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Table of Content

1. Manuela Epure - <i>Foreword</i>	4
2. Mariem Kchaich Ep Chedli - <i>The Impact of Social Partnership on the Environment</i>	6
3. Catalin Ghinararu, Luise Mladen – <i>The Dimension of Atypical Employment in Romania</i>	24
4. Radu-Bucea-Manea-Tonis, Rocsana Bucea-Manea-Tonis – <i>Web Platform for Romanian SMEs Networking</i>	38
5. Luminita Ionescu- <i>The Role of Accounting and Internal Control in Reducing Bureaucracy in the Public Sector</i>	46
6. Evgheniy Stoyanov - <i>Opportunities of Modern Understandings on Human Capital</i>	52
7. Liminita Pistol, Radu-Bucea-Manea-Tonis - <i>Logical Querying of Relational Databases</i>	58



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FOREWORD

More and more, the today's economic debates gravitate around the Fourth Industrial Revolution and the global transformation characterized by the digital, physical and biological technologies that interfere and change both the world around us and our perception of the humankind progress.

Important changes are expected regarding size, speed and scope of these transformations that Fourth Industrial Revolution generated. The transformations consist, mainly, of new systems built on the infrastructure of the digital revolution. Also, this will fundamentally change the way in which we produce, consume, move, communicate and interact with one another. Given the new developments of genetic engineering, Nanotechnologies will have a dramatic impact on how we think and behave and on the way we define ourselves¹.

Nevertheless, the fundamental nature of this revolution will affect the labor markets and the future of work, will generate income inequality, so that even social value systems and ethical frameworks will need to be changed.

Also, the environmental changes should be constantly monitored, in order to make us able to take action before something irreversible happened. In the past 20 years, it has become obvious that our major global issues are interconnected and must be approached as a whole. Acting to solve a global problem is a tremendously difficult task and it needs to start from a critical approach to the existing situation. Defining a problem can be more challenging than even finding the solution. But, Buckminster Fuller said: *"you never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete"*.

"These are critical times. We need critical minds", says Menard Gabel, and I am totally agreed with, therefore JEDEP encourages young and critical minds to share their views with our readers and to have the courage to be the first suggesting some new and unconventional approaches to today's global challenges. Linking brilliant minds in a giant network could make the difference for the next centuries. Also, collective work due to the new digital technologies is possible and accessible to a large number of people, and the benefits will emerge in the near future.

¹ adapted from Klaus Schwab, *The Fourth Industrial Revolution*, 2016



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This paper discusses: social partnership and also the need to address environmental issues, as well as the dimensions of the atypical employment in Romania and worldwide, offering to the readers a double perspective at a glance. Networking platforms, as digital solutions to encourage collective thinking and work, become more popular among small and medium-sized businesses, and with a small investment, everyone could access the results of collective work.

JEDEP editorial team is seeking new ways to making the work of young researchers more visible internationally, and is working to devise a new collaborative tool, in order to encourage interdisciplinarity and cooperation between “critical minds” , no matter where they are.

Editor in-chief,

Prof. Manuela Epure, PhD



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The Impact of Social Partnership on the Environment

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Abstract. The multidimensional social problems that everyone attempt to remedy are very complex and no actor can face them on his own. So the different parties have to work together in order to create partnerships.

The State has long been the main actor in the control and regulation of social relations. However, in recent years there has been a rapid decline in their role given the enormous charge and lack of resources. Hence the need for the intervention of other parties.

Some review of literature explores the conceptualization of social partnership in order to meet the needs of the organization or solve organizational problems. More and more large companies and multinationals began voluntary approach of social responsibility items and to move closer to certain social enterprises by concluding partnership agreements.

The purpose of this study was to analyze the social transformation that follows the creation of a relation of a social partnership between a social enterprise and a company that has involved a strategy of social responsibility. Then, we will present the environment to finally study the impact of social partnership on the environment; on economic, cultural and political dimensions.

Keywords: Social partnership, social transformation, social enterprise, environment, impact.

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1. Introduction

"The economic crisis, whose we have been talking about for in recent years, represent more than a crisis in public finances, more than a crisis in the management of the public service, more than an economic crisis. It's about a societal crisis which brings into question the very foundations which the organization had been based on, for several decades" (Favreau and Lévesque, 1997).

Multi-dimensional social problems, where no party can solve them alone, lead to the need for collaboration between enterprises and social enterprises (Sakarya and al., 2012). According to Sagawa and Segal (2000), both social enterprises and enterprises that have a profit goal, are tackling the most resilient social challenges (Wilson and al, 2010).

Social partnership is a relatively new concept that has been adopted by public management practices in developing countries (Charles-Soverall and Khan, 2004). It improves the potential to have a positive effect



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on the process of solving social problems, develops long-term projects and allows the change of perspectives. It also engenders social transformations that have political, economic and cultural impacts on society.

In a first section, we discuss the social transformation of a partnership relation between a social enterprise and a company that has involved social and environmental responsibility.

In the second section, we analyze the environment, as well as the issues and the theoretical models capable of developing it.

In the last section, we treat the impact of social partnership on the political, economic dimensions and on environmental policies.

2. The social enterprise based on partnership

Company that has involved environmental social responsibility: a process of social transformation.

2.1. Social Transformation:

Social change has occurred in response to the social transformations that marked the nineteenth century. This concept was introduced in sociological terminology, in its modern sense, by William F. Ogburn in 1922.

The solution to social problems such as supporting sustainable spending on health, education, economics, political and cultural problems, linked to long-term poverty, often require fundamental transformations in the political, economic and social systems that underpin the current stable states. The success achieved by the creation of Ashoka (1980), of Grameen Bank (1983) is not measured in terms of profit but in terms of social transformation, since these companies have as main objective to eliminate the miseries of the world by profoundly changing the environment.

Social enterprises re-invest most of their profits either in the company itself or in the community. They quickly became a widespread social action aimed at creating perceived positive change in areas such as health, education, environment and regional development (Steyaert and Hjorth, 2006).

The most famous social entrepreneurs, such as Muhammad Yunus, who was awarded the 2006 Nobel Peace Prize for his creation of the Grameen Bank in Bangladesh, Victoria Hale who founded One World Health and Jim Fruchterman, a Silicon Valley engineer who created Benetech, have developed solutions to social needs (Dees, 2007). And these solutions create social transformations in all areas. This is why some authors consider social entrepreneurship as a means of catalyzing social transformation by generating solutions to social problems (Alvord and al., 2002). In this perspective, social entrepreneurship in its turn produces small short-term changes that have repercussions through existing systems, leading to significant changes in the long term (Ashoka Foundation, 2000).

2.2. The link between the partnership and social transformation:

In the context of a world where everything goes faster and the requirements are growing, it seems increasingly difficult for an enterprise to operate on its own on the market and to achieve the desired performance (Benfadhel, 2004, Pellicelli, 2003, Knoke and Todeva, 2004).



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2.2.1. The importance of partnership for social transformation

The transformations of the international economic environment taking place based on the new strategies (Gagnon and Klein, 1991). In addition, Hoffmann (2007) argues that strategic alliances improve the ability of enterprises to adapt to environmental changes. These alliances are not limited to the for-profit world, because they have also become popular in social sectors such as education and health (Nikolic and Maikisch 2006). The World Bank, for its part, has encouraged alliances as a means to promote the fight against poverty, universal education and other social objectives (World Bank, 1999).

During the last years, the range and scope of partnership issues has expanded (Aspen Institute, 2002) to embrace local, national and global preoccupations (Selsky and Parker, 2005).

According to Gagnon and Klein (1991), "partnership becomes a new way of regulating social relations at the local level and is consequently an important aspect of the regulation of the social and economic system at the global level" It is associated with the territorialization of social action, to the creation of communication networks between organizations, to local identity, to the meeting of public and private strategies and the mobilization of the population and its resources, as social movements (Lalanne, 1989).

Generally, firms are more attracted to the direct impact of partnerships, such as education, health, sustainable development, etc., than to those who have indirect impacts, such as social mobilization or good governance (Ashman, 2001; Hutchinson, 2000).

According to Gagnon and Klein (1991), "most of the works consulted conceive partnership as a fundamental characteristic and an inherent condition of local development.

Thus the notion of partnership takes an increasingly important place on development, and more particularly on regional development.

The notion of partnership regroups a wide variety of experiences and practices. The analysis of the theoretical reflections and of the case studies on the participation of the actors in the realization of programs and projects of development defined locally allows us to distinguish several forms of partnership".

