



*Journal of Economic Development,
Environment and People*

(online) = ISSN 2285 – 3642

ISSN-L=2285-3642

Volume 5, Issue 2

2016

<http://jedep.spiruharet.ro>



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Copyright©2016Editura FRM

All rights reserved. No part of this publication may be reproduced, stored, transmitted or disseminated, in any form, or by any means, without prior written permission from Editura FRM, to whom all requests to produce copyright material should be directed, in writing.

Editor in Chief:

Manuela Epure

Editing:

Marga Constantin

Gabriela Dincă

Profreading:

Dragoş Ciocăzan

Graphics:

Arch. Student Adelina Dima

Web_administrator:

Lecturer PhD Rocsana Bucea Manea Tonis



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Table of Contents

1. Epure Manuela - <i>Foreword</i>	4
2. Mariem Kchaich Ep Chedli - <i>The Management of Crisis</i>	6
3. Cilia Ionescu, Cornel Ionescu - <i>Basics and Alternatives Concerning the Measurement of Company Performances</i>	15
4. Ekaterina Arabska, Venelin Terziev - <i>Organic Production Business Model and the Concept of Corporate Social Responsibility</i>	23
5. Diogo Pinto - <i>What if Simulation for a Brazilian Company Regarding Marketing Budget</i>	31
6. Andrei Angheluta, Larisa Mihoreanu, Carmen Costea - <i>Innovative Solutions for Companies to Reduce Gender Gaps (UK Study Case)</i>	37
7. Mariem Kchaich Ep Chedli - <i>The Recovery of Companies</i>	47
8. Larisa Mihoreanu, Carmen Costea, Alexandru Stefanescu - <i>The Healthcare System and the Hidden Traps of ITS Logistics</i>	67
9. Zlatka Grigorova, Stefka Timareva, Ivanka Shopova - <i>Resources for Apitourism in Bulgaria</i>	79



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Foreword

How does economic growth look like today?

Manuela Epure, Editor-in-chief

The world economy is still recovering after the ‘big crisis’, whose effects are visible in many industries, thus making the investors more cautious about new projects.

At regional level, the European Union has developed an ambitious strategy for decades to come. EU’s growth plan aims to deliver a smart, sustainable and encompassing growth, focused on five goals in the areas of employment, education, innovation, poverty alleviation and climate/energy.

It is obvious that the economic sector should play the main role in achieving the strategic goals and, also, it is vital to ensure a policy framework, able to create an effective system of economic governance.

Recent studies¹ have nevertheless shown that it is time to explore new directions to generate economic growth, such as the Ocean Economy. It seems that new ocean-based industries are not only highly profitable but their development is not free of risks and uncertainty, as there is a major need of innovations in science and technology, along with significant investments. The orientation toward the Ocean Economy facing the year of 2030 comes with environmental implications and a unpredictable impact on ocean ecosystems. There is no doubt that a balance between benefits and environmental consequences should be created, by a careful examination of each new development in this sector. The contribution to the green growth can be surely significant, but there are considerable implications for planning and regulation.

The Ocean Economy encompasses a sustainable economy for the ocean-based marine environment, related biodiversity, ecosystems, species and genetic resources, including marine living organisms (from fish and algae to microorganisms) and natural resources in the seabed, while ensuring their sustainable use and, hence, conservation. The value of the global ocean-based economy is estimated between USD 3 and 6 trillion per year, while more than 3 billion people rely on the oceans for their livelihood².

¹ OECD project - The Future of Ocean Economy, available at <http://www.oecd.org/futures/oceaneconomy.htm>

² UNCTAD estimations – retrieved at <http://unctad.org/en/Pages/DITC/Trade-and-Environment/Oceans-Economy.aspx>



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Doing business today seems to be very challenging, not only because of the need to manage the crisis, but also in terms of flexibility and orientation towards new forms of economic growth.

Scholars should play a decisive role in supporting business, the applied research should be focus on providing a solid backup for innovative business initiatives. Same way, they should be delivering tools able to support companies to evaluate their current status and to reveal the opportunities for growth while avoiding major risks.

Interesting papers tackling these issues were selected to be part of JEDEP volume 5, Issue 2, since each paper introduced interesting perspectives, from crisis management and measuring company's performances to business models and simulation of marketing budget in the Brazilian companies.

You are all invited to read the articles, all with open access, thanks to our commitment to support EU's Initiative on Open Science Policy.

Manuela Epure

Editor-in-chief



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The Management of Crisis

Mariem Kchaich Ep Chedli¹

Bucharest University of Economic Studies, Romania

Abstract. Many business leaders defines a time of crisis as a moment which completely hinders society activity, which ultimately leads to bankruptcy; they prefer the choice of resentment downturn and do not consider it a key moment for the renewal ideas, ways of thinking, of policies and strategies adopted that mobilize around new ambitions, new development projects, new sales models, new businesses, new markets in manner to transform a crisis in a moment of creation and innovation and collective revitalization.

The purpose of this article is to study the various steps of the management of crisis and best management practices in times of crisis to be applied properly by the manager. Therefore, we would have to ask the following question: how can we ride a situation of crisis and provide benchmarks based on best management practices?

Keywords: Management, crisis, enterprise.

Jel Codes: O35, O2

1. Introduction

Today we talk more and more about the theme of crisis (economic, social, political, health, environmental), succeeding in the world and having substantial impacts mainly on tourism, which remains sensitive and very reactive to any disturbance.

The crisis puts the company in a very important tense situation. It can have an impact on sale, on employee motivation, creating distrust on company and its products.

Undoubtedly, the corporate image is questioned but it can also affect the survival of the latter. One of the biggest common problems that can increase the seriousness of this event is mismanagement of resources (human, financial, material) in times of crisis.

2. Definition of Crisis

A crisis is a crucial moment in the individuals', groups' and populations' life, which marks a break in continuity and uncertainty as to the evolution of events characterized by a paroxysm of contradictions and uncertainties, which can produce explosions of violence or revolt. The crisis is an imbalance.

¹ E-mail address: mariemkchaiech@gmail.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

(Roux-Dufort, 2000) described the crisis as “brutal ruptures, in which several actors are involved, that require immediate attention in a climate of great uncertainty about the course of events and the consequences of decisions”.

(Pauchant, 1988) defines crisis as “an accumulation of probable events at a party or organization as a whole, which can interrupt the present and future operations of the company affecting individuals and communities at a physical level, psychological and / or existential.”

There are several types of crisis:

- 1 - An economic crisis is a brutal degradation in the economic situation of a country or an economic area, consequence of a shift between production and consumption, followed by a sharp increase in unemployment, a decrease of GDP (Gross Domestic Product), an increase in the number of bankruptcies, a decline in purchasing power. The most serious economic crisis in modern history in the world was the one from the year 1929.
- 2 - Financial crisis: economic phenomenon materialized by malfunction of capital markets mainly due to risk-taking poorly mastered, the deteriorating creditworthiness of certain public or private borrowers and / or speculative behaviour of certain operators. Financial crises can be currency crises, banking crises, stock market crises, and sovereign debt crises. Given the globalization of markets, the financial crisis is still rarely circumscribed to a country or group of countries. A financial crisis that extends quickly leads to a fall in growth, even recession.
- 3 - A political crisis is an important moment, serious and sometimes decisive in the life of an institution. It reflects the manifest adequacy between the organization of a political or public institution and reality: a crisis can provoke demonstrations, strikes, social movements, riots indeed a revolt or revolution.
- 4 - A social crisis. Multiple natures of changes disrupt human societies at different levels, on various scales, and engage in several modes the manning agent of change. Thus, according to its specific needs and its environment (natural, institutional, family, politics etc.), the social actor develops its own logic in a constant articulation with daily and historical contingencies to find new solutions, new action / reaction modes.
- 5 - Health crisis. Health crises are events affecting actually or potentially a large number of people, affecting the health and possibly increase significant factor of mortality. Declared officially by the State, there are several types: epidemics and pandemics, pharmaceuticals or vaccines. An ecological crisis occurs when the living environment of a species or population moves unfavourably to its survival. It may be a deterioration of the environment quality, following a change of biotic ecological factors, and it will be no longer good for the needs of the species. An example may be the temperature's increase.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

3. The Management of Crisis

"In the heart of any crisis, there is the question of power and its exercise. Treating a crisis is above all make judgments, set standards, identify options, and defines strategies, reshaping relationships of influence, save positions...! When the usual frameworks prove to be exceeded." (Patrick Lagadec)

The management of the crisis is "all organizational methods, techniques, and resources that enable an organization to prepare it for and cope, with the occurrence of a crisis and to learn from the event to improve procedures and structures in a prospective vision." (Source: Wikipedia)

The expression may seem paradoxical: "Managing the crisis is, from a certain point of view, a contradiction in terms: it does not handle the torment, trouble; it strives to prevent its occurrence or to minimize its effects or to restore order (Source: Gestion de crise-la réponse de l'entreprise de Simone Eiken and Olivier Velin, EFE, 2006).

4. The Management of Crisis Steps

Formally, the management of crisis includes four essential steps:



Fig. 1: The management of crisis steps.

4.1. Prevention

This is the first and the longest step of the management of a crisis. It consists, mainly, of lookout potential risks. It usually coincides with the incubation period of the crisis, that is to say, an accumulation phase of malfunctions where nothing is visible. At this step, managers should be looking, in other words, search and identify elements with a potential risk to the organization (Lagadec, 1991).

Understanding the environmental factors of the organization is determined by the management of the crisis. This information will be used to prepare emergency plans, communication strategies in times of crisis, and especially, a planned strategic intelligence.

To identify, ride up and analyze anticipatory information (signals), to detect vulnerabilities and anomalies able to anticipate the triggering event, to capture changes in the environment.

Information Centre:

(Cutlip, Center and Broom, 2000, p391-394) suggest the implantation of a permanent information centre within the organization. This centre is to collect and diffuse information.

The detection of rumour and denial can be made by the information centre. The establishment of the centre before the crisis is essential to ensure credibility in times of crisis.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Environment Variables:

To plan the operations, managers should be aware of the environment in which they operate.

The knowledge of the stakeholders and the information circulating on the organization are two main categories of environment variables.

4.2. Preparation

Preparation is the second step for the crisis' management. It is the moment that create the cell of crisis. This step is to develop the dedicated management plans. To do this, we gather a group called Crisis Staff, which will evaluate the potential of the crisis of the organization and prepare a help guide in the management. This guide will reduce uncertainties related to emergencies. It serves, in particular, to place temporarily common benchmarks for members of the organization. With these benchmarks is possible to mark everybody's action and to manage the crisis according to clearly established principles: honesty, transparency, social responsibility and organizational accountability (Maisonneuve, St-Amand and Lamarche, 2003).

Preparation is crucial since a good management of crisis should begin before the crisis hit. We must prepare:

Cell of Crisis:

The work of the cell members, in the preparation method, consist in identifying potential crisis and elaborating, for each of the scenarios, a guide of procedures to be in place.

These procedures include specifically the planning of frontline teams, that is to say, individuals must be available round the clock, 7 days a week, and their replacements in case of absence too.

It addresses all the elements necessary for the good management of crisis combat operations, including communication strategies and coordination teams.

The members of the crisis, have to be open-minded and with global vision persons, and able to shake up the organizational prejudices, to develop an effective crisis management guide.

We must "overturn the evidence and be able to think the unthinkable before a crisis is in charge." (Roux-Dufort, 2000)

Establish and Evaluate Scenarios:

The second preparation step is to establish and assess the crisis scenarios with the elements found in the first step. Each occurrence to potential risk likely must be a screenwriting.

It will then be evaluated taking into account the probability and severity of the crisis. The characteristics of immediacy and global reach of the internet are especially to be considered when developing the scenarios.



Design of Crisis Management Guide:

The potential risks are already scripted and mentioned so, the next step is to create a crisis management guide, that will withdrawn wide solutions in case of organizational crisis.

Implementation and Simulation of Crisis Management Guide:

The crisis management guide should be integrated with policies of the organization and broadcast to all staff. This integration will have the effect of increasing the culture of crisis, which consists in placing employees in a state of mind conducive to face a crisis.

4.3. Reaction

When the state of crisis is declared, the organization has little time to set up procedures for crisis management guide. Essentially, quick response and in tune with the environment reduces the risk of crisis growth. The reaction is the critical step in the management of the crisis. It starts with the detection of the crisis in the organization and ends with a return to regular management mode.

At this step, the crisis varies in amplitude and time according to certain parameters. A good initial preparation can regulate many of these parameters, out of control, mean that the crisis deepens and extends in time. Date knowledge of the operating environment and a good crisis management guide allow the cell of crisis to make decisions quickly and implement the necessary measures.

In addition, the planning enables effective communication strategies to allow limiting the scope of some of the crisis' negative effects on the organization.

The Beginning of Crisis:

The first difficulty for the organization is to define the beginning of crisis. Proper identification of crisis triggers helps organization to detect the first beginning of the acute phase of the crisis. In a short time, the organization must analyze more information to declare a state of crisis or not. It must verify the validity of information collected, estimate the extent and understand the challenges of the potential crisis. If the results of the analysis show the entry into crisis, the organization must communicate the new state and set in motion the crisis management guide.

Communication:

Communication is essential during the reaction phase. The victims and their families, employees, suppliers and subcontractors, customers, shareholders, the media and the general public must be given special attention in communication when a crisis occurs. Strategies and messages normally delivered to each of the public should be updated and adjusted to take account of the situation.

Principles:

A first principle is to have control over the agenda of the crisis. The organization should put itself as the main source of information and establish the rhythm of information's diffusion. The information,



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

although delivered quickly, should be validated. Experts recognize providing factual information and advice against speculation. The public see the crisis in a more emotional way than the organization.

The organization must maintain its credibility by showing its good understanding of events and its ability to answer them best, depending on available resources. A third principle is anticipation. The decisions must be made taking into account the medium-term consequences for not amplifying the crisis and stimulating new triggers.

Strategies:

The loss of the known benchmarks is characteristic of the crisis, which is why the public is looking for leaders. This identification reduces uncertainty and restores temporary benchmarks. Organizations involved may react in various ways in front of this development potential change, adopting communication strategies ranging from total recognition to refusal.

The four main strategies are full recognition, partial recognition, avoidance and refusal (Sartre, 2003). Other complementary strategies can be adopted to reduce the crisis amplifiers. It is important to remember that the responsibility is not related to guilt, so the organization can be responsible without being guilty.

4.4. Adaptation

Adaptation is the last step of the management of the crisis. This is the time when the organization seized the opportunities provided by the crisis to improve its operation. An objective assessment of the decisions taken and acts committed during the crisis should be made to understand their scope and impact. A comprehensive history of the crisis will help to evaluate the work done.

According to (Roux-Dufort, 2000) the crisis has a very high learning potential. Four options are available:

- Learn nothing and pretend that the crisis was an exceptional event.
- Capitalize on the crisis to improve what already exists.
- Capitalize on the crisis to challenge inadequate management assumptions.
- Capitalize on the crisis to define the identity of the organization.

Assessment of the management of crisis

According to (Pearson and Clair, 1988) successful management of crisis is defined by three points that can be assessed in detail:

- ✓ Before the entry into crisis, reducing potential risks.
- ✓ At the outbreak, interaction with stakeholders aiming to rebuild, for individuals and communities, their common benchmarks.
- ✓ At the end of the crisis, a readjustment of the basic assumptions and behaviours and emotional responses.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

✓ Any assessment of the management of crisis should be done by considering the successes and failures of interventions from three perspectives: psychological, socio-political and technical-structural.

5. The Management of Crisis: Proposed Solutions

Companies are exposed to a variety of risks (economic, technical, technological, human, regulatory, environmental, social, and informational, computer etc.) which are not always possible to anticipate and can have highly damaging consequences for the company: loss of markets, loss of skills, loss of credibility and many others.

When the crisis occurs, the company must be able to react very quickly. Its capacity of reaction and effectiveness of its action are therefore linked to its degree of preparation.

To this end, it is essential for the company to identify the earliest possible vulnerabilities and associated threats. It must also anticipate how to react (procedures to be put in place, human resources, and material to be mobilized, networks, hold information, communication plans etc).

1- Communicate Regularly and With Transparency:

During difficult periods, some measures can protect what constitutes the main asset of a company: the workforce. It must find the right mix to keep the people, despite a difficult situation, propose a set of measures to federate skills around the development of the company.

Of course, compensation may be part of the answer; however, this slider can't be used in times of crisis. So the responsibility to the human resources departments is to mix different measures: mutual, various benefits, work environment, launching idea boxes etc. , as many additional opportunities that allow employees to access benefits providing an improvement in their quality of life and working conditions.

In times of crisis, it is also essential to play the card of transparency. Thus, periodic meetings possible to draw up a realistic state of the situation indeed one of the key points of management in these times is transparency in the communication: regularly inform employees of any changes in the strategy of the enterprise or its objectives and to report more regularly on its economic performance and the situation of the tourism sector. This contributes to creating a climate of confidence and to appease the spirits, generally tender in times of crisis.

HRD should also ensure to preserve the internal employment and develop the skills of employees. Of course, this cannot be done in all departments, but it should still examine possible savings deposits. Rather than recruiting, it is also necessary to analyze the internal skills and to promote mobility and internal promotion. It is also possible to play on working time and its organization. Thus, the working time can be reduced, to allow the company to pass through a lower activity period without needing to make layoffs. It is fundamental to prepare the future and anticipate the recovery. In this sense, lay off employees in times of crisis must remain a last resort because it provides only short-term response and can significantly impact the company's performance during the recovery and thus burdening future capacity growth. In fact, it will then recruits again, train the new employee...



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

In some cases, the departure of a colleague can be likened to a loss of many years of expertise, especially in technology companies. In the event of an economic layoff, it is, therefore, to properly take this data, and not to separate 'strategic' employees.

Although manage the human resources in times of crisis is a fundamental data integrated into corporate strategy, human resources must be treated with the biggest attention. We must, therefore, redouble our efforts to stimulate teams and secure a line of development shared and sustained employees.

2- Do Not Sacrifice Research and Development:

Companies must be able, during difficult times, to anticipate the recovery and be able to respond to changes in demand which will have changed in the meantime.

Investment in research and development should therefore not be sacrificed in order to bounce back and remain competitive.

3 - Focus on Skills Development:

Although operational business activity decreases, it is very important that every employee can remain active; allowing him to work on new development projects and improves their skills through training.

4 - Target Marketing Actions and Identify New, More Stable Market:

The crisis management assumes the attempt to limit maximally the contraction of activity and therefore of turnover. This involves changing its marketing approach: more targeted actions and for shorter durations.

5 - Reduce Costs:

To cope with the decline in the volume of the activity, it is essential to reduce costs to limit the direct impacts on cash and ensure better competitiveness: process re-engineering is needed to improve productivity and limit the impact of the sub-activity.

The crisis calls into question the current working methods and it is necessary to be creative and inventive in finding new ways and new solutions to provide quality work with fewer resources.

6 - Develop New Ways of Incentive:

In times of crisis, financial incentives are reduced by the effect of lower corporate performance as well as by the desire to reduce costs and preserve as many jobs. To preserve the motivation of its teams it might be judicious to develop new systems of incentives, for example, using time as currency. So instead of laying off employees, it offers to its employees to reduce their working hours or take a "mini" sabbatical leave in return for a reduction in remuneration. This process not only permits to save money, but employees feel responsible and take this time off as a reward, in a situation where they know they are unlikely to be increased.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

6. Conclusion

The crisis is a threat for the most of companies. Detect and remove this threat means to apply the correct procedures.

This article shows the importance of the implementation of managerial benchmarks in times of crisis such as communication, reduce costs, develop new ways of incentive, and look for more stable markets to go up a crisis with the least resources.

7. References

- [1] Cutlip, Scott. M., Allen H. Center et Glen. M. Broom. *Effective Public Relations*, 8e éd. Upper Saddle River (N.J.): Prentice Hall, 2000.
- [2] Lagadec, Patrick. *La gestion des crises : outils de réflexion à l'usage des décideurs*. Paris: McGraw-Hill, 326, 1991.
- [3] Maisonneuve, Danielle, Yves St-Amand et Jean-François Lamarche. *Les relations publiques dans une société en mouvance*, 3e éd. Sainte-Foy: Presses de l'Université du Québec, 2003, pp.405.
- [4] Pauchant, Thierry C. *Crisis Management and Narcissism. A Kohutian Perspective*. Los Angeles. University of Southern California, 1988.
- [5] Pearson, Christine. M. et Judith A. Clair. «Reframing Crisis Management». *The Academy of Management Review*, vol. 23, no 1 (janvier), 1998, pp. 59-76.
- [6] Roux-Dufort, Christophe. *Gérer et décider en situation de crise : Outils de diagnostic de prévention et de décision*. Paris: Éditions Dunod, 2000, pp.229.
- [7] Sartre, Véronique. *La communication de crise*. Paris: Les éditions Démos, 2003, pp.156p.
- [8] Simone Eiken& Olivier Velin. *Gestion de crise- la réponse de l'entreprise*, EFE 2006.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Basics and Alternatives Concerning the Measurement of Company Performances

Cicilia Ionescu¹, Cornel Ionescu²

^{1,2}Spiru Haret University Bucharest, Romania

Abstract. In a competitive economy, a company's activity aims to achieve strategic objectives. Of these, two objectives: making profit and meeting the needs of a particular market segment are vital targets to maintaining the company's market position. This requires information which reveals the company's financial position and profitability. The companies which want to be competitive must assess the company's capacity to generate positive results and cash in a reliable way. This strategy needs information on the resources used and the results obtained, but should not overlook the truth that the profit arises from uncertainty and the risk assumed by the entrepreneur. In this regard, the International Accounting Standards often use the term "probability" when referring to the recognition criteria of structures comprised in the financial statements.

Keywords: internal control, accounting information, decision making process, utility noncompliance, credibility, accounting principles.

Jel Codes: M40, M42

1. Introduction

Accounting information regarding the outcome of the company can be build and communicated to users through two types of financial statements: the balance sheet and profit and loss. The balance sheet ascertains the result in the form of profit or loss, as the variation of company wealth determined by its activity during a fiscal year, whereas profit or loss describes and explains the result through the structure of expenditure and revenues that have resulted.

¹ Email address: cicilia.ionescu@yahoo.com

² Email address: caragea21@yahoo.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The complementarity of the two synthesis documents, to which is also added the statement of changes in financial position, we find formulated in the "Framework for the Preparation and Presentation of Financial Statements", developed by the IASB.

Thus, "information about the financial position are primarily offered by the balance sheet. Information about the results are provided primarily by the income statement. Information about changes in the financial position are provided by financial statements through a separate statements. Components of the financial statements interrelate because they reflect different aspects of the same transactions or events. Although each situation offers different information, it is possible that either do not serve a single purpose ... "(Framework for the Preparation and Presentation of Financial Statements-IASB, par. 19, 20).

The most used model to reflect the performance of companies is profit and loss account. The informational value of this financial situations component lies in the fact that it renders performance to the company, meaning it indicates the degree to which it has achieved the objectives connected to profit making. In the profit and loss account appear flows which determine the outcome, understandable in principle, as changes in equity capital during a fiscal year.

Defining company performance is, however done in different ways, depending on the users' interest, principles, conventions and adopted accounting rules for determining the result. This is what experts in the field call accounting policies.

