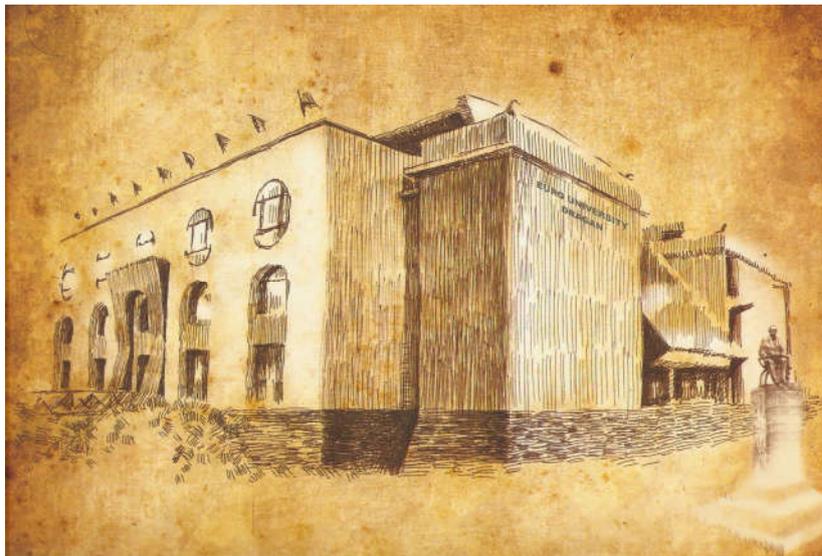




**"Drăgan" European University of Lugoj
Faculty of Economic Sciences**

**ANNALS
Economy Series
No. 21 / 2018**



**NAGARD PUBLISHING HOUSE
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ISSN-L: 1841 - 544X

ISSN: 2069 - 6299 (Printed Edition)

ISSN: 1841 - 544X (CD-ROM)

ISSN: 2069 - 3664 (Online)

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THE IMPACT OF THE STANDARD VAT RATE CHANGE ON TAX REVENUES IN ROMANIA AFTER 2009

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Abstract: Romania has changed three times the standard rate of value added tax, increasing it from 19% to 24%, starting with July 1st 2010, to reduce it in two successive years, 2016 and 2017 to 20%, respectively to 19%. The paper analyzes how the three tax measures to modify the standard rate of value added tax influenced the volume of tax revenues from this tax during 2010 - 2017.

Keywords: value added tax (VAT), standard rate, tax revenue, Romania.

JEL Classification: H21.

1. Introduction

Of the 28 Member States of the European Union, **22 decided to change the level of the standard rate of value added tax (VAT)** in order to counteract the negative effects of the financial and economic crisis of tax revenues.

Romania did not act differently from the others, taking the measure of increasing the VAT rate, albeit relatively late, only on 1st July 2010, given the fact that there was a state which felt the crisis since 2006, taking the decision to increase the share of VAT on 1st January 2007 (Germany).

2. Theoretical research. Literature review

No modern tax system can exist without this tax, the value added tax, its contribution to tax revenues being substantial in all old and new Member States of the European Union.

Even though France adopted VAT on April 10, 1954, **Maurice Lauré** being the artisan of this tax reform, only in 1968 France with Germany were the first to adopt the VAT in a similar form to the current one, according to the first and the second Council Directive of 11 April 1967 on the harmonization of all Member States' legislation relating to type of taxes.

But here is how the founding member states of the European Union (1951) adopted VAT:

- France, in 1968, with a rate of 16.66%;
- Germany, in 1968, with a rate of 10%;
- The Netherlands, in 1969, with a rate of 12%;
- Luxembourg, in 1970, with a rate of 8%;
- Belgium, in 1971, with a rate of 18%;
- Italy, in 1973, with a rate of 12%.

Only in 1977, through the Sixth Council Directive, the bases for VAT harmonization were laid down in the EU Member States.

Through the directive, it was practically adopted a common bill in the Member States of the European Union on VAT, which is a true VAT law at Community level.

Thus, Romania has had to comply with the European Union legislation by adopting VAT since July 1st, 1993:

Table no. 1.

The evolution of the VAT rates between 1993 – 2018

Date	Standard rate	Reduced rate
01.07.1993	18	-
01.01.1995	18	9
01.02.1998	22	11
01.01.2000	19	
01.01.2004	19	9
01.01.2009	19	5 9
01.07.2010	24	5 9
01.01.2016	20	5 9
01.01.2017	19	5 9

Source: VAT rates applied in the Member States of the European Union, European Commission, January 1st, 2018:

https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

The measure of increasing and decreasing the VAT rate adopted by Romania after 2009 has been framed in the general framework adopted by the most of the EU Member States, given that 22 of the 28 countries took this measure to change the VAT rate, only 6 states maintaining the rate unchanged (Austria, Belgium, Bulgaria, Denmark, Malta and Sweden).

As we have shown in a previous article¹, Romania has been among the 22 states which significantly increased the standard rate from 19% to 24% since July 1st, 2010, and at that time, only three states applied a higher level than Romania, Denmark, Sweden and Hungary, of 25%.

The increase of the VAT rate was analyzed by specialized institutions, as well as by Romanian and foreign economists.

Thus, the OECD² and EUROSTAT³ have conducted extensive studies across all EU Member States, finding that most countries opted for two tax measures to increase VAT and income tax rates between 2008 and 2016.

The same thing was found by Paul Zai⁴ or Claudia Medrega⁵, among the Romanian economists, but also by Dovilė Kurtinaitytė - Venediktovienė⁶, among foreign economists, the latter showing that the standard VAT rate increased from 19.4% in 2008 to 21 % in 2012, after a decade has not exceeded the level of 20%.

After this major increase, Romania also made two cuts that brought the rate to the level of June 2010:

- January 1st, 2016, from 24 to 20%;
- January 1st, 2017, from 20 to 19%.

3. Applicative research. The analysis of the evolution of the tax revenues from the value added tax in Romania between 2008 – 2017

¹ Blaj Sorin – Impact of the increase in the standard VAT rate in Romania from 19% to 24%, Annals of the Dragan European University of Lugoj. Economics Series, Nr. 18, December 2015.

² OECD – Consumption Tax Trends 2016: VAT/GST and Excise Rates, Trends and Policy Issues, OECD Publishing, OECD iLibrary: https://read.oecd-ilibrary.org/taxation/consumption-tax-trends-2016_ctt-2016-en#page3.

³ EUROSTAT – Taxation trends in the European Union – Data for the EU Member States, Iceland and Norway, European Commission, 2017 edition: https://ec.europa.eu/taxation_customs/sites/taxation/files/taxation_trends_report_2017.pdf.

⁴ Paul Zai – The economic crisis and fiscal trends in the EU member states, Transylvanian Review of Administrative Sciences, No. 35 E/2012, pp. 256-268: <http://rtsa.ro/tras/index.php/tras/article/viewFile/56/52>.

⁵ Claudia Medrega – Increase in VAT: between saving the budget and prolonging agony, Ziarul Financiar, February 1, 2011: <http://www.zf.ro/eveniment/majorarea-tva-intre-salvarea-bugetului-si-prelungirea-agoniei-7941126/>.

⁶ Dovilė Kurtinaitytė – Venediktovienė – Value added tax system and dynamics of rate in the period of European Union crisis, Social Transformations in Contemporary Society, 2013 (1), pp. 209-222: <http://stics.mruni.eu/wp-content/uploads/2013/06/209-222.pdf>.

According to the statistical data on the execution of the public budget of Romania, published by the Ministry of Public Finance, the evolution of the VAT tax revenues was the following:

The evolution of tax revenues from VAT between 2008 – 2012

Table no. 2.
Millions of lei

Month	2008	2009	2010	2011	2012
January	4.671,2	4.295,4	3.188,0	4.089,0	4.718,3
February	2.543,0	2.371,6	2.214,3	3.123,1	3.171,5
March	3.050,0	1.868,5	2.154,6	3.056,1	3.161,9
April	3.236,2	3.045,7	2.953,4	3.984,1	4.026,3
May	3.486,9	2.741,2	2.692,1	3.647,9	4.059,0
June	3.240,6	2.736,8	3.231,0	3.705,2	4.528,6
Receipts Jan. – Jun.	20.227,9	17.059,2	16.433,4	21.605,4	23.665,6
July	4.074,9	2.748,9	3.220,4	4.161,7	3.720,4
August	3.518,9	2.476,1	3.637,1	4.091,1	4.391,9
September	3.485,0	3.040,7	3.890,0	4.223,1	4.428,5
October	3.747,3	3.162,8	4.233,9	4.038,5	4.675,1
November	3.066,3	2.693,2	3.896,9	4.177,5	4.623,0
December	2.753,3	3.141,5	3.934,3	5.620,1	5.011,5
Receipts Jul. – Dec.	20.645,7	17.263,2	22.812,6	26.312,0	26.850,4
Annual receipts	40.873,6	34.322,4	39.246,0	47.917,4	50.516,0
Standard rate of VAT	19	19	19/24	24	24
Reduced rates of VAT	9	5 9	5 9	5 9	5 9

Source: Ministry of Public Finance – Monthly Bulletin:
<http://anaf.mfinante.ro/wps/portal>

The evolution of tax revenues from VAT between 2013 – 2017

Table no. 3.
Millions of lei

Month	2013	2014	2015	2016	2017
January	4.269,3	5.027,6	5.959,6	6.971,6	5.240,0
February	3.823,7	3.362,1	4.064,5	3.455,8	3.541,8
March	4.009,4	3.651,9	4.526,6	3.878,3	4.222,9
April	3.883,7	4.373,0	5.148,7	3.669,4	4.327,1
May	4.304,2	4.152,7	4.465,0	4.279,6	3.811,9
June	3.925,5	4.107,8	5.016,7	4.159,4	4.147,3
Receipts Jan. – Jun.	24.215,8	24.675,1	29.181,1	26.414,1	25.291,0

July	4.501,7	4.685,9	4.734,3	4.071,6	3.779,7
August	4.237,2	3.939,1	4.373,6	4.212,3	5.023,4
September	4.732,4	4.677,0	4.444,0	4.368,8	4.843,8
October	4.900,1	4.880,9	5.182,8	4.625,0	4.992,3
November	4.724,2	4.747,5	4.838,3	4.225,5	4.682,9
December	4.515,6	3.273,0	4.378,1	3.757,8	4.930,6
Receipts Jul. – Dec.	27.611,2	26.203,4	27.951,1	25.261,0	28.252,7
Annual receipts	51.827,0	50.878,5	57.132,2	51.675,1	53.543,7
Standard rate of VAT	24	24	24	20	19
Reduced rates of VAT	5 9				

Source: Ministry of Public Finance – Monthly Bulletin:
<http://anaf.mfinante.ro/wps/portal>

As we have shown in a previous paper⁷, the change in the standard VAT rate affects the volume of tax revenue:

- increase of the rate generates an increase of VAT revenues;
- reduction of the rate generates a decrease of VAT revenue.

