros.

Nokia fired 1809 employees last year from the factory in Jucu, county Cluj, but other bad news just beginning to appear, with suppliers and contractors with local partnerships Finnish investors began to make collective layoffs notified to several hundred employees.

The Nokia departure from Cluj surprised everyone, from employees to politicians and analysts, and caused the authorities to start a mad rush to fill the void left by the Finns in the Romanian economy. Decision could not crash the worst, in a time when Western economies engines, where a significant portion of Romanian exports go, slow down and the Romanian economy tries to keep afloat. The impact on Romanian economic growth will be somewhere between 0.5% and 0.8%, and ceasing exports of mobile phones, representing 4.5% of total exports, brought the economy back into the red zone.

References

- Dimitriu, R. (2012) Opinii privind actual reglementare romaneasca a concedierii colective, *Revista Romana de Dreptul Muncii*, nr.2, 9-16
- Gilca, C. (2005) *Reorganizarea întreprinderilor: analiza dispozițiilor noului Cod al muncii în raport cu legislația și jurisprudența europeană: concedierea colectivă, transferul întreprinderii, insolabilitatea angajatorului*, Editura Rosetti, Bucharest
- Oancea, D., Bivolaru, Ș. I. (2011) *Concedierea salariaților: practică judiciară*, Editura Hamangiu, Bucharest
- Popescu A., (2002) Concordanța legislației române a muncii cu normele UE, *Revista Română de Dreptul Muncii*, nr.1, p.21-27
- Popescu, A., (2008) *Drept internațional și european al muncii*, second edition, C.H.Beck, Bucharest.
- Ștefănescu Ion Traian, (2007) *Tratat de dreptul muncii*, Wolters Kluwer, Bucharest.
- Țiclea, A., (2012) *Tratat de dreptul muncii*, sixth edition, Universul Juridic, București.
- Țop, D., (2008) *Tratat de dreptul muncii*, Wolters Kluwer, Bucuresti.
- Voiculescu, N. (2005) *Drept comunitar al muncii*, Wolters Kluwer, Bucharest
- <http://www.9am.ro/stiri-revista-presei/Social/218351/ce-se-va-intampla-cu-angajatii-de-la-nokia.html>

<http://www.avocatura.com/concediere-colectiva-la-jucu-avocatul-explica-pe-larg-ce-drepturi-au-angajatii-nokia-s1683.html#ixzz1zQmLuqh>
<http://www.business24.ro/constantin-rudnitchi/editorial/romania-sedusa-si-abandonata-cazul-nokia-1496942>
<http://www.business24.ro/locuri-de-munca/locuri-de-munca-in-romania/angajatii-de-la-jucu-vor-primi-cel-putin-trei-salarii-compensatorii-1501182>
<http://cursdeguvernare.ro/nokia-de-la-bochum-la-jucu-si-mai-departe-povestea-putin-romantata-a-unui-procent-din-pib.html>
<http://www.evz.ro/detalii/stiri/dezvaluire-catastrofa-de-contract-dintre-sindicat-si-nokia-muncitorii-se-alegcu-praful-948806/pagina-comentarii/1.html>