The question which arises, however, is how accurate can the outcome determined by the profit and loss account be? The answer can only be a relative one. If the elaboration of the profit and loss account is made by specialists, in good faith, the results can be as realistic as possible. If they resort to methods, techniques, tools, aimed at the favorable presentation of the financial position and performance of the company, the results can be distorted.

One should understand that the calculated result of the profit and loss account can be relative, not exact, its size also depends on the applicable accounting methods offered by the accounting treatments and policies recommended by international accounting standards.

The existence of several possible options in accounting, corresponding either to some genuine accounting choices, or to a freedom of appreciation in the context of individual or consolidated financial statements presentation, can influence company performance.

We present below some of the accepted calculation alternatives, according to international accounting rules concerning the elements of financial statements and their impact on the company's performance image.

2. Accounting Alternatives Related to the Stock Acquisition Cost

Usually, the stock acquisition cost includes: the purchase price; import duties and other taxes (except those which the company can recover from the tax authorities); freight and handling costs; other costs directly attributable to the acquisition of finished goods, materials and services. Depending on the management's option, stock acquisition costs can be different, in the sense of including or not the freight costs. Considering this, the final result will be different too.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Example:

A company purchases goods under the following conditions: purchase price of goods is 37.260.000 lei, freight costs are 8.197.200 lei; revenues from the sale of goods are 74.520.012 lei. The company manager may choose to include freight costs in the acquisition cost or not, thus leading to different accounting results.

Excerpt from the profit and loss account

Elements	Transport costs are included in the acquisition cost	Transport costs are not included in the acquisition cost
Revenue from the sale of goods	74.520.012	74.520.012
Expenditure for sold goods	(45.494.460)	(37.297.260)
- acquisition cost	37.260.000	37.260.000
-freight costs	8.197.200	-
- handling costs	37.260	37.260
Accounting Result	29.025.552	37.222.752

The company's decision to include freight costs in the acquisition cost leads to a different/lower result/profit, than the one which doesn't include these freight costs.

3. Capitalization of borrowing costs on stocks

The cost of stocks may also include the cost of borrowing. Capitalization of borrowing costs is stipulated by IAS 23 "Borrowing Costs" by the allowed alternative accounting treatment, valid for stocks that require a substantial period of time to get ready for use or sale.

Example:

During the fiscal year N, the company acquires finished products at the cost of production of 10.100.000 lei (excluding interest). The interest charged by the bank is 3.030.000 lei. The result will be different, depending on the company's decision to capitalize or not the interest expenses. Through the capitalization of interest expenses, the company performance is substantially improved.

The application of the afore mentioned accounting treatments has the following impact on the profit and loss account:

Excerpt from the profit and loss account

Elements	Interest is capitalized	Interest is not capitalized
Turnover	615.198.070	615.198.070
Change in stocks	13.130.000	10.100.000
Raw materials and consumables expenses	(109.115.350)	(109.115.350)
Salary and social expenses	(242.061.650)	(242.061.650)



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Other operating expenses	(174.331.050)	(174.331.050)
Operational result	102.820.020	102.820.020
Interest expenses	-	(3.030.000)
Accounting result	102.820.020	99.790.020

Including interest expenses in the stock acquisition costs, distorts the real image of the company, determining an increase of 3.030.000 lei to the accounting result.

4. Accounting Alternatives Related to Subsequent Expenditures to Commissioning Tangible Assets

Subsequent expenditure on an item such as land and fixed assets, which has already been recognized, should be added to the carrying amount of the asset only when it is estimated that the company will benefit economically in the future, in addition to the performance initially estimated as being suitable.

Example:

The company renovated the building where the administrative department operates, at the start of the fiscal year N. The building was purchased 18 years ago, at an input value of 500.000 lei, the useful life being 20 years. Renovation expenses were 40.804.000 lei.

Managers appreciate the building has a high degree of deterioration, therefore its restoration being necessary, in order to provide further functionality. The proposed solution is not to capitalize renovation costs. What will be the impact on the result?

Excerpt from the profit and loss account

Elements	N	
	Renovation expenses	
	Are Capitalized	Are not capitalized
Turnover	615.198.070	615.198.070
Renovation expenses	-	(40.804.000)
Amortization expenses	(45.450)	(25.250)
Raw materials and consumables expenses	(109.115.350)	(109.115.350)
Salary and social expenses	(242.061.650)	(242.061.650)
Other operating expenses	(174.331.050)	(174.331.050)
Total Expenses	(525.553.500)	(566.337.300)
Accounting result	89.644.570	48.860.770



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

5. Accounting Alternatives Related to Amortization Expenses of Tangible Assets

The depreciable amount of an asset should be allocated systematically throughout the useful life of that asset. Typically, the depreciation method chosen is one that reflects the pace at which future economic benefits are consumed as a result of the use of the asset. Companies avail themselves of the opportunity to choose from different methods of amortization, thus leading, most of the times to different results.

Example:

At 31.12.2013, the company purchased a means of transport, with the entry value of 500.000 lei and the useful life of 10 years. For systematic allocation of the means of transport, company managers can use either the linear amortization method, the digressive one or the accelerated one.

The situation of the amortization expenses determined by the three methods and reflected in the income and loss account for the year 2014, is as follows:

- Linear amortization expense = $500.000 \times 10\% = 50.000$ lei
- Digressive amortization expense = $500.000 \times 20\% = 100.000$ lei
- Accelerated amortization expense = $500.000 \times 50\% = 250.000$ lei

Excerpt from the profit and loss account of the fiscal year (2014)

Elements	Linear amortization	Digressive amortization	Accelerated amortization
Turnover	615.198.070	615.198.070	615.198.070
Amortization expenses	(50.000)	(100.000)	(250.000)
Raw materials and consumables expenses	(109.115.350)	(109.115.350)	(109.115.350)
Salary and social expenses	(242.061.650)	(242.061.650)	(242.061.650)
Other operating expenses	(174.331.050)	(174.331.050)	(174.331.050)
Accounting result	89.640.020	89.590.020	89.440.020

Choosing the linear amortization method creates the image of a more efficient company. It is a misleading image because during the 2015 fiscal year, the situation changes as follows:

The situation of amortization in 2015:

- Linear amortization expense = $500.000 \times 10\% = 50.000$ lei
- Digressive amortization expense = $400.000 \times 20\% = 80.000$ lei
- Accelerated amortization expense = $250.000 \times 11\% = 27.500$ lei



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Excerpt from the profit and loss account of the fiscal year (2015)

Elements	Linear amortization	Digressive amortization	Accelerated amortization
Turnover	615.198.070	615.198.070	615.198.070
Amortization expenses	(50.000)	(80.000)	(27.500)
Raw materials and consumables expenses	(109.115.350)	(109.115.350)	(109.115.350)
Salary and social expenses	(242.061.650)	(242.061.650)	(242.061.650)
Other operating expenses	(174.331.050)	(174.331.050)	(174.331.050)
Accounting result	89.640.020	89.670.020	89.722.520

Unlike 2014, when the ideal amortization method was the linear one, during 2015 the accelerated method improves company performance.

6. Accounting Alternatives Related to Tangible Assets Revaluation

Although the process of tangible assets revaluation is at first glance an ordinary one, this technique can distort the company's performance. Finding themselves in difficulty, many companies resort to using this type of accounting engineering, as a last chance to performance improvement reflected by the statement of changes in equity capital.

Example:

A company owns an industrial warehouse which was purchased at a value of 800.000 lei; the amortization value is 200.000 lei. The remaining useful life is 10 years and the amortization method is linear. Company managers decide at the beginning of 2010 fiscal year, to reassess the asset, its fair value being 900.000 lei. The revaluation reserve will be 300.000 lei (900-600). The company's performance before and after revaluation, as evidenced by the statement of changes in equity capital is:

Elements	Before revaluation	After revaluation
Subscribed capital	296.892.000	296.892.000
Revaluation reserves	122.794.000	123.094.000
Total equity capital	419.686.000	419.986.000

Revaluation of depreciable assets has the effect of increasing amortization expenses, and therefore a reduction of the result.

Annual amortization before revaluation is 60.000 lei (600.000 x 10%), and after revaluation it is 90.000 lei (900.000 x 10%). Thus, the result is decreased by 30.000 lei after revaluation:



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Elements	Before revaluation	After revaluation
Turnover	615.198.070	615.198.070
Amortization expenses	(60.000)	(90.000)
Raw materials and consumables expenses	(109.115.350)	(109.115.350)
Salary and social expenses	(242.061.650)	(242.061.650)
Other operating expenses	(174.331.050)	(174.331.050)
Accounting result	89.630.020	89.600.020

To counteract the decrease of the result, companies prefer to reassess non-depreciable assets. To overcome the impediment of a lower result, one can also use the attribution of revaluation capital gains on revaluation reserves.

7. Conclusions

The long term survival of a company depends on its ability to generate a profit which is at least satisfactory. Investors become and remain shareholders in a company if they consider that dividends and other capital income they will receive will be higher than the income from other investments with similar risk levels. In this context, the profit, as absolute profitability indicator, is both a business premise and a consequence.

Therefore, assessing the quality of the profit achieved should be an ongoing concern for both the company management as well as for the analyst making the assessment. Freedom of choice regarding accounting policies by company management is one of the main informational limitations to the profit and loss account. Moreover, in practice there are cases in which accountants, relying on the power conferred by existing rules to make estimates and forecasts or those allowed alternative accounting treatments, actually resort to some creative accounting techniques which are often at the borderline of current laws and regulations.

To ensure good faith in applying accounting treatments, accounting must have rules and proper tools in order to provide reasonable assurance that they are applied fairly and honestly. Here comes the role of internal control. At present, internal control is treated as an essential process in achieving the objectives of a company and thus accounting. Through the financial reporting framework, the concept of "internal accounting and financial control" as "a major element of internal control" which provides accounting and financial monitoring, is introduced. It also provides the communication of accounting and financial information in decision-making processes and contributes to the development of "reliable and consistent information, according to legal requirements" (OMFP no. 1802/2014). The lack of adequate internal control can lead to distorted reports.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

8. References

- [1] Cicilia, Ionescu - Contabilitate, baze si proceduri, FRM Publishing House, Bucharest, 2008
- [2] Cicilia, Ionescu- Contabilitatea în fața provocărilor ingineriilor financiare, Economie teoretică și aplicată, anul XIII, nr. 5 (500), iulie 2006
- [3] Cicilia, Ionescu, Floarea, Georgescu - Harmonization of accounting in the process of globalization of economic activities, Jurnal of Economic Development, Environment and People, Vol. 3, No 1 (2014).
- [4] Cicilia, Ionescu- Informarea financiară în contextul internaționalizării contabilității, Economica Publishing House, Bucharest, 2003
- [5] Cornel IONESCU, Cicilia IONESCU - Internal Control - Crucial Factor in Ensuring the Quality of Financial Information, Procedia of Economics and Business Administration, 2015
- [6] Ștefănescu, A. "Performanța financiară a întreprinderii între realitate și creativitate", Economica Publishing House, Bucharest, 2005
- [7] Ghid practic de aplicare a reglementărilor contabile conforme cu Directivele Europene aprobate prin Ordinul Ministrului Finanțelor Publice nr. 3055/2009, C.E.C.C.A.R. Publishing House, Bucharest, 2010
- [8] Standardele Internaționale de Raportare Financiară (IFRS®) – Norme oficiale emise la 1 ianuarie 2011, Partea A, Cadrul general conceptual și dispoziții, C.E.C.C.A.R. Publishing House, Bucharest, 2011
- [9] OMFP 1802/2014, Partea I, pentru aprobarea Reglementărilor contabile privind situațiile financiare anuale individuale și situațiile financiare anuale consolidate, M.O. 963/30 dec. 2014

***IAS 2 „Stocurile”

***IAS 16, Imobilizările corporale

***IAS 23, Costurile îndatorării



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Organic Production Model of Business and the Concept of Corporate Social Responsibility

Ekaterina Arabska¹, Venelin Terziev²

¹University of Agribusiness and Rural Development – Plovdiv, Bulgaria

²Vasil Levski National Military University - Veliko Tarnovo, Bulgaria

Abstract. The concept of corporate social responsibility (CSR) considering competitiveness and sustainability issues in contemporary globalizing world is closely linked to organic production being a production system applying holistic approaches in the overall management and production activities and assurance of the highest degree of conformability to sustainable use and preservation of resources. The paper examines the organic production as a business model corresponding to the spheres of CSR regarding society, environment, human capital and work conditions, knowledge and education. The focus is on sustainable business practices in organic production assessed in the study from the point of view of management, environment, human resources, public relations and business environment considered in five dimensions: economic, social, environmental, cultural and accountability.

Keywords: sustainable development; accountability; sustainable management practices.

Jel Codes: Q01, M 14

1. Introduction

Contemporary global threats in relation to climate change, limitations in natural resources, challenges in quality and distribution of human resources, crises in financial and economic sphere etc. require integrated approaches towards managerial, social and ecological factors in the creation of a long-term value in organizations and markets based on the ethical norms and responsible behavior. The corporate social responsibility is accepted as the responsibility and accountability of the organizations for the impacts of their decisions and activities on society and environment implemented in conditions of transparency and ethical behavior and contributing to sustainable development, human health and society welfare. Being integrated in the organizations at all the levels and expressed by their inner and outer interactions and

¹ Email address: katya_arabska@abv.bg

² Email address: terziev@skmat.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

relations, it considers the expectations of all the parties and is in correspondence to the legislation concerning social and ecological issues and relevant international norms in the implementation of socially responsible initiatives (Nikolova&Yordanova, 2014).

The question of Corporate Social Responsibility (CSR) is of a particular importance because it gives a terminological clearness and introduces the basic positions and limitations from the point of view of the organizations and their roles in the balancing of the three pillars of sustainable development – economic growth, social development and environmental protection (Zahariev, 2013, 232). Corporate social responsibility, also called corporate conscience, citizenship, social performance, sustainable responsible business, is a form of corporate self-regulation integrated in a business model. CSR policy functions as a built-in mechanism of self-regulation by which the business controls and provides its active compliance to the law, ethical standards and international norms (Pop, Dina, & Martin, 2011).

In the last few decades CSR has been developing a narrow and often marginalized notion into a complex and multilateral concept (Cochran, 2007). Corporate social responsibility (CSR) and corporate social irresponsibility (CSI) are determined as key tasks which could lead to development of a number of international policies encouraging CSR and discouraging CSI (Windsor, 2013). CSR is a policy that organizations voluntarily accept and implement in their business strategies in a way showing their long-term engagement in sustainable development of their business, society and environment (Pop, Dina, & Martin, 2011). CSR is accepted as an activity which is not of a single performance but a sustainable process. The concept is developing into a successful business strategy for sustainable development supporting organizations in the raise of their influence on the market and also in establishing a positive public image (Nikolova et al., 2014; Bakardjieva, 2009).

Social responsibility is an element of the corporate culture, considering the flexibility and security (flexicurity) and management of multiformity in a number of spheres and business practices (Fig. 1).

Society	
<ul style="list-style-type: none"> • Improvement of social environment • PR activities with social effect • Volunteering • Support and social integration of orphans, children and adults institutions 	<ul style="list-style-type: none"> • Protection of cultural and historical heritage • Quality and safety of produce • Donations • Charity
Environment	
<ul style="list-style-type: none"> • Pollution control • Environmental protection and recreation • Preservation of natural resources 	<ul style="list-style-type: none"> • Recycling • Energy effectiveness • Management of impacts on environment and natural resources
Human capital and labor conditions	
<ul style="list-style-type: none"> • Health and safe labor conditions • Training and development of staff • Supporting career development 	<ul style="list-style-type: none"> • Volunteer programs for employees • Programs for objective and fair payments • Satisfaction and engagement of employees
Knowledge and education	
<ul style="list-style-type: none"> • Scholarships • Supporting school activities 	<ul style="list-style-type: none"> • Internships • Youth activities encouragement

Fig. 1. Main spheres of CSR (According to the Bulgarian network for CSR with small modifications)



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

In the EU Green book the CSR is the main instrument for creation of new places of work and sustainable economic development and encouragement of a more effective regarding use of resources, greener and more competitive economy is one of the main priorities of Europe 2020 (Pop, Dina, & Martin, 2011). Discussing the concept from the point of view of the EC's definition from 2001 as a voluntary integration of social and ecological concerns in the activities and interactions of the organizations, the CSR could be scrutinized as based on three fundamental concepts: voluntary nature of initiatives, consciousness and attention on the relations to markets and hence consumers, and inclusion of all stakeholders (Viola, Ruggeri, & Rotondo, 2013). This means that social responsible business is that paying more attention to environment, employment and consumers. Discussing agricultural and food sector as a green-oriented one which could be social responsible through the implementation of the right policies regarding environmental protection, creation of new "green" employees and supply of goods and services (Viola, Ruggeri, & Rotondo, 2013). Talking about the significance of natural environmental orientation, it is viewed as comprising of three components: entrepreneurship, corporate social responsibility and environment commitment (Menguc&Ozanne, 2005).

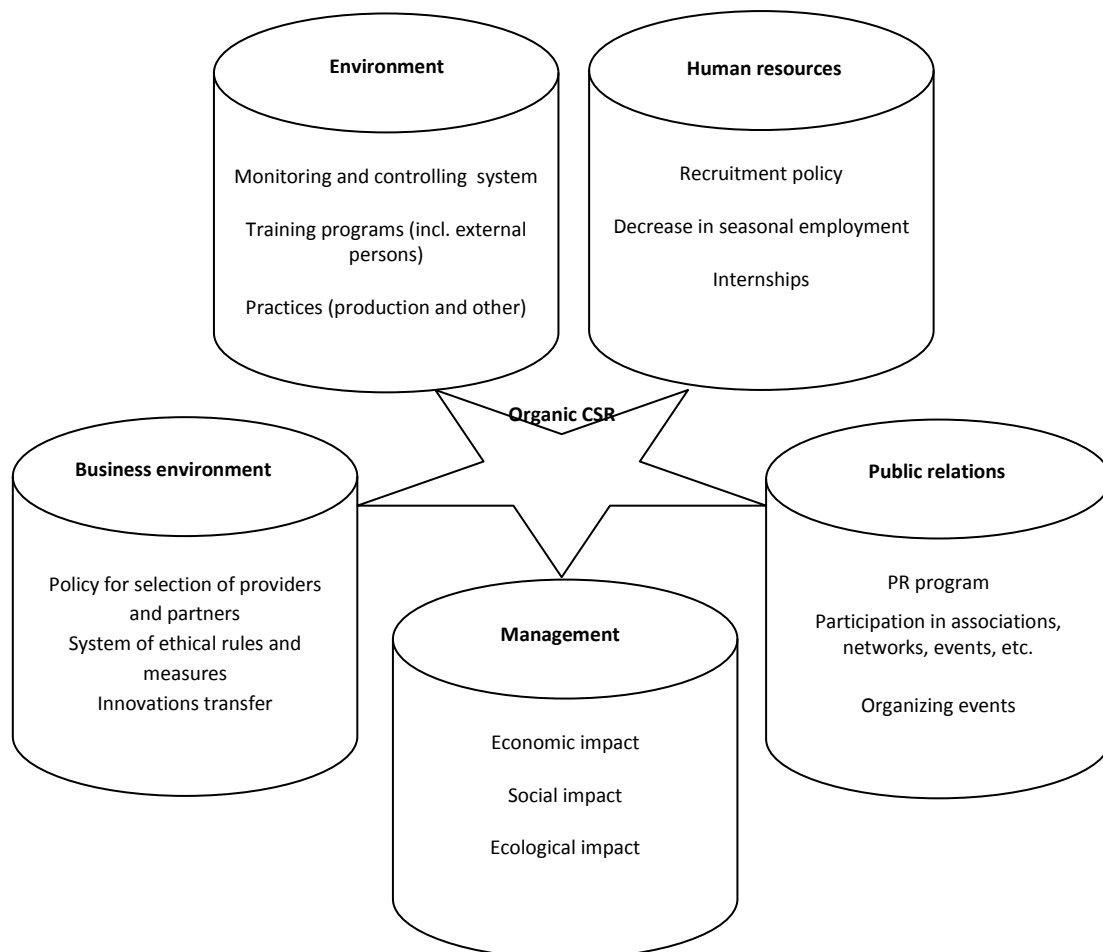


Fig. 2. Extrapolation of the CSR to organic production business model (According to Arabska (2014, 64)



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The examination of the CSR in present article is connected to the main idea of organic production “Good for nature, good for you” as stated on the web-site of the European Commission. Agriculture and rural development. Organic farming: <http://ec.europa.eu/agriculture/organic/> and concerns the stakeholders in the sector: state, business (producers, processors, distributors, traders), scientific and educational organizations, on the one hand, and consumers, non-governmental organizations, media, on the other, considering that the relations between all this are very complex.

Organic production as a way of achieving sustainable growth is determined in the three main aspects of sustainable development: economic sustainability – increasing competitiveness, strong market orientation and increased incomes; social sustainability – bigger responsibility towards consumers’ demands, improving food quality and safety; regional development; ecologic sustainability – unified framework, effective implementation and control, standards of protection of environment and health (Arabska, 2014).

Furthermore, organic production is considered in two aspects of protection: environmental protection by using management practices that do not have adverse effects on environment, and the health of consumers - by the provision of organic products (Argyropoulos et al., 2013). Recently, cultural dimension and accountability dimension of sustainability are also added in the Best Practice Guideline for Agriculture and Value Chains (2013). Organic production is considered as a business model applying sustainable managerial and business practices which implies the CSR at the greatest extent (Fig. 2).

The study presented in the paper examines sustainable business practices in organic production, making assessments of five spheres of interdependencies of organic production and corporate social responsibility: management, environment, human resources, public relations and business environment, all considered in the five sustainability dimensions: economic, social, environmental, cultural and accountability.

2. Methodology

Five categories of assessment criteria are chosen as described in the introduction (Fig. 2): management, environment, human resources, public relations and business environment, each comprising three sub-criteria which are assessed on the scale from 1 to 5 (1 – very low, 2 – low, 3 – satisfactory, 4 – good, 5 – very good), according to the conformity of organic production business model to the corporate social responsibility issues interlinked with sustainable development. Then the values of each criterion is calculated as an average of sub-criteria’s assessments. That way the maximum value of each criterion could be 15, the minimum – 1. The assessments were made in a round-table discussion by three experts who gave their opinions according to the presented criteria and scale and according to their knowledge and experience in the Republic of Bulgaria.

3. Results

Assessments of the sub-criteria of “Management” show the highest values for the ecological impact of organic agriculture and the lowest for the social impact (Fig. 3). Economic impact is assessed as high as well.



The results show that the experts are not convinced in the social impact of the sector and underline the environmental dimension as the most commented one as a contribution in a number of documents and studies concerning organic production.

In the sphere of environment the assessments are with the highest values for organic production practices and training programs in the field of environmental protection and healthy human living, including those organized in organic farms for visitors of all ages (Fig. 4). The trust in the monitoring and control system in organic production is expressed as well.

Discussed sub-criteria for “Human resources” show good results, almost identical for recruitment policy, decrease in seasonal employment and internships (Fig. 5).