The data presented in the two tables shows that:

- the measure of increasing the VAT rate from 19 to 24% generated the increase of the tax revenues from this tax in the year of introduction (July - December 2010) and the following year. In the first year the increase was of 31.8% (from 33.696,6 million lei to 44.418,0 million lei), in the second one it was 12.5% (from 44.418,0 million lei to 49.977,6 million lei);
- the measure of lowering the level of the VAT rate from 24 to 20% generated the reduction of tax revenues from this tax by 9.5% (from 57.132,2 million lei to 51.675,1 million lei);
- the measure of lowering the level of the VAT rate from 20 to 19% did not reduce the tax revenues from this tax, the explanation is also that Romania registered an economic growth of 6.9% in 2017, the highest in the European Union. But it should be noted that the level recorded in 2017 (53.543,7 million lei) is far from the 2015 level (57.132,2 million lei).

The evolution of the revenues to the public budget of VAT can be observed in their graphic representation between 2008 – 2017:

⁷ Blaj Sorin – The analysis of Laffer Curve in the case of total tax rate in Romania between 2004 – 2015, Annals of the Dragan European University of Lugoj. Economics Series, Nr. 19, December 2016.



Source: Ministry of Public Finance – Monthly Bulletin:
<http://anaf.mfinante.ro/wps/portal>

Figure no. 1. The evolution of tax revenues from VAT between 2008 – 2017

4. Conclusions

The analysis shows the evolution of VAT tax revenues in Romania, depending on the changes in the standard rate:

- July 1st, 2010, an increase in the rate from 19 to 24%;
- January 1st, 2016, a reduction in the rate from 24 to 20%;
- January 1st, 2017, a declining rate from 20 to 19%.

Table no. 4. The evolution of tax revenues from VAT between 2008 – 2012

Table no. 4.
Millions of lei/%

Year	2008	2009	2010	2011	2012
Tax revenues from VAT	40.873,6	34.322,4	39.246,0	47.917,4	50.516,0
Evolution	–	– 16,0	14,3	22,1	5,4

Source: Ministry of Public Finance – Monthly Bulletin:
<http://anaf.mfinante.ro/wps/portal>

Table no. 5. The evolution of tax revenues from VAT between 2013 – 2017

Table no. 5.
Millions of lei/%

Year	2013	2014	2015	2016	2017
Tax revenues from VAT	51.827,0	50.878,5	57.132,2	51.675,1	53.543,7
Evolution	2,6	– 1,8	12,3	– 9,5	3,6

Source: Ministry of Public Finance – Monthly Bulletin:
<http://anaf.mfinante.ro/wps/portal>

In conclusion, the tax revenue from VAT is directly influenced by the size of the rate, and any increase or decrease of that tax determines the increase or decrease of the tax revenues.

The Romanian governments should be concerned about the administration of VAT, because this is a precarious situation, as the authorities fail to collect, according to European Union data, at least two-thirds of the tax recorded in the official documents.

It is unacceptable in 2015 to lose VAT revenues in the amount of 33,842.6 million lei, representing 7,613.7 million euros at the average rate of 2015, 1 euro = 4.4450 RON.

But below it is illustrated the evolution of the VAT receipts deficit in Romania between 2009 – 2015:

Table no. 5.

The evolution of the VAT collection deficit between 2009 – 2015

Millions of lei/%

Year	2009	2010	2011	2012	2013	2014	2015
Tax revenue to collect VAT	68.644,8	71.356,4	85.556,8	90.207,1	87.991,5	81.930,0	90.974,8
Tax revenue collected from VAT	34.322,4	39.246,0	47.917,4	50.516,0	51.827,0	50.878,5	57.132,2
Deficit of collecting VAT	50,0	45,0	44,0	44,0	41,1	37,9	37,2

Source: European Commission – Study to quantify and analyze the VAT Gap in the EU Member States, 2009 – 2015

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FINANCIAL DIAGNOSIS OF PATRIMONY AND SWOT ANALYSIS AT S.C. BETA S.R.L.

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Abstract: The net patrimony is calculated based on the balance sheet, as the difference between total assets and total debts.

SWOT analysis is the most important management technique used to understand the strategic position of a firm. Therefore, SWOT analysis is a practical way to assimilate information about the internal environment and the external environment of an enterprise.

Keywords: The net patrimony, balance sheet, SWOT analysis, management, strategic position, internal environment, external environment.

JEL Classification: D22, D23

Analysis of net patrimony. The net patrimony is calculated based on the balance sheet as the difference between total assets and debts, expressing the assets of the company which were not influenced by debts at a certain moment, respectively the company's wealth at a certain date, as it follows:

Indicators:	31.12.2014	31.12.2015	31.12.2016	31.12.2017
Fixed assets	105,417	58,533	40,488	25,450
Current assets	99,406	69,519	87,521	101,625
Prepayments	0	0	0	0
Total assets	204,823	128,052	128,009	127,075
Debts that must be paid within 1 year	502,275	792,742	955,964	1,024,619
Debts that must be paid in a period longer than 1 year	0	0	0	0
Accounting provisions	0	0	0	0
Incomes in advance	0	0	0	0
Total debts and incomes in advance	502,275	792,742	955,964	1,024,619
Net patrimony (personal equity)	-297,452	-664,690	-827,955	-897,544

It can be noticed that the net patrimony of the company had the following evolution in the analysed period: it registered negative values each year, namely the negative value of lei 297,452 on December 31st, 2014, the negative value of lei 664,690 on December 31st, 2015, the negative value of lei 827,955 on December 31st, 2016 and the negative value of lei 897,544 on December 31st, 2017.

Analysis of the financial equilibrium.

Indicators:	31.12.2014	31.12.2015	31.12.2016	31.12.2017
Personal equity	-297,452	-664,690	-827,955	-897,544
Long-term debts	0	0	0	0
Permanent capital	-297,452	-664,690	-827,955	-897,544
Fixed assets	105,417	58,533	40,488	25,450
Working capital	-402,869	-723,223	-868,443	-922,994
Stocks	53,090	4,644	14,737	28,726
Debts	44,136	57,051	69,155	61,998
Monetary availability	2,180	7,824	3,629	10,901
Short-term debts	502,275	792,742	955,964	1,024,619
Need in working capital	-405,049	-731,047	-872,072	-933,895
Net treasury	2,180	7,824	3,629	10,901

The working capital represents the part of the permanent capital which is used to finance the current operating activity and it is calculated as the difference between the permanent capital and the fixed assets, and in the given situation, it registers variations during the period.

The need in working capital represents the current assets which must be financed by the working capital and it is determined as the difference between the permanent capital and the fixed assets, a negative value of lei 405,049 being registered on December 31st, 2014, a negative value of lei 731,047 on December 31st, 2015, a negative value of lei 872,072 on December 31st, 2016 and a negative value of lei 933,895 on December 31st, 2017.

During the analysed period the net treasury registers very small positive values, fact which expresses a financial disequilibrium through the insufficient financing of the need in working capital from permanent sources; thus also the dependency of the company to external sources appears, the company's short-term financial autonomy being limited.

Analysis of the solvency. The solvency represents the capacity of the company to meet the due obligations with the held monetary availability, stocks and debts.

Indicators:	31.12.2014	31.12.2015	31.12.2016	31.12.2017
Patrimony solvency	-1.452	-5.191	-6.468	-7.063
Debt degree	2.452	6.191	7.468	8.063

The company's solvency registers descending values in the analysed period, respectively the negative value of 1.452 on December 31st, 2014, the negative value of 5.191 on December 31st, 2015, the negative value of 6.468 on December 31st, 2016, and the negative value of 7.063 on December 31st, 2017. The debt degree has the following tendency in the analysed period, respectively: the value of 2.452 on December 31st, 2014, the value of 6.191 on December 31st, 2015, the value of 7.468 on December 31st, 2016 and the value of 8.063 on December 31st, 2017.