In universities and businesses are added by private, for-profit or non-profit organizations, which can take many forms; Development companies, professional institutions, associations, innovation groups, etc. (Gagnon and Klein, 1991). These organizations whose operating structure differs from one country to another, even from one territory to another, assume regional development (Gagnon and Klein, 1991).

Examples of social partnership:

Corporations founded by private enterprise like the Y Allegheny Conference on Community Development in Pittsburgh, the Michigan Strategy Fund, the Detroit Economic Growth Corporation, supported projects for the social and economic revitalization of urban territories in collaboration with municipalities in their respective cities.

An American example to quote in terms of partnership is the city of Philadelphia, where the 30 largest companies first united to form the Greater Philadelphia First Corporation to participate in local economic development (Gagnon and Klein, 1991). Then, they formed with the local elected representatives "the



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Greater Philadelphia Economic Development Coalition”, which was largely financed by private enterprise and became the principal place of territorial cooperation in development (Gagnon and Klein, 1991).

The establishment of the organization has set three objectives:

- 1) Attract new enterprises;
- 2) Create an enabling environment for new entrepreneurs;
- 3) Find solutions to social problems affecting the most disadvantaged social groups (Gagnon and Klein, 1991).

According to the analysis by Widener (1989): "The experience seems conclusive: thanks to this organization, the city center of Philadelphia has been restored and new head offices have come to install, innovative industrial sectors have been developed and the quality of life of citizens has been improved".

It is obvious that in the context of the globalization of the economic sphere and the territorialization of the social, the notion of partnership has a new meaning which increasingly imposes itself as one of the social forms of social change. The Partnership has become an important instrument to cope the problems of global development (Kolk and al., 2008).

Alliances are not limited to the for-profit world. They have also become popular in social sectors such as education and health (Nikolic and Maikisch, 2006). This is partly due to the influence of supranational organizations such as the World Bank, which has encouraged alliances to pursue its own goals of poverty eradication, universal education, and other Social objectives (World Bank, 1999).

2.3. Social enterprise and social transformation:

Much of the literature has focused on defining what is meant exactly by social entrepreneurship, social enterprise and the social economy (Mair and Marti, 2006; Martin and Osberg, 2007, Peredo and McLean 2006) and many of them it is focused on three dimensions considered key to social enterprise; the social transformation, the financial the financial autonomy and the innovation (Austin, et al., 2006, Brooks, 2009, Mair and Marti, 2006, Massarsky and Beinhaker, 2002).

The dynamism of the social economy at the beginning was the expression of a very strong class culture, of a collective agreement, a solidarity category in the work and the regions (Favreau and Lévesque 1997). It is considered as a response to social needs and a function of anticipating social demand that concerns all establishments (Favreau and Lévesque, 1997).

Afterwards, it developed into active groups focused on improving living conditions (Favreau and Lévesque, 1997).

Social enterprises are often described in terms of social transformations (Alvord, Brown and Letts, 2004; Martin and Osberg, 2007) as innovative, since they represent new forms of organization and seek new ways to accomplish social change (Brooks, 2009; Mair and Marti, 2006). Conceptually, they have generally been understood as activities of creating social transformations through innovative and creative strategies (Mars, 2009). Since then, it is widely recognized that social enterprises, compared to other companies are established with the main goal is to bring about positive changes in the environment. So virtually all social enterprises seek to create social change or social transformation (Austin and al., 2006; Babos et al., 2007).



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Although a number of social enterprises have been established for many years, it is widely recognized that there has been a recent rapid growth in the quantity, the type and the societal impact of social enterprises across the world (Madill and al., 2010).

An example of a social enterprise judged high in social transformation is Street Kids International. This enterprise is a non-profit organization founded in Canada, that focuses on the development and the dissemination of strategies and tools to give children worldwide the choice of suitable way, skills and opportunities of a better lifetime (Madill and al 2010).

It can be said that social enterprises aim creation of a value that would contribute to the satisfaction of social needs and social transformation (Brouard and al., 2010). Hence we formulate the first proposition; Social enterprise is a catalytic for social transformation.

2.4. The relationship between social partnership and social transformation:

In recent years, companies have increasingly involved in partnerships relations with social enterprises. Austin (2000) described these partnerships as the 21 st century paradigm collaboration "necessary to solve" the complex challenges that exceed the capacities of a single sector (Selsky and Parker, 2005, Warner and Sullivan, 2004).

Through social partnerships, the enterprises together face certain challenges such as economic development, education, health, poverty reduction, environmental sustainability... The number of partnerships has increased very rapidly in recent years (Berger and al, 2004, Crane, 2000, Elkington and Fennell, 2000, Klitgaard and Treverton, 2003), both in advanced and developing economies Oliveira and Tandon, 1994).

If anyone is inspired by the works which reveal the presence of a strong correlation between social transformation and social partnership (Defourny and Monzon Campos 1992, Laville 2005), "The social economy" designate to a relatively well defined set, whether companies and organizations that mostly use the legal status of cooperatives, mutual societies or again non-profit organizations. These enterprises and organizations are generally created by relatively dominated actors (popular classes, women, young people, etc.) in partnership with middle-class promoters (for example, community organizers) for social purposes" (Favreau and Lévesque, 1997).

The theme of social partnership and its capacity to solve the problems of poverty and inequality is being increasingly addressed these days. It is not possible here to provide a comprehensive assessment of the impact of social partnership on inequality, poverty and social exclusion. However, we can signalize the main trends during the partnership period (O'Donnell and O'Reardon, 2000).

3. The environment

3.1. Presentation of the environment:

The emergence of environmental policy in French cities took place gradually during the 1970s and 1980s.

The theme of the environment is today at the heart of debates of a social or political nature (Weiss and Girandola, 2010). The word environment is polysemic; it has several different meanings and adapts in several contexts. It can be defined as an important component of the action and experience of the



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individual. There is not a sector like the others. This is a weakly institutionalized field of action characterized by a representation of uncertain problems, poor integration of actors and a questionable character of the intervention scales (Lascoumes and Le Galès, 2007).

The environment is not marked by the presence of well-established rules of the game, very strong routines or modes of action perpetuating itself in time (Béal, 2010).

For this reason, it seems particularly heuristic to update the processes of change in public action (Béal, 2010). "In terms of environmental psychology," place "constitutes a sociophysical unit of analysis: it is an experimental space with an individual and collective dimension, consisting of spatiophysical properties, activities and cognitive and evaluative experiences which refer both to activities and physical properties" (Bonnes and Bonaiuto, 2002) (quoted by Weiss et al., 2006).

3.2. Environmental issues:

In recent decades, technical and technological development, political, economic and social problems have increased the complexity of the environment and environmental issues are now an issue (Béal, 2010; Weiss and al. Al., 2006). Indeed, "every organization is confronted with two categories of problems: maintaining internal cohesion in spite of individual diversity and constant and obligated interaction with the environment" (Soparnot, 2004).

In the space of 20 years, environmental issues have been reformulated very strongly (Béal, 2010). "For a long time subordinated to the needs of economic activity and considered as a set of unlimited resources, the environment appears today as a collective preoccupation" (Boiral, 2004).

At the end of this century, environmental problems are increasingly numerous and complex to solve. Civil society (in which we include the citizen, industrialists and politicians) raises questions, expresses concerns about issues that are expressed both on a global and local scale (Le Dorlot, 2001). The construction of the environmental diagnosis is homogeneous both from the point of view of spatially and temporally (Weiss and al., 2006).

According to Weiss and al; 2006: "The difficulty of explaining behavioural changes is related to the complexity of the interactions between the individual and the environment.

The relationship between attitudes, pro-environmental behaviors and local contexts remains uncertain, and particular situational elements may result in punctual pro-environmental behaviors in a priori recalcitrant individuals. Another difficulty lies in the impossibility of perceiving the state of the environment at an overall level that is generally characterized by uncertainty".

Awareness of environmental problems is facilitated by the perception of changes and the weight of risks associated with these changes.

3.2.1. Theoretical models related to the environment

There are three major theoretical models that are able to develop the thematic field of the environment: commitment, cognitive dissonance and social representations (Rateau and Weis, 2011).



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3.2.2. The commitment

The concept of Submission freely consented, based on the classical work of Freedman and Fraser (1966), allow to understand how individuals may be required to accomplish acts which they consider desirable but which oppose to their behavioral habits (Girandola and al., 2010).