Among the public relations PR program is the best one assessed followed by the organization of events in the organic farms (Fig. 6). The satisfactory assessment of the participation in associations, networks, events, etc. is substantiated by the situation in the sector in Bulgaria and the low activity in the field of networking which influences the experts’ assessments. In the sphere of business environment the situation is almost the same presenting as a whole not much than good results in innovation transfer, system of ethical rules and measures and policy for selection of providers and partners (Fig. 7).

Turning back to the five examined spheres and calculating the average assessments values (Fig. 8) environment is determined as the most important one in the link of organic production to CSR, followed by management, human resources, public relations and business environment.

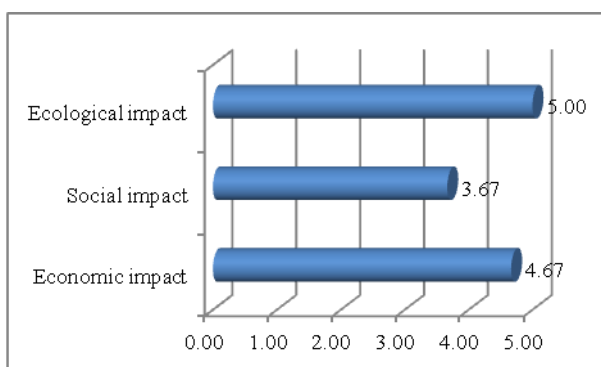


Fig. 3. Experts’ average assessment of the sphere of “Management”

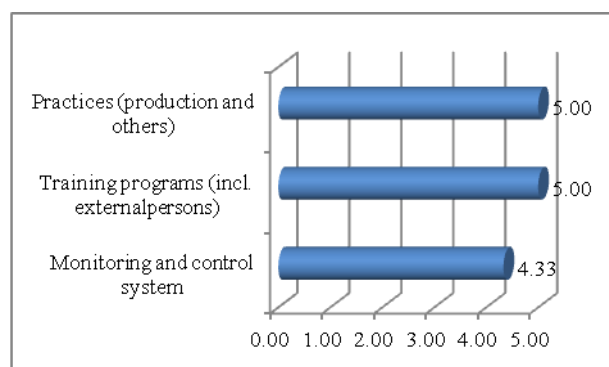


Fig. 4. Experts’ average assessment of the sphere of “Environment”

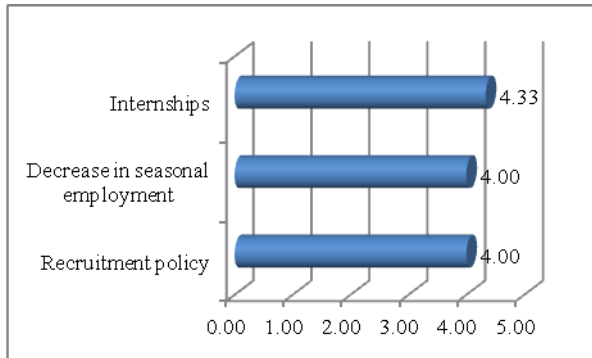


Fig. 5. Experts' average assessment of the sphere of "Human resources"

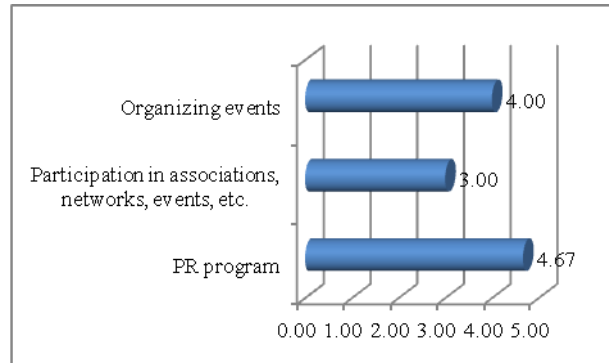


Fig. 6. Experts' average assessment of the sphere of "Public relations"

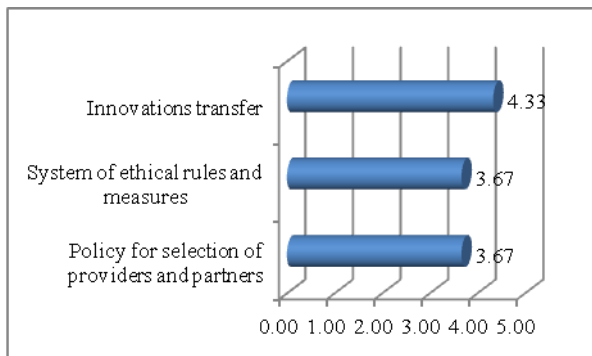


Fig. 7. Experts' average assessment of the sphere of "Business environment"

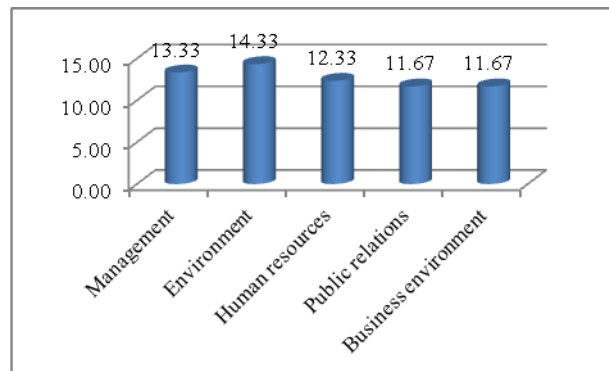


Fig. 8. Experts' average assessment of all the five examined spheres

4. Discussion

The main results of current investigation, although based on the specific situation of organic sector development in the Republic of Bulgaria, show that the business model of organic production fits very well to the key point of the concept of CSR being a sector implementing integrated and holistic management activities of all the processes in the whole production cycle, i.e. having "a built-in and self-regulated mechanism" working according to the requirements of the strong legislative base and standards which is expressed by the certification procedures assuring consumers' and society trust in organic.

Organic production as a sector having a great potential for making significant contributions to sustainable development (and thus put as a priority in a number of strategic and program documents on different levels, especially by the European Union and international community) leads to various positive influences on environment, society and economy. In other words, the concerns of planet, people and profit are the basic one in the essence of the production methods and the practices in management and the sector development is marked by a progress in last years and a great public attention namely because of



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

high ethics and strong rules reasons, in balanced approaches for sustainable development, underpinned by corporate social responsibility.

5. Conclusion

As a result of the main discussions, a definition of organic production business model is given as follows: organic production business model is a holistic production and managerial method in sustainable agriculture ensuring overall management and answering a number of requirements regarding environmental protection, food quality and safety and human health which responsibly uses, protects and restores natural resources, supports the preservation of the components of environment (soil, water, biodiversity, landscape), stabilizes ecosystems and creates opportunities for positive economic and social growth. Organic production is a way of investments in production processes creating employment in environmentally friendly activities, providing information and increased social consciousness in connection to the principles of sustainable development.

Organic production is a green oriented sector applying sustainable business practices and implying an overall management of processes and integrated approaches – the monitoring and control are not focused on the final products but on the system functioning. It is a business model implying the principles of corporate social responsibility in five main directions: management, environment, human resources, public relations and business environment, which are influenced by the specific development of countries and regions underlining the importance of relevant state policies encouraging CSR applied in different sectors and initiatives, as well as the broad community participation.

6. Acknowledgements

The authors would like to thank to the experts participating in the round table organized: Doreta Dzhineva, Kirilka Nenkova, Evgenia Velichkova, for making the assessments.

7. References

- [1] Arabska, E. (2014). Organic production: innovations and sustainability challenges in development framework and management. *Lambert Academic Publishing*. ISBN 978-3-659-56379-9.
- [2] Argyropoulos, C., Tsiadouli, M. A., Sgardelis, S. P., & Pantis, J. D. (2013), Organic farming without organic products. *Land Use Policy* 32, 324–328
- [3] Bakardjieva, R. (2009). Corporate social responsibility of the firms in Bulgaria. *Economic studies No2*, 33-63.
- [4] Best Practice Guideline for Agriculture and Value Chains. (2013). *Developed by Sustainable Organic Agriculture Action Network and approved for the global organic movement by IFOAM*.
http://www.ifoam.org/sites/default/files/best_practice_guideline_v1.0_ratified.pdf



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- [5] Cochran, P. L. (2007), The evolution of corporate social responsibility. *Business Horizons* 50, 449–454.
- [6] CSR spheres. *Bulgarian network for CSR*: <http://csr.bg/social-responsibility/range>. Accessed 12/2014.
- [7] European commission. Agriculture and rural development. Organic farming: <http://ec.europa.eu/agriculture/organic/>. Accessed 12/2014.
- [8] Menguc, B., & Ozanne, L. K. (2005) Challenges of the “green imperative”: a natural resource-based approach to the environmental orientation–business performance relationships. *Journal of Business Research* 58, 430–438.
- [9] Nikolova, N, Todorova, I., Nenova, N. (2014). Corporate social responsibility as a strategic priority in the competitive behaviour of the company. *Scientific works “MathTech 2014”, Bishop Konstantin Preslavski University of Shumen, Vol. 1*, 333-340.
- [10] Nikolova, N., Yordanova, I. (2014). Corporate social responsibility as a mechanism for the integration of economic, social and ecological goals of the organization. *Proceedings of the Closing conference under the project “System of qualification and career development of the university teachers”, Vasil Levski National Military University – Veliko Tarnovo, Bulgaria*, 219-229.
- [11] Pop, O., Dina, G. C., & Martin, C. (2011). Promoting the corporate social responsibility for a green economy and innovative jobs. *Procedia Social and Behavioral Sciences* 15, 1020–1023.
- [12] Viola, I. , Ruggeri, F., & Rotondo, G. (2013). Corporate social responsibility and green economy in the agri-food business. *Quality - Access to Success, Volume 14, Issue suppl. 1*, 151-156.
- [13] Windsor, D. (2013), Corporate social responsibility and irresponsibility: A positive theory approach. *Journal of Business Research* Volume 66, Issue 10, October 2013, 1937–1944.
- [14] Zahariev, E. (2013). Challenges before the industrial management: priorities and solutions. *UARD Publishing house*. ISBN 978-619-7048-14-8.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

What-If Simulation for a Brazilian Company Regarding Marketing Budget

Diogo Pinto¹

Spiru Haret University Bucharest

Abstract. The article research is a case study regarding how to design the marketing budget for a small Brazilian company that started the activity one year ago. Considering the data that we gather, we decided to use What-if simulation. The case study is a simplified model representation of a company, adjusted according to the data that is released as target for the following year. In practice, the formulation of a scenario allows the construction of a hypothetical world that the analyst can see and navigate.

Keywords: What-if, simulation, multidimensional, hypothetical, predict, business modelling, scenario, goal seek.

Jel Codes: M31

1. Introduction

What-if analysis is a specific method, whose purpose is to define the behaviour of a complex system, such as a business simulation, totally or partially, under some assumptions, called scenarios, are given. Having the ability to assess the impact precedence of a strategic or tactical move, in order to elaborate better strategies to achieve their objectives, managers need systems that are projected and trustworthy.

The case study presented is a simplified model representation of a company, adjusted according to the data released as target for the following year. In practice, the formulation of a scenario allows the construction of a hypothetical world that the analyst can observe and navigate.

2. Literature Review

What-if analysis is centered on a simulation model, establishing a complex set of relationships between some business variables, corresponding to significant authorities in the field of trade (for example, costs, revenues, customers, services, etc.). A simulation model supports one or more sets, each describing one or more options to produce a forecast of interest to the user. The prediction takes the form of a multidimensional cube as presented in Fig. 1, which measures the dimensions and corresponding business variables, to be operated by the user interactively [www1].

¹ Email address: diogoampinto@gmail.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

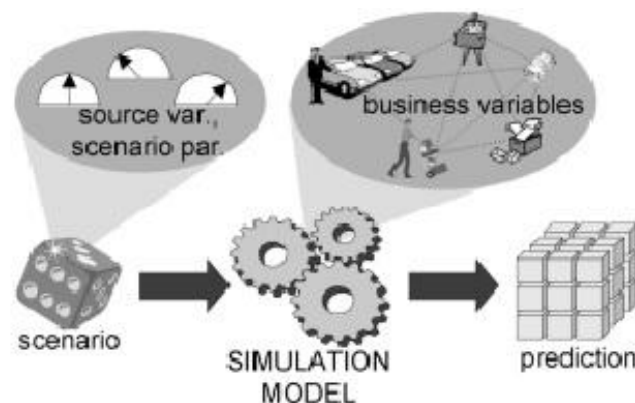


Fig. 1: Illustration of *What-if* analyses [www5]

A scenario is characterized by a sub-set of business variables, so-named *source variables* and a set of additional patterns, called *setting of standards* that predisposes member to run the model and obtain a forecast.

The changing patterns among business variables are important because they allow the user to understand which are the "variable values" that it can independently adjust and drive the simulation.

Each simulation can generate different scenarios, one for each assignment of source variables and standard settings.

Importantly, the *what-if* analysis, it should not be confused with a sensitivity analysis, which aims to assess how sensitive the system behaviour is, due to a small change in one or more parameters. In addition, there is an important difference between the *what-if* analysis and forecast simple, widely used, especially in the banking and insurance sector. In fact, while the forecast is usually performed by extrapolating trends out of stored history information systems, *what-if* analysis requires simulation of complex phenomena, whose effects cannot simply be determined as a past data projection. On the other hand, application of prediction techniques is often required during hypothetical analysis [Golfarelli, 2006].

Some authors report a useful classification of forecasting methods to judge, such as those based on opinions and role-playing and statistics, such as extrapolation methods, expert systems and rule-based forecast. The applicability of these methods to different domains is discussed, and an algorithm to select the best method depending on the specific characteristic of the problem in question. A special mention is for the system dynamics that has an approach to shape the behaviour of nonlinear systems, where the relations of cause and effect between abstract events are captured as dependencies between numeric variables. Generally, these dependencies can give rise to interaction retroactive cycles referred to, feedback loops.

From a mathematical point of view, differential equations systems are the right tool for modelling such systems. However, a solution cannot be found analytically or by numerically mode, such that some techniques are often used to predict the system behaviour. A model of a dynamic system consists in a set



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

of variables related to each other, classified as stock and flow variables; flow variables represent the rate at which the accumulation level of the variable bank changes. By running simulations that model, the user can understand how the system will evolve in time, as a result of a hypothetical action; it can also be observed, each time, the values assumed by the model variables and (possibly) modify them. So it seems that the dynamics of the system can actually support *what-if* in applications where the current status of any part of the system can influence their own future status through a closed chain of dependency links [Lee, 2006].

Designing a *what-if* application requires a methodological framework; the one presented in [6] relies on seven stages:

1) Goal Analysis, which aims to determine which business events are to be simulated, and how they will be featured. The goals are expressed by:

- a) identify the set of business variables the user wants to monitor and its granularity;
- b) defining relevant scenarios in terms of the user source variables to be controlled.

2) The business modelling, building a simplified model of the application domain, in order to help the designer to understand the business phenomenon and give you some preliminary indications about which aspects can be overlooked or simplified for simulation.

3) Analysis of the source data, aimed to understand what information is available to conduct the simulation and how it is structured.

4) Multidimensional modelling, which defines the multidimensional diagram describing the prediction by taking into account the static part of the business model produced in step 2, and respecting the requirements expressed in stage 1.

5) Simulation modelling, whose goal is to define, based on the business model, the simulation model allowing the prediction to be built for each given scenario, from the available database.

6) Design and implementation of data, during which the multidimensional prediction and layout of the simulation model are implemented on the platform chosen, to create a prototype for testing.

7) Validation, aimed to evaluate, in conjunction with the users, how faithful simulation model is the actual business model and how reliable the forecast is. If the approximation introduced by the simulation model is considered to be unacceptable, steps 4-7 must be repeated to produce a new prototype.

3. Case Study of a Brazilian Company

Company A, based in Brazil, in 2015 had a profit of € 14,800 (Figure 2). For the following year they researched two types of market, the first open a branch in Portugal and the second continues to expand in Brazil.

The company (A) offer Java courses entitled the final diploma. The company have in Brazil about 20 classes with 20 students each class. The course lasts for 40h that is distributed twice weekly 4h. Each student pays a value of 200 € in order to enrol in the course. It has 2 teachers. In the figure 2 S is one of the



school teachers and D is another teacher. The teachers also play the part of school management, each of them having a small meeting room for a monthly salary of 1,200 €. They have a fixed cost of 75 € each 4h of renting the room. The company have some events as the final snack and banners placed around the room for advertising. This year the company spent no money on travel.

Company A in Brasil - data for the year 2015				
Students per Group	20	200 €		4 000 €
Groups per year	20			80 000 €
Employees				33 600 €
	S	1 200 €	14	16 800 €
	D	1 200 €	14	16 800 €
Publicity		5%		4 000 €
Fixed Cost				15 600 €
	Rent space	75 €	4h 4	300 €
Events Spendings				12 000 €
	Snack	400 €		8 000 €
	Banners			4 000 €
Travels				0 €
Marketing Budget				65 200 €
Profit				14 800 €

Fig. 2: Marketing Budget Company A (2015)

Using *What-if* simulations, we can replace the values that we find most appropriate for the new reality to create a scenario. In this case, we will replace values as advertising for 18.000€, as if we are entering a new market should come into force. Waited have a monetary increase the level of students, for the course in Portugal will cost 300 € which is the average in Portugal, but at the same time brings more expenses like space and spending events and trips will have a higher cost, they will travel across the country (Fig 3.).

Scenario Summary		
	Actual Values	Company A open in Portugal
Variables		
Groups per year	80 000 €	120 000 €
Employees	33 600 €	42 000 €
Publicity	4 000 €	18 000 €
Fixed Cost	15 600 €	20 800 €
Events Spendings	12 000 €	15 000 €
Travels	0 €	8 000 €
Marketing Budget	65 200 €	103 800 €
Result		
Profit	14 800 €	16 200 €



Fig. 3: Scenario for Company A open in Portugal

The other scenario that will be tested is the company extension in Brazil, increasing the number of teachers, for example. Increasing teachers means increasing class sizes and get more during the year, otherwise it has to be increased the spending on space because it had been leased more rooms in order to give the lessons (Fig 6.). Comparing the two scenarios it can be drawn the conclusions, and see what is more profitable for the company and let the manager choose the best option to take into account.

Fig. 4: Change Values

Fig 5 : Choose scenario 4

Scenario Summary			
	Actual Values	Company A open in Portugal	Company A expand in Brasil
Variables			
Groups per year	80 000 €	120 000 €	200 000 €
Employees	33 600 €	42 000 €	63 000 €
Publicity	4 000 €	18 000 €	16 000 €
Fixed Cost	15 600 €	20 800 €	39 000 €
Events Spendings	12 000 €	15 000 €	30 000 €
Travels	0 €	8 000 €	10 000 €
Marketing Budget	65 200 €	103 800 €	158 000 €
Células de resultado:			
Profit	14 800 €	16 200 €	42 000 €

Fig 6 : All possible scenarios

It can be concluded that the enterprise should expand in Brazil instead of opening a branch in Portugal, because it could get more profit through this choice. In both scenarios we can see that there are some negative variables as advertising increase, because if they come in Portugal is a new market and have come into force to achieve fill classes. They paid travel to travel between Brazil and Portugal and even in the



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

interior of Brazil to open up more courses in more states. Fixed costs vary because in Portugal will be more expensive lease a room than in Brazil, on the other hand will lease more times the rooms in Brazil to be able to more classes.

4. Conclusion

In short, *what-if* analysis is proper to give fast simulations of values in various scenarios that can be chosen. The case study reveals that for the Company A is better to extend the activity on Brazil market, than on Portugal market. In all the results we get, we can see that it is better to extend the courses to more states in Brazil than open already in Portugal this kind of Java courses.

Although we have the negative variables also we get positive variables by increasing values in Portugal because they are more expensive courses and Brazil get extend the java courses in more states.

Either way would be to gain more profit than at present, but makes the company the first to explore the market Brazil with its course of Java.

5. Further Research

This company could also resort to Monte Carlo simulation. It is a more reliable application that brings more accurate results when talking about launching a new product on the market. Monte Carlo method (MMC) rely on massive random samples to obtain numerical results, this is, repeating successive simulations a high number of times to calculate heuristically probabilities as if in fact they are incurred actual results casino game [www5]. MMC it can be used for evaluation of riskiness of lunching new products on a new market, for the forecast of net income, predicting structural costs, acquisition costs, determining susceptibility to various risk factors.

The company has to take into account the expansion on online market.

6. References

- [1] [www1] http://g82.cz/dcm/ex_What-if_Simulations.html (accessed on 14.05.2016).
- [2] [www2] <http://www.sciencedirect.com/science/article/pii/S089571779090156H> (accessed on 14.05.2016).
- [4] [www3] <http://www.kinaxis.com/en/product/rapidresponse-supply-chain-software-capabilities/supply-chain-what-if-analysis/> (accessed on 14.05.2016).
- [5] [www4] http://help.bizagi.com/processmodeler/en/index.html?what_if_analysis.htm (accessed on 14.05.2016).
- [6] [www5] https://pt.wikipedia.org/wiki/M%C3%A9todo_de_Monte_Carlo (accessed on 14.05.2016)
- [7] [Golfarelli, 2006] Golfarelli M., Rizzi S., and Proli A. Designing what-if analysis: towards a methodology. In Proceedings of the DOLAP. Arlington, VA, 2006, pp. 51–58.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- [8] [Lee, 2006] Lee C., Huang H.C., Liu B., and Xu Z. Development of timed color petri net simulation models for air cargo terminal operations. *Comput. Ind. Eng.*, 51(1):102–110, 2006.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Innovative Solutions for Companies to Reduce Gender Gaps (UK Study Case)

Andrei Angheluta¹, Larisa Mihoreanu², Carmen Costea³

¹Alternative Sciences Association

²Spiru Haret University Bucharest

³The Bucharest University of Economic Studies, Romania

Abstract. For many years the gender gap has been a complex reality having economic implications and social decisiveness. No matter the percentage recently decreased, we still confront with social discriminations. In this paper we focused on the UK labour market so we developed a case study for a logistics company, using classification of the employees in different pay bands. Based on this study we created a state of the art human resource tool that can be applied worldwide and that help firms to analyse the root causes and to reduce the gender gap.

Keywords: gender gap, innovation, human resource toll.

Jel Codes: I 100, O1

1. Introduction

The gender pay gap has fallen by the largest amount since 1997, to just 10.2 per cent in April 2010, according to the UK Government's preferred measure. These days, the salary gap reaches 24%, showing that during the work life, females get 300,000 GDP than the males.

In this study we look at the picture behind the headline statistics, and explain what the root causes of the gender gap are and what solutions can be applied when it comes to payment discrimination.

¹ Email address: anghelutaand@gmail.com

² Email address: cecotea@yahoo.com

³ Email address: lmihoreanu@yahoo.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The figure on which the Government prefers to base its analysis of the gender pay gap shows that in April 2010, the gap fell to 10.2 per cent, down from 12.2 per cent a year earlier. This is based on the median hourly earnings of full-time employees, as recorded by the Annual Survey of Hours and Earnings (ASHE) in April 2010.