Analysis of the liquidity. The liquidity reflects the degree in which an asset can be turned quickly and without additional expenses into immediate means of payment, respectively

cash or current accounts. Regarding the analysis of the company's risk, the liquidity indicators are those indicators which reflect a certain financial status, characterised by the fact that the circulating (current) assets made on short term cover the expenses due for payment on short term (payment of taxes, payment of suppliers, repayment of credits to banks and other creditors, which represent the total debts). In this category are included indicators such as: general liquidity, low liquidity and quick liquidity, which are calculated as it follows:

Indicators:	31.12.2014	31.12.2015	31.12.2016	31.12.2017
General liquidity ratio	0.198	0.088	0.092	0.099
Low liquidity ratio	0.092	0.082	0.076	0.071
Quick liquidity ratio	0.004	0.010	0.004	0.011

The indicative value of the general liquidity is favourable within the interval 1.2-1.8, and in the case of the analysed company, the indicator does not fit in these limits. In the case of low liquidity, the indicative favourable value is situated within the interval 0.8-1.0. The quick liquidity ratio in the case of the company registers low values compared to the minimum accepted level of 0.8, situation which indicates that the monetary availability does not fully cover the existing needs of the company on short term.

SWOT ANALYSIS.

STRENGTHS:	WEAKNESSES:
<ul style="list-style-type: none"> - Large experience in the sector; - Very good image on the market; - Experienced workers; - High quality and competitive products; - Favourable location; - Effective marketing strategy; - Favourable price/quality ratio. 	<ul style="list-style-type: none"> - Supra-solicitation of the staff that works in production; - Impossibility to honor the orders without taking them at least 12 hours before; - High-traffic in the areas where the main clients are situated delays the honoring of order in rush-hours; - Arrangement of the new shop is encumbered by the fact that the production hall is modernised at the same time.
OPPORTUNITIES:	THREATS:

<ul style="list-style-type: none"> - Possibility to increase the market share by winning the consumers in the central area; - Increase of the fame due to the location of the new shop in a very good commercial area; - The increase of demand for healthier bakery products; - Expansion on international markets; - The possibility to get European funds in order to increase the production capacity or to improve the company's technology; - The potential decrease of VAT in the case of bakery products. 	<ul style="list-style-type: none"> - Increase of prices in raw materials; - Very changing legislation in the sector; - Demand of the authorised institutions to meet the international standards for milling and bakery units; - Changes in the consumers preferences; - Decrease of bread consumption; - Decrease of the population purchasing power; - Continuous increase of competition; - Operational risks of the company's development projects.
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The factors that can influence negatively the company's activity are:

- Disloyal competition on the market;
- Entrance on the local market of a huge bread producer at national level: VEL PITAR.

The activity in this sector can also be influenced by the following factors:

- A weaker crop year, with reduced crops or lower quality wheat;
- The increase of the purchasing price of the main raw material: flour;
- The increase of the price of the natural gas, of fuel.

The SWOT analysis represents the most important management technique used in order to understand the strategic position of a company.

The SWOT analysis represents a "scan" of the internal and external environment of the organization, orientated to perceive four aspects specific to a company's activity. This "scan" shows items (problems, causes, conditions etc) which serve as means of propulsion or, on the contrary, act as brakes in reaching the company's objectives.

The strengths and opportunities represent positive conditions for the increase of the company or for reaching its management objective, while the weaknesses and threats represent impediments or negative conditions for the company.

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PUBLIC FINANCIAL REPORTING BY COMPANIES

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Abstract - Publication of individual and consolidated financial statements in accordance with : national GAAP , the International Financial Reporting Standard (IFRS) ,Publication of non-financial information by any public-interest entity (bank, insurance company or listed company) , Publication of country-by-country reports on payments to governments.....

Keywords : IFRS , GAAP , EU Directives , the current EU level public reporting framework ,publicareporting , the financial statements

APublicareportinga byalimited liabilityacompanies of the types listed in the accounting Directive, companies that have issued securities on an EU regulated market, and banks or insurance companies including cooperatives and mutual structures ; isabased on a number of EU Directives, Regulations and Recommendations that were adopted at different points in time over the last 40 years.

aThe "Acquis" - the current body of EU law comprises a range of requirements applying to listed and non listed companies, sector specific requirements (banks and insurers), as well as additional disclosure requirements applicable to listed companies.

aThe accounting initial European Directive on annual accounts aimed at harmonising financial information to capital providers and for creditor protection. More recently, public reporting requirements have been expanded to non financial reporting for a much broader audience.

aln theacontext of theaEU generalfframeworkkkfor public reporting, certainnconceptssshoulbbeunderstood as follows:

- ✓ **Effectiveness** – whether an intended objective is met;
- ✓ **Relevance** – whether a requirement is necessary and appropriate for the intended objectives;
- ✓ **Efficiency** – whether the costs associated with the intervention are proportionate to the benefits it has generated;
- ✓ **Coherence** – whether requirements are consistent across the board;
- ✓ **Added value** – whether the EU level adds more benefits than would have been the case if the requirements were only introduced at the national level

tThe current EU level public reporting framework considered for this consultation consists of the following:

•PPublication of individual and consolidated financial statements in accordance with national GAAP (Generally Accepted Accounting Principles) by any limited liability company established in the EU . By virtue of the Accounting Directive 2013/34/EU . Member States must ensure that any company in their jurisdiction with a legal form that limits its liability must prepare financial statements and a management report.

These shall be audited / checked by a statutory auditor and published in the relevant business register according to national law that is compliant with this Directive. For companies other than a public-interest entity (bank, insurance company or company with securities listed), EU requirements are proportionate to the company's size.

•pPublication of consolidated financial statements in accordance with the International Financial Reporting Standard (IFRS)adopted by the EU and other specific items by any company established in the EU that has securities (e.g. shares, bonds) listed on an EU regulated market by virtue of the IAS Regulation (EC) No 1606/2002 ,the Transparency

Directive 2004/109/EC and the Market Abuse Regulation (EU) No 596/2014. The use of IFRS makes company accounts comparable within the single market and globally. Companies established in third countries may use their national standards (e.g. US GAAP) if these are accepted on the basis of EU equivalence decisions. The Transparency Directive (2004/109/EC) makes the issuers' activities more transparent, thanks to regular publication of yearly and half-yearly financial reports, as well as the publication of major changes in the holding of voting rights and ad hoc inside information which could affect the price of securities. Issuers have to file such information with the national Officially Appointed Mechanisms (OAMs).

- Publication of individual and consolidated financial statements in accordance with sectorial layouts and principles by any bank or insurance company in the EU by virtue of the Bank Accounting Directive (86/635/EEC) and the Insurance Accounting Directive (91/674/EEC). Unless they prepare IFRS financial statements, any bank or insurance company in the EU must publish financial statements in compliance with national accounting rules that are in line with these sectorial Accounting Directives. Specific sectorial rules provide for, inter alia, layouts (balance sheet and Profit and Loss Account) and accounting treatments for e.g. loans, repurchase agreements or technical provisions.

- Publication of non-financial information by any public-interest entity (bank, insurance company or listed company) with more than 500 employees by virtue of Directive 2014/95/EU. The information should be part of the management report, or published in a separate report. Non-binding guidance was issued in 2017 in order to assist companies –Commission Communication C/2017/4234.

- Publication of country-by-country reports on payments to governments by any large company that is active in extraction or logging by virtue of Chapter 10 of Accounting Directive 2013/34/EU

and Article 6 of Transparency Directive 2004/109/EC. This fosters

transparency on payments to governments, including third country governments, made in relation to these activities.

The EUROPEAN COMMISSION – Directorate - General for Financial Stability, Financial Services and Capital Markets Union – INVESTMENT AND COMPANY REPORTING - Accounting and financial reporting ; is now conducting a comprehensive check of the fitness of the EU framework on public reporting by companies. The objectives of this fitness check are:

- 1) to assess whether the EU public reporting framework is overall still relevant for meeting the intended objectives, adds value at the European level, is effective, internally consistent, coherent with other EU policies, efficient and not unnecessarily burdensome;

- 2) to review specific aspects of the existing legislation as required by EU law ; and

- 3) to assess whether the EU public reporting framework is fit for new challenges (such as sustainability and digitalisation).

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USING BARRIER FUNCTIONS IN THE PRODUCTION MANAGEMENT

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Abstract: From the point of view of economic cybernetics, the main focus of programming operative production is to develop short term models and algorithms to determine the production program of a company (business), optimizing various purpose based functions (such as: compliance with product delivery terms, making full use of production capacities, reduce raw material consumption, etc.).

Keywords: optimization, operational management, production

The general framework of optimization methods, both theoretically and practically, is given by the mathematical programming models and methods. Many phenomena in most various fields (economics, technology, biology) can be described by linear but more especially nonlinear mathematical programming models.

Production's operational management represents a conscious process of setting and achieving derived goals using fundamental management functions in the manufacture of products, production preparation, mechanical energy, technical quality control, SDV's, metrology, using efficiently all information, human, material and financial resources.

Production's operational management can be assessed by [1], [4]:

a. *System's components*, grouped in three sub-systems: producing production programs, launching into production and fulfillment supervision of production programs;

b. *System's variables*, grouped into: *input variables* (most of the activities carried out in industrial activity such as sales, planning, technical and organizational preparation, supply etc.), *output variables* (information on the quantity of products executed at different intervals, quantity of raw material needed to complete the production programs etc.), *disturbing variables* such as: change of delivery dates, additional requests for products launched into production, giving up on some products, failure of equipment), *control variable* (the complex of operational decisions, substantiated by the operational management of the production compartment that aims to maintain system's functionality in terms of economic efficiency);

c. *System's objectives* of production's operational management, on their turn, can be structured into: the fundamental objective, the main objective, derived objective, the corollary objective.