The possibility to perform such an act increases if it is preceded by a preparatory act of lesser cost, easy to accomplish and in relation to the targeted behavior (Rateau and Weis, 2011).

Recently, a new research paradigm called "engaging communication" was proposed by Joule et al. in 2007 (Rateau and Weis, 2011). This paradigm makes it possible to obtain cognitive effects (change of behaviour attitude) and behavioral effects, in particular for the social missions of the environment (Bernard, 2007, Girandola and al., 2010, Joule and al., 2008) (quoted by Rateau and Weis; 2011).

3.2.3. Cognitive dissonance:

"The theory of cognitive dissonance expresses that the presence of at least two psychologically inconsistent cognitions among themselves in the cognitive universe of an individual generates in him a state of psychological discomfort denominated as the state of dissonance. This state will in turn generate a form of motivation to adopt strategies aimed at restoring a certain coherence between cognitions and, consequently, reducing the state of dissonance" (Rateau and Weis, 2011).

3.2.4. Social representations:

A social representation possesses two components, a cognitive component, according to which every social representation is a mental elaboration of an individual who reconstructs the objects of his environment and a social component according to which this reconstruction of the environment is determined by the social conditions in which develops Social representation (Rateau and Weis, 2011).

A social representation allows us to understand and explain reality by integrating it into an assimilable framework that corresponds to our values and our ideas, it allows us to determine our practices, to justify our conducts a posteriori and to define the identity of a group and make it possible to maintain its specificity (Rateau and Weis, 2011).

The first attempts that link the theory of social representations to the field of the environment date from the 1970s .However, according to Bonnes and al (1997); Castro and Lim (2001) and Castro (2003), it is only from years 1990s that a certain number of researchers analyze the social representations of different themes related to the environment, from the conceptualization of the environment as an abstract notion up to representations of environmental problems (Rateau and Weis, 2011).

Several researches conducted in environmental psychology indicate that the theory of social representations applied to the field of environment can enrich the descriptions of environmental problems in a way to obtain better portraits of them (Rateau and Weis, 2011). We consider in particular the interest of the structural approach of social representations (Abric, 1994).

3.3. The transition from a stable environment to sustainable development:

The emergence of the watchword sustainable development, defined as a watchword aimed at reconciling economic growth and environmental protection and to renew modes of action, has provoked a certain number of changes in the way we do in the objectives pursued and who interests us more,



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particularly here, from the actors considered relevant and legitimate in the treatment of environmental issues in the city (Béal, 2010).

Many models in the study of environmental policies aim to analyze the enterprise's reaction in front of environmental pressures (Pasquero, 1980). However, since the past few years, these issues tend to appear more like a source of economic opportunities than like a constraint that enterprises have to captivate (Comolet 1991, Shrivastava 1995).

Organizations are conceptualized as technologies, social structures, cultures and physical interrelated structures that influence reciprocally in the context of an environment (Zephir, 2009).

4. The impact of social partnership on the dimensions of the environment:

The impact is defined as "significant or lasting modification in people's lives, provoked by a given action or series of actions" (Roche, 1999). It is a logical chain of results in inputs and organizational activities that conduct to a series of outcomes and ultimately to social impact (Sakarya and al, 2012).

Social impacts are the consequences of any public or private action on human populations. They change the way of people live, work, play, relate to one another, and organize themselves to meet their needs as members of society (Brudge and Vanclay 1995). Demographic characteristics, community and institutional structures, political and social resources, individual and family changes, and community resources are suggested as dimensions in which social impact can be measured (Gpsia, 1994).

The social impact assessment variables highlight a measurable change in the human population, the communities and the social relationships resulting from a development or change project (Burdge and al., 1995). Social enterprises tend to be more altruistic (Milne et al., 1996) and to measure the impact by the number of people affected and by the social transformation of cultural, economic and political dimensions (Alvord and al., 2004).

However, the social impact on the cultural, political and economic spheres leads to gradual changes in the system which can gradually lead to changes in the system itself (Sztompka, 1994). As a result, it is almost impossible to catalog all dimensions of social impacts because the change is a way to create other changes (Burdge and al, 1995).

4.1. The political dimension of the environment:

4.1.1. Public policy:

Political science has recently developed general frameworks for an understanding of public policies, identified as "a program of governmental action in a sector of the society or a geographical space" (Meny, 1989).

Public policies are the ensemble of public activities that aim to create a modification, a renewal and transformations of a situation. They constitute a specific level of interpretation of political activity.

4.1.1.1. Social policy:

Social policy consists in the use of political power to supplant, supplement or modify the mechanisms of the economic system in order to achieve the results which the system could not achieve by itself .According to the Organization for Economic Co-operation and Development (OECD), "Effective social policy



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helps individuals to live fully and thrive, and in so doing allows economies to better adapt to new opportunities for growth.

On the other hand, a bad social policy is synonymous with aggression or social exclusion, in poverty ".

According to Rosanvallon (2006), there are four main strands of social policy:

- The social redistribution: it is the welfare state whose mission is to ensure the unity of populations;
- The social "capacitation": These are the tools by which persons have the means to manage their chances (equality of chances, the health, the education, etc.);
- The social regulator, which concerns regulation as well as labour law;
- The social protector, which aims to preserve human dignity development aid is the only truly global public policy with a financial dimension, even if its implementation is, and remains, scattered among many public bilateral actors, multilaterals, or non-governmental ".

It is the result of the Second World War and the decolonization. Its object is development, a concept that was the subject of several competing approaches in the second half of the 20th century (Severino and Jacquet, 2002).

4.2. The political impact:

In the double context of globalization and economic crisis, and because of the growing needs and social problems in the world, developed countries no longer have the capacity or even the necessary legitimacy on the financial markets to take charge independently of the financing of useful infrastructure projects for the development of the community (Angles, 2012) and to provide the necessary funds to fight effectively against social problems.

Advantageously, it is expected that social enterprises will continue to grow as number and importance (Christie and Honig, 2006; Rangan et al., 2008), by providing the necessary tools for the maintenance and development of society. These enterprises have a management autonomy in relation to State, through a production of goods or services, whether merchant, non-market or non-monetary, by rules of the type: Non-profit organism, cooperative, mutual, etc., through values such as service to members or to the collectivity rather than profit, and by taking democratic decision-making, involving users and workers. They goal to meet new needs by new aspirations. Also, they are often supported by new social movements (feminist, ecologist, cultural, regionalist), with strong identities.

Studies of social partnership are emerging from various disciplines such as organization studies, public policy and administration, economics, non-profit management, health care, education and the natural environment (Selsky and Parker, 2005).

Politically, the analysis presented by Yaziji (2009) shows that social partnership facilitates the creation of new legislative and regulatory arrangements (large NGOs often dispose eminent jurists and leading lobbying forces of first plan who can work jointly with those companies that have managed to win the confidence of NGOs) and suggests the development of new standards that are appropriate for different stakeholders (Urban, 2005).

A very clear message emanates from the powerful American Academy of Management, which highlights the advantages of this type of partnership:



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- On the competitive plan: sharing of knowledge and expertise, broadening of field of activity, development of common operational procedures, useful implication of other producers and consumers / users, cultural and organizational learning, creation of a favourable common image to others;

- On moral and political levels: development of social relations, limitation of relational risks (relational risk), exchange of information and creating a climate of reciprocal trust between partners, gaining influence in power games (Urban, 2005).

All these factors contribute to the limitation of strategic uncertainty.

"These are, in the end, prospects for material gains, measurable opportunities of the development of intangible assets that are concerned" (Urban, 2005).

Among the famous multinational companies involved in this partnership game we pick up (In the United States) the names of IBM, Pepsi Cola, Chevron, AT & T, General Motors, Hewlett-Packard, Philip Morris, Motorola, Unilever, Kodak, Johnson & Johnson, Ford Motor, Starbucks, American Express, BP Amoco, Cisco Systems, DuPont emblematic names but not isolated cases (Urban, 2005).

Political impact implies policy responses to social structural changes in areas such as population, family, education, labour market, class structures, life-course models (Sakarya and al., 2012), Health, childhood, housing, poverty, exclusion... It also increases the ability of individuals to express their opinions while the economic impact leads to an increase in means and resources for improving individual productivity (Alvord and al., 2004).

In the fields of health and social services, social assistance, unemployment insurance and vocational training, the central problem faced by the public authorities is that of a persistent crisis in employment (Lipietz, 1997). The extent of unemployment, its prolonged duration, its distribution in the social body gradually introduces a "social tear" (Lipietz, 1997).