The Government's preferred measure provides the lowest figure for the gender pay gap, but included in the ASHE release are a number of measures of the difference between the earnings of men and women. These range from 10.2 per cent to 19.8 per cent depending on the measure used (the latter figure is the difference in male and female median earnings, including both part-time and full-time workers). Analysis of this range of figures suggests that median full-time earnings may not be the most useful measure of the extent to which, across the whole economy, women's earnings are lower than men's. [IDS Pay Report 2011]

2. Which Statistical Methodology Should be Used - Median or Mean?

The first choice to be made when deciding on the appropriate measure of the gender pay gap is that between two different measures of averages: the median and the mean, since ASHE includes both median and mean earnings figures. Both measures have their merits, and both are useful in different situations, depending on what is being measured [Delistavrou, Tilikidou, 2014].

Where averages are to be used for comparative purposes it is not desirable for the results to be affected by unusually high or low results. The median is therefore the most appropriate measure in cases such as these, since it is simply the middle value, and takes little account of the extent of differences between figures in the sample. However, when calculating the gender pay gap, it is precisely these variations that we intend to measure.

The mean is therefore a more appropriate measure, in that it takes greater account of these differences. If a small number of high earners distort mean earnings upwards, but these highest earners are predominantly male, then that is part of the picture we are trying to capture. Regardless of the measure used, the gender pay gap has narrowed in 2010, and this is linked to the differential and time-lagged impact of the recession on the private and public sectors respectively.

3. The Gender Pay Gap in 2010

The extent of the gender pay gap varies depending on the type of employment considered. Among full-time employees, mean male hourly earnings were £16.25 in April 2010, while the figure for women was £13.73. This represents a gap of 15.5 per cent, down from 16.4 per cent in 2009. Until recently, the Office for National Statistics (ONS) produced only a figure for the gender pay gap based on full-time earnings, so in order to examine change in the gender pay gap over time, the figure below would be the most appropriate to use. The graph shows that since 1997, progress in closing the gender pay gap has been slow, and though the gap has narrowed slightly over this period, this has only been by about 5 per cent on the mean earnings measure.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

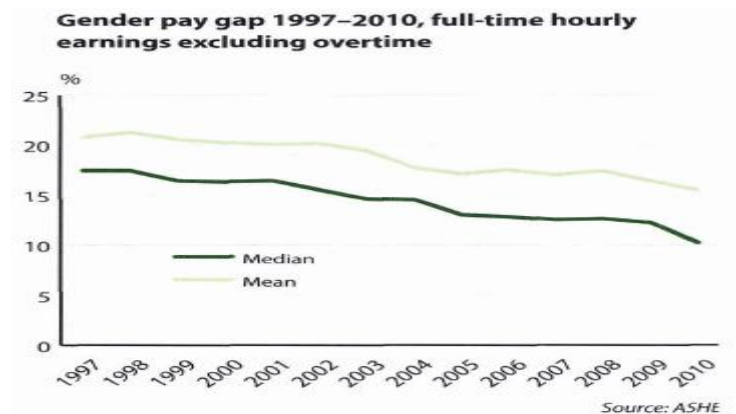
Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Charter 1. Gender Pay Gap 1997-2010, full-time hourly earnings excluding overtime



Among part-time workers, the mean gender pay gap is slightly lower than it is for full-time employees, standing at 11.7 per cent in April 2010, down from 11.8 per cent a year earlier. Men's hourly earnings were £12.06, compared to £10.64 for female part time workers. That the difference between male and female earnings for part-time workers is lower than that for full-time workers is in part explained by the fact that a significant number of women work part time in relatively well-paid jobs, as they often return to work on a part-time basis following the birth of a child. A further factor is that at the bottom end of the part-time earnings distribution, many of the lower-paid part-time jobs are filled by young people, among whom the gender pay gap tends to be narrower or even negative (i.e. in favour of women) [Blumberg, 1991].

Possibly the most useful measure for determining the extent of the gender pay gap in its broadest sense, across the entire workforce, is the mean figure for all employees, which includes both full-time and part time workers. On this measure the gender pay gap is much higher, standing at 19.3 per cent in April 2010, down from 20.1 per cent a year earlier. This measure captures a number of the elements feeding into the real differences in take-home pay between men and women, such as the fact that many more women than men work part-time. The main reason why the figure is so high, higher even than the figures for part-time or full-time employees separately is that the proportion of women working part-time is much higher than the proportion of men doing so. Since part-time work is lower-paid than fulltime work, this drags down the mean hourly wage for women to £12.92, compared to a mean figure for all male workers of £16.00 an hour. The difference between these two figures is the basis for the gap.

4. Why Does the Gap Persist?

Two main factors contribute to the gender pay gap. The first is the difference between the earnings of men and women in the same jobs, as indicated by the table hereunder. Of the 289 occupations for which it is possible to calculate the gender pay gap using ASHE data, 251 shows a pay gap in favour of men. The remaining 38 occupations show a pay gap in favour of women, though in all but 12 of these either the number of men or the number of women employed in the role in the ASHE sample is so small that it is



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

statistically insignificant. Many of the jobs in which the gender pay gap is in favour of women are relatively low-paid, such as security guards and kitchen assistants.

Table 1. Gender Pay Gap in selected occupations in 2010

Gender pay gap in selected occupations in 2010	
Occupation	% gap
Dental practitioners	44.39
Brokers	40.88
Solicitors and lawyers, judges and coroners	26.65
Office managers	25.73
Financial institution managers	22.41
Laboratory technicians	18.60
Personnel, training and industrial relations managers	17.20
Van drivers	11.48
Further education teaching professionals	10.57
Police officers (sergeant and below)	9.59
Bar staff	6.34
Postal workers, mail sorters, messengers, couriers	5.89
Probation officers	2.26
Call centre agents/operators	-3.32
Kitchen and catering assistants	-6.68
Broadcasting associate professionals	-11.95
Security guards and related occupations	-20.09
Company secretaries	-28.27

Source: Annual Survey of Hours and Earnings (ASHE), April 2010

Long pay scales and pay systems using broad bands are thought to exacerbate this problem. Women are still much more likely to take lengthy career breaks than men, meaning that men continue to progress through the grade while women's progression is stalled [Zacharakis, et al, 2001].

Employers can avoid contributing to a worsening of the gender pay gap by shortening lengthy pay scales, reducing the number of years typically taken to get to the top of the grade. This allows women's earnings to catch up with those of their male colleagues even following a career break of one or more years.

5. Occupational Segregation

The second main factor contributing to the gender pay gap is occupational segregation, whereby women tend to dominated the lowest-paid jobs while the highest-paying roles tend to be male-dominated. The table 2 shows that in the 10 highest-paying occupations, women are significantly underrepresented in the ASHE sample, with the number of women employed in five of these roles so small as to not be considered statistically significant. Looking at the ten lowest-paid occupations on the other hand, women are over-represented in the sample, making up well over half of the workforce in eight of the ten roles.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Table 2. Highest and lowest-earning occupations

Highest and lowest-earning occupations		
	Average full-time gross pay £pw	% of women (full and part-time) in ASHE sample
10 highest-paying occupations		
Dental practitioners	1,095	50
Police officers (inspectors and above)	1,161	*
Managers in mining and energy	1,176	*
Air traffic controllers	1,189	*
Financial managers and chartered secretaries	1,296	36
Brokers	1,345	23
Senior officials in national government	1,357	*
Aircraft pilots and flight engineers	1,408	*
Medical practitioners	1,459	42
Directors and chief executives of major organisations	2,049	17
10 lowest-paying occupations		
Bar staff	258	61
Leisure and theme park attendants	268	43
Retail cashiers and check-out operators	268	75
Waiters, waitresses	268	68
Kitchen and catering assistants	269	67
Floral arrangers, florists	269	**
Launderers, dry cleaners, pressers	272	74
Elementary personal services occupations	275	50
Hairdressers, barbers	293	87
Hotel porters	293	*
*Proportion of women in sample is statistically insignificant.		
**Proportion of men in sample is statistically insignificant.		

Source: Annual Survey of Hours and Earnings (ASHE), April 2010

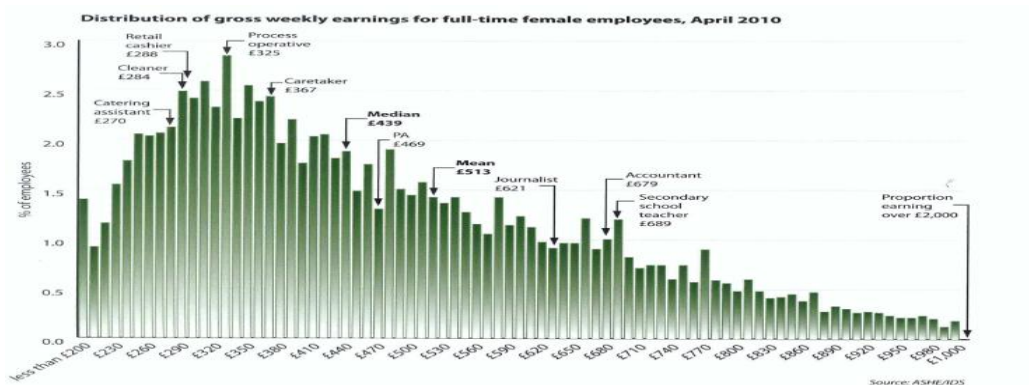
6. Earnings Distribution

The two graphs opposite show the distribution of gross weekly earnings for men and women, indicating the number of workers whose weekly earnings fall within each £10 interval. Female earnings reach their peak much lower down the distribution than male earnings, with the highest point on the graph of female earnings at around £330 a week. The peak in the male earnings distribution is less pronounced, but is around the £390 a week mark.

Further up the earnings distribution, the number of women in each £10 interval rapidly declines, while a longer 'tail' of typical high-paid jobs is visible on the male earnings distribution. Just 2.9% of women earn over £1000 a week, compared to 12.1% of men. Above this level, the number of women earning over £2,000 a week in the ASHE sample is so small that it does not show up in the figures, while 1.6 per cent of males earn over this amount.

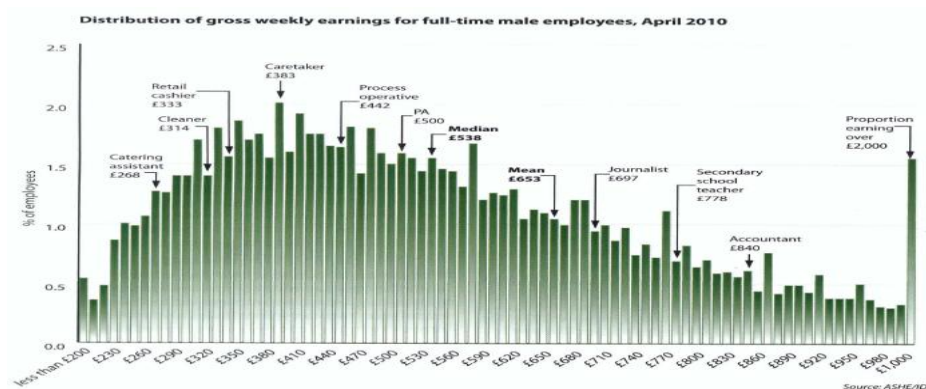


Charter 2. Distribution of gross weekly earning for full-times female employees, April 2010



Source: Annual Survey of Hours and Earnings (ASHE), April 2010

Charter 3 Distribution of gross weekly earning for full time male employees, April 2010



Source: Annual Survey of Hours and Earnings (ASHE), April 2010

7. Case Study for a UK Logistics Company

Taking into consideration the advantages and disadvantages of using either median or mean way of calculation for this case study, we decided to use both methods. Where averages are to be used for comparative purposes it is not desirable for the results to be affected by unusually high or low results.



The median is therefore the most appropriate measure in cases such as these, since it is simply the middle value, and takes little account of the extent of differences between figures in the sample. However, when calculating the gender pay gap, it is precisely these variations that we intend to measure.

For in depth analysis we studied the independent variables using a regression. Data based used: Oracle UK salary database.

Our findings:

MEAN (AVERAGE) - salary/hour				15.5%	MEAN (AVERAGE) - salary/hour				12%
Full time	Male	Female	Gender gap	Difference DHL vs UK labour market	Part time	Male	Female	Gender gap	Difference DHL vs UK labour market
Grade 10	10.31	8.84	17%	1.05%	Grade 10	9.54	8.61	11%	-1%
Grade 9	12.17	10.70	14%	-1.73%	Grade 9	10.52	10.11	4%	-8%
Grade 8	14.39	13.46	7%	-8.57%	Grade 8	9.34	14.09	-34%	-45%
Grade 7	18.60	18.07	3%	-12.58%	Grade 7	21.70	19.18	13%	1%
Grade 6	25.19	23.80	6%	-9.68%	Grade 6	27.47	26.16	5%	-7%
Grade 5	35.38	31.87	11%	-4.47%	Grade 5	no data	31.57	#VALUE!	
overall DHL	12.40	11.67	6%	-9.24%	overall DHL	9.74	9.87	-1%	-13%

In column “Differences DHL vs. UK labour market” we noted in red all the percentages that are above the percentage of the UK labour market gender gap.

Regression for this population:

	Coefficients	Standard Error	t Stat	P-value
Intercept	70392.39451	13940.36271	5.049538	4.5E-07
Genre	709.9276191	50.83816483	13.96446	6.42E-44
Age	10.71125543	1.755846628	6.100337	1.1E-09
Date start	-29.16561688	6.929857247	-4.208689	2.59E-05
Normal Hours	0.935439704	0.141673612	6.60278	4.23E-11
Working Days	460.6001668	30.69485252	15.00578	2.28E-50
Employee category	9.822132137	1.088979307	9.019576	2.22E-19



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Independent variables that have an impact on salary are: age, starting date of the current job position and normal hours (working hours).

8. Outcome and Conclusions:

For this particular logistic company there are differences [Angheluta, Costea, 2011] between the earnings of men and women on the same jobs due to following factors:

- There is an age gap: 36% of the male population are age between 17-33 years old, while 51% of females are in that range (less working experience);
- 53% of the male population are on the current job before 2007, compared with 41% females that are in the same range (more working experience);
- 41% of the total male population are working between 40-50 h/week compared with 31% of the female population;
- Other reasons: DHL industry or customer performance [Angheluta, Costea, 2010] (17% more females are working in Department store and Fashion).

In order to understand better the root cause of the gender payment discrepancies we focused on grade 10 population, function operations, date of starting position 2008, employee category 20 (warehouse operatives) [Costea, Angheluta, 2010]:

- For age 26, 28 and 30, salaries were the same for males and females;
- In some cases, males were paid less than females, but not the other way around
- The salaries' gap was due to affiliation of the organization.

However we compare salaries of females vs. those of males and take into consideration the same independent variables with the same range values and we cannot see gender payment gaps. This is very difficult to put into practice [Budlender, Hewitt, 2003] for all roles since when a role becomes more complex the independent variables increase in number and complexity so the comparison it's almost impossible to be done.

9. UK Benchmarking Tool 2011

In order to eliminate or at least reduce gender pay gaps we developed a tool that can be used to benchmark the similar positions in the UK labour market:



URL: <http://jedep.spiruharet.ro>
 e-mail: office_jedep@spiruharet.ro

UK Benchmark Tool 2011					
Reset					GO
RCS Grade	Function	Role	Region	Base Pay	Max Bonus %
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Match Description			Level Description		
<p>Health and Safety Assistant conducting safety checks, co-ordinating training courses and providing training and advice on straightforward issues. Will be responsible for maintaining necessary health and safety records, and implementing procedures as set. This is a technical rather than administrative role</p>			<p>Reports to the Head of HR or Head of Division and is responsible for ensuring Health & Safety at work requirements are met and for educating management and employees on the necessary procedures. Carries out safety checks, heads safety committees (at the more senior levels) and liaises with safety representatives to ensure relevant safety checks are conducted. Keeps abreast of latest legislation and research on hazards at work. At the more senior levels will be a Fellow of the Institute of Occupational Safety & Health.</p>		
External Market					
Entry	Median	Max	Max Bonus %	Sample	Companies
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
RCS Pay Band			Internal Benchmark		
Entry	Median	Max	Role Specific Pay Band Median	Role Specific Pay Band %	Actual Position on Pay Band
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Current Base Pay			Enter Proposed New Base Pay		
<input type="text"/>			<input type="text"/>		
RCS Pay Band	External Market	Internal Market	Pay Band	External Market	Internal Market
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Band Position	Market Median	Internal Median	Band Position	Market Median	Internal Median
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Vs Median	Vs Median	Vs Median	Vs Median	Vs Median	Vs Median
£0	£0	£0	£0	£0	£0
Vs Median %	Vs Median %	Vs Median %	Vs Median %	Vs Median %	Vs Median %
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

It contains some mandatory fields that should be filled in like: RCS grade, function, role, region, base pay, maximum bonus. This tool enables the users to evaluate the company's salary against the UK labour market. Nevertheless this model can be used worldwide because it has a database that can be updated at any country level.

This state of the art tool will give companies competitive advantages since nowadays human resources are the most valuable and important resources for firms. This is the reason why you need to have motivated employees in order to increase retention rate and human productivity.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

10. References

- [1] *Annual Survey of Hours and Earnings* (ASHE), April 2010
- [2] Andrei Angheluta, *Project on Cross gender DHL salary comparison*, DHL, 2011
- [3] A., Angheluta, C.Costea, (2011), Sustainable go-green logistics solutions for Istanbul metropolis. *Transport Problems Journal* 6 (2): 59-70. http://transportproblems.polsl.pl/pl/Archiwum/2011/zeszyt2/2011t6z2_08.pdf.
- [4] Angheluta, A., Costea C., (2010) Utilization of e-Logistics in multinational companies to overcome difficulties of today's economic environment, *Management Marketing*, ISSN 1842-0206 Vol 5 no. 1 [http://www.managementmarketing.ro/arhiva.php?var\[22\]=en&var\[1\]=1&var\[3\]=2010](http://www.managementmarketing.ro/arhiva.php?var[22]=en&var[1]=1&var[3]=2010)
<http://ideas.repec.org/a/eph/journal/v5y2010i1n6.html>;
[http://www.managementmarketing.ro/autori.php?var\[22\]=ro&var\[0\]=autori&var\[1\]=Carmen%20COSTEA&var\[2\]=177](http://www.managementmarketing.ro/autori.php?var[22]=ro&var[0]=autori&var[1]=Carmen%20COSTEA&var[2]=177)
- [5] Blumberg, Rae, (1991), "Income under Female versus Male Control." In Blumberg, Rae, eds., *Gender, Family and Economy: The Triple Overlap*. Newbury Park, CA: Sage Press.
- [6] Budlender, Debbie, and Guy Hewitt, (2003), *Gender Budgets Make More Cents. Country Studies and Good Practices*. London: Commonwealth Secretariat.
- [7] Costea, C., and A. Angheluta, Contributions to the development of e-logistics as a smart process, in *International Journal - Dynamics of Socio-Economic Systems JDYSES* 2 (1): 63–80. <http://www.dyses.org.ar/ojs2333/index.php/jdyses/article/view/16>.
- [8] Delistavrou A., Tilikidou, I. (2014), Are Greeks' Unconcerned about Ethical Market Choices?, *Journal of Economic Development, Environment and People* Vol. 3, Issue 4 URL: <http://jedep.spiruharet.ro> acc at 13.03.2016
- [9] *IDS Pay Report, Research and analysis on pay and benefits*, No. 1065, January 2011
- [10] Knowles, Stephen, et al, "Are Educational Gender Gaps a Brake on Economic Development? Some Cross-Country Empirical Evidence." *Oxford Economic Papers* 54: 118-149, 2002
- [11] DFID (Department for International Development). (2000), *Breaking the Barriers: Women and the Elimination of World Poverty*. UK: DFI
- [12] Zacharakis, A. L. et al, (2001) *Global Entrepreneurship Monitor National Entrepreneurship Assessment: United States of America 2001 Executive Report*. Ewing Marion Kauffman Foundation: Kauffman Center for Entrepreneurial Leadership.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The Recovery of Companies

Mariem Kchaich Ep Chedli¹

Bucharest University of Economic Studies, Romania

Abstract. The transmission of an enterprise faces different forms which are the recovery, indeed whether it's about a sale or a succession the transmission often puts in danger the existence of an enterprise.

An enterprise can be taken over by another enterprise as part of its external growth strategy or by an individual who can be an heir, a former employee of the enterprise, a commercial or financial partner or a foreign buyer for the firm, but whatever his prior knowledge of the target enterprise the individual buyer holds the position of a new manager and fits into a functioning structure and leads a staff that he did not recruit.

As part of our article, we have been interested in the study of the recovery of enterprises and its various aspects, in the first part the general case we discussed the resumption namely the transfer of businesses and through the brakes related to the transmission and the process of transmission. The second part is dedicated to the recovery and its integration in the fields of entrepreneurship, as well as the different forms that can take the recovery of a company namely: the external growth and the recovery of enterprises by individuals.

Keywords: transmission, recovery, enterprise, entrepreneur, seller, buyer.

Jel Codes: O35, O2

1. Introduction

Corporate recovery is a situation which falls within the entrepreneurial spirit, but researchers opposed to its integration in the fields of entrepreneurship, in definitive recovery was likened to a process by which a physical or moral person acquires the property of an enterprise.

The recovery of an existing enterprise is often considered by researchers in entrepreneurship as a recreation.

In some ways, there are common features between the resumption of business and creation *ex nihilo*.

The recovery is a special case of the phenomenon of transmission by the fact that it is in both cases a sale of a business, indeed, the business can be transferred to a family member or an heir, so we talk of the succession this topic will not be discussed in what follows as seen various aspects it deserves to be treated separately, also we see the transmission from one company to another as part of its external growth strategy and at the end to the sale of the business to another person which is the main pane in this article.

¹ E-mail address: mariemkchaiech@gmail.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

In this article we will make a presentation of the themes in a funnel approach from general to particular. The first part will focus on the phenomenon of transmission and the second part will focus on the recovery of enterprises, with both types namely the external growth and recovery by the individual.

2. The Transmission of Companies

According to Lehmann (1993) 2000 SMEs are disappearing every year in France for the reason of not having a buyer and 2,000 others declare bankruptcy for a problem generated by a transmission.

Neglecting the issues of transmission, can engender to significant consequences in particular on the macroeconomic plan: the impact on the environment, the number and quality of jobs saved, the additional wealth generated, the renewed resources for local communities, changes in the competitive balance within the sector and the possible renewal of management methods.

2.1. The Definitions of the Transmission in the Literature:

(Haddadj and D'Andria, 2001) consider that the two million SMEs account the French economic fabric, nearly a contractor on two has over fifty years and one-third of business leaders will retire in the next ten years hence the possible transmission of 600 000 companies and it takes about ten years to ensure transmission in good conditions, reflecting an idea of the importance of this issue and the problems it raises. Therefore, these authors define the transmission as a fundamental aspect in management because the question of change of the leader arises at a particular time in the history of the company, the decision of its implementation will be difficult to reverse and will influence all other decisions that will initiate the company.

The transmission of the enterprise is a major step in the company's life and it remains a first class operation because all companies fail all their transmission on the other hand (Lansberg and Astrachan, 1994) see that the transmission discharges from the desire of the leader and the actions that he takes.

(Donckels, 1996) defines the transmission as the transfer of ownership and / or the management to a family member or a third party.