The fundamental objective of production's operational management is the fulfillment of the physical production schedules in terms of delivery terms, quantities and contracted assortment structures. Thus, the general pattern of the objective function of production's operational management process can be defined [4], [5]:

$$\min F = \sum_{i=1}^n \sum_{j=1}^m \sum_{k=1}^p C_{ij}^k P_i T_i,$$

where: C_{ij}^k the quantity of i goods, provided with j priority in k period ;

P_i product i price;

T_i Penalties for breaching the contract;

p is the number of periods,

m is the number of priorities,

n is the number of products.

The previous problem can turn into the following optimization problem:

$$\min f(x)$$

$$\text{with restrictions: } \begin{cases} g_i(x) \leq 0, i = 1, \dots, m \\ h_j(x) = 0, j = 1, \dots, l \\ x \in \mathfrak{R}^n \end{cases} \quad (*)$$

whose admissible range is given by the range:

$$M = \{x \in \mathfrak{R}^n / g_i(x) \leq 0, i = 1, \dots, m \quad h_j(x) = 0, j = 1, \dots, l\}.$$

The general idea of barrier functions is to add a new restriction ("barrier") to the already existing restrictions, which prevents the output of unconstrained problems' optimization solutions from the field of acceptable M solutions.

Definiție 1 A barrier function for the problem (*) is any function $b(x): \mathfrak{R}^n \rightarrow \mathfrak{R}$ that satisfies the conditions:

- $b(x) = 0$ for all x values that fulfill the condition $g(x) \leq 0$ and
- $b(x) \neq 0$ dacă $g(x) > 0$.

We define the minimization problem (limited):

$$\min(f(x) + \mu b(x)) \quad (**)$$

with $g(x) < 0$, for any $x \in \mathfrak{R}^n$,

for any series with $b_k \rightarrow \infty$.

Given the series $\{\mu_k\}, k = 1, \dots, \infty$, series that fulfills the condition $\mu_{k+1} > \mu_k$ for any k and $\lim_{k \rightarrow \infty}(\mu_k) \rightarrow +\infty$.

The next lemma shows some basic properties of the barrier function method [2],[3].

Lemma 1 Be it $F(\mu, x) = f(x) + \mu b(x)$. x^k being the exact solution for the problem (**).

Then :

- $F(\mu_k, x^k) \geq F(\mu_{k+1}, x^{k+1})$
- $b(x^k) \leq b(x^{k+1})$
- $f(x^k) \geq f(x^{k+1})$
- $f(x^*) \leq f(x^k) \leq F(\mu_k, x^k)$

Be it the problem:

$$\min f(x) + \frac{1}{c} b(x) \quad (***)$$

$$g(x) \leq 0$$

$$x \in \mathfrak{R}^n$$

where $c_k \rightarrow \infty$.

Following, we present the convergence theorem of the barrier function method [2], [3].

Theorem 1: We suppose that f, g and b are continuous functions. Be it $x^k, k=1, \dots, m$ a series of solutions (***) . Suppose there is an optimal x^* solution to the problem (*) for any $N(\varepsilon, x^k) \cap \{x | g(x) < 0\} \neq \emptyset$ whatever the $\varepsilon > 0$.

Then any limit point \bar{x} of the series $\{x^k\}$ is a solution for (*).

Barrier functions often take the shape of : $b(x) = \sum_{i=1}^m (g_i(x))^{-a}$, $a > 0$.

An advantage of using the barrier function method is that it provides on iteration, a feasible "solution".

Conclusions:

Operational scheduling of production is influenced by a large number of factors, among which we mention: product requests volume, imposed due dates for certain requests, procurement time with stock and goods, quality indicators, etc.

The complexity of the problems raised by production's operative programming prompted the need to resort to their economic-mathematical modeling, as the single instrument able to determine the optimal or suboptimal solutions.

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COMPARATIVE ANALYSIS OF THE WORKING CAPITAL FOR TWO PUBLIC LIMITED COMPANIES

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Abstract: The working capital is the surplus or the exceeding permanent capital remaining after the net fixed assets have been fully covered, a surplus that can be used to finance part of the current assets.

The working capital from the perspective of financial management represents a safety margin at the company level.

The case study was carried out by comparing the working capital for two companies, namely: S.C. ROMPETROL RAFINARE S.A., with headquarters in Navodari, and S.C. RAFO S.A. which is located in Onești. Both companies have as main object of activity the manufacture of products obtained from crude oil processing.

Key words: working capital, balance sheet, permanent capital, fixed assets

1. Theoretical research

In economic theory, there are the concepts of the networking capital (FRN) that is calculated based on the financial balance sheet and the global working capital fund (FRG), which is determined based on the functional balance sheet.

Based on the financial balance, the working capital can be determined as follows:

A. **Net Working Capital (FRN)** - represents a calculation amount resulting from the processing of information from the balance sheet, according to the following two modalities:⁸

a) On the top of the balance sheet:

$FRN = PERMANENT\ CAPITALS - NET\ IMMOBILIZED\ ASSETS$	
or	
$FRN = PERMANENT\ RESOURCES - PERMANENT\ USES$	

Net immobilized assets (AIN)	Permanent capitals (Cperm)
Net Working Capital (FRN)	

Figure No. 1. The Net Working Capital calculated on the basis of the upper part of the balance sheet

On top of the balance sheet, the FR reflects the extent to which we have a surplus or a deficit of permanent sources.

b) On the bottom of the balance sheet:

$FRN = NET\ CIRCULATING\ ASSETS - SHORT\ TERM\ FINANCIAL\ LIABILITIES$
or
$FRN = TEMPORARY\ (CYCLICAL)\ USES - TEMPORARY\ (CYCLICAL)\ SOURCES$

⁸ Miculeac Melania Elena – The Net Revolving Fund – the Absolute Financial Balance Indicator, Annals of "Drăgan" European University of Lugoj – Faculty of Economics, Dacia Europa Nova Lugoj, 2004, 5/2004 Economic Series, I.S.B.N. 973 – 639 – 045 – 4

Net circulating assets (AC)	Short term financial liabilities (DTS)
	Net Working Capital (FRN)

Figure No. 2. The Net Working Capital calculated on the basis of the lower part of the balance sheet

On the bottom of the balance sheet, the FR reflects whether there are circulating assets that are financed from permanent sources.

Regardless of the method of calculation, the same value of the FR must be obtained.

Static analysis of the working capital:

a) positive working capital

$FR > 0 \Rightarrow C_{perm} > AIN \Rightarrow$ we have a surplus of permanent resources that can be used to finance some of the circulating assets = the financial balance situation

b) negative working capital

$FR < 0 \Rightarrow C_{perm} < AIN \Rightarrow$ a part of AIN remains not covered by permanent capital and will have to be financed from short-term debts = > State of financial imbalance due to inconsistency between short-term debt due time (less than 1 year) and the deadline for turning fixed assets into liquidities (over 1 year).

c) The working capital equals zero

$FR = 0 \Rightarrow C_{perm} = AIN \Rightarrow$ a state of financial equilibrium, of equality that can be met for an extremely short period of time.

Working Capital Dynamic Analysis:

a) $FR_1 > FR_0 \Rightarrow I_{C_{perm}} > I_{AIN} \Rightarrow$ The evolution of permanent capital has exceeded the evolution of net immobilized assets

b) $FR_1 < FR_0 \Rightarrow I_{C_{perm}} < I_{AIN} \Rightarrow$ The evolution of permanent capital was exceeded by the evolution of net immobilized assets

c) $FR_1 = FR_0 \Rightarrow I_{C_{perm}} = I_{AIN} \Rightarrow$ Rare situation.

From the point of view of the structure, FR has 2 components:⁹

- a) Own Working Capital
- b) Foreign Working Capital

a) Own Working Capital (FRP) – reflects the extent to which the company has a surplus or a shortage of its own sources. It shall be determined as a difference between equity and net assets (AIN), reflecting the surplus of equity in respect of net immobilized assets, surplus for the financing of circulating assets.

Determine the relation:

$$FRP = C_{pr} - AIN$$

in which:

- FRP – Own working capital
- CPR – Own capital

The level of own capital remaining available for the financing of the exploitation activity is influenced by the investment strategy promoted by the managers of commercial activities.

⁹ Berstein, L., Wild, J.J., Subramanyam, K.R., 2001, **Financial Statement Analysis** 7TH Edition McGraw – Hill Irwin

b) Foreign Working Capital (FRS) – represents the medium and long-term value (DTML) in the balance sheet, it being the method to check the correct way of calculating FR and FRP. Determine the difference between the bearing fund (FR) and the own bearing fund (FRP) according to the relation:

$$FRS = FR - FRP$$

According to this formula, it reflects the part of the medium and long-term debts that exceed the net intangible value and which are intended to finance the circulating assets, namely the participation of loans on medium and long-term to financing circulating assets.

It is considered that the optimum FR should be one third of company's turnover:

$$FR_{optim} = \frac{1}{3} \times CA$$

in which:

CA – Turnover

2. Applied research

The case study was conducted by comparing the revolving fund at the level of two companies, namely: S.C. ROMPETROL RAFINARE S.A., with headquarters in Năvodari, and S.C. RAFO S.A. located in Onești.

Both companies have as the main object of activity the manufacture of products obtained from crude oil processing.

2.1. Analysis of the working capital at S.C. ROMPETROL RAFINARE S.A.

Table No. 1
Method of calculating the working capital at S.C. ROMPETROL Rafinare S.A.