Faced with this fear, social enterprises, by their finalities, structures and rules, offer new opportunities for job creation and the distribution of services in the communities (Angles, 2012).

An abundant literature on social change and education (as Carnoy and Samoff, 1990) has argued that social transformation is an impulse for, and reflected in, educational change. Many countries, such as Brazil, Japan, the United States and the United Kingdom, have used the right to engage or to realize the educational reform as a response to the preparation for social change.

To conclude on this point, it can be recognized that experience has shown that governments are not able to provide public interests and are also not in a position to obtain development objectives (Salarzehi and al., 2010). While the objective of social partnership is to overcome these obstacles and create social transformations with a political impact that responds to public problems.

It can be said that there is a positive correlation between social partnership and political development, that is, when the number of social partnership relationships increases in a certain environment, the political situation develops and vice-versa.

4.3. The economic dimension of the environment:

4.3.1. Definition of concepts:



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Economic development: the United Nations defines economic development as the combined function of economic growth and social change.

Economic growth: "Growth is a fundamental process of contemporary economies, based on the development of factors of production, linked in particular to the industrial revolution, access to new mineral resources (deep mines) and energy (coal, oil, gas, nuclear energy, etc.) and technical progress" (Solow, 1957).

The standard definition of economic growth is that there is a sustained increase in per capita income over a sufficiently long period. For example, Ghana and Tanzania experienced a long period of stagnation in the 1980s and 1990s, followed by positive growth in the 2000s. In the case of the Philippines, there were several phases. Growth experienced sustained economic growth in the 1960s and early 1970s, followed by a collapse in growth in the late 1970s, followed by stagnation in the 1980s and the early 1990s, with a resumption of growth in the 2000s.

Thus, growth phases may vary in time and space - the same phase of growth is not characteristic of countries in the same region and in the same period, and countries that are similar in some respects (such as Ghana and Uganda) show very different growth phase commutators (Sen, 2013).

Economic Transformation:

Economic transformation means the creation of employment and business opportunities, but also investment in health, children raising and education. This because improving quality of life, it can force the pace of economic transformation, and create growth and development (African Development Bank, 2013).

4.3.2. Illustrated examples of economic impact:

4.3.2.1. Basic Context

At first, social "escapes" were rather shown difficult and surreptitious; or rather, social advances were supposed to flow naturally from the beneficial effects of economic integration, in a context where the social was supported by states (Cochoy and Goetschy, 2009).

Public enterprises continue to play a crucial role in production, the investment and the employment, while their social and public service missions are still clearly dissociated from their commercial activities. As a result, "too many public enterprises hide their mismanagement behind a past marked by social constraints" (Cru 1999).

4.3.2.2. Limits of Government Policies in Developing Social Entrepreneurship

Nowadays, the experience has shown that governments are not in a position to protect public interests and are not in a position to achieve development goals (Salarzai and al., 2010).

They obviously need to get their best using the capabilities of the commercial sector in the production of goods and services that indeed has fostered the spread of economic development in developed countries and fields of economic prosperity, employment and well-Being of citizens (Salarzahi et al., 2010). On the one hand, the public authorities, on their own, hesitate in the conduct of economic policy and can no longer manage the synchronization between the pace of economic reform and that of social transformation.



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On the other hand, social entrepreneurs have as objective the creation of social transformations (Thompson and al., 2000; Dees, 2001; Alvord and al., 2004).

The need for a partnership between social enterprises and other enterprises (commercial, public, etc.) to share the mission is indisputable.

The genesis of the first chord of social partnership of 1987 began when the Prime Minister of the Republic of Ireland, Charles Haughey, brought together representatives of the business community and trade unions trying to solve the economic crisis (Adshesd, 2006). Despite their differences, government, trade unions and business leaders were linked together by a shared consensus on the need to tackle the economic crisis (Adshesd, 2006).

Social partnership, even if it comes in a variety of forms and degrees, it relies on a definitive strategy founded on the idea that labor and capital share a common and fundamental interest in the success of the national economy as a whole (Mandel, 2003). Indeed, "partnership relations with social enterprises make it possible to better predict and anticipate the evolution of global demand, according to trends in social demand (emergence of the solidarity economy, of responsible consumption, of trade Equitable)" (Urban, 2005). Moreover, these relationships make it possible to implement a less risky innovation policy (Urban, 2005).

4.3.2.3. The Economic Impact

The economic impact is defined as the net variation that occurs in an economy, as result of a particular event or activity on its social partners. It leads to an increase in means and resources for the improvement of individual productivity (Alvord et al., 2004). Major concerns in the study of economic impact include effects on employment, financial and physical capital, services and government revenues, output, income / wages and growth (Hughes, 2003).

The role of the economy in social transformation is still very modest. On the contrary, social transformation will create the conditions for economic mutation (Cru, 1999). C. Gide assigns to organizations that it ranks under the label "social economy", a veritable role of social transformation (Alvord and al., 2004).

Empirical research has demonstrated the effectiveness of social norms in changing the behaviour of individuals regarding the natural environment (Cialdini, 2003; Ostrom, 2000) and economic actions (Young, 1998).

Economic impact analysis is useful for estimating the effects of a change in economic activity in a region (Dalton, 2004).

From this model emerges a recommendation of the economic policy that say that in order to help a country to overcome economic challenges and thus accelerate the economic growth, it is not simply a question of providing financial aid, but to provide for measures which will accelerate social integration and social harmonization in order to optimize the efficient use of national resources (Boakye, 2012).

"Today, the fair trade and the social economy announce a new generation of social and economic movements. This movement proposes to integrate into the exchange a social significance and an educational dimension (Gendron, 2001). In theory, the movement of fair trade poses in a fundamental



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paradigmatic renewal of the economic act. On the empirical level, this movement instrumentalises the economy for political and social purposes "(Gendron, 2001).

For example, children care centers create alliances between social movements aimed on social transformation and improved working conditions (Bellemare and al., 2006).

The growth and the economic development will impact on the cultural values of a nation. There is no doubt that economic growth leads to cultural change.

It can be noted from the foregoing that there is a positive correlation between social partnership and economic development thus when the number of social partnership relationship increases in an environment the economic situation develops and vice versa.

4.4. The cultural dimension of the environment:

4.4.1. Definition of culture:

The word culture has evolved over the years. There are several definitions that reflect different theories and cover a host of different concepts.

According to the sociologist Rocher (1969), the culture is "a connected set of more or less formalized ways of thinking, feeling and acting which, being learned and shared by a plurality of people, serve, in a way at the same time objective and symbolic, to constitute these persons in a particular and distinct collectivity".

The notion of culture can also be defined as a set of facts of civilization (art, knowledge, customs, beliefs, laws, morals, techniques, etc.) by which a group (society, community, particular social group) think, act and feel its relationship with nature, men and the absolute.

4.4.2. Cultural impact:

What has been painfully born for two centuries and more is the project of a new society, the project of autonomy and social independence (Castoriadis, 1979). It is impossible to speak of social transformation without confronting the question of culture in this sense (Castoriadis, 1979). So there is an intimate connection between cultural creation and the social and political problems of our time. The question of "culture" is sometimes considered as a dimension of the political problem; and it may equally well be said that the political problem is a component of the question of culture in the broadest sense (Castoriadis, 1979).

Cultural impact implies changes in the norms, values and beliefs of individuals, who guide and rationalize their knowledge and society (Brudge and Vanclay, 1995). There are several implications arising from this shift in popular opinion for all major development activities that generate multiple social impacts in the Third World (Brudge and Vanclay, 1995).

Measuring cultural impact implies an estimation of social and individual values. There is no model for clarification on cultural impact assessment, but there are indirect models imported from various disciplines and contexts (Asensio, 2006).

From the point of view of Head (2010), an effective and peaceful cultural transformation is possible if all parties work in partnership. According to Castoriadis (1979), "there will be a social transformation and an autonomous society only in and through a new historical consciousness, which implies both a



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restoration of the value of tradition and another attitude towards it Tradition, another articulation between it and the tasks of the present / future. And the national level remains the essential place of manufacture of rules in social matters".

There is a positive correlation between social partnership and cultural development. Therefore, when the number of social partnership relationships increases in an environment, the cultural situation develops and vice versa.

5. Conclusion

Social transformation is the result of social partnership. On the one hand there is a link between social transformation and social enterprise and on the other, there is a link between social transformation and partnership.