In general, an enterprise can be transmitted to a firm, a legal person, an individual who may be an individual or a legal person or an heir, and in that same order of ideas (Esteve, 1997) launched a legal connotation, noting that the transfer of a business is materialized in legal acts that see the transfer of ownership and responsibility.

(Chaput, 1993) on the other hand associates, the sale at break regarding from him rather troubled companies while transmission implies the continuity and extension and therefore involve healthy companies.

Since it can transmit a business to a firm, to an individual or to an heir, we approach the last group the problem of family business that is not the object of our study, but it is still important to distinguish between the two concepts: The transmission concerning the transfer of the business to a third party and succession which involves only the heirs in the transfer of the firm.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Indeed, the legacy reveals other perspectives of analysis on which we will not dwell but they deserve to be addressed.

In the same context (Bourdieu,1964) states that the heirs do not want to reproduce the pattern of their parents, therefore, the various reasons pushing them to turn to other jobs and usually the seller who is often the company's founder wants in most cases the continuation of his business, Indeed, the emotional dimension is very important in this context considered particularly of the transmission of the company, hence the necessity to seek a buyer who is close to him in his motivations, his experience which would allow him to ensure the sustainability of the company and not its eventual disappearance, this step takes us to study the recovery of a company by a natural person as a solution to various problems of disappearance of firms before and after transmission.

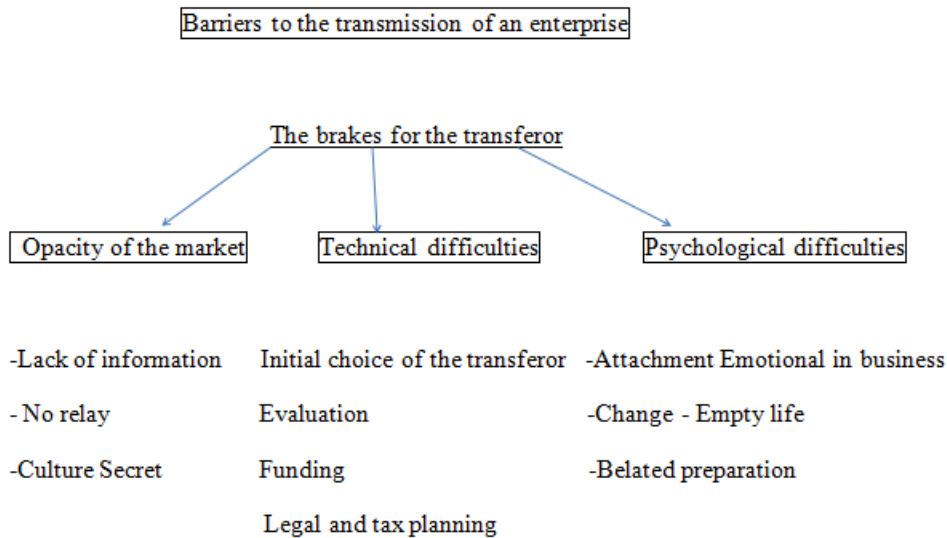
In this same line of thought (Cheneau, 1989) advances that we must prevent companies from dying, and that we must remove the causes of their disappearance and especially the causes of their deaths not resulting from normal operation and adds that corporate history and even if it is healthy becomes dangerous when it changes the owner whether as a result of their sale or the death of leader or effect the simple discontinuity of their appropriation made their cover of major risks.

(Donckels, 1989) considered the transfer of a business as a dynamic process is based on three phases: preparation, organization and realization.

Indeed the first two phases involve only a single seller, however the step of realization result in the signing of the contract of sale, involves two protagonists parties, the transferor and the buyer, the latter and from this step takes only definitively company's management after a transitional period which means that the recovery begins at the signing of the sale agreement but becomes effective only from the transferor.

3. Difficulties in Transmission

The implementation of the transmission process has overcome difficulties identified by it as being brake transmission, and has summarized as follows:



Source: author's personal approach and contribution

Fig. 1: Barriers to the transmission of an enterprise.

In the same context, many researchers were interested in the last two decades to identify the factors hindering the transmission of SMEs, indeed, it is important to review and even briefly the main results which they have reached.

(Cheneau, 1989) worked on the opacity and confidentiality of the transmission market, (Paillot, 1998) has highlighted the absence of the transmission preparation and finally (Donckels, 1996) showed the importance of affective aspects.

3.1. The Opacity of the Market

(Deschamps, 2002) considers that there are many opportunities for what she called "buyers candidates", who would save time and avoid the risk of the creation *ex nihilo* to acquire business for amounts lower to those they committed to creating a similar size unit, but there is no lack of opportunity but rather it is the lack of information which is a problem, indeed several types of entities can be bought by healthy companies buyers or they may be in trouble SME, TPE or PE or groups of branches encountered on their core business.

According to Larrera and Morel (1996), the institutions in charge to establish contacts between the buyers and the sellers are numerous, but their informative role deserves to be developed on the another side and, referring to the France, we note that healthy companies are rarely listed and there is about them a real network consisting of multiple sources where the price and the quality of information vary in a very wide range, which means that several authors have described the transmission market / the recovery of opaque and poorly organized and difficult of access.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

So we notice from this paragraph that the difficulty of finding a reliable buyer is a significant factor for breaking a transmission more starting from a cultural aspect, the entrepreneur does not disclose his intention on his business, therefore, declare that he wishes to transmit his enterprise inspires distrust of different partners.

3.2. Brakes Caused by Technical Difficulties

Generally, the problem of succession it happens only once in the life of a business manager therefore he has no expertise in this field. Among the main issues that could generally affect the transferor we quote:

- The determination of goods to be sold
- The achievement of the operation
- The negotiation
- Take inventory of its own objectives.

On the other hand, the transferor must evaluate his enterprise and fix his real prize, according to Donckels (1996), the transferor must ask the question of the evaluation of the company that he sells and the funding of recovery and legal provisions.

(Deigne, 1994) and (Marie, 1992) emphasize that the transferor is responsible for managing by setting a real price, based on a balance between his normal emotional attitude and the rational behaviour of the buyer.

After advancing the main technical problems that might inhibit the transmission, we note that it is obvious that all these decisions have significant tax implication, so in front of these technical difficulties the entrepreneur must be surrounded by independent advisors as mentioned (Donckels, 1995) that help the transferor to be placed in a less emotional context and brings to him the fruit of their experiences.

From what has just introduced we notice that the emotional side represents a significant variable in the transmission, which brings us to identify another obstacle is that linked to psychological difficulties.

3.3. The Psychological and Emotional Difficulties

De Vries (1986) says some accept with difficulty another way to manage an enterprise than their own and therefore tend to create around them an atmosphere that makes any evolution difficult.

On the other hand (Esteve, 1997) adds that the fact to consider transmitting its enterprise reveals an unpleasant idea is that of the inevitability of death.

(Pailot, 1998) suggests that transmission usually corresponds the outcome of a life story which is accompanied by a loss of identity and a lessening of social recognition sometimes speaking in a painful crisis experience.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Therefore, the transferor of a company must indeed relinquish control which gives a feeling of having lost its identity and social status. This explains the fact that most leaders postpone the time of preparation for the transmission of their firm.

To better put through psychological and emotional difficulties of transmission, adding the work of (Pailot,2000) on the difficulty of the entrepreneur to leave his company, indeed, the psychological crisis experienced by the transferor requires the mobilization of mourning theory advanced by Freud and he justifies the invention of this theory that *the theory of mourning* does not apply exclusively to the loss of loved ones, but also to forms of breakdown, abandonment, and renunciation that require adjustment and adaptation to a new reality. This term may be explained as follows:

The mourning theory is a psychological theory that the first development date back to the work of Freud, Abraham, Klein and Lagache Indeed, among psychoanalysts, the term of mourning is often used to describe the irreversible loss of a loved one, later this theory was formulated in a process to facilitate the empirical validation, this process is a phase enchainment which all constitute the approach of change.

(Bowlby, 1984) to this fact retains four steps:

The Phase of Numbness:

In fact, this phase consists of a refusal to accept the loss in one way or another.

The Phase of Length and Research:

This phase is the beginning of awareness of the reality of the loss, it is accompanied by intense emotional expressions such as distress, nostalgia, anger and guilt.

The Phase of Disorganization and Despair:

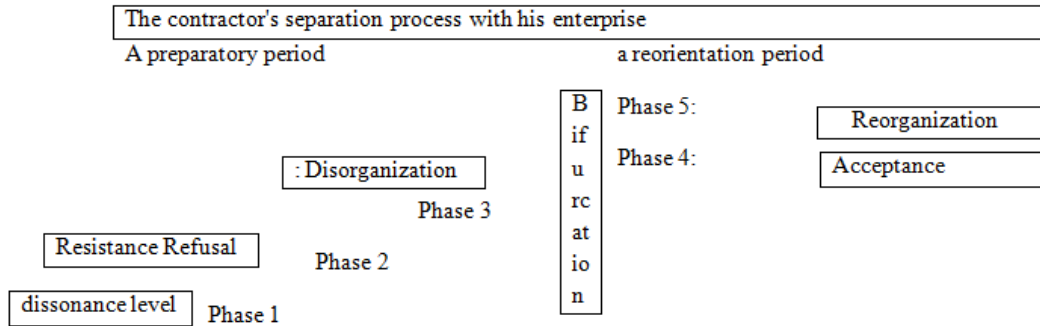
This is a step that generates a state of deregulation and confusion, these effects are the expression and the result of the work of disinvestment of property lost, they mark the recognition of the finality of the loss and dedicate a working progressive detachment of the lost property.

The Reorganization Phase:

Marks reconstruction of the subject on other bases. This personal redefinition is as painful as crucial as it involves the recognition and acceptance of the irreversibility of the loss. This phase is essential to reactivate the driving orientation to the future and other links.

To illustrate the fruitfulness of *mourning theory* in analyzing the separation between the entrepreneur and his enterprise.

We propose the following process which is spread over two separate periods: a preparatory period and a reorientation period.



Source: author's personal approach and contribution

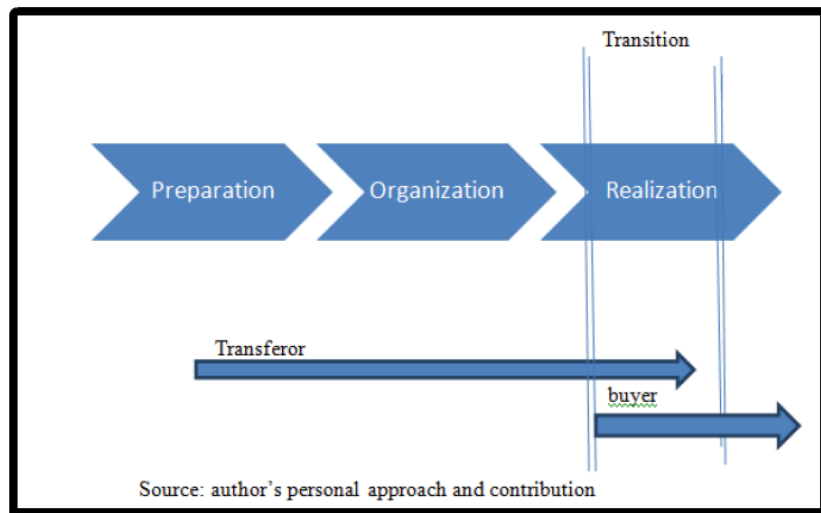
Fig. 2: The contractor's separation process with his enterprise.

The same author in his works tried to highlight the first disappointment of the transferor when he does not find a solution for transmission within the family because he sees his company out of the family fold.

After presenting the main obstacles to the transmission it is still necessary to give the process of advanced transmission in the literature which is the subject of several works, including those of (Dechamps, 2000) as a basis in this paragraph.

4. The Transmission Process

De Ven (1992) calls a process a sequence of events describing the change of events through time . We can therefore be adopted as the following scheme summarizes the steps of the transmission.



Source: author's personal approach and contribution

Fig. 3: Transmission process of an enterprise.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

4.1. The Preparation of the Transmission

The preparation step involves the transferor as unique actor. According to his health, his age and his personality, the transferor has a state of preparation which varies from one person to another.

Indeed, a study by (Trigano and La Fougere,1986) whose results were later confirmed by another study (Donckels,1989) showed that two-thirds of respondents have not yet concerned about their succession as they feel too young, the others had either thought about it either organized or not thinking at all. And thus, a very small part that includes leaders who had organized the sale of their enterprises.

The Company in 1987 argues that in France 10% of business failures are caused by the death or the disease of the contractor, these disappearances have not been provided is put the company in a critical situation where it no longer has a leader.

In most cases of transmission leaders in late career hardly consider their replacement and the transmission of their companies often represents a loss factor. So, therefore, do not provide their departures.

For Donckels "managing is foreseeing", therefore, he believed that the entrepreneur who created his firm should consider its transmission, this is an operation that requires time, determined by (Barnes and Hershon, 1995) from 7 to 8 years.

Indeed, the preparation of the transmission is a particularly sensitive phenomenon, unfortunately, according to (Brown, 1993) reflection comes too late in the management of the firm, (Welsh,1993) recommends on his side to prepare the transmission at the individual, organizational and financial level, he supposes that the transmission does not concern only the leader but also the staff and the sustainability of the company.

4.2. Organizing the Transmission

(Deschamps, 1999) considers that to try to minimize the emotional aspects related to the transmission of the enterprise we have to think a long time to this operation on the other hand

(Barah and Gavitsky,1995) stand portraits of sellers that are crucial to the success of their firm transmission each transmission a single operation, therefore, follow the example of other sales is not enough, in contrast, the researchers advise surrounding specialized firm (Donckels,1989) and (APCE ,1997).

4.3. Realization of the Transmission

The realization of the transmission includes three main phases that start with the signing of the agreement the first step is informing stakeholders such as partners, customers, suppliers, and bankers being stakeholders in the proper functioning of the company and employees and the second step is the transition between the seller and the buyer and finally the management of the transmission.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

4.3.1 The Information of Actors:

1- The information of partners:

(Bares and Herschon, 1994) insist that transmission does not only concern the members of the company, but also all those around the transferor, professional and private persons.

Indeed, all partners should be informed and presented by the transferor to the new leader.

2- The information of employees:

As just mentioned in the previous paragraph information is one of the most important problems of transmission.

In this context (Delfosse, 1988) considers it vital to make a cultural awareness of business leaders. He adds that it is necessary to change the mentality of leaders and treat them of the disease of secrecy.

Indeed, to avoid the perception of the psychological difficulties studies have shown that the preparatory phase for the sale of an enterprise takes place most often in a context of absolute secrecy, which harms a good flow of transactions.

(Deschamps, 2000) considers that the employees of a company can know in their turn emotional problems being physically present in the company for sale can sometimes react in a negative way.

The reactions of employees can be diverse as well to the transferor to that direction of buyer more analysis showed that employees react in two different ways: they suffer culture shock and oppose to him a resistance to change.

Resistance to change is a serious problem to the extent that the buyer firstly may be delayed in the implementation of the essential reforms to the company's survival and secondly that resistance to change can lead to a general decrease of the "moral" of the company.

4.3.2 Transition From the Transferor to the Buyer:

The transmission of the assignor's powers to the buyer is done gradually, to this effect sometimes the seller wants to help the buyer in his new role during a transitional phase.

This progressive transmission of power that results must also be lived proactively by the former leader.

Sharing decisions can be a source of conflict of methods between the old and the new leader that can create a sense of "fuzzy" in the usual partners of the company and the staff.

It should not be that partners and employees are faced with the ambiguity of a double even provisional leadership because for them it is the former leader who premium.

The transferor must, therefore, agree to let the authority and the power to his successor ensure the smooth progress of the recovery.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The transition period is important for all actors in the transmission (transferor, buyer, employees, and partners).

4.3.3 The Management of the Transmission:

Feigener, Brown, and File (1994) believe that transmission is an opportunity to revive a company and give it new strategic directions once the transmission between the two parties is done the buyer is alone with an enterprise already in operation according to (Dechamps,1998), this buyer will necessarily inspire changes in the firm that he resumed.

To ensure continuity of the business you must be taken into account of the time factor and approach the problem from several angles, psychological or economic or fiscal.

However, it is important to have a very accurate view of the expectations of all concerned because the main obstacle is psychological.

(Estève, 1997) considers that the social leverage is the key to the most important success in the transmission of the enterprise.

(Welsh, 1993), on the other hand, he distinguishes four factors necessary for a good transmission: manage behaviours, respect for individuals, understand the needs of others and understand the organizational structure.

For Foster (1995), the best way to capture an organization's culture is "to learn from others" but according to Reix (1995), individual's members of the organization have specific knowledge and shared knowledge that evolves inside of the social community that represents the organization.

To conclude this part of the article on the transmission, we draw the attention to the fact that transmit an enterprise is a difficult operation and that the effects of a transmission can be beneficial for the company following the contribution of a new blood, of ideas and additional trade relations and apart from the acceptance problem of divergent strategic options from that of the former leader by the actors involved, it is the recognition of the new leadership and its legitimacy within an economic unit which determines the operation.

The objective is the sustainability of the company; cooperation is needed between the seller and the buyer, as well as between the buyer and employees once the latter has entered the phase of "takeover entrepreneurship" of the transmission.

In order to remedy the brakes associated with the transmission, Dechamps (2001) proposed a diagram showing the optimal gear of the transmission of an enterprise in order to highlight the importance of respecting the phases of a process transmission/ recovery.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

5. The Recovery of Companies

5.1. The Definitions of Recovery and the Debates on Integration into Entrepreneurship

Paturel (2001) considers that doesn't mean only in the creation of an enterprise but also it is a field that refers to several other components and in the same vein he affirms that the statistics refer to the recovery of existing companies as an aspect of the entrepreneurial.

Gartner (1990) by the Delphi method interviewed the field of entrepreneurship experts to try to identify a common definition of entrepreneurship.

Gartner (1990) by the Delphi method interviewed specialists in the field of entrepreneurship to try to highlight a common definition of entrepreneurship. The attributes that best describe entrepreneurship for the creation of organization and innovation. Buy an existing business or LBO (leveraged buyout) is included in the most significant characteristics of survey participants.

On the other hand, in the entrepreneurial literature, the recovery of an enterprise has a place at once modest and ambiguous we can however afford to advance some academic findings in an attempt to highlight the attachment of the recovery of enterprises to the entrepreneurship.

Siegel (1989) does not seek through the delimitation of the concept to get closer to entrepreneurship; at most he compared the operation to the creation of an enterprise especially since he adds that only the acquisition of the property allows qualifying a recovery operation.

Sharma and Chrisman (1999) consider that entrepreneurship includes acts of organizational creation, of recovery or innovation in, or outside, of an existing organization.

Fayolle on his side assimilates entrepreneurial behaviors to all the variables describing an orientation, a decision, an action that leads an actor to engage in a creative approach, recovery of an enterprise or business development by investing individually.

Varlet (1996) traces the historical semantics of the word "undertake" and gives as a definition: "to become a master of" the buyer then undertake when he acquires an enterprise as becoming the owner, he "becomes the master" that is to say, he is considered like the leader.

Deschamp (2003) thinks that the recovery is an entrepreneurial phenomenon that nevertheless manifested in very different situations; it is an integral part of the field of entrepreneurship if it is considered as the acquisition of a business or if it is studied from the actor.

Bruyat (1993) considers that the recovery involves an individual living an important change, in other words, an individual will be considered as a contractor since he lives a change compared to its previous situation.

Vigoureux (1997) defines two principles of private property:



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- Absolute exclusivity of the use of the property: this principle encourages whoever controls a resource to devote the maximum personal effort to exploit it the most efficient way, considering his personal skills;

- The free transferability of this right: this principle guides the control of its resources to those who are likely to make the best use.

As part of the recovery, with regard to these two principles, decision functions (management), of control (Monitoring) and assumption of risk are the act of a single individual: the buyer. By combining the property in case of RPP we finally approach a resolutely entrepreneurial phenomenon.

(Donckels, 1995) treats difficulties of the operation and focuses on the recovery of family affairs.

He uses the term "take-over" which actually corresponds to the external growth. It seems that this type of operation does not exist in the United States where an entrepreneur multiplies his efforts to boost his activity and providing him an important growth in view of the resell quickly to another enterprise.

US buyers according to him associate with major investors and their mission is to progress enterprises to generate added value for their partners.

These buyers are not, therefore, neither the owners of companies that they buy, neither free in their management.

Birley (1997) confirmed this verdict showing that american vendors which seek to sell to another company, to an investor or to a "business angel".

Therefore, the definition of the recovery proves tricky insofar several notions attached to it: those of property and therefore of power, rescuing enterprises in difficulties, repurchase of all or part of the capital of the target or all or part of its operation.

5.2. Forms of Recoveries

For several years, more and more manager wish realize their dream of investing their experience in their own business citing, for example, the artisans who wish to fly with their own wings, or yet frames in wage rupture who have the ambition to rebuy an SME, however, many are the separations performed by firms in the course of their growth policy.

In both types of operations: the recovery of a company by a legal or natural person, the result of the approach is the repurchase of a firm.

Deschamps (2001) argues that in addition the variety of companies included entails a great diversity in terms of impacts of the recovery on the environment, in terms of numbers and quality of saved jobs, additional wealth generated, renewed resources for local communities, balance changes and finally the possible renewal of management methods.

It is, therefore, interesting to present the external growth policy as an alternative to acquiring a business, it should be noted that this concept has been in a very rich theoretical debate in academic



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

research that will be useful in this paragraph, to define the operation and present its particularities compared with the recovery by individuals who represents for the buyer a succession of four phases:

- The birth of the idea.
- Detection of the potential enterprise.
- Its evaluation.
- The negotiation phase.

5.2.1 External Growth

In 1993, Paturel has realized the status of places restrictions by the external growth in France he has therefore insisted on their importance, they represent according to him 47% of operations; also on their international character and on the objective sought by companies.

Indeed the managerial and socioeconomic literature offers a multiplicity of definitions of growth, it was noted that at least theoretically one of them was admitted by most specialists it is there advanced by Paturel (1978) who defines external growth as a growth strategy in terms of research ,however, externals definitions will change according to the researcher's objective in question.

According to Gourvi l(1994), despite the undeniable similarities, it appears that they differ in term of objective, of content, of form and degree of precision, on the other hand Paturel (1993) adds that sometimes the researcher is interested at all takeovers carried through the OPA, sometimes he will focus on external growth visible from the outside observer, or he will include in the external growth all repurchases, all the absorptions ,fusions, without troubles of the existing relationship between integrated entities and the company which develops.

To advance specific academic definitions of external growth we can retain that of Paturel (1978) and that defines external growth as a growth strategy through acquisition or taking control of all means of production already combined, in operating and we mean by acquisition, buying the entire of the enterprise, healthy or not that is to say of the economic entity on the whole.

Perez (1973) uses in a study on the international dimension of growth strategies and according to his external growth as opposed to internal growth is a way of internal growth involving transfers of assets from other companies (fusion, absorptions, partial disposals ...) or comparable results as the OPA, and he adds that external growth explicates strategies of large companies.

Legally, it is traditional to distinguish fusion, acquisition, disposal and partial contribution of an asset.

The management research procedures , establish that the growth modalities are studied from different angles: the growth directions such as horizontal and conglomerate growth in the words of (Paturel, 1978).