#	Specification	2016	2017	Index (%)
1.	Own capital (Cpr)	(-) 135.646.268	2.141.158.674	-
2.	1 year liabilities (DTML)	-	-	-
3.	Permanent Capital (Cperm) (1+2)	(-) 135.646.268	2.141.158.674	-
4.	Net immobilized assets (AIN)	4.300.764.385	4.509.761.691	104,8
5.	FR = Cperm – AIN	(-) 4.436.410.653	(-) 2.368.603.017	-
6.	Circulating assets (AC)	2.261.247.232	2.854.454.750	126,2
7.	Total short-term liabilities (total DTS)	6.697.657.885	5.223.057.767	77,9
8.	FR = AC – Total DTS	(-) 4.436.410.653	(-) 2.368.603.017	-
9.	Own FR = CPR – AIN (1-4)	(-) 4.436.410.653	(-) 2.368.603.017	-
10.	Foreign FR = Fr – fr (8-9)	0	0	-
11.	Turnover (CA)	10.174.808.952	12.323.113.339	118,5
12.	$FR_{optim} = \frac{1}{3} \times CA$	3.391.602.984	4.107.704.443	121,1

As illustrated in the table, S.C. ROMPETROL Rafinare S.A. has recorded in both analyzed intervals a negative bearing fund ($FR < 0$), which means that stable resources do not cover the company's stable needs, so one can notice an insufficiency of the bearing fund.

A comparison cannot be made in dynamics, because the permanent capital of the year 2016 has recorded negative values. However, it can be noted that it has recovered in 2017 by recording a positive value, a significant one by comparison to previous year. Due to it, we can

say that the growth rate of the permanent capital has outlasted the growth rate of net immobilized assets, which means that the enterprise has more permanent resources to cover the short-term needs.

Taking into account the second way of calculating FR, it can be noted that the total short-term debts are higher than the circulating assets, which means that this company has recorded a potential downward liquidity on short-term needs..

If we consider the FR structure, it can be noted that it has only its own resources that have recorded a significant negative value.

It may be noted that in both analyzed intervals, the level $FR_{optim} = \frac{1}{3} \times CA$ recorded by this company, is below the optimum level.

2.2. Analysis of the working capital at S.C. RAFO S.A.

Table No. 2

Method of calculating the working capital at S.C. RAFO S.A.

#	Specification	2016	2017	Index (%)
1.	Own capital (Cpr)	411.336.467	356.325.089	86,6
2.	1 year liabilities (DTML)	208.335.560	-	-
3.	Permanent Capital (Cperm) (1+2)	619.672.027	356.325.089	57,5
4.	Net immobilized assets (AIN)	483.954.947	478.392.934	98,8
5.	FR = Cperm – AIN	135.717.080	(-) 122.067.845	-
6.	Circulating assets (AC)	156.098.152	154.095.653	98,7
7.	Total short-term liabilities (total DTS)	20.381.072	276.163.498	1.354,9
8.	FR = AC – Total DTS	135.717.080	(-) 122.067.845	-
9.	Own FR = CPR – AIN (1-4)	(-) 72.618.480	(-) 122.067.845	-
10.	Foreign FR = Fr – fr (8-9)	208.335.560	0	-
11.	Turnover (CA)	81.949.051	30.654.965	37,4
12.	$FR_{optim} = \frac{1}{3} \times CA$	27.316.350	10.218.322	37,4

As illustrated in the table, S.C. RAFO S.A. recorded in the first year (2016) positive values of FR, and in the second year (2017) the situation worsened considerably, which means that stable resources have covered the company's needs only in the year 2016.

A comparison cannot be made in dynamics, because the permanent capital of the year 2017 has recorded negative values. The growth rate of permanent capital has outdone the growth rate of net immobilized assets in the year 2016, which means that the enterprise has more permanent resources to cover the temporary needs of that year. The following year (2017), the situation has been reversed, the growth rate of equity has been brought forward by the growth rate of net immobilized assets.

Taking into account the second method of calculating FR, it can be observed that in the year 2016, the circulating assets are greater than the total short-term debts, which means that the company recorded a surplus of liquidity Potential for short-term needs. In the year 2017, the situation is changing, short-term debts are far superior to circulating assets.

If we take into consideration the FR structure, it can be noted that it has both its own and borrowed resources. In the year 2016 FR has recorded negative values, which are compensated by Foreign FR which has a value of 208.335.560. In the following year, the situation deteriorated, its Own FR decreasing even further.

It may be noted that in the year 2016 the level $FR_{optim} = \frac{1}{3} \times CA$ registered by this company is far above the optimum level. In the year 2017 FR_{optim} of the analyzed company was below the optimum level.

3. Conclusions. A comparative analysis of the working capital

Table No. 3

Comparative analysis of the working capital for the year 2016

#	Specification	S.C. ROMPETROL Rafinare S.A.	S.C. RAFO S.A.
		2016	2016
1.	FR = Cperm – AIN	(-) 4.436.410.653	135.717.080
2.	Own FR = Cpr – AIN	(-) 4.436.410.653	(-) 72.618.480
3.	Foreign FR = FR – Own FR	0	208.335.560
4.	$FR_{optim} = \frac{1}{3} \times CA$	3.391.602.984	27.316.350

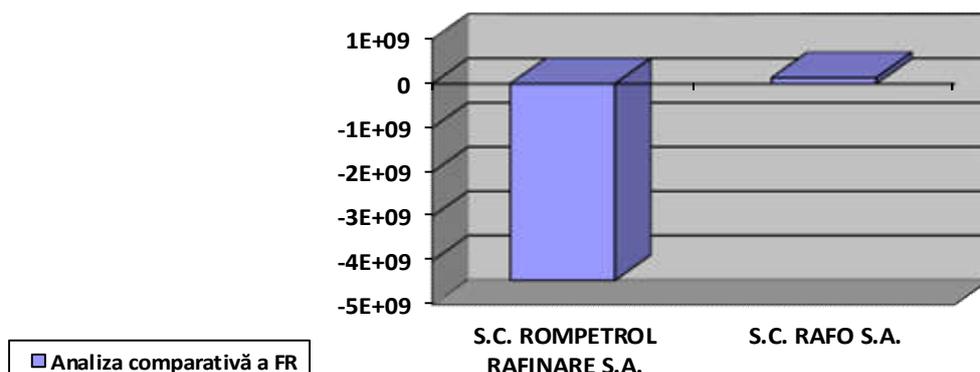


Figure No. 3. Comparative analysis of the working capital for the year 2016

As illustrated in the table and the graph, between the two companies there is a major difference in terms of the **working capital**. Thus, in the case of S.C. ROMPETROL Rafinare S.A., he recorded negative values, namely (-) 4.436.410.653, as opposed to S.C. RAFO S.A., which recorded positive values of 135.717.080. This means that in the year 2016, S.C. RAFO S.A. has a surplus of permanent sources remaining after the full funding of the AIN, the surplus used to finance part of the cyclical assets.

As regards to **Own FR**, it can be highlighted that for both companies, it has recorded negative values. It should be noted that S.C. ROMPETROL Rafinare S.A. had a significantly higher value than in the case of S.C. RAFO S.A. which means that neither of the companies has its own resources.

In the case of **Foreign FR**, S.C. ROMPETROL Rafinare S.A. did not appeal to borrowed resources, unlike S.C. RAFO S.A., which contracted loans worth 208.335.560 lei.

Compared to the level considered optimal, $FR_{optim} = \frac{1}{3} \times CA$, we note that with regard to S.C. ROMPETROL Rafinare S.A., the level recorded by this company is below the optimum level. In the case of S.C. RAFO S.A., it was well above the optimum level.

Comparative analysis of the working capital for the year 2017

#	Specification	S.C. ROMPETROL Rafinare S.A.	S.C. RAFO S.A.
		2017	2017
1.	FR = Cperm – AIN	(-) 2.368.603.017	(-) 122.067.845
2.	Own FR = Cpr – AIN	(-) 2.368.603.017	(-) 122.067.845
3.	Foreign FR = FR – Own FR	0	0
4.	$FR_{optim} = \frac{1}{3} \times CA$	4.107.704.443	10.218.322

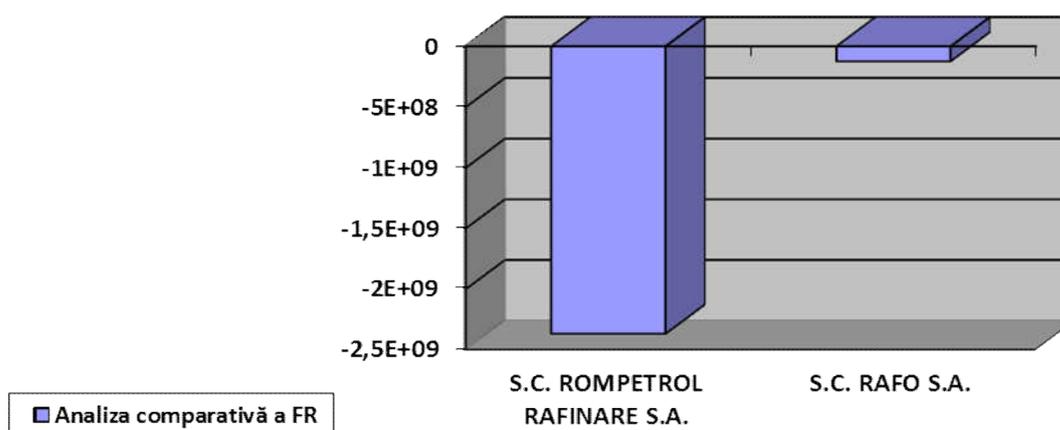


Figure No. 4. Comparative analysis of the working capital for the year 2017

This year (2017) the working capital has recorded negative values in both analyzed companies, meaning that neither has a surplus of permanent sources remaining after the full financing of the AIN, surplus used to finance a Parts of cyclical assets.