It has become obvious that companies become socially responsible by creating a relationship of partnership with social enterprises to respond to social problems and, subsequently, to develop their community.

It was also noted that social partnership has considerable implications. It engenders favourable transformations in the cultural, political and economic spheres of the environment (Alvord et al., 2004).

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Dimensions of Atypical Employment in Romania¹

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Abstract. Official statistics cannot always highlight the true scale of atypical work phenomenon in Romania because of the multitude of non-standard forms of employment and because of the fact that its regulatory and monitoring mechanisms are built in accordance with the typical work model. The purpose of our research is to try to estimate the atypical employment in Romania using a variety of statistical data basis.

Keywords: labour market; atypical employment; bogus self-employment

JEL Codes: J21, J41

1. Introduction

In Romania, the atypical forms of employment got little attention from the academic environment because, until recently, most employment contracts were typical, full-time, of undetermined duration and signed with a single employer.

The changes made in recent years to the legal framework regulating individual and collective labour relations, have led to increased forms of atypical employment in our country, particularly in the context of a labour market that was affected by the economic crisis.

The extent to which atypical work is covered by the provisions of the labour law, is difficult to quantify in both, because of the diversity of non-standard forms of work and because of the fact that the common regulatory and monitoring mechanisms are shaped considering the typical work. For this reason, official statistics can not always reveal the true scale and characteristics of atypical work phenomenon in Romania.

2. Basic quantifications and dimensions

According to the Romanian Labour Inspection, subordinated to the Romanian Ministry of Labour, Social protection, Family and Elderly Persons, which maintains the REVISAL national electronic register of the employees, as of the end of 2014 (see the website of the labour inspection at www.inspectiamuncii.ro, annual reports), there were a total of 5,824,582 individual labour contracts registered. This is, however, not the total number of employees necessarily as some of the employees may have two or even more labour contracts both with their employer as well as with another employer, but it is close to it as the number of those having more than one labour contract is practically marginal (see next section for that). As against 2011, the year when the Labour Code has witnessed quite a profound change especially with regard to the

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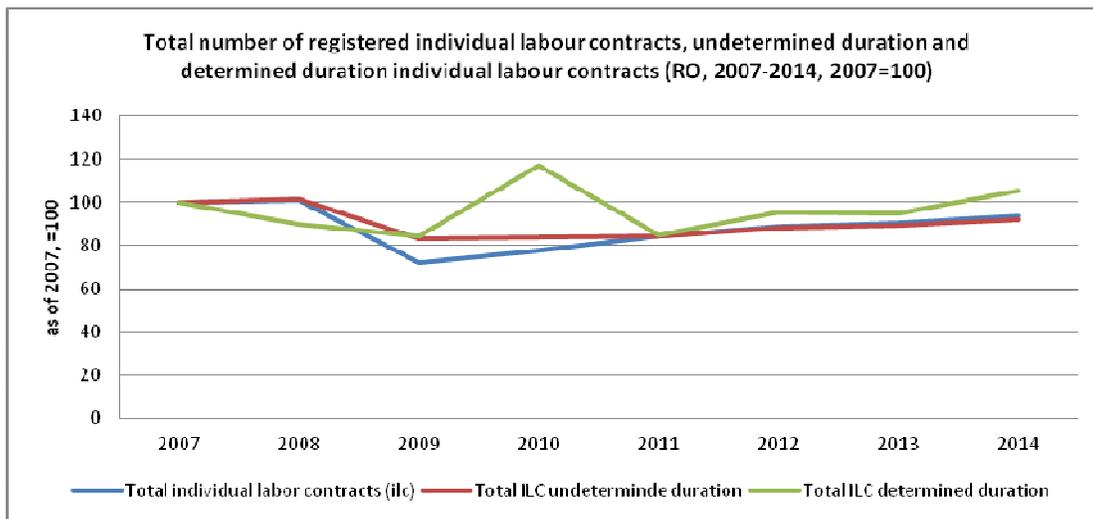
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collective bargaining rights (i.e.: mandatory national collective bargaining and national collective agreement have been removed from the text of law), the total number of individual labour contracts has increased by 11%, which proves that a certain upward move has been taking place in the economy since it has managed to extract itself from the claws of the deep recession following the 2008-09 crisis. As against 2010, when the effects of the massive lay-offs that took place during 2009 were still deeply felt on the labour market, the total number of individual labour contracts increased by 34%, making it for a more than clearly positive move.

Chart no.1



Source: Data of the Romanian Labour Inspection (at www.inspectiamuncii.ro) processed by Dr.CatalinGhinararu;

As of the structure by type of contract allowed by the Romanian Labour Code (i.e.: undetermined duration contract which is the rule, determined duration, which is considered the exception inside which here may be full-time or part-time undetermined or determined duration contracts), 91.72% were “typical” or undetermined duration contracts (2014), with only the rest of 8.3% (482,423, also 2014)) being determined duration contracts (which may qualify as “atypical” work arrangements). Inside this broad structure out of the 482,423 determined duration contracts, a total of 132,178 or 27.9% are part-time determined duration contracts with the rest of 72,7% (350.248) being full-time determined duration contracts. As for the undetermined duration contracts, 4,453,810 individual work contracts, or 83.3% of the total are full-time contracts with only the remaining 888,349 or 16.6% being part-time undetermined duration contracts. The conclusion which imposes itself is that due to the peculiar character of the Labour Code which limits the use of determined duration contracts to a certain well specified number of situations and activities the use made by the employers of this type of contractual arrangement is highly limited, mostly counting as work on “projects”. This is also due to the fact that no fiscal and nor social contributions facilities are associated with this type of contractual arrangement.

Chart no.2



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Volume 5, Issue 4, 2016

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Source: Data of the Romanian Labour Inspection (at www.inspectiamuncii.ro) processed by Dr.CatalinGhinararu;

As against 2011, when a certain relaxation occurred with respect to the determined duration contracts, in the sense that the number of such successive contracts, an employer may conclude with its employees as well the maximum duration in months have been increased from two to three and respectively from 24 to 36 (in some cases, with proper justification, the completion of a project for example, even exceeding the limit of 36 months is allowed, which means that there is a limited flexibility with regard to duration but NOT with regard to the number of successive contracts), the number of determined duration contracts registered with the Labour Inspection has increased nevertheless by 23% which is quite significant although in absolute numbers this only means 94,924 contracts. As a share of the total number of individual labour contracts registered with the REVISAL the increase is only from 7.4% (2011) to the current 8.3% (a difference of only 0.9 percentage points) thus showing that the progress is rather limited.



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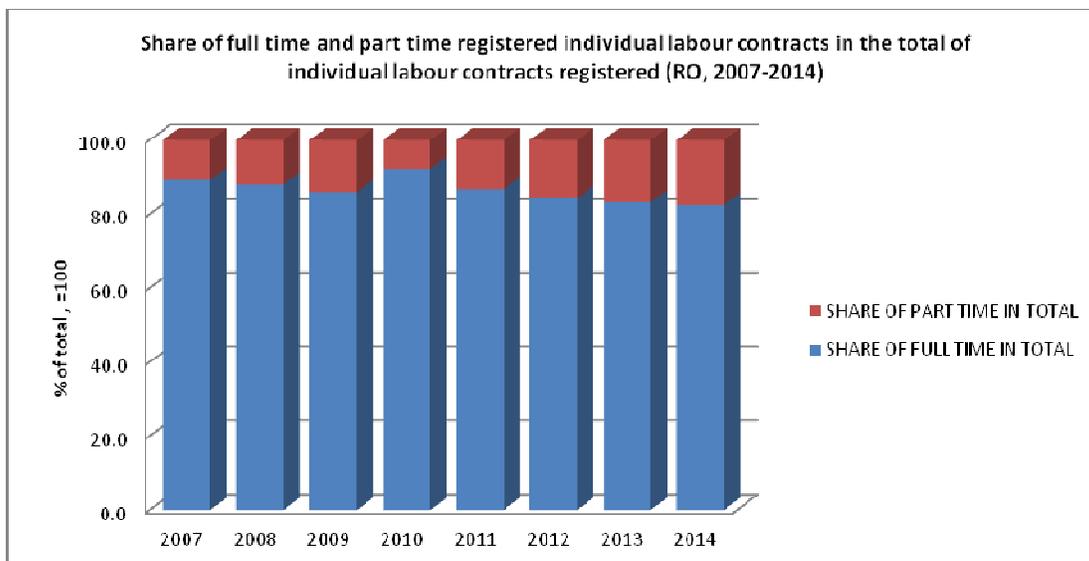
Journal of Economic Development, Environment and People

Volume 5, Issue4, 2016

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Chart no.3



Source: Data of the Romanian Labour Inspection (at www.inspectiamuncii.ro) processed by Dr.CatalinGhinararu;

According to the data of the National Institute of Statistics NIS², which through its LFS records number of individuals as against the “number of individual labour contracts” recorded by the Labour Inspection through its REVISAL system, the number of part time workers, distinct therefore from employees per se, would be as of 2014 of 859932 (this means workers working less than 40 hours per week). This would make for a share of the total employment of 9.9% (2014).