Labroudette (1989) talks about the decision of the operation and (Marck, Shleifer, and Vishny, 1988) studied the nature of the operation.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The Horizontal External Growth:

According to Paturel (1978), it manifests by a strengthening of functions of existing production within the enterprise, this strengthening is obtained through the acquisition of sets similar production function.

The Vertical External Growth:

This is a growth in complementary production functions to existing ones; we obtained it by adding new means of production of output, acquired separately and to combine in complementary activities to those present.

The Conglomerate External Growth:

Consists in the heterogeneity of outputs of the firm, and adds that these three directions present all advantages and disadvantages for growing firms and therefore send back to why companies realize growth operations.

For Labroudette (1989), some forms of external growth resulting from the initiative of directors of companies that agree to make preliminary contacts, then discuss their solutions, finally return in question the distribution of property and that of managerial control. These variants according to him are qualified friendly variants.

Mack, Schleifer and Vishny (1988) show that acquisitions motivated by the search for synergy are considered like friendly "friendly acquisitions" as they named while the "Disciplinary acquisitions" are qualified as hostile.

So we notice from these academic findings that the logic of the recovery is associated with the external growth of enterprises in fact (Senicourt,1985) shows that the recovery of an enterprise represents a strategic option for the buyer in the same way that external growth is part of choices of an enterprise.

Siegal (1989) nuances this point of view on perceiving that the recovery of an enterprise by a person remains a phenomenon resulting from the meeting of an opportunity than a choice made from a pre-existing idea, the existence of a structure ready for use and a knowledge some have provided to any other argument in favor of creation.

In fact, we talked about before starting this paragraph of the recovery in general and we evoke the existence of a process to four sentences.

Bruyat(1992) considers that the term process involves several notions: the time, the organized or the system, the activity and the regulation and therefore the action oriented to one or more goals.

The goal is the recovery of the target firm, it is necessary to take the following steps: the determination of the enterprise to buy, its evaluation, the negotiation and finally "the entry in the walls" or the operationalization of the acquisition.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

By analogy, Guieu (1995) breaks down the process of takeover a firm by another in four phases.

The search for the target, the analysis and the evaluation of the target, the negotiation, and the fence, we assist so to a process of preparation for the recovery, the execution occurs at the time of the entry into the walls this is what he called the fence in the case of external growth.

Thus, the preparation of an acquisition should not be neglected and it consists in a methodical and rigorous diagnosis and constitutes one of the operations success factors.

Paturel (1991) confirms this, by reporting that a diagnosis of the partners is needed to avoid any subsequent surprise and thoroughly check the accountability of organizations, he adds that too many failures are due to the defect of preparation on the diffusion plans of the information, the reorganization and the elimination of the unprofitable and of profitable activities, methods of managements to remember and the absence of research on staff participation to succeed the operation and research the motivations of seller because they play much in negotiating the price and also to understand his reactions.

Being, therefore, the result of a strategy, the external growth of a company involves two protagonists parts whose identification should not be neglected include the determination of motivations of the buyer firm.

Indeed, external growth is often recommended to remedy a weakness in particular areas such as knowledge, the technology, and to replace quickly a phase of decline in an activity by a new strategic business area in which the company is not competent.

So the acquiring of the firm has clearly identified the growth like a strategy will look for an enterprise which it will be able to develop synergies has much of chances of success than one that achieves an acquisition by opportunity.

Evrard (1996) argues that the strategy of external growth presents significant advantages especially for SMEs as it allows to quickly acquire the skills of a new sector mature.

According to (Deschamps, 2000) the big enterprise on the other hand benefits of special facilities in the integration of the absorbed entities and the financing of the operation it added that the operations of external growth leading to assemble all or part of the two organizations always entail rejection phenomena that the big enterprise can minimize given the relative masses that they represent.

The acquiring firm usually has motivations that push it to lead an external growth strategy. Indeed Marck, Schleifer and Vishny (1988) identify two types of motivations: the correction of practices of not maximizing profits of the target company and the possibility of earnings by combining the activities of both Companies. Gouvril (1994) goes in the same direction by stating that an external growth operation is destined to all logic to bring to actors in present better financial results or others, hence the maintenance and further the development of the level of the performance of the new entity are as initiators of such an operation, necessary conditions.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

However, it risks entailing a discontinuous evolution in the growing enterprise that will be a source of disorganization at all levels of decision, causing conflicts and effects of negative synergies.

Besides, Labroudette (1993) notes that whatever the situation, we must not omit the presence of diseconomies of organization related to absorptions and to fusions. On their side, Jénisson and Sitkin (1989) trump this idea by speaking of “fractionated and the discontinuous process of the acquisition”.

Following our review of the literature, we have been noted that the external growth of big enterprises is well marked through the studies developed in the management literature.

5.3. The Recovery of Enterprises by Individuals (RPP)

Deschamps, (2003) considers that the recovery of an enterprise by individuals (RPP) is a difficult object of study and paradoxical to identify from it, it is about entrepreneurial practice little known outside the journalist of the press, indeed, the RPP is neglected by academic research as well in French than in English, including the field of entrepreneurship that focuses on business creation.

A. Fayolle (2003) argues that the RPP is a situation which belongs to the fields of entrepreneurship, and simply defined as a process by which a natural person, the buyer acquires the property of an enterprise or an existing activity and holds the executive management.

Gay (2000) insists that healthy enterprise or it may be in trouble, the key success factors of a recovery operation are quite similar he cites the motivation of the buyer, his skills and his professionalism, his realism and his strategic capacity.

In an RPP operation, the main actors are the seller and the buyer, but it must not be neglected the role of professionals in the recovery as consultants, lawyers, accountants without whom the business would probably have a hard time materialize.

In order to give a clear definition of the RPP or proposes that advanced by Dechamps (2000) and he defines the RPP as the process which by an operation of repurchase led to the continuation of the life of a company in difficulty or not and all that it contains (structure, human resources, financial, technical and commercial. Therefore, the individual who takes a firm acquired it in front of the owner and the manager.

Dechamps (2002) considers that it is possible to characterize the RPP as a thought by an individual acting to emerge the structure of his enterprise in its environment and make it conform with the representation that he makes.

However, the RPP is not studied by Siegel and Donckels under its entrepreneurial angle but rather as a strategic operation. There are several methods to restart a firm.

ANCE (1996) distinguishes between the recovery of assets with especially the purchase of the business assets, the lease agreement, the partial repurchase in total assets and the takeovers by the repurchase of actions or social parts or capital augmentation.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

We assist also to the repurchase of the enterprise by employee's current known LMBO Anglo-Saxon (Leverage Management Buyout).

This method dictates that a triple system of the lever (financial, legal and fiscal), the entrepreneurs employees can, borrowing while a minimum holds a maximum of shares in the company.

In the case of recovery by the individual, the researchers emphasize the notions of power and property of the entrepreneur, to this effect (Siegel, 1989) believes that only the acquisition of the property allows qualifying a recovery operation and that ultimately the supreme power is held by the owners.

Based on this idea we depart the case of asset recovery, especially that of the management lease for the simple reason that it only transfers the only enjoyment of an asset and not the property of the latter, and the repurchase of the business continues to take profit from its assets ...is only a partial recovery of assets or it is only interested in recovery of enterprises in their entirety.

The recovery of an enterprise by a particular is mainly based on the intervention of two protagonists as main actors of the operation, in other words, the seller and the buyer.

The transferor seeks to transmit his enterprise and manifests different expectations. Indeed, he searches to sell his enterprise that represents an asset refers often most of his heritage.

Socially, the transferor has a turning point in his career selling the enterprise that he manages for years, so that he has created is an important social act in this sense. Fayolle (1997) argues that, in some cases, transfer his enterprise means the loss of social status and professional identity, unless the entrepreneur transfers his business to resume his retirement or for other difficult reasons to live like disease or professional failure.

Personally, the transferor wants to ensure that his company will be between "good hands" for this reason the buyer must satisfy professional and human criteria.

The close link between the recovery and the transmission allow us to assimilate the profile of the transferor through a transmission to the transferor in a recovery process. We discussed in the first section of the first two phases of the transmission process involving only the transferor remains the transition phase that involves both actors.

6. Conclusion

Taking over an enterprise appears to be a solution to remedy the disappearance of healthy or failing firms, indeed, business leaders assimilate bad their separations with their firms so the preparation and the organization of the transmission are operations usually postponed, resulting in difficulties to transfer the entity, especially in the absence of heirs.

For these reasons candidates to the recovery or the buyers must ensure well to seize opportunities and present themselves at the right time. On the other hand, the act of undertaking is not related only to



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

the characteristics of an individual, but is also determined by contextual factors and, more than take over a company, seems to be one of the solutions to find its identity and its reason to work.

Indeed, a buyer must answer to a definite profile and must have motivations to succeed the operation of recovery and be able to respect all phases to a specific process to this action.

7. References

- [1] ANCE. Création, reprises, cessation : 5 ans d'observation », Résultats du panel Viennet, selon les fiches INSEE première, ANCE observatoire, 16 novembre, 1998.
- [2] APCE. Méthodologie et guide pratique : créer ou reprendre une entreprise, édition ANCE, Edition d'Organisation, 1998.
- [3] BARCAH J.A and GANITSKY J.B. Successful succession in family business » family business review, volume 8, 1995.
- [4] BARNES L. B and HERSHON S.A .Transferring power in the family business”, Family business review, volume 7, 1995.
- [5] BIRLEY S. Le bon choix de sortie”, dossier spécial Les Echos-L'art d'entreprendre »Se Retirer, 21, 22 Novembre, 1997.
- [6] BRUYAT C. Création d'entreprise : contributions épistémologiques et modélisation, Thèse pour le doctorat en sciences de gestion, Université Grenoble II, octobre, 1993.
- [7] CHAINEAU A. Les problèmes économiques de la transmission des entreprises ,in la transmission d'entreprise : enjeux et perspectives, PUF, 1989.
- [8] DECHAMPS. B , Les motivations de l'individu pour reprendre une entreprise . Xème conférence de l'AIMS juin ,2001.
- [9] DECHAMPS. B , Reprise des entreprises saines ou en difficultés : l'accompagnement des repreneurs , Revue de l'entrepreneuriat, 2002.
- [10] DECHAMPS. B . Reprise d'entreprise par les personnes physiques : conduite du changement et réactions des salariés , Revue de gestion, 2003.
- [11] DESCHAMPS B. Le processus de reprise d'entreprise par les entrepreneurs personnes physiques, Thèse pour le doctorat en sciences de gestion, Université Grenoble II, 2000.
- [12] DESCHAMPS. B. Les spécificités du processus repreneurial », Revue Française de Gestion, vol 28, 2002



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- [13] DONCKELS R. Taking over a company : an exciting carrier alternative ... but not for adventures, *Gestion* 2000, volume 6.
- [14] ESTEVE J.M .La gestion des ressources intrapreneuriales et le succès du rachat de l'entreprise par ses salariés, Thèse pour le doctorat en Sciences de Gestion Montpellier II, 1997.
- [15] Evrard K. Intégration culturelle et croissance externe, Thèse de doctorat, Université Pierre Mendès, Grenoble, 1996.
- [16] FAYOLLE A. Contribution à l'étude des comportements entrepreneuriaux des ingénieurs, Thèse pour le doctorat en sciences de gestion, Lyon III, 18 décembre, 1996.
- [17] FIEGENER M.K, BROWN B.M , PRINCE R.A & FILE. M . A comparison of successor development in family and non-family business, *Family business review*, volume 7, 1994.
- [18] GARTNER W.B. What we are talking about when we talk about entrepreneurship, *Journal of Business Venturing*, vol 5, 1990.
- [19] GOURVIL Y. L'influence des facteurs humains et organisationnels dans l'évaluation des opérations de croissance externe , Actes de l'AGRH, 1994.
- [20] GUIEU G. Les supports de l'apprentissage organisationnel : une application aux opérations de prise de contrôle, Cahier du CERAG, 1995.
- [21] HADDADJ S. and D'ANDRIA A. Transmission internes et transmissions externes dans les PME françaises : existe-t-il des différences de changement stratégiques et d'orientations stratégiques ? , *Revue internationale FME*, volume 11, 2001.
- [22] JEMISON D.B.and SITKIN S.B. Corporate acquisitions : a process perspective » in *Mergers and acquisitions : organizational and cultural issues*, COS, working paper, Johannisson B. (1988), *New venture creation- a network approach*, Babson College, *Frontiers of entrepreneurship research*, 1989.
- [23] LABOURDETTE A. Stratégie d'entreprise: une analyse micro-économique, Domat Economie, Editions Montchrestien, 1989.
- [24] LAVOIE D. Créativité, innovation, invention, entrepreneurship, intrapreneurship, où est la différence ? , *Revue internationale de gestion*, volume 13, 1988.
- [25] LE VIGOUREUX F (1997) - « Entreprises moyennes : structures de propriété et comportement stratégique », *Revue Française de Gestion*, novembre-décembre
- [26] MARCK R. , SCHLEIFER A. and VISHNY W. Characteristics of targets of hostile and friendly takeovers, in *Corporate takeovers: causes and consequences*, NBER, the University of Chicago Press, Edited by J. Auerbach, 1988.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- [27] PAPIN R. , Stratégie pour la création d'entreprise : creation, reprise, développement, Dunod, 1996.
- [28] PATUREL R. Croissance interne et croissance externe des entreprises, Thèse de doctorat, Université Paris1 Panthéon Sorbonne, 1978.
- [29] PATUREL R. Stratégie de croissance externe », Encyclopédie du Management, édition Vuibert, tome 1, 1991-1992.
- [30] PATUREL R. 13 ans de restructurations par croissance externe (1980-1992) , in actes d'une journée de l'ADEFI, collectif sur la problématique de la croissance externe, cahier du CERAG, 1993.
- [31] PELOT. P . De la difficulté de l'entrepreneur à quitter son entreprise » Edition management et société, 2000.
- [32] PEREZ R. Dimension internationale et stratégies de croissance externe », La croissance de la grande firme multinationale : the growth of the large multinational corporation, Paris, Edition du CNRS, 1973.
- [33] REIX R. Savoir tacite et savoir formalise dans l'entreprise , Revue française de gestion, septembre, octobre, 1995.
- [34] SENICOURT P. Création d'entreprises : l'ère des BCBG », Revue Française de Gestion, septembre, décembre, 1985.
- [35] SHARMA P. and CHRISMAN J.J. Toward a reconciliation of the definitional issues in the field of corporate entrepreneurship”, Entrepreneurship theory and practice, spring, 1999.
- [36] SIEGEL D. Contribution en vue d'une demarche stratégique de la reprise d'entreprise par des particuliers : le cas alsacien et franc-comtois, Thèse de doctorat, Université Pierre Mendès France, 1989.
- [37] TRIGANO G. and Lafougère S. Transmission et reprises d'entreprise, Berger Levrault Entreprise, 1986.
- [38] VARLET J.P. L'entrepreneurialité et la création d'entreprises, Thèse pour le doctorat en sciences de gestion, Université de Lille, 15 février. Note de Recherche Revue de l'Entrepreneuriat-Vol 2, 1996.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

‘The Healthcare System and the Hidden Traps of ITS Logistics

Larisa Mihoreanu¹, Carmen Costea², Alexandru Stefanescu³

¹Bucharest University of Economic Studies

²Spiru Haret University Bucharest

³Bucharest University of Economic Studies

Abstract. Analyzing the development of the society is more complex than one might think at first glance. As well as the market is. There are angles and activities not easy to see and someone must have high capabilities and strength abilities to look beyond the appearances and notice what’s not visible.

One of the grey sectors is related to border areas, meaning “no men’s land”, where there are activities between legality and the “black zone”; this territory is very vivid and actions and profits are higher than everyone can imagine. This side of the economy has its tentacles piercing the legal border of the sound economy and is functioning through movements that affect all sectors and activities, pushing to get huge “black” profits.

Romanian health sector makes no exception. The wish to getting higher and higher profits doesn’t match with performing and satisfactory management, when the corporate liaisons are oriented more on discussions and less on integrative quality and satisfaction people are concerned about; thus, the so called “guys in white coats” are necessarily oriented to another sort of motivation – linked to networked process of getting black money and “laundering” it, through the backing support of the informal more than legal procedures.

The loss is always paid by individuals and community as: fewer funds from taxes, stratified salaries caused by subjective application of norms and procedures, decreased labour quality, inappropriate economic behaviour, losses in the robustness of the future generations. Through such channels, the informal economy is running only to build up a strong logistic that develops parallel activities, utterly designed to respect specific customs based on gestural understanding and communication that encourage the unfairness, the aggressiveness in competition and hot money from short run investments.

This paper intends to catch some of the general aspects of what black and informal economy can carry out, through procedures that use the imperfect legal methodology decision and its implementation into informal possibility to fraud both the public funds and people savings.

¹ Email address: lmihoreanu@spiruharet.ro

² Email address: cecostea@yahoo.com

³ Email address: dr.alexstefanescu@yahoo.com



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The present article lays tangential also the public consequences of the undeclared work of employees of public and private sectors. This paper seeks to emphasise also the need to identifying some specific roles to play in the future by the services business planning, the law application and the policy of autonomy to help the vigorous blooming of medical market.

In conclusion, we imply that the fair action is not an alternative concept of developing, in the fashion neither of human evolution nor of need-based growth. There is a higher need to modelling individual awareness and motivation in the direction of increasing the self-responsibility for building a better environment based on a pro-active personal development, from within and connected to the outer world.

Keywords: Hidden economy; Medical care hidden logistics; Psychological Health

Jel Codes: I 100, I 130, O1, O17, P37, P39

1. Argument

During the last decades, the dynamic of modern society was governed by a double movement: a continuously market expansion doubled by a countermovement blowing up into determined directions. Considered useful for its protection, such a countermovement became incompatible with the self-regulation and the market system itself. Developed in leaps and bounds, engulfing space and time, the system outlined also a dynamic *terra incognita* hitherto. In self-defence, the society faced the change reaction against profit dislocation. The act of black money creation continues interference inside both market and society mechanism. The tipping point is that, no matter what it is used for - goods, money or replacements - their supply and demand contribute to market regulation by all commodities and services. For business purposes or explanations, in similar situations, the self-regulating market threatens everything for similar reasons. In this respect, legislating and social jurisprudence are required to protect producers, providers and beneficiary. As a main paradox, the societal management have been highly needed to shelter the production from devastating effects over self-regulated market. The same happens in the services area or what we can call here the health and care industry.

2. From Economic Evolution to Societal Make-ups

More and more economic proofs are brought up to sustain the idea that market ceased to be the panacea regulating all problems: rational distribution of resources, robust development, and eradication of poverty. The economic crisis always returns, the overseas surpluses gradually made room for the European deficits of payment balance undermining the trust in all currencies. Many third world countries sunk into the vicious circle of poverty and sickness in debt for paying old debts and selling their raw materials or mono-products at very low prices. With this, a new economic order began, where the speculations of productive investments started to count on the virtual side of economies, the flexibility of new technologies, intending to rapidly unblock the productive activities, accepting the future options of sales while searching for high profits. The result meant ending up back in situations, where floating capital, largely disconnected from productive capital globalized national or regional economies into a big mix.

A new problem was to deal: the increasing influence of the public sectors with its negative effects at national and regional level while the private capitals were oriented to underground investment bringing hot money. The general approach of open market implementation required new basis and principles, a last



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

change in mentality, ideas and economic patterns, as a pathfinder towards the entrepreneurial spirit development. The last twenty-six years down the path toward capitalism marked off the life quality by unemployment, poverty, sickness, organized crime rate increment with no end expectations [Fisher, 1993].

The light of regulation has not entirely been off in that current state of disorder. It is still there, on the European side, as strong as in the USA or anywhere else, as the world economic games brought partial good consequences, only for very few parties involved.

Today providential state crisis obviously sustains the necessity of overthrowing the tendencies. When this kind of State was thought to introduce a non-capitalistic set of principles (social protection, public services production as opposed to the production of goods and true values) everlasting economic and social life, it became clear that the logic behind capitalist accumulation would come back to the social protection problems and discussions. It also determined the subordination of public services to the dynamics of net added value and the issue of public services profitability. The attempts to decrease the public drawing of funds have had disappointing results. This kind of expensive social regulation was due to the support of unemployed social segment, during social reconversion stages or overlooking those who benefit from social assistance. With the cost of these regulations serving as an alibi for attacking social protection, pension systems, and all public policies, the vicious circle is quite narrow.

The capitalistic development issues a poorer society with highly polarized population caused by the new changes in education, labour reform, lack of social motivation of work. Looking for the most convenient path for growth, it deepens poverty by decreasing the means of the public power and its capacities. It is still told that, by its virtues, the capitalist economy is able to provide to the Society the necessary coherence, under the prices and decisions game and consumers choice. Targeting investments towards the necessary and the profit of society, the equilibrium could be touched within expected adaptation as a proper functioning exigency of the adopted mechanism in all sectors of activity.

Statistics are here to sustain the bad side of current changes and the market collapse. In the medical sector, Romania takes the before the last position of the European Index of Medical Systems, with only 452 points of 1000; she takes the 35th position slightly before Bosnia and Herzegovina. While referring to the medical treatment results, Romania definitely gets the final position in Europe, close to Serbia. In opposition, the search of the corruption statistics show better placement for countries like ours.



(online) = ISSN 2285 – 3642

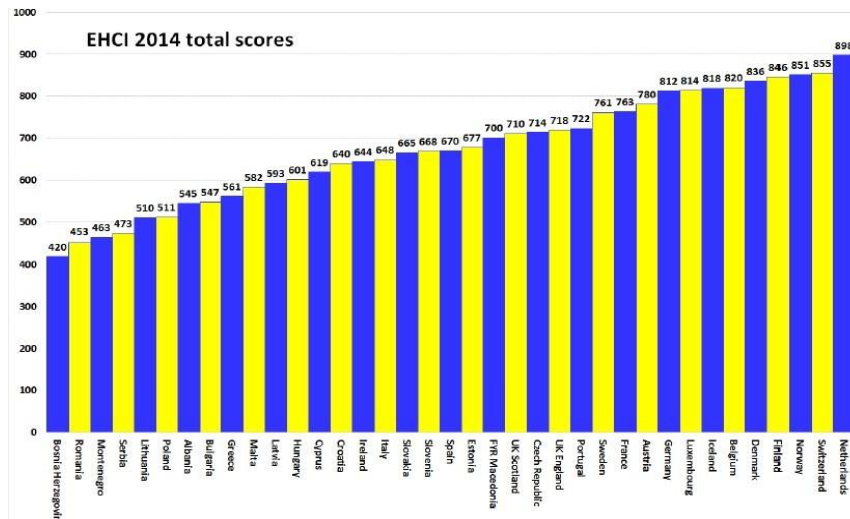
ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro



Charter 1. EHCI Ranking 2014

According to dr. Arne Björnberg [EHCI, 2014], Romania and Serbia are the two single countries in red for all the eight indicators of treatment results: • the rate of cardiovascular deceases, • the decrease of deceases by cerebral vascular accident, • children mortality, • the ratio of surviving in cancer, • preventable Years of Life Lost, • infections with golden staphylococci methicillin resistant, • the abortion rate, and • depression. In fact, the sharpest indicator – the infantile mortality is almost 10 to 1000. The European Commission recommendation is in such cases, the reduction of the medical assistance in hospitals and the switch toward ambulatory care inside small, modern clinics to decrease the weight on the public financial effort inside the medical and health care systems (reduction of the medical price and the improvement of the medical treatment and services. To avoid the medical collapse, Romania needs to re-establish the fundamental criteria and services granted to the population such as: • maternal care, • general medicine via general practitioners’ network, • elimination of corruption and of the medical specialists drain to the Western countries.