The Own FR for both companies equals FR.

In regards to the structure of FR, it does not consist of its borrowed resources, for both companies the Foreign FR being zero.

In comparison to the level considered optimal, $FR_{optim} = \frac{1}{3} \times CA$ it can be noted that for both companies the recorded level is significantly below the optimum level.

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THE LANGUAGE OF MEETINGS IN ENGLISH AND ROMANIAN: A CONTRASTIVE ANALYSIS

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Abstract: The language of meetings has a number of particularities from the point of view of formality, structure and vocabulary. This study presents these particularities focusing mainly on verbs, nouns, phrases and linguistic structures related to meetings, contrastively analyzing the equivalent terms used in English and Romanian. Observations on the level of formality and speech acts function of studied words are made throughout the analysis. The similarities and the differences between English and Romanian collocations are highlighted, explained and exemplified.

Keywords: the language of meetings, contrastive approach, collocations, verb/ noun phrases, English, Romanian

1. Introduction

Meetings in general are conversational units consisting of three distinct stages: beginning, middle and ending, with specialized formulas for each stage which signal and provide control over the conversational units under scrutiny. It is also important to take into consideration that each meeting, which is carried out orally, is unavoidably supported by written components. These are drafted prior to the meeting and appear under the form of a memo or an e-mail providing information about the participants, the time and place of the meeting, as well as the agenda of the meeting. The minutes are important written material drafted during the meeting by a person who is previously assigned to perform this task. The documents that are issued at a posterior moment are official agreements, decisions, regulations, etc. varying in length and content.

2. Literature review and the corpus

The analysis below narrows down the area of scrutiny to equivalent words and phrases related to meetings carried out in English and Romanian. The purpose of the study is to highlight the fact that there is a certain genre of meetings, in the sense that Handford (2007) or Angouri & Marra (2011) propose. The study analyzes a corpus of 20 meetings, an equal number of 10 authentic meetings in English, respectively 10 authentic meetings in Romanian, carried out by native speakers of the respective languages. Their typology is diverse, with various levels of formality, different number of participants, diverse duration and topics of discussion. The main focus of the analysis is on the verbs and the nouns used similarly in the two languages, and the frequent association of words. The approach of the research is qualitative, as the occurrence and not the frequency of the words is analyzed. For the official definition of the analyzed words the online dictionaries have been used. The uniqueness of this study lies in the fact that the language of meetings is analyzed contrastively for English and Romanian.

3. Applicative research. Contrastive analysis

The analysis begins with two generic terms *meeting* (Engl.) and *ședință* (Rom.) which are the basic equivalent units for this study. The English noun *meeting* is generally used for 'an assembly for a particular purpose, especially a formal discussion' (*The Oxford English Dictionary*), whereas in Romanian the generic term *ședință* is defined as 'an organized

assembly of members belonging to a group, body, staff of a company, with the purpose of discussing, debating and deciding' (*DEX Online*). The Romanian word *ședință* has a secondary meaning specific to the legal field in which it is used to refer to the instance of debating a case before a court presided by a judge.

The two synonymous nouns are frequently associated with an adjective, which describe the type of the meeting. Adjectives can refer to a certain time of day *morning, lunch, afternoon meeting* (Engl.), *ședința de dimineață/ de prânz, de seară* (Rom.), to its typology *business, political meeting* (Engl.) *ședință de afaceri, ședință de partid* (Rom.) or to the frequency with which it occurs *annual/ monthly/ daily meeting* (Engl.), *ședința anuală/ lunară/ zilnică* (Rom.). The adjective may indicate the place of the event *open-air/ indoor meeting* (Engl.) or may give information about the participants *board/ cabinet/ staff meeting* (Engl.) *ședință de consiliu/ de guvern/ cu angajații*. The use of adjectives like *secret, private, behind closed doors* (Engl.) *ședință secretă, restrânsă, în spatele ușilor închise* (Rom.) indicate that there is a certain level of secrecy involved, whereas adjectives like *key, crucial, vital meeting* (Engl.) *crucială, importantă* (Rom.) give clues about the importance of the encounter. The level of formality is present through adjectives like *formal/ informal meeting* (Engl.), *ședință formală/ informală* (Rom.) and the outcome is indicated by adjectives like *fruitful, successful meeting*, (Engl.), *o ședință fructuoasă, de succes* (Rom.). As illustrated above, the two languages have equivalent structures, so semantically there is great similarity between English and Romanian collocations of the pair *meeting-ședință*. The difference can be noted in the word order, as the adjective is placed in front of the noun in English and after the noun in Romanian.

The language of meetings contains a number of verbs and nouns referring to getting to, participating and organizing such events. Firstly, *a meeting is scheduled/called/ summoned* (Engl.) *a fost programată/ convocată o ședință* (Rom.). In order to be present at a meeting one must get there, both English and Romanian have similar structures to indicate it by involving verbs of movement, *to go to a meeting* is synonymous with *a merge la o ședință*. In addition, the verb *to have* is used in both languages with the noun *meeting-ședință*, even if the idea of possession seems inappropriate, namely *to have a meeting* (Engl.) and *a avea o ședință* (Rom.). In English the most commonly used structure for expressing participation is *to attend a meeting* with its Romanian equivalent *a participa la o ședință*.

The people who attend are called *participants* or *attendees* in English or *participanți* in Romanian. The person who is in charge of conducting a meeting is called *the chair, the president* or *the facilitator* in English and *președintele* or *moderatorul* in Romanian. *To conduct* or *to hold a meeting* (Engl.) with the synonymous phrase *a conduce ședința* (Rom.) refer to the action of managing a meeting actively by beginning and ending the meeting, by giving the floor to participants, by limiting or on the contrary allowing someone to speak longer than previously decided, by submitting a motion to vote, etc. A more passive role is expressed by the phrases *to preside over a meeting* (Engl.) and *a prezida o ședință* (Rom.) which indicate that the president or chair is mostly supervising the proceedings rather than actively managing them.

Another pair of linguistic units occurring repetitively in the analyzed samples make reference to the topics of discussion to be dealt with. Meetings usually begin with the chair presenting *the agenda* in English and *ordinea de zi* in Romanian, which, in both languages, refers to a list of things to be discussed/ presented/ agreed upon/ debated by the participants during the meeting. The two terms also appear in semi-formal structures like *What is on the agenda?* or *What is on today's agenda?* in English, similarly in Romanian, one will address the question *Ce este pe ordinea de zi?* The same pair appears also in formal meetings, the difference lying in the fact that in business meetings participants do not have to formally agree on the agenda, whereas in academic senate meetings they do. Senators must *vote for the agenda* (Engl.) or *supun la vot ordinea de zi* (Rom.) with a show of hands.

Another important term related to the language of meetings is the one referring to the written document to be drafted during the meeting. The English term for the official written

document recording the issues discussed during the meeting is the plural noun *minutes*, in full *the minutes of the meeting* and it may appear under abbreviated form as *MoM* and it is associated with the verb *to take (the minutes)*. The Romanian equivalent is the compound noun *proces-verbal* and it is generally associated with the verbs *a întocmi un proces-verbal* sau *a încheia un proces-verbal* with a slight semantic difference. While the first verb has a more general usage, the second verb appears mostly in legal contexts being drafted by the authorities, like traffic wardens, bearing legal force.

Partially synonymous to the compound noun *process-verbal* is the Romanian word *minuta*, a feminine noun with the plural form *minute*, which is strangely similar to the English word *minutes*. However, the explanation for the similarity lies in the fact that the English *minutes* and the Romanian *minută* have the same etymology, the Latin word *minuta* meaning 'small in size and degree; short note' (*Online Etymology Dictionary*). In addition to the verbs mentioned above, both languages permit the association of the noun with the verb *to write the meeting minutes* (Engl.) *a scrie minuta ședinței* (Rom.). It is worth mentioning here that the phrases *to take notes at the meeting* (Engl.) respectively *a lua notițe la ședință* (Rom.) have a different meaning than the previous set containing the verb *to write*. The difference lies in the fact that *minutes* are official documents written by someone assigned to do this activity, whereas the *notes* are personal for each participant to the meeting, they are meant to help the participants remember the key points.

It is important to mention that English nouns like *transcript* and *report*, also appear in the language of meetings, but which are not synonymic with *minutes* or with each other. *Transcript* or *stenogramă* in Romanian refers to writing down word by word everything that is said during a meeting. In both languages *transcript* and *stenogramă* are used mainly in legal contexts and usually represent complete and accurate written records of what was said in a court of law or in front of a legal body. On the other hand, *report* (Engl.) or *raport* (Rom.) is a written account of something that has been investigated/ analyzed by someone and meant to inform a person or a group. Reports can be handed over during regular meetings, can be read during meetings or can be drafted as a follow-up of the meeting itself.

Terms that signal the beginning of the meeting vary according to the degree of formality from the most informal structures like *Let's get started*. *Let's begin*. or *Let's kick off with* in English, with the equivalent Romanian structures *Haideți să începem*. or *Hai să ne apucăm de*, to the more formal constructions containing the verbs *to commence* or *to declare*. In a plenary meeting of a legal body, one will *declare the session open* in English, similarly Romanian speakers use the same verb *a declara ședința deschisă* in highly formal contexts with a performative function as described by Malmkjaer (2010).