Finally administrative data of the Labour Inspection show that the total number of part-time individual labour contracts, that is the sum of determined duration and undetermined duration part-time individual labour contracts, is of 1,020,527, or as a share of the total number of contracts 17.53%.

As for the daily labourers which since the adoption of a specific law in 2011, have their own special status, the administrative statistics of the Labour Inspection gives a figure of 12,651,047 entries into the national register of the daily labourers with 4,615,335 of these entries or 36.4% of the total being taken by agriculture which thus emerges as the sector of the national economy that made the largest use of the act thus also marking a significant progress in tackling widespread undeclared work. As against 2011, when the law has been adopted and first applied the number of entries has risen almost six times (from something more than 2 million entries to the current more than 12 million). Even back then, agriculture was the single most important user of this facility.

This brings us the most important type of “atypical work” in Romania, which makes practically for the distinctive feature of the Romanian labour market in the EU, i.e.: self-employment in agriculture in small

²Data are taken from the TEMPO-ONLINE data base of the National Institute of Statistics, available at www.insse.ro, via subscription;



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Journal of Economic Development, Environment and People

Volume 5, Issue 4, 2016

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

e-mail: office_jedep@spiruharet.ro

household production for their own final consumption farms (the so-called subsistence and semi subsistence farms). All in all and in accordance with NIS data as published in the Romanian Statistical Yearbook (2013 data) make for 1.3 million (53.3% of total employment in agriculture which at 2.5 million makes still for a staggering 29% of total employment, also 2014 data, NIS). To this, we have to add the around 990 thousand contributing family workers, 45% of which are women, and which together make for 92.9% of the total employment in Romania's agriculture or more than 2.3 million individuals. They have no labour contract, are covered by no statutory minimum salary legislation, have no coverage with respect to collective bargaining and are by law no obliged to contribute to any of the three major public social insurance schemes (i.e.: pensions, unemployment health). Their contribution may be however voluntary. They form the bulk of those daily workers in agriculture as they complement thus their low cash incomes. They represent the class of the poorest workers in Romania.

Adding together³ the figures above, and taking into account the fact that other types of atypical work are not accepted or known by the Romanian law or are negligible in terms of numbers (e.g.: "members of the clergy"⁴ as mentioned in the annex 1 of the ELLN report) as well as that most of the daily labourers (for which we may only approximate the number as what we do have is "number of entries" into their system of registration) we would come to a total of around 3 million persons (including the 2.3 million self-employed in agriculture and contributing family workers which make for Romania's most important "atypical" form of employment, although without any contract per se thus however not making it undeclared and, from here-on, the specificity of it) or as a share of total employment 35%. Taking however out the "atypical" employment in agriculture we would talk about roughly 0.8-0.9 million employees making thus around 9% of total employment and roughly 15% of the total number of salaried employees. Taking an even more restricted measure and referring just at the determined duration contract, which is the closest thing Romania has to "atypical" contracts, it would come down to no more than 480 thousand employees or 8.4% of their total number and as a share of total employment standing at 8.5 million (NIS figures, 2013), 5.6%.

³Aggregation of the figures belongs to the author. The author is aware however that this is just a „rough” exercise and that due to the many differences in the „substance” of the indicators further work has to be done so as to obtain a truly „consistent” aggregation of atypical work in Romania and its overall dimensions;

⁴Mistakenly referred in the ANNEX as „clerical staff”, clarification however via explanatory text; It has to mentioned however that in terms of their employment status there is no difference as against „regular” or typical employees (same taxes, same social contributions, same labour contract, etc);



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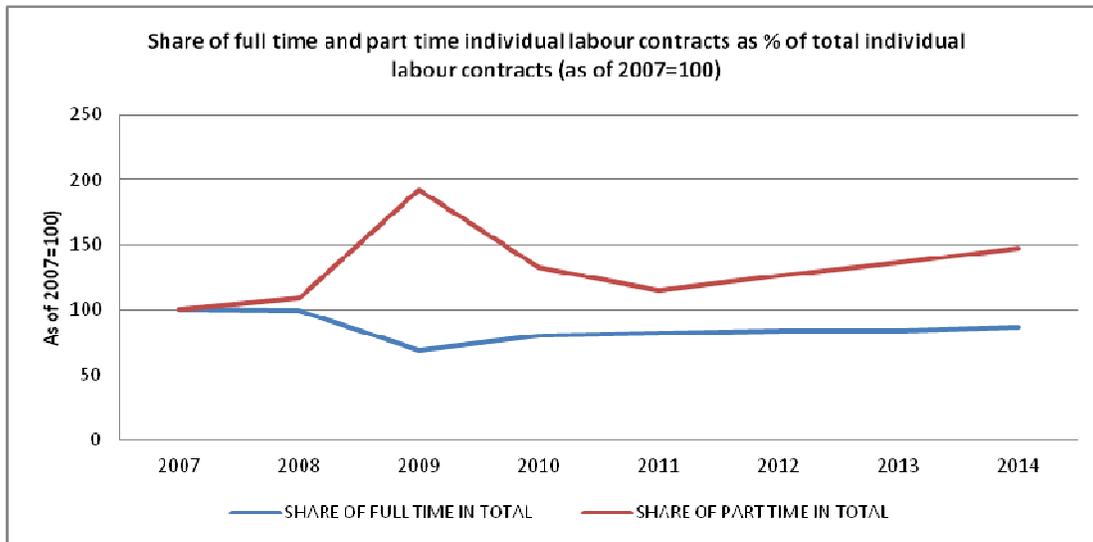
Journal of Economic Development, Environment and People

Volume 5, Issue4, 2016

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

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Chart no.4



Source: Data of the Romanian Labour Inspection (at www.inspectiamuncii.ro) processed by Dr.CatalinGhinararu;

3. Aggregation of jobs and contracts, the secondary activity regimes

The national regulatory regime allows to an employee, in accordance with the Labour Code, to cumulate any type of contracts, whether they are “typical” (regular, undetermined duration, full time contracts) or “atypical”. In accordance with the same body of legislation (i.e.; the Labour Code, Law no.53/2003) an employee may have as many contracts as deemed necessary with one employer or with a multiple of employers provided, of course, that all other legal provisions are observed, including the one relating to the working time, legal holidays, resting time between working days as well as weekly resting time (48 consecutive hours). With regard to that there is no longer any limitation. Administrative data as provided by the Labour Inspection which maintains the REVISAL electronic register of the employees do not provide such data as they their focus is on the number of contracts and not the number of individuals. However, the LFS run by the National Institute of Statistics give us a pretty accurate measure by recording the number of individuals with a “secondary activity” which generally means a second job, a second contract be it with the same employer or with a different employer than the one with which the first job is held. According to the most recent data provided by the TEMPO-online database available at www.insse.ro (the official ON-LINE data base accessible on the official website of the National Institute of Statistics of Romania), the total number of such persons was of 165504 (2014). There is a drop of almost 30% as against 2011, the year when the Labour Code has been modified eliminating a previous constraint that limited the number of contracts with one and the same employer at two, which may be explained only by the effects of the crisis and the subsequent recession which have thus reduced opportunities for a secondary activity both with the same employer as well as with a different one(s). The reduction is even sharper when compared to the last year before the crisis (2008) the drop as against the level of this year being of 45%. As



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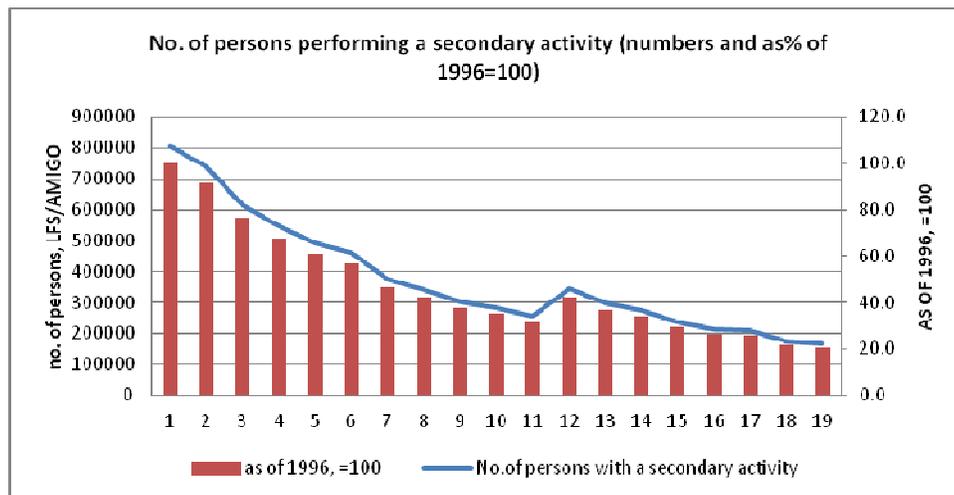
Volume 5, Issue 4, 2016

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

e-mail: office_jedep@spiruharet.ro

against the year when the Labour Code has been adopted thus replacing the old Labour Code inherited from the communist period and which was practically no longer in use except for minor parts (practically labour legislation had been replaced during the period in question, with the exception of collective bargaining, with civil law) the drop is of 51.6%. As against the first year for which data are available which is 1996, practically the “golden age” of the so-called “civil conventions” the reduction in persons with a secondary activity is a staggering 73% (!).

Chart no.5



Source: National Institute of Statistics of Romania data, TEMPO-ONLINE data base (available at www.insse.ro)⁵, sourced from the RO-LFS/AMIGO, processed by Dr.C. Ghinararu;

This shows that the cause of the reduction for the whole of the period of almost 20 years is a gradual tightening of the labour legislation especially as with the adoption of the new Labour Code in 2003 and its subsequent amendments which have made it less and less possible for individuals to engage in such activities and more and more costly for employers to resort to them. The elimination of the “civil conventions” from the labour legislation with the adoption of the labour code in 2003 has practically closed the door for what was a cheap form of employment that brought benefits to employers in terms of reduced labour costs, as well as to employees in terms of additional income. It was nevertheless also a form of contribution if not tax evasion and thus practically a form of undeclared or rather under declared work. Nonetheless it also serves to illustrate the fact that the Labour Code increased the rigidity of the Romanian Labour Market and that practically the whole of the 13 years following 1990 were an “exceptional” period of highly law labour relations which must have played a role (still poorly studied) in the shielding of the adverse social and economic effects of the plan to market transition. The current number of persons with a secondary activity (i.e.: read job or contract) make for only 2.8% of the total number of registered labour

⁵Via individual, free subscription;



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Volume 5, Issue4, 2016

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

e-mail: office_jedep@spiruharet.ro

contracts. As a share of the total employment, the percentage is only a tiny fraction, 1.9%. As a share of the total number of employees as recorded by the LFS their share is 2.8%. This serves to show that the overwhelming majority of salaried or dependent employees in Romania have only one labour contract. The ones having more than that are the exception and not the rule, thus again pointing to a rigidity of the labour legislation as well as to its rather more than prescriptive character.

4. Social security regimes for atypical contracts in Romania - the employer and the employee

There is no differentiation in the social security regime for any so-called atypical contracts existing in Romania. What actually would count in Romania as atypical work, is concentrated in the so-called part time work as well as in the determined duration contracts these being the solo types that are allowed by the Romanian legislation and which may be concluded anyway only for a certain very well specified in the Labour Code (law no.53/2003 with subsequent amendments) types of activities. Therefore the margin of manoeuvre of any employer and of any employee is to this avail highly limited by the existing legislation. Therefore, social security contributions that apply to workers hired on open-ended or undetermined duration contracts, as well as for workers on full time contracts applies equally to workers hired on contracts that are on determined duration or to workers hired on part-time contracts. Same contribution rates apply both for employers and employees for all of the three major mandatory social security contributions, i.e. public pensions, public health and the public unemployment insurance scheme. Also the same regime applies with regard to the contribution for the state pension scheme when it comes to the differentiation regarding working conditions (normal, arduous and very arduous). No facility is given for such contracts. With regard to taxation Romania applies a flat rate income tax of 16% as of 2005 which allows for no differentiation. Up to 2016, Jan 1st, licensed individual persons (persoana fizica autorizata-RO; as of 2015 there were 2810316 such licensed individuals, up by 71% as against 2005 (=100) when this form of organization first appeared) which is a form of activity that allows basically professionals to have a legal way of conducting and providing their services, using a very simple form of organization allowed for an exemption from the social insurance contribution (i.e.: the contribution to the public/state pension scheme) if the licensed persons was also an employee and therefore the contribution was paid for to the scheme in his capacity as an employee, irrespective of the type of dependent/salaried employment in which he or she was engaging (therefore irrespective if he or she was on a undetermined, determined, full time or part time labour contract). As of Jan.1st of this year, therefore very recently, this allowance has been scrapped and such persons are now obliged to pay social insurance contribution based on their declared income. The only facility they have, although it has to be said that this type does not fall under labour law regime, is that they are allowed to make an option for the payment of the full contribution rate of 25% (combined employer and employee, normal working conditions) or make an option for the payment of the sole employee share of the contribution rate of 10%, irrespective of working conditions (obvious enough penalty applies in this case with regard to the number of pension points accumulated by the respective persons, thus affecting its pension rights in the public system; full contribution continues to be paid on behalf of the person in question if he or she is dependent employee also). This generates odd situations, that result such persons pay practically contribution twice. To be noted also that they were also paying full contribution rate to the public health system irrespective of them being or not in the meantime

⁶Data from the National Office of the Register of Commerce of Romania/ Oficiul National al Registrului Comertului;



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Journal of Economic Development, Environment and People

Volume 5, Issue 4, 2016

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dependent employees. There remains, however, the exemption from contribution to the unemployment insurance fund for such persons for which it is only an option (voluntary contribution as allowed by law no.76/2002 with subsequent amendments, the unemployment insurance act). The only advantage that may be derived from here by such a person maybe that from this year on, by paying more contribution to the state public pension scheme (provided of course that he or she is also a dependent employee) is that possibly, such an individual will accumulate a higher number of pension points which would have to result, a higher pension at retirement. The Romanian law still allows for a limited use of the so-called civil contracts also known commonly as “civil conventions”. They are not covered by labour law and their use is now highly limited as they may be only employed in cases where purely “accidental” (ad-hoc) works or assignments have to be performed. With respect to taxation there is no facility. Health insurance however has to be paid. This rather odd measure which allows the levy of this contribution on practically every sort of income (even rent income earners have to pay it!) makes for a direct result of the parlous financial situation of the public health system where persistent deficits and payment arrears have accumulated hindering proper provision of the services. One has to note also as a Romanian peculiarity and given the ultra-large by European “standards” of the share of employment in agriculture which takes more than a quarter of total employment (around 2 million individuals, meaning self-employed and contributing family workers) that self-employed in the agriculture are not included by law in any of the mandatory social insurance systems. Accordingly they do not benefit, except for the case where they make voluntary contributions (all three major systems allow for this form). Some of them make use of this possibility.

Same social contributions and fiscal regime applies to apprenticeship, professional stage and social insertion contracts as they are viewed as being labour contracts and thus under the labour law⁷.

5. Targeted fiscal advantages

No such thing exists in Romania. Atypical work contracts, fall under the same regime as the ‘typical’ ones. There are no fiscal advantages for employers, neither with respect to taxation nor with respect to social security contributions. All labour contracts are subject to the same regime. Exceptions are made only for those forms that do not fall under the labour law explicitly and which have been detailed in the paragraph above.

Subsidies are granted to the employers engaging in apprenticeship (in accordance with law no.279/2005 with subsequent amendments) or in professional stage in accordance with law no.335/2013 for the professional stage of higher education graduates, see here also previous EEPO paper on traineeships) as well as for those engaging in social insertion contracts under the provisions of the unemployment insurance act (law no.76/2002, the unemployment insurance act, with subsequent amendments). However there is no facility with respect to social contributions nor with respect to the fiscal regime. Subsidies are calculated taking into account the social reference indicator which has been fixed in 2008 at the value of RON 500 (EUR equiv. today = 112) and never indexed afterwards. Therefore the amounts are meagre and unattractive given that all employers have to comply with national minimum statutory salary regulations (currently at RON 1,050, to be raised at RON 1,250 as of May 1st of this year, 2016) for full time working day (8 hours). As most of the individual labour contracts, as it has been

⁷See also for that EEPO contributions-RO in the frame of the 2015-16 contract on the Youth Guarantee and traineeships;



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Journal of Economic Development, Environment and People

Volume 5, Issue4, 2016

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previously mentioned, are full time ones, it is more than visible that subsidies cover only a fraction of what employers have to pay an employee, which includes an employee on an apprenticeship contract or an employee on a professional stage contract, as they are also fully covered by minimum salary regulations. Therefore subsidies are not acting in this case as much of an incentive.