The HCP Report analyses 48 indicators grouped in six categories: • consumers’ rights and access to information, • the open access and the waiting delay, • the treatment results, • the medical services provided and their extent, • the prevention services and • the pharmaceuticals, as follows:

Table 1. Position of Romania by European general scoring

	Top EU scores	Romania
Patients’ rights & information	146	83
Accessibility	225	100
Outcomes	240	83
Range and reach of services	150	63
Prevention	107	71
Pharmaceuticals	86	52
Total score	954	452
Position occupied in EU	1 of 36	35/36



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The top position is occupied by Netherlands (898 points), followed by Switzerland (855 points), Finland (846 points) and Denmark (836 points), while the last one belongs to Bosnia-Herzegovina. The situation is similar under the quasi-permanent effects of crisis. Under inseparable conditions of economic and social development, the solution to the inherent societal issues of a burden economy as ours, must be able to provide a unitary vision, in high tune with contemporary realities and country specificity.

Such a vision requires coordination of the current state-of-art of economy with the social level of development and corresponding policies. A holistic and coherent concept, able to offer viable solutions related to: the grim social situation, caused by the complex hidden social problems accumulated over the years; the need for a real support to build a decent standard of living after their reconfiguration according the modern approaches and future general needs. As the local strategies and policies seem avoiding notions as correctness, honesty, and ethics those values became *rara avis* characteristics and determined a high demand for a dynamic integrated policy system, based on the severe acknowledgement of affairs stage today and offering intelligent solutions to the social issues, hence becoming a stimulating factor for economic development.

The social protection measures originate from manifesting a special concern for bridging the gaps of inequalities, ensuring economic and social reconciliation and giving each person a due place inside the society, understanding aspirations under a large social dialogue, promoting trust, faith and individuals esteem, confidence inside the community – until the establishment of a more just fiscal system, reconsidering and enhancing purchasing power, the right to have a home, enhancing trust in progress and, finally, enable all members of society participate as active economic agents to the building of resources that sustain the measures for robust evolution and international recognition.

The credit is the heart of capitalist market; therefore, a special role should be dedicated to providing it as a necessary development and achievement resource, as a whole. Only by creating appropriate conditions for all sort of legal entities to run their business, in parallel with the societal interests, companies and services providers will be able to meet and respect each other's interest for the development and growth sake. Otherwise the so called development will produce illegal results affecting the soft money acceleration and the economic disaster for the hidden economy benefit.

2.1 Relational Misrepresentations Between the Real and Hidden Insights of Medical Market

Sometimes, a big part of the economic life is slipping away from the rule of law ending up in business that can bring money only in the pockets of some people, damaging the societal system as a whole. When the law is ignored, the dirty money brings up to surface laundering mechanisms into informal ways. Similarly, hard money, originating from legal businesses can slip into the underground sector and get dirty by financing illicit actions, with the aim of obtaining larger profits in less time, which would be otherwise impossible to obtain in an economy without the forces of competition and without the support of facilities for consolidation and development.

Often affected by the bad economic times, a good part of population bound its destiny to the parallel economy. Government tries to identify its force using alternative macro indicators' scale: the consumption of energy. But this is not enough: this type of new open economy allows and generates supplementary



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

earnings by breaking the law, avoiding paying fees and taxes, not declaring additional incomes, or using black money in a continuous laundry system. The black market scorings apply for currency, narcotic trafficking, work places, sold products, migration, and the informal way to provide services. A black, informal market exists and proliferates in the field of services as well in parallel with corresponding tax evasion.

Between the formal and informal economic sectors there are strong links and relations amplified by corruption. The spectrum is large: from raw materials withdrawn from public companies – most often financed by the state through non-performing credits and used on the black market, to illegal transfers of currency, withdrawing from foreign markets in exchange for great fees, defying and breaking the laws of bank operations, through complex services provided illegally inside the public/private binome (according to the place, provider, founder). There is also a reversed flow: lots of the money originating in the informal economy resurfaces in legal economic circuits (building hospitals, acquisition and procurement, sponsoring medical care services, trading pharmaceuticals, VAT return).

Healthcare sector is similar to all the other fields of activity. To be recognised as profitable, it needs to bring together excellence in business and patients satisfaction. With the population increasing and the life expectancy longer, some changes are also required in the delivery of treatments administration. Therefore, a strong data warehouse is being used to predict epidemics, cure diseases, in addition to articulated public policies to improve quality of life and avoid preventable deaths. The drive now is to understand as much about a patient as possible, earlier in their life as possible – hopefully picking up warning signs of serious illness at sufficiently early stage and to be able to act upon at the optimal moment by prescribing a treatment which will become far more efficient and less costly than if it had been discovered later with greater consequences for the patient and greater costs as well for the patient himself and society.

The informal system is a reality too, and its presence can be found with concrete results in the GDP – sometimes, with positive influences for the consumption development. However, this is only one side of the coin. The reversal, detrimental, is easily analysed and eventually overcome by initiating actions that would soften its negative effects. Throughout the transition to the market economy, the illegal practices of obtaining and legalizing some larger sums extended on the capital market, which put in danger, not only the market as an institution but also individuals and companies, by its artificial arrangements. The previous damages affect also the entire economic and social development.

Legalizing the incomes produced beyond the real economy, in conditions of an eluding viable legislation process – an activity known as *money laundering* – has become very hot subjects today, for many reasons: • the *money laundering* operations includes corrupted key specialists into the criminal organizations; • the weak response to investigating such operations within the systems, leading to business insolvency and bankruptcy; • the current legal framework is not able to prevent and provide solution to such phenomena (the use of healthcare cards' system is a good example); • the frauds rates grow in parallel with those from the insurance sector being networked to links generating the funds 'recycling.

Another problem consists of quantifying the illegal incomes and relevant literature illustrates many ways in which traffickers facilitate the illegally funds flows towards the formal economy [Costea, 2000].



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Sustainable development should aim for a long-term calendar, of which economic and social coordinates meld into integrated efficiency and performance. A successful scenario would ignore the incomplete economic statistical data, such as GDP, which expresses the true economic and social strength of each country. Beyond the evolution of the GDP and the demographic dimension of a country, an important concept should be *the given societal satisfaction*.

The global problems of mankind are already evidently identifiable from the climate and natural resources, to the appalling inequity between privileged societies and undeveloped masses suffering in hunger, poverty and disease.

The time has come to advance toward a civilization characterised by: • culturing the awareness and self-engagement into successful action of satisfaction, • eliminating the bureaucratic erosion, and • introducing the trust, reliability and consensus about solving any economic or social problem.

The concept of value should come back to the fundamental meanings of it and measure rightfully attributed etiquette of moral, aesthetics and truth.

The growing dynamism of the labour market and, implicitly, the rise of unemployment, together with the impoverishment of large categories of the population generate the danger that the system of state social insurance might lead to great deficits in the public budget. Therefore, at a governmental level, on the one hand it is imposed to avoid over-soliciting the public budget by unjustifiable spending, quasi-automatic spending, and on the other hand, it is imposed that real possibilities be created to reorganize the institutions in the field of social security, with a greater autonomy and the power to consolidate their own financial capacities, by building a system of social protection of services very tightly correlated with the level of contributions.

In parallel, the state system of social security must help the poorest of the poor by teaching them to survive. Simultaneously, social clusters of aid built as tampons between public and private entities, can mobilize the practical and conceptual know-how so necessary for restructuring.

2.2 Towards a Sound Development Via a Motivated Spiritual Acknowledgment

In order to achieve it, the general perspective on market behaviour must take a step forward. Therefore we bring into consideration the Capitalized and Returned Added Value (CRAV). We reconsider our initial proper indicator [Costea,2007] modified with José Luis Iribarren [2010] Customers' Network Value Concept into a new way to capitalize and return added value[Costea,2006] to different sort of individuals, groups and society. With few words you may find below, replicated, the CRAV model, such as:

Individual Capitalized Value (ICV) attempts to capture the value provided to the society/company by individual skills and word-of-mouth activities. Such value is generated at individual and business level in the form of diminished promotion expenses due to the fact that individuals do their own promotion by deep motivation. With this approach, the purposeless driven individuals do have a value for other peoples' goals and may be worth being marketed to. The challenge, however, is how to determine the states of their Societal Network compute them into the models. Let's take a quick look at some approaches for detecting and measuring Individual Network Value. CRAV model requires behaviour attributes relevant for prediction



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

of customer's value and of individuals' value as well, in order to predict short-term individual behaviour: regency – period of time since last education skill or purpose taken; frequency – number of targets assumed; value contribution obtained, other policies.

$$P = [p_{ij}] = \begin{bmatrix} p_1 & 1-p_1 & 0 & \dots & 0 \\ p_2 & 0 & 1-p_2 & \dots & 0 \\ \dots & \dots & \dots & \dots & \dots \\ p_{n-1} & 0 & \dots & \dots & 1-p_{n-1} \\ 0 & 0 & 0 & 0 & 1 \end{bmatrix} \Rightarrow [P^t]_{ij} = P(R=j | R_0=i)$$

$$R = \begin{bmatrix} NC-M \\ -M \\ -M \\ \dots \\ 0 \end{bmatrix} \Rightarrow V^T = \sum_{t=0}^T [(1+d)^{-1} P]^t R \Rightarrow \lim V^T = [I - (1+d)^{-1} P]^{-1} R$$

Where:

P = Transition probabilities matrix

R = Recent flows vector

V = individual value vector

D = Financial discount rate/contribution rate

T = Total time steps

CRAV in the presence of WOM introduces the Contributors' Network Value concept where

- Individual Value = Intrinsic Value + Network Value
- Intrinsic Value (CLV) based on probability of goals attained
- Network Value (NV) based on influence of others' probabilities of objectives attained
- Ignoring Network Value can determine incorrect decisions, especially in a society/service delivery with strong network effects.

Add to an individual's value the expected profit from any potential benefit towards other individuals ones may influence to act for, the individuals those may influence, and so on recursively. An individual's network value depends not only on herself, but on her relationships and the configuration and state of the entire Social Network. We introduce WOM, CRAV Client Network Value concept where:



$\mathbf{X} \equiv \{X_1, X_2, \dots, X_n\}$)
$\mathbf{N}_i \equiv \{X_{i,1}, X_{i,2}, \dots, X_{i,n_i}\}$	Neighbors: Patients/Providers
$\mathbf{X}^k (\mathbf{X}^u)$	Set of patients with unknown status
$\mathbf{N}_i^u = \mathbf{N}_i \cap \mathbf{X}^u$	Set of providers with unknown status
$\mathbf{Y} \equiv \{Y_1, Y_2, \dots, Y_m\}$	Treatment attributes
$\mathbf{M} \equiv \{M_1, M_2, \dots, M_n\}$	Individual Mentoring /Healing activities

Calculating the Network Value: Modelling the Social Network as a Markov Random Field

$$P(X_i | \mathbf{X}^k, \mathbf{Y}, \mathbf{M}) = \sum_{\mathcal{C}(\mathbf{N}_i^u)} P(X_i | \mathbf{N}_i, \mathbf{Y}, \mathbf{M}) \prod_{X_j \in \mathbf{N}_i^u} P(X_j | \mathbf{X}^k, \mathbf{Y}, \mathbf{M})$$

Under certain assumptions:

$$P(X_i | \mathbf{N}_i, \mathbf{Y}, \mathbf{M}) = \frac{P(X_i | \mathbf{N}_i) P(\mathbf{M}_i | X_i)}{P(\mathbf{Y}, \mathbf{M}_i | \mathbf{N}_i)} \prod_{k=1}^m P(Y_k | X_i)$$

Network Value: Estimated Lift of Profit function of conditional probabilities of customer states

$$ELP(\mathbf{X}^k, \mathbf{Y}, \mathbf{M}) = \sum_{i=1}^n r_i P(X_i = 1 | \mathbf{X}^k, \mathbf{Y}, \mathbf{M}) \quad \text{Where:}$$

$$-r_0 \sum_{i=1}^n P(X_i = 1 | \mathbf{X}^k, \mathbf{Y}, \mathbf{M}_0) - |\mathbf{M}| c \quad |\mathbf{M}| = \text{Number of 1's}$$

Must calculate the probabilities $P(X_i)$ $P(M_i | X_i)$ $P(Y_k | X_i)$ $P(X_i | \mathbf{N}_i)$

$P(X_i | \mathbf{N}_i)$ represents mechanism whereby people or providers influence each other.

In order to determine the most appropriate substrate model network for simulating real life processes, it is possible to look situations simultaneously presenting all main characteristics of Social Networks. They are composed of many isolated clusters with small longest paths and whose cluster size and node degree distributions follow power laws. However the clusters form factor presents significant differences with the experimental findings and this, and other, aspects need to be investigated further.

This concept is followed by a set of principles to take into account when a transit is required to another stage of activity to a higher one, based on motivated awareness and responsibility acknowledged and assumed:

1. *Drive ethically.* A life and activity that are driven by pleasure can eliminate social stress and create images – the favourite subject of mass media.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

2. *Act with dynamism and social strength* does not mean an allusion to aggression, but, more likely, an alternative, a way, an incentive to make an individual or an entity act or behave as the decider wants, after persuasion, incentive and following general norms. Force has become a myth, which fusions with the notion of aggressiveness or strength most of the time.

3. *Be aware and engage in your management decision.* This facilitates access to a good way of functioning, assures the best governing solution by reducing the obsessive struggle for power.

4. *Wear the value of yourself and your decisions.* The greatest damage brought to society because of wrong politics declining professionalism. The initiation for the inner growth of the drive for professionalism, correctness and excellence generate a responsible awareness.

5. Feel happy in a secure relationship with yourself and the community. In a political society, belonging to a party is what decides the occupation of key places in the economy, administration and leadership of public services. *Politicianism* is a trend encouraging low skills, corruption and bureaucracy. Any society vitally interested to promote interests of well-being, economic vigour and scientific innovation should avoid the wrong politicians. Such interests are long term education based as they should learn to manage covering the debate, solutions and the promotion of society's real interests.

6. *Develop the inner side of yourself.* Individual and the Society are embracing concepts that can exist only together. The mankind fulfilment gets with the other species development, but it reaches its zenith inside the community offering its recognition and distinction.

7. *Behave bravely polite and worthy of self-esteem or other people respect* as the qualities are never overrated *if* are brought forth in the moment for enlightening, fulfilment, and creative completeness.

8. *Staying always connected to individuals needs* gives the limitless rights that people can enjoy in complete patterned freedom. Rights and duties are two sides of the same coin. Well, although they are yet another couple of inseparable opposites, the first have been kept, while the latter have been neglected or even forgotten. The lack of responsibility stands at the heart of nearly all deprofessionalized states that are politicized excessively and overwhelmed by new waves of rights, no matter how strange their theme may be.

9. *Keep your mind creative.* It is a theme excessively exploited by contemporary philosophy, which means that it is more important that we take care of what keeps people apart, than what unites them. There is no doubt that differences are an essential propriety of the thoughts and actions of people. In the international system there are two fundamental processes that guide the behaviour of societies and the events this behaviour implies: a process of dissociation and one of integration.

The latter is illustrated by the formation of groups connected by common interests: regionalization, brilliantly manifested in the experience of European integration, the lifting of economic barriers – transportation, industry and human interaction that creates super networks (the free circulation of goods, people, capital and work force, in Europe's case) are also part of the globalization process, the second largest tendency at the beginning of the century.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The partisans of The Difference are rising up in the context of globalization against standardization, because they feel themselves threatened by the conformity which globalization provides. But globalization looks upon civilization, not specific cultures. Europe does not integrate it either. A good civilization respects the diversity of cultures and mature cultures are favourable to the growth of civilization degree. The integrative processes, far from suppressing cultural differences, allow them to be widely known and respected; they place them on the world map; they treasure them as an important source of energy and innovation.

Erroneously, globalization is abusively reduced to its far reaching functions, in many instances by international finances, commerce and business or in illicit commerce or even terrorism. However, the essential vocation of globalization is forgotten: that of forming a single human family, aware of the common inhabitation of a single planet, that can be saved by global projects.

We are at a crossroads: the international system is about to turn into a global system with actors that opened the list of humanity's global problems: food, water, health, education, environment, habitat and others. Science has been global for a long time. It is not by accident that it constitutes a solid pillar of globalization, because of its vocation to come up with statements that are of universal value. So borderless is the technology. It is about prospects or the study of the future. The capacity to be still engaged itself for good purposes and to dare for more. This is why it is necessary that the world be reconsidered, through the mind and heart of all: political actors, scientists, creators, economists and finance specialists, all mainly civil society exponents as this is the only way that our contribution to society represents us.

3. References

- [1] Arne Björnberg *European Medical Report EHCI 2014 for Health Consumer Powerhouse (HCP)* available at www.euro-health.ro
- [2] Costea, C.,(2007), Application of Tuncay's language Teacher model to business –customer relations *International Journal of Modern Physics C (IJMPC) Computational Physics and Physical Computation World Scientific Publishing Company Imperial College Press Vol.19 no.2*
- [3] Costea, C., (2006) Comments on the use of Comments network structures to analyse commercial companies' evolution and their impact on economic behaviour in: *Physica A: Statistical Mechanics and its Applications* Vol. 370, pp. 140-144. and its Applications Vol. 370, pp. 140-144.
- [4] Etzion, A.O., Fisher, A. Wasserkrug, S. Kim, Y., Street, W.N., Russel, G.J., Menczer, F. (2004) *e-Commerce and e-Service* IEEE International Conference on e-Technology, 03-28-31, Taipei, Taiwan
- [5] Fisher G., (1993), *Standing Guy: Structural Change in Central and Eastern Europe: Labor Market and Social Policy Implications*, OECD, Paris
- [6] Iribarren J.L., (2010) Can Physics take the Risk out of Marketing? An exploration of Complex Systems Methods Role in today's Marketing Practice *e-Relationship Marketing Mgr.* IBM Europe



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- [7] Zahariev, Elenko. Alternative Forms for Promotion and Dissemination of Good Management Practices. *Journal of Economic Development, Environment and People*, [S.l.], v. 4, n. 3, p. 17-25, sep. 2015. ISSN 2285-3642. Available at: <<http://ojs.spiruharet.ro/index.php/jedep/article/view/115>>. Date accessed: 08 apr. 2016.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Resources for Apitourism in Bulgaria

Zlatka Grigorova¹, Stefka Timareva², Ivanka Shopova³

^{1,2,3}University of Agribusiness and Rural Development – Plovdiv, Bulgaria

Abstract. The report includes an analysis of the current situation, trends and prospects of the resource base for the development of apitourism as an unconventional attractive and specialized type of supporting farmers through agricultural practices. The report presents the resource base (traditions, state, production and marketing of honey). For the aim of the analysis has been used data from the National Statistics Institute, Ministry of Agriculture, Food beekeepers' associations, processors and traders of honey and bee products, the Ministry of Tourism and tourism industry organizations. The main purpose of the study is to assist companies and individuals in the field of agribusiness and apitourism for the realization of bee products and services.

Keywords: apitourism – honey tourism, honey and bee products, resource base and attractions.

Jel Codes: L83, O13

1. Introduction

The tourism industry is a major one for Bulgaria within the EU. It is a source of employment and an important tool for the fight against unemployment at regional and local level. Thorough research of the impact of the tourism industry shows a number of economic, cultural and environmental impacts (investment mistakes, hidden costs associated with mass tourism, wrong tourist policies and strategies). Excessive concentration in touristic areas can destroy local communities and local cultures, ecosystems and landscapes. Sustainable tourism practices developed as an alternative to traditional mass tourism are now trying to prevent degradation of the environment caused by mass tourism and provide greater competitiveness of Bulgaria as a tourist destination and also for sustainable development of the tourism industry⁴.

¹ Email address: zlatkagrigorova@gmail.com

² Email address: stefkatim@abv.bg

³ Email address: ishopova@uard.bg

⁴ Ministry of Tourism of the Republic of Bulgaria: <http://www.tourism.government.bg/>.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

Specialized types of tourism (cultural, health, spa and wellness, eco, rural, api, wine etc.) have the ability to promote new tourist services specific and typical for rural areas. They offer products from local producers and create new jobs, as well as diversifying the range of services in tourism and support the functioning of modern holiday resorts.

Sustainable tourism, which essentially seeks to preserve and develop natural and cultural resources is the new face of alternative tourism. The main purpose of sustainable tourism development is to create harmony between the social and cultural environment, and maintaining a balance between ecology and economy in the long run. Alternative tourism or specialized tourism⁵ is a collection of sustainable tourism forms and practices, which are aimed both at satisfying the individual interests and needs of tourists and the conservation of nature and culture⁶. The emphasis here is so far on a preserved environment, an authentic atmosphere and preserved traditions. This unusual and original alternative type of tourism is honey tourism or apitourism - the name of honey (home) bee - *Apis mellifera*, a Latin: *apis* - bee; *meli* - honey; *ferre* - wear whip.

Apitourism is becoming more popular internationally and internally. It is a niche that if used properly, can be a powerful catalyst for beekeeping in the country. The aim of the report is to examine the resource base for development of apitourism in the country and best practices between farmers, organic farming, local food banks and rural and ecological tourism. This will highlight the perspectives and trends in apitourism as a secure market for the excellent realization of the production of beekeeping and an additional source of income. The study aims to assist companies and individuals in the field of agribusiness and apitourism for the realization of honey and bee products, as well as to enrich the specialized types of tourism and tourist services at local and regional level.

2. Methods

The study has been performed based on combined methodology, including collection, processing and analysis of information on the development of beekeeping and apitourism in Bulgaria. Specific methods include research, collection and systematization of literature and Internet sources to the resource data base of bee products.

The interviewing method, interviews, analysis and synthesis of database parameters of available resources are attached. The purpose of the survey was to determine the number of apiaries of bee colonies and honey production in the country and its supply and demand. Classifications used in the survey are similar to those defined in Regulation 797/2004 / EC and Regulation 917/2004 / EC and supplemented with NSI data.

⁵ Tourism Law of the Republic of Bulgaria /Zakon za turizma/:
<http://www.tourism.government.bg/bg/kategorii/zakoni/zakon-za-turizma/>.

⁶ Levkov, K., Alternative forms of tourism. Artgraf, S., 2013.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The study has been conducted in the summer of 2014. For purposes of the analysis has been used data from the European Commission, NSI, Ministry of Agriculture, Food beekeepers' associations, processors and traders of honey and products, the Ministry of Tourism and tourism industry organizations.

3. Results and Discussion

Bees are among the most perfect creations of nature. In a royal family there is a lean organization of life and work, order and cleanliness. An interesting fact is that bees recognize only three colors: blue, white and yellow (for this reason hives are painted in those colors). They are cultivated by man since ancient times. People are harvesting honey from 10,000 years. In China and India beekeeping was well developed 4,000 years ago. Indians have used honey in medicine as an antidote for plant, animal and mineral poisoning and believed that this is one of the five elixirs of immortality. In China 2,000 years B.C. people recommended the use of honey as a universal remedy. Honey, beeswax and propolis are used for conservation and embalming - the body of Alexander the Great was transferred from Asia at sarcophagus filled with honey, and the pyramids near Giza found preserved children's body, placed in a bowl of honey. Pliny the Elder (77 a.d.) devotes considerable space in his book "Natural History" of bees, honey and its applications.