After getting started one may *address the audience* / *să se adreseze publicului* in a formal setting or may welcome participants to the meeting *I wish to address a warm welcome to this distinguished audience*/ *Doresc să adresez un călduros bun venit onoratei audiențe*, or less formal *I wish to welcome everybody to today's meeting*. *Bine ați venit la ședința de azi*. There is also another category of verbs that indicate turn taking. The Romanian phrase *a da cuvântul cuiva*. is synonymous with the English *to give the floor to*, both being used in formal contexts to indicate that another participant to the meeting is given the opportunity to speak, usually by the chair. However, in neuter or informal situations people can *add*, *present*, *introduce*, *suggest*, *contribute*, *come up with ideas*, etc. (English), just as Romanian speakers *adaugă*, *prezintă*, *sugerează*, *contribuie*, *vin cu idei*, etc. without a formal signal that they are allowed to speak.

When participants to a business meeting need to find solutions to a specific problem they may *brainstorm for ideas*. This verb appears frequently in English also in the collocation *brainstorming session*, but it does not have a Romanian equivalent. It has been borrowed in Romanian from English and it is used as such, *o sesiune de brainstorming*. Other English verbs uttered during meetings are *to discuss*, *debate*, *agree*, *disagree*, *prove*, *explain*, *present*, *show* and their Romanian synonyms *a discuta*, *a dezbate*, *a fi de accord*, *a nu fi de acord*, *a*

demonstra, a explica, a prezenta, a arăta. The fact that they come in synonymic pairs proves great similarity at lexical level between the two languages.

During meetings, it is necessary to deal with a number of planned topics, interestingly verbs of movement are involved in both languages when changing the subject, as one may choose *to move on to the next point on the agenda*. (Engl.) *a trece la următorul punct din ordinea de zi*. (Rom.) When not everything goes according to plan, one may *interrupt* or *disrupt a meeting* in English or *să întrerupă/ să deranjeze o ședință* in Romanian. If it is too long informally one says *the meeting may drag on* (Engl.) or *ședința s-a lungit* in Romanian, with an unusual conversion of the adjective *lung* into a verb. If one wants to prevent this, they can try *to cut a meeting short* in English or *să scurteze ședința* in Romanian, with the same type of conversion of the adjective into verb.

Meetings, as conversational units, have a symmetrical structure and for every beginning there must come an ending. Verbs denoting closure are used like *to sum up, to conclude the meeting with* (Engl.), *a recapitula, a încheia ședința cu* (Rom.). In Romanian one closes a session with the phrase *a declara o ședință închisă/ terminată*, the equivalent English collocation *to declare closed a session* is doubled by a formal construction appropriate for legal bodies in action *to announce a closed session*. The English verb of French origin *to adjourn* is also present in formal contexts to indicate the moment a meeting was over. E.g. *The meeting adjourned at 6 pm*. Still there are informal verb structures for ending a meeting like the English *to wrap up a meeting* or the Romanian phrase *a pune punct unei ședințe*.

When meetings cannot take place according to plan, one may *cancel a meeting, postpone a meeting* or *reschedule a meeting* in English, with the absolute Romanian equivalent expressions *a anula o ședință, a amâna o ședință* or *a reprograma o ședință*. These verbs belong to a neutral register and frequently appear in numerous fields of activity from legal to business meetings in both languages.

4. Conclusions

The above study on the language of meetings highlighted the fact that specialized vocabulary exists for all the three stages of meetings and that they are equivalent in English and Romanian, especially at the level of lexical choice. There are a number of factors, like the level of formality and the field of activity, which also influence the lexical choice. The verbs, nouns and adjectives that are used in meetings or that are associated with the noun *meeting* are synonymic in the two languages and the spotted differences are insignificant from a qualitative point of view. In conclusion, the study shows that the language of meetings is substantially similar in English and Romanian as the same genre exists in both linguistic systems.

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THE QUALITY OF HUMAN RESOURCES IN ROMANIA – THE MAIN ENGINE OF ECONOMIC GROWTH

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Abstract: The human capital is a determining factor, a decisive one for any activity, not only an economic one. In our country the number of inhabitants decreased in the last years and from the qualitative, professional, ethical and moral abilities's point of view, we do not have a good situation. The natural causes (the ratio between the birth rate and the mortality) are responsible in a certain measure for the decrease of the inhabitants number, but the external exodus, with its unfavorable financial effects, represents the main cause. Probably, the most important effect of the reduction in the number of inhabitants is related to **its structure**, the biggest problem is that most of the emigrants represent the active population.

Key words: human capital, economic growth, population migration, active population, activity rate, occupied population, occupation rate.

The economic activity of a state is given by the current occupied population of the state and thus we consider necessary an analysis of the evolution of the number of inhabitants in Romania. It can be also done compared to other states of the European Union.

In chart no. 1.1. it is presented the evolution of the number of inhabitants in Romania and a few countries from the European Union between 2000-2017.

Chart no. 1.1
The evolution of the number of inhabitants in Romania and other states of the European Union

million of inhabitants

Country/ Year	2000	2005	2008	2010	2011	2015	2016	2017
Romania	22.4	21.3	20.5	20.2	20.1	19.8	19.7	19.6
Bulgaria	8.2	7.7	7.6	7.5	7.5	7.2	7.1	7.1
France	58.9	60.5	62.0	63.0	63.3	64.3	66.7	67.0
Portugal	10.0	10.5	10.6	10.7	10.7	10.3	10.3	10.3
Poland	38.7	38.5	38.1	38.2	38.2	38.5	37.9	37.9
Hungary	10.0	10.1	10.0	10.0	10.0	9.8	9.8	9.7
Poland	39.9	43.1	46.5	47.1	46.2	46.3	46.4	46.5
Italy	57.8	58.1	59.9	60.5	60.8	60.9	60.6	60.6

Source: National Institute of Statistics

We note that the number of inhabitants in Romania decreased constantly. The situation is similar in Bulgaria too, while other countries register increases of the population. In the first place, the decrease can be due to the ratio between the birth rate and the mortality, but the main reason is the population migration. This migration is registered mainly among the active population, which ensures the functioning of the economy and which, anyway, is in the minority compared to the retired persons, children etc.

In order to elaborate some effective economic policies, as well as in order to analyse in a relevant manner the way in which the work resources are used, we think it is necessary to analyse

the size and structure of the active population and the occupied population, the most significant constitutive parts of the human resources from the economic point of view. Thus the paper analyses the population evolution in our country, regarding the participation to economic activity between 2000-2016.

Chart no. 1.2

The population according to the participation to economic activity between 2000-2016

Period	Active population			Inactive population	Activity rate ¹⁾	Occupation rate ²⁾	Unemployment rate ³⁾
	Total	Occupied	Unemployed				
	<i>- thousand of people -</i>						
2000	11,283	10,508	775	10,613	63,4	59,0	6,9
2001	11,151	10,440	711	10,711	62,3	58,3	6,4
2002	10,079	9,234	845	11,735	56,0	51,3	8,4
2003	9,915	9,223	692	11,839	54,8	51,0	7,0
2004	9,958	9,165	793	11,528	56,2	51,7	8,0
2005	9,840	9,139	701	11,511	55,7	51,8	7,1
2006	10,040	9,321	719	11,185	56,9	52,8	7,2
2007	9,987	9,353	634	11,020	57,1	53,5	6,4
2008	9,808	9,259	549	10,779	56,9	53,7	5,6
2009	9,576	8,952	624	10,828	55,7	52,1	6,5
2010	9,365	8,713	652	10,906	54,9	51,1	7,0
2011	9,188	8,528	660	10,986	54,1	50,2	7,2
2012	9,232	8,605	627	10,846	54,6	50,9	6,8
2013	9,202	8,549	653	10,800	54,5	50,7	7,1
2014	9,243	8,614	629	10,681	54,9	51,1	6,8
2015	9,159	8,535	624	10,700	54,5	50,8	6,8
2016	8,979	8,449	530	10,799	53,7	50,6	5,9

*Note:¹⁾ The proportion of active population aged 15 and over in the total population aged 15 and over.

²⁾ The proportion of occupied population aged 15 and over in the total population aged 15 and over.

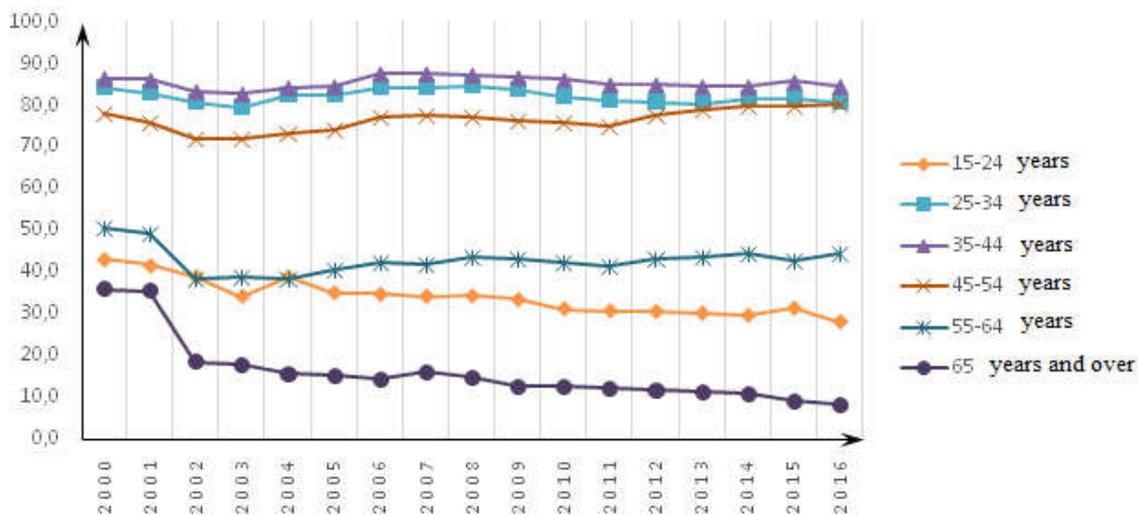
³⁾ The percentage of unemployed persons in active population.