6. Bogus self-employment

There is no such definition and per se, there is no such phenomenon in Romania. Due to the highly restrictive character of the labour code, even the use of determined duration contracts or of the part-time contracts is rather limited. Also in the case of civil contracts due to the restrictions to their use, their numbers is now very low. Therefore, hardly one may talk of “bogus self-employment” as existing legislation does not permit it. It may be however that some of the “licensed individuals” (persoană fizică autorizată-RO) may, but only to a certain limited extent, be counted as “bogus self-employment”, although in this case one cannot talk about employment as this is not covered anyway by the labour law. It is therefore a form of service provision. There are not enough systematic studies to date on the phenomenon. The National Labour Research Institute is currently developing a research that aims precisely at the study of the atypical working arrangements on the Romanian labour market. It will also include a field investigation which may shed new light on the phenomenon. The study is financed from the National Research Programme and will take place throughout 2016-17⁸. A recent study on this has appeared under the aegis of the Swiss-Romanian Cooperation Programme, on which we will talk some more in the coming paragraphs.

Another form of “bogus self-employment” is the one related to individuals employed under authorship contracts a form that is frequent in mass media as well as in advertising, show business, translations etc. This is truly precarious and those so-called ‘self-employed’ workers were practically having no social security coverage until Jan.1st of 2016 when the payment of social security contribution (i.e.: contribution to the public pension scheme) became mandatory in their case also.

One could make an estimate basing on the number of the so-called “persoană fizică autorizată” (licensed professional/licensed individual professional), but it would be difficult to ascribe a share of those being actually “dependent” on a certain employer (a form that would mirror the Italian case of the “independente-dipendente”, or the “independent-dependent” worker) and thus being in a sort of “bogus self-employment” state. Therefore we would refrain from making any more precise, numerically substantiated estimate here, although we would dare to say that it may be that in between one third and one half of those working in this form (a grand total of 281031 as of 2015) could be classified as such⁹. It has to be said however that the statute of these persons can hardly be considered as precarious as in most of the instances they are also involved in salaried employment. Therefore, this is for them rather a form of “secondary activity” or “complementary activity”. This speaks however rather significantly on the level of

⁸The study is directed by the undersigned Dr. Catalin Ghinararu and is financed from the funds of the National Research, Development and Innovation Plan (PNCDI-Planul National de Cercetare Dezvoltare si Inovare, Program NUCLEU 2016-18), of the National Authority for Scientific Research and Innovation of the Romanian Government (ANCSI);

⁹This is an own estimate of the author; it should be taken however with reservations as the difficulty in estimating the scale of this phenomenon is more than considerable;



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Volume 5, Issue 4, 2016

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incomes a person may derive from on job in Romania, providing also an explanation for the high number of working hours recorded per worker. In a nutshell, one would not be able, for the time being at least, to give any accurate estimate of the phenomenon for Romania.

An explorative study undertaken by the sociologist Stefan Guga¹⁰, recently presented to the public under the aegis of the Swiss-Romanian Cooperation Programme, draws the attention to the situation of several categories which may be labelled as “bogus self-employed”, e.g.: the literary translators as well as persons working under so-called authorship right contracts, which are nevertheless not acknowledged per se “labour contracts” but which according to the Fiscal Code (2016, 2015 amendments in force as of Jan.1st 2016 will have to pay mandatory contributions to the state (public) pension fund (i.e.; also known as “social security contribution”) while being still exempted from contributions to the public health insurance scheme as well as from the one to the unemployment insurance scheme. This type of what could be called “bogus self-employment” is especially widespread amongst mass media professionals, journalists, translators and interpreters and others such categories although effective statistics are still rather incongruous. The study makes it clear that since the beginning of the crisis there is a marked increase in the resort of employers to whatever the Romanian law allows as “atypical work contracts”. However the study fails to reveal what would be the actual “advantages” or “disadvantages” that both the employer as well as the employee would draw from this resort given the prescriptive character of the Romanian labour law. The only clear case is the one of the “persoană fizică autorizată” (licensed professional/licensed individual professional) where it is clear that advantages can be drawn only by very few well-placed workers, the others being placed at the mercy of their employers; same goes for persons employed under authorship contracts.

7. Collective bargaining coverage and planned reforms of atypical work regimes in Romania

The study that has been mentioned before and which will concentrate on all types of atypical contracts (see paragraph no. 5) will also try to make an assessment of this phenomenon. However, to date there is no planned reform as the phenomenon is little known and there are no assessments of substance that have been performed.

The Romanian law makes no particular distinction with regard to the rights of the employees in this respect. The Labour code clearly specifies that both workers on determined duration contracts as well as those on part-time contracts as well as temporary work agency workers are equally covered by collective agreements, with no discrimination allowed whatsoever. Collective agreements are mandatory, according to the Labour Code, for all companies employing more than 20 employees which make practically only small establishments exempted from the rule. The existence of a union or its non-existence is irrelevant to the purpose as employees are entitled to elect their representatives which negotiate with employers. Up to the modification of the Labour Code in March of 2011 (enforced as of May 1st 2011) the conclusion of a national collective agreement was mandatory. As of that date this obligation has been eliminated and national collective bargaining has been abolished in accordance with the Social Dialogue law adopted also in 2011 (law no.62/2011). Accordingly, the last national collective agreement has been the one of 2011.

¹⁰Stefan Guga: „Munca Atipica in Romania de la izbucnirea crizei. O perspectiva de ansamblu”/ „Atypical Work in Romania since the beginning of the crisis; An overall perspective”, the Swiss-Romanian Cooperation Programme, NEXT PUBLISHING, Bucharest-RO, 2016.



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Volume 5, Issue4, 2016

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Branch collective agreements have been replaced with so-called sector collective agreements, but these may only be concluded if there are representative organizations for the sector on both sides (employers and unions). In most cases, employers have tended to disband their unions so as to avoid collective bargaining. However, if there are such accords, the coverage is equal for all employees. As said before, collective agreements remain the legal rule for all companies, except small establishments. Even under the previous national collective bargaining regime, there were no differentiations made between workers on undetermined duration, full time contracts and workers on either determined duration of part-time contracts, as labour law simply did not and does not make any such allowance; it actually prohibits it! Therefore union membership, as much as it still subsists after the abrogation of national collective bargaining provisions does not make any distinction between employees on “atypical” work arrangements and those on “typical” or conventional work arrangements. Obvious enough those working as licensed individuals (persoană fizică autorizată-RO) or those providing services under a civil contract are not covered in any way by collective agreements, nor do they have anything to do with unions as these types of work organization do not fall under labour law; however, these persons are in some cases members of various professional bodies which, in some extent, may also act in defence of their rights (e.g.; the CECCAR- the professional organization of licensed accountants and expert accountants, the chamber of financial auditors, the order of the architects etc) . Due to the fact that legally there is no distinction between the rights of the workers (with reference here only to relations under the labour law) according to the type of contract, there are also no statistics with regard to the number or share of those workers as part of broad union membership.

ICT and digital workers, where they exist, have actually the same rights as other workers, if their relationship with an employer falls under the provisions of a labour contract. They are also equally covered by collective , if their relationship with the respective employer is regulated by a labour contract. If different, they are not and cannot be covered as the relationship is considered to be outside labour law.

Apprentices as well as workers under a professional stage contract (law no.335/2013 for the professional stage of higher education graduates; see also previous EEPO contribution on traineeships) enjoy the same rights as all other workers with no difference being made by the law as to their case. Their contracts are considered as labour contracts and they fall to this respect under the labour law, fully. They are therefore fully covered by collective agreements, wherever these exist. Same goes for workers under social insertion contracts, if such employers have collective agreements in place.

Temporary agency workers may also be covered under collective labour agreements as labour law applies equally to them with no distinction. This however depends on the size of the agency. A common way to avoid complying with the