Undeniable fact is that all countries with a highly developed and intensive agriculture today are experiencing acute shortage of pollinators of agricultural crops. The dependence on honeybees for pollination of the agricultural production is very strong. Bees pollinate 80% of flowering plants on earth, and with their help produce a third of the food, the value of which exceeds the cost of all bee products 15-20 times. Evaluation of the International Association for the Study of bees (IVRA), shows that this is 10% of the production value of the agricultural sector. The global contribution of bees to agricultural production in the preceding decade is estimated at 153 billion USD. The US share is about 15-18 billion USD, while in Europe - 14.5 billion⁷ EUR and world production of honey is about 1.4 million tons per year, as the global market traded nearly 400,000 tons. The producers of honey in Bulgaria varies between 8,000 and 10,000 tons, which enables us to assess the market potential of pollination of about 1 billion EUR.

According to the FAO in 2011 the world production of honey amounted to 1.636 million tons⁸. Over the last decade, production has increased slowly but regularly, with two exceptions - in 2007 and 2009. China is the largest producer of honey with production of 446,000 tons, representing 27.3% of total world production. Second ranks the EU with 217,000 tons (13.3%). Other major honey producers are Turkey, whose production is constantly increasing, Ukraine and the United States. The share of South and Central America decreased due to a significant decline in production in Argentina since 2005 (Fig. 1)

⁷ Current positive effects on pollination - <http://m.greenpeace.org/>.

⁸ REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT on the implementation of Articles 105 et seq. of Council Regulation (EC) No 1234/2007 on measures improving the general conditions for the production and marketing of apiculture products SEC(2010)655:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0267:FIN:EN:PDF>.

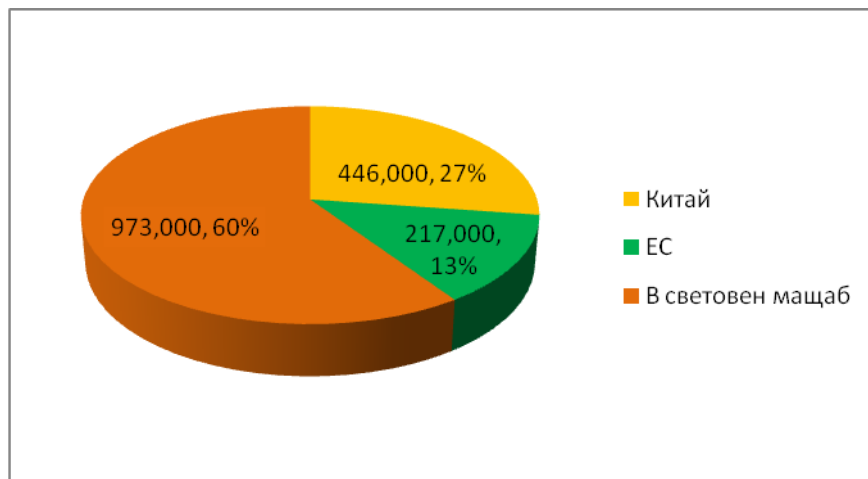


Fig. 1. Production of honey in the world

According to Eurostat, the production of honey in the EU was around 217,366 tons in 2011. Production in the EU slightly increased in the last five years (+ 6% since 2010) with negative and positive yearly fluctuations depending on weather conditions.

The EU is a net importer of honey, as honey production in the EU covers only 61.6 percent of its consumption. The level of consumption is stable over the years; its average value is about 0,70 kg for each person⁹.

Most major countries producing honey in the European Union in 2011 are as showed below (Fig. 2.)

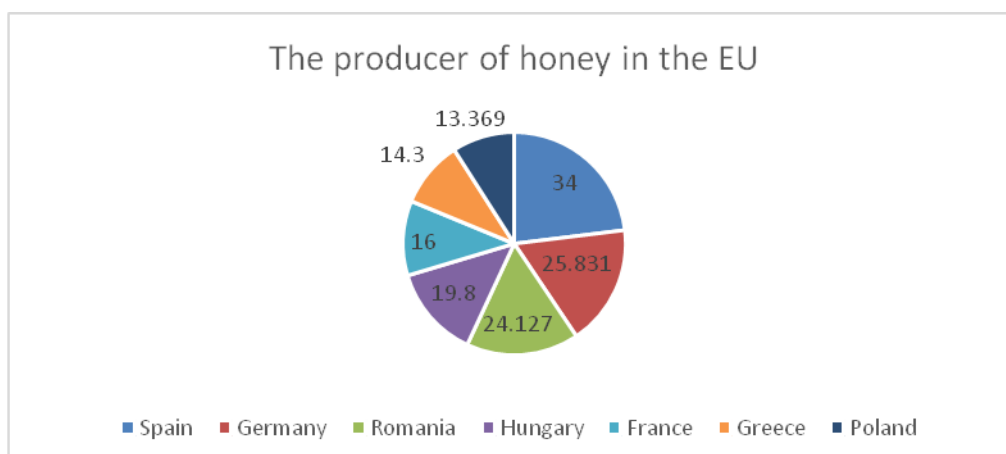


Fig.2 The producer of honey in the EU

In accordance with Regulation (EC) № 917/2004 Member States shall provide information for the structure of the apiculture sector in the context of development programs. Under these programs, the total

⁹ The platform for EU Interparliamentary Exchange: <http://www.ipex.eu/IPEXL-WEB/>.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

number of beekeepers in the Union, in 2010, was 506,038, of which only 5.2% are considered to be professional beekeepers (over 150 hives). In 2010, the total number of hives in the EU was approximately 14 million, with about six million of them belong to professional beekeepers, i.e. 40% of the hives¹⁰. Professionalization is generally low in the EU, but can vary significantly across Member States (in Germany, for example over 99% of beekeepers are unprofessional, while in Spain 23% of beekeepers are professional).

Countries with the largest number of hives are not always the highest producers of honey - this is due to differences in environment (type climate, grazing bees, quantity of nectar density swarms, etc.) And the lack of a harmonized method in EU for monitoring the number of hives, leading to dramatic differences in the yield of the hive between Member States (between 9 and 51 kg. in the EU).

3.1 Conditions and Resources for the Development of Apitourism in Bulgaria

The development of beekeeping in Bulgarian lands dates back to ancient times - Thracians, Slavs and Bulgars mastered to perfection the art of honeybee's nurturing. With the formation of the Bulgarian state for centuries our country was famous with large honey production and high-quality wax. After the liberation in 1878, beekeeping in the country began to modernize. Primitive, woven from twigs hives called "travni" gradually replaced by modern "parsing hives", but the traditions in beekeeping and honey production and bee products are preserved.

Honeybee has been formed under the influence of specific conditions and is spread throughout the country since time immemorial. Beekeepers grown mainly local Bulgarian honeybee *Apis mellifera macedonica* (*Apis mellifera rodopica*) type "Carnica"¹¹ in a broad sense. It is part of the biodiversity of the Republic of Bulgaria and the importation of foreign bee's species is prohibited. The characteristic dark color of chitin cover is typical for worker bees - on the dorsal side of the abdomen without large yellow spots and stripes. In a country of Bulgarian families, honeybees thrive and show no greater tendency to swarming – bees, swarm builds nurseries only when the nest completely absents empty cells. Bulgarian bee tends to "quiet" shifts of queen bees. With good care and the availability of grazing she was able to develop strong families and is highly productive, and in the absence of grazing - economically consumes its food stocks. Local bee is well adapted and resistant to diseases. It can withstand both high and low temperatures and overwinters well, which makes it desirable breed in organic beekeeping. National Breeding Association Beekeeping¹² guarded gene pool (search, reproduction and dispersal) of Bulgarian honey bee - restores and maintains its pure populations, improves biological and productive qualities of bee colonies.

Although the traditions and natural resources in the XXI century the beekeeping in Bulgaria remains mostly a hobby. Few are those who have made beekeeping a profession because still it is not an attractive

¹⁰ There is no legal obligation at EU level for registration of hives and collecting data on the total number of hives is not harmonized between Member States, so the information is not accurate.

¹¹ Stavrov, S. Porodi, rasi, pcheli: <http://pchelari.com/forum/archive/index.php?t-140.html/>.

¹² National Beekeeping and Breeding Association: <http://www.nrap-bg.org/main.php/>.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

sector, although the programs of the Fund "Agriculture", aiming to increase bee colonies. The natural resources of the country and especially honey vegetation make it possible to yield clean, high-quality honey, royal jelly, pollen, propolis, beeswax, bee venom and other bee products.

Bulgarian honey is exported successfully to EU countries and especially in Germany, which is one of the largest consumers of honey in the EU. The development of this subsector of livestock is favored by appropriate natural and climatic conditions. Our country is on one of the first places in Europe by diversity of vegetation. Much of the topography of the country allows for breeding colonies, but it is relatively low compared to other EU countries. Today, beekeeping represents alternative employment for the population of the less developed rural areas, providing additional income¹³.

Along with the above mentioned options should be noted that beekeeping can and should be used as a resource for development of apitourism. For this purpose, were studied apiaries as potential bases for apitourism, bee colonies and honey production for the past seven years - Table 1

Table 1. Main indicators of beekeeping in Bulgaria¹⁴

Indicators	2009	2010	2011	2012	2013	2014	2015
Number of bee farms	29 097	27477	21882	19283	17185	16143	17969
Number of bee families	617 420	613262	547676	529117	541564	577304	747434
Average production	16.2	19	20	20	21.1	18.1	19.2
Production of honey	9441	10595	9592	9186	10065	9268	11388

We observed that in recent years the number of farms breeding bee families is very dynamic, shown at Figure. 3.

¹³ National Apiculture Programme 2014-2016: <http://www.dfz.bg/bg/selskostopanski-pazarni-mehanizmi/meso-i-pchelarstvo/-2014---2016/>.

¹⁴ Ministry of agriculture and food of the Republic of Bulgaria: <http://www.mzh.government.bg/>.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

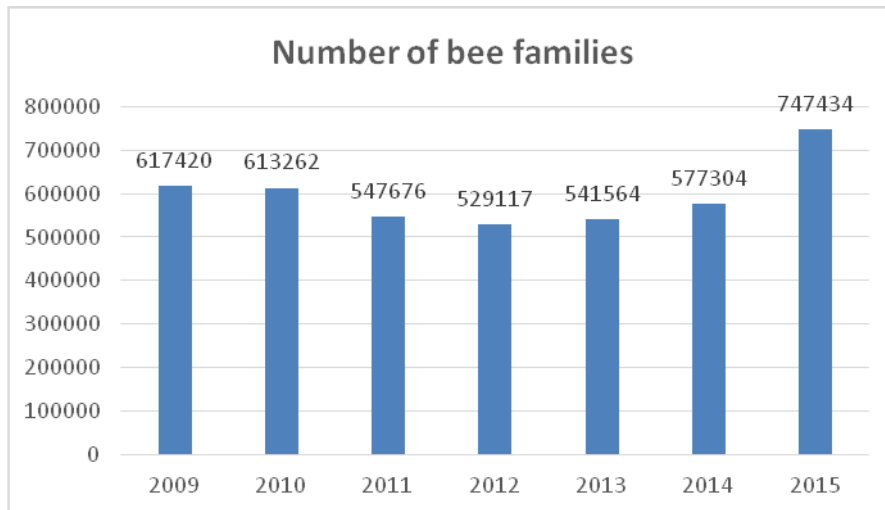


Figure 3. Number of bee families

The number of apiaries decreased almost twice in the period 2004 - 2009 and triple by 2014, but for the same period, there is resistance in the number of bee colonies, which is an indicator of the consolidation of the apiaries.

A characteristic feature of the sector is the large number of small producers (about 18,000), while the number of professional beekeepers, growers and more than 150 colonies (in Eurostandards) is very small. Beekeeping in Bulgaria still has extensive and fragmented nature. For most of the farms breeding colonies, beekeeping is still not a major source of income, but rather a complementary activity.

According to "Agrostatistics and Strategies" - MAF in the last seven years existing colonies in the country are between 550 and 750,000 pieces - Figure 4.

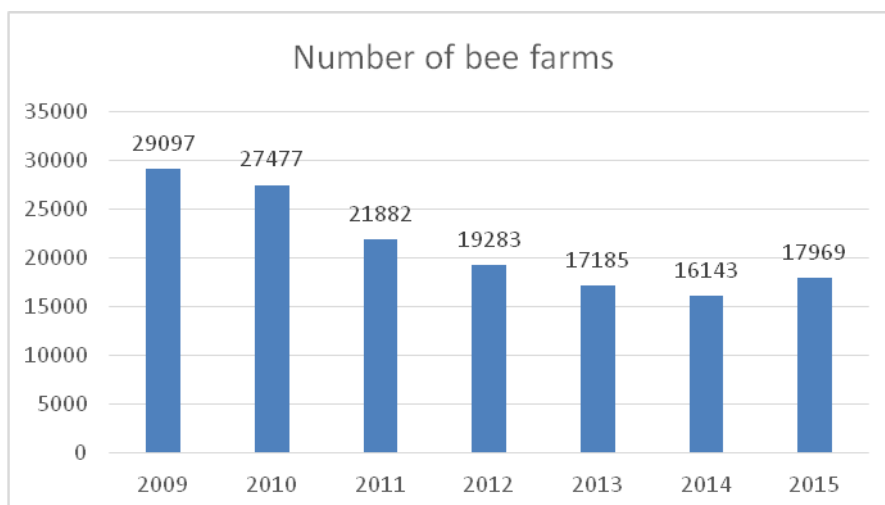


Figure 4. Number of bee farms



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

The amount of honey varies from 9 to 11 tons per year. During the period, the average yield per colony amounts to 19 kg. - Fig. 5.

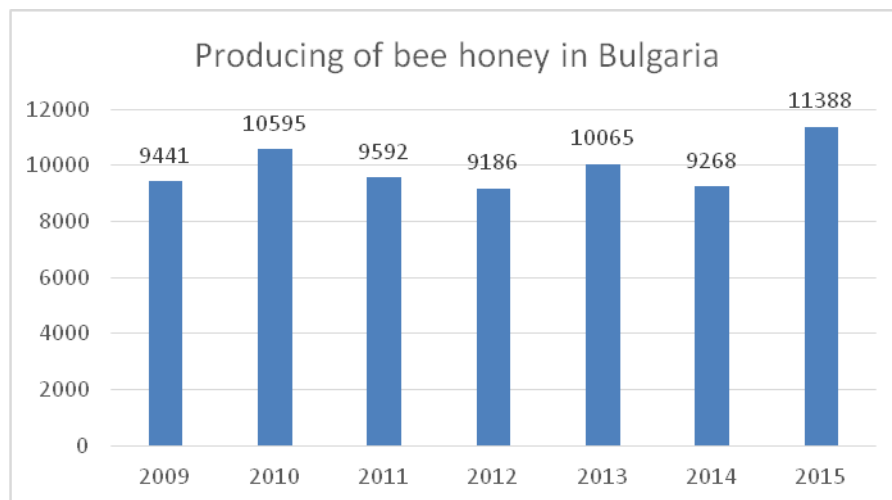


Figure 5. Producing of bee honey in Bulgaria

Honey is one of the agricultural products with a strong export orientation. In tough competition, Bulgaria has conquered foreign markets, especially in EU countries. According to the National Institute of Statistics, exports of honey has increased significantly compared to the previous period - about 80%. Traditional partners of our country for this product are EU countries. In previous years, the main export markets were Germany, Greece, and smaller amounts directed to Italy, Belgium, Austria and others.

In Bulgaria, domestic production can support the market year-round, so there is no need to import large quantities of honey. According to NSI data, imports of honey amounted to about 200 tons. As a whole, the sector needs introduction of new technologies, better control of the health status of colonies and measures to promote the realization of bee products, and these can be found in the field of tourism industry through apitourism and rural tourism and promoting production and sale of eco and bio products.

There is a need to better organize marketing of apiculture products. Commodity exchanges, auctions and markets, producers have not established themselves as traditional in the implementation of conventional or organic honey. In Bulgaria widely used are the unorganized markets in the form of individual negotiations between producers and wholesalers of honey - conventional and organic. In these cases, honey is traded as raw material and the price is formed mainly by organizational markets - large wholesalers. In consumer retail markets, the bulk of our market is dominated by retail chains that seek to mass sales and lower prices, and this affects the quality of the product due to the use of additives increasing quantity.

EU through its Common Agricultural Policy (CAP) encourages short supply chains of agricultural products, development of broadband internet and IT technologies in rural areas in the new reference



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

period 2014-2020¹⁵. New opportunities for quality bee products through direct contact with customers rapidly growing social media sites of travel agencies, online bookings close to apiaries hotels and guest houses, as well as direct meeting with the tourists in realized apitours. It is in apitourism that producers of bee products have the ability to directly sell their products, and tourists have the right of informed choice about bee products specific to certain regions in the implementation of strict control and quality assurance¹⁶. From 2010 it has been given the right to farmers to sell milk, honey, poultry, rabbits and sausages from own production. Before this, Bulgaria was the only EU country in which direct sales from the farm to the consumer were not allowed.

Generally, direct sales can take place in the apiary and/or outside. International experience shows that direct sales from the manufacturer of bee products are well developed and spread in rural and ecological tourism apitours and routes.

Rural and various new specialized types of tourism provide good buying opportunities, tasting and consumption of these products directly from the manufacturer. Direct sales outside the apiary can be made by opening a stand on different markets of end users - municipal, farming, local and others. After more than six years since the direct sales permit, the greatest interest in direct sales is shown by producers of honey and bee products - from 456 farmers signed up for the implementation of direct sales - over 70% of them are producers of honey and other bee products that have the right to offer their products¹⁷.

New opportunities for realization of bee products provides direct marketing, through which besides beekeeper and the user can also take the initiative and offer to purchase using information from the media. For sending messages and receiving feedback can be used both traditional and online channels for direct marketing, mail, fax, telephone, SMS, email and internet. Direct marketing and personal sales enable manufacturers of bee products to establish new, healthy and effective relationships with consumers and attract them to apitours and visits to apiaries. Thus, they can lay the foundation for building a long lasting relationship with tourists, in non-mass markets. In this case, a favorable factor is the Internet, which allows a wide range of affordable procedures, even for small producers of honey products. They can turn their apiary into a tourist attraction, generating additional income from apitourism.

The interest in beekeeping today is growing rapidly because of the aspirations of contemporary society living environment, providing to eat clean foods and consume organic products. Besides honey and wax, our beekeepers began to collect and produce and other products such as royal jelly, pollen and propolis. A prerequisite for this are mainly two factors. On the one hand, the biological value of honey and bee products, due to the bouquet of nutrients:

¹⁵ Lyubenov, L., Hristakov, I. (2014). Markets and implementation of organic bee products. Scientific works of the University of Rousse, 2014, Volume 53, series 5.1., p. 50-55.

¹⁶ Decree № 26 from 14.10. 2010 for specific requirements for direct supply of small quantities of raw materials and foodstuffs of animal origin Prom. SG. no. 84 / 26.10.2010.

¹⁷ Regal: <http://www.regal.bg>, 2014.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- enzymes / diastase, invertase, amylase /;
- amino acids - 18 type / lysine, proline, methionine, tryptophan, arginine, leucine and the like. /;
- vitamins / A, C, E, K, and group B - B1, B2, B3, B5, B6, B7 and B9 /;
- minerals / calcium; sodium; potassium; phosphorus; sulfur; magnesium; iron; chrome; zinc; manganese and the like. /;
- natural antibiotic substances.

This bouquet of beneficial nutrients is to be used not only as food for humans, but is widely used in medicine and tourism through apitherapy in the spa, spa and wellness tourism. Most of these components are taken by bees from the spontaneous flora, especially from medicinal plants. They are used in the preparation of "balm" for wounds; to boost immunity in children and the elderly; in the treatment of lung and gastrointestinal diseases and others.

4. Conclusion

In ancient times the traders traveled the oceans and seas in search of new food products. Wine, honey, wax, oil, salt, furs and spices were a precious gift and exotic goods. In fact, things have not changed much today. The difference is that now tourists travel to find interesting places and to experience the unfamiliar tastes and cultures.

In apitourism tourists have the opportunity to taste the finished honey and purchase of elixir, which comes in a variety of options - clean, with nuts, with tahini, even with pieces of honeycomb homemade honey wine and brandy.

In Bulgaria, there is an excellent resource base for apitourism. This untapped tourism potential has sustainability and ensures good environmental and cumulative effects if developed. Insufficient knowledge, skills and competencies of honey producers and bee products severely restrict the sustainable use of these resources. They discourage innovation and limit the overall potential of the country for sustainable use of nature, development and management.

Adequate, but also advanced, territorial differentiated product policy in apitourism is needed and can be achieved through the elaboration of new strategies for development.

10. References

- [1] Current positive effects on pollination - <http://m.greenpeace.org/>.
- [2] Decree № 26 from 14.10. 2010 for specific requirements for direct supply of small quantities of raw materials and foodstuffs of animal origin Prom. SG. no. 84 / 26.10.2010.
- [3] Levkov, K., Alternative forms of tourism. Artgraf, S., 2013.



(online) = ISSN 2285 – 3642

ISSN-L = 2285 – 3642

Journal of Economic Development, Environment and People

Volume 5, Issue 2, 2016

URL: <http://jedep.spiruharet.ro>

e-mail: office_jedep@spiruharet.ro

- [5] Lyubenov, L., Hristakov, I. (2014). Markets and implementation of organic bee products. Scientific works of the University of Rousse, 2014, Volume 53, series 5.1., p. 50-55.
- [6] Ministry of agriculture and food of the Republic of Bulgaria: <http://www.mzh.government.bg/>.
- [7] Ministry of Tourism of the Republic of Bulgaria: <http://www.tourism.government.bg/>.
- [8] National Apiculture Programme 2014-2016: <http://www.dfz.bg/bg/selskostopanski-pazarni-mehanizmi/meso-i-pchelarstvo/-2014---2016/>.
- [9] National Beekeeping and Breeding Association: <http://www.nrap-bg.org/main.php/>.
- [10] Regal: <http://www.regal.bg>, 2014.
- [11] REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT on the implementation of Articles 105 et seq. of Council Regulation (EC) No 1234/2007, on measures improving the general conditions for the production and marketing of apiculture products SEC(2010)655:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0267:FIN:EN:PDF>.
- [12] Stavrov, S. Porodi, rasi, pcheli: <http://pchelari.com/forum/archive/index.php?t-140.html/>.
- [13] The platform for EU Interparliamentary Exchange: <http://www.ipex.eu/IPEXL-WEB/>.
- [14] Tourism Law of the Republic of Bulgaria /Zakon za turizma/:
<http://www.tourism.government.bg/bg/kategorii/zakoni/zakon-za-turizma/>.



FRM Publishing House

Bd. Timisoara nr.58, sector 6, code 061317
Bucharest, Romania

Online address: <http://jedep.spiruharet.ro>

Editors' email : office_jedep@spiruharet.ro