Source: National Institute of Statistics

In figure no. 1.1. it is represented the evolution of the activity rate and the occupation rate of the population depending on the economic activity in the period 2000-2016.

2000	63,4	68,8	43,1	84,4	86,5	77,9	50,5	35,9
2001	62,3	67,7	41,6	83,1	86,1	76,0	49,3	35,6
2002	56,0	63,6	38,9	80,7	83,4	71,9	38,3	18,5
2003	54,8	62,4	34,2	79,4	82,8	71,9	38,8	17,9
2004	56,2	64,6	39,0	82,4	84,3	73,4	38,4	15,7
2005	55,7	64,2	35,1	82,5	84,5	74,2	40,4	15,1
2006	56,9	66,2	34,7	84,3	87,6	77,2	42,1	14,2
2007	57,1	66,1	34,2	84,1	87,6	77,4	41,7	16,1
2008	56,9	66,5	34,3	84,7	87,3	77,0	43,4	14,7
2009	55,7	65,9	33,4	83,7	86,7	76,2	43,0	12,7
2010	54,9	64,9	31,2	82,1	86,2	76,0	42,1	12,4
2011	54,1	64,1	30,7	81,3	85,0	75,1	41,4	12,0
2012	54,6	64,8	30,5	80,8	85,0	77,5	43,0	11,8
2013	54,5	64,9	30,1	80,4	84,5	79,0	43,4	11,3
2014	54,9	65,7	29,6	81,6	84,5	79,8	44,6	10,8
2015	54,5	66,1	31,3	81,5	85,7	79,8	42,7	8,9
2016	53,7	65,6	28,0	80,6	84,6	80,2	44,2	8,2

Source: National Institute of Statistics



Source: National Institute of Statistics

Figure no. 1.2. The activity rate of the population aged 15 and over on groups of age in the period 2000-2016

Regarding the analysis of the activity rate of population aged 15 and over on groups of age we can notice in figure no. 1.2. that the age group which has the highest activity rate during the whole period is the group 35-44 years, followed by the age group 25-34 years. For the last 6 years it has been noticed an increase of the activity rate on the group of age 45-54 years, it tending to reach the one of the age group 25-34 years.

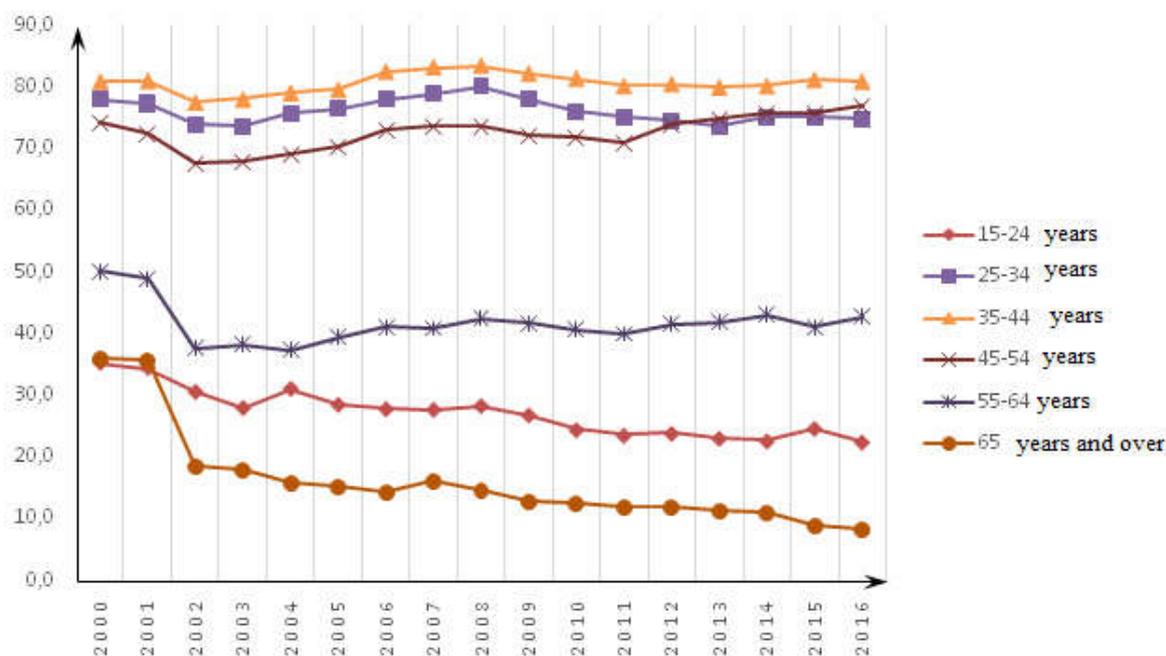
The analysis of the evolution of the occupation rate on groups of age is shown graphically in figure no. 1.3, the statistical data supplied by the National Institute of Statistics being presented in chart no. 1.4.

Chart no.1.4

The occupation rate of the population aged 15 and over on groups of age in the period 2000-2016

Period	Total population aged 15 and over	Total 15-64 years	Groups of age					
			15-24 years	25-34 years	35-44 years	45-54 years	55-64 years	65 years and over
2000	59,0	63,6	35,2	77,9	80,8	74,2	50,1	35,9
2001	58,3	62,9	34,4	77,2	80,9	72,5	48,8	35,6
2002	51,3	58,0	30,5	73,7	77,5	67,6	37,7	18,5
2003	51,0	57,8	27,9	73,6	78,0	68,0	38,1	17,9
2004	51,7	59,2	31,0	75,6	79,0	69,2	37,3	15,6
2005	51,8	59,4	28,4	76,4	79,5	70,2	39,5	15,1
2006	52,8	61,2	27,7	77,9	82,4	73,0	41,1	14,2
2007	53,5	61,6	27,6	78,8	83,1	73,5	40,8	16,1
2008	53,7	62,6	28,2	80,0	83,3	73,5	42,4	14,6
2009	52,1	61,4	26,7	77,9	82,1	72,0	41,7	12,6
2010	51,1	60,2	24,3	75,9	81,3	71,9	40,7	12,4
2011	50,2	59,3	23,4	75,0	80,1	71,0	39,9	11,9
2012	50,9	60,2	23,7	74,4	80,4	73,9	41,6	11,8
2013	50,7	60,1	22,9	73,5	79,9	74,8	41,8	11,3
2014	51,1	61,0	22,5	75,1	80,1	75,6	43,1	10,8
2015	50,8	61,4	24,5	74,9	81,1	75,7	41,1	8,9
2016	50,6	61,6	22,3	74,7	80,8	76,9	42,8	8,2

Source: National Institute of Statistics



Source: National Institute of Statistics

Figure no. 1.3. The occupation rate of the population aged 15 and over on groups of age in the period 2000-2016

In the period 2000-2016, the occupation rate of the population aged 15 and over has the highest value on the age group 35-44 years, being followed by the age group 25-34 years, respectively 45-54 years. We can notice that the last four years registered increases of the occupation rate for the age group 45-54 years, which exceeds the age group 25-34 years.

From the analysis of the evolution of the number of inhabitants, of the size and structure of active population, respectively occupied population in Romania, we conclude that this population is decreasing, due not only to natural causes but also to the migration phenomenon. The population group with the highest rate of activity and occupation in Romania is that of the population aged 35-44 years. These persons with ages of about 40 are professional, mature and can have a significant contribution to the economic growth and development. Taking into account that they were part of the work force during the period of crisis, they denote mobility, being possible for them to be the basis of a sustainable development of the economy.

The human capital is influenced by strong migration, the population that remains in the country not being able to support the current problems of population ageing. If there was a time when emigrants were often low qualified and they came from rural areas, now there are more and more workers with high qualifications which leave the country (for example, IT specialists, doctors etc). As a consequence, different problems appear in an ageing society because of the decrease of the active population. We think it is necessary to apply a program which stimulates internal and external mobility, especially in the case of a highly qualified active population .

The economic growth registered during the last years does not have the same growing rhythm as the increase of the living standard and as the increase of the work force remuneration. As a consequence there appears the workforce migration. Without a clear strategy in order to stop the human migration, we will not have any strategy of economic development, with all the registered economic growth.

Besides this strategy, efforts must be made in order to improve the public expenses in the education sector. A professional education adapted to the demand of the labor market, a correlation between the education programs and the employers' needs, a connection of the educational data bases to those on the labor market and maybe even a reconsideration of the education in order to train *qualitative* human resources are in our opinion few of the premises which would lead to economic growth.

During the last years, the highest increases of the work force occupation were registered in the IT sector, together with industry and construction.

Without investing in education, without a rapid progress in the educational system we will not register any increase of the living standard, even if the European Union or other international financial institution gives funds. A human capital in which one invests promises economic performances.

In our opinion, even if public expenses with education are situated at a reduced level compared to other states of the European Union, we can take a look at our neighbours and take the example of the English, the Irish or the Finnish, who the moment they noticed they do not have enough public funds in order to ensure the necessary funds to accomplish the role of factor of economic growth, they found the solution of *public-private partnerships*. It is necessary to adapt the education and training of individuals to the needs of the economy and to have a real necessary ratio between education and labor market. It is necessary to become aware of the idea that one of the main engines of economic growth is the quality of human resources, and the training of qualitative human resources cannot be done without a sustainable and coherent governmental policy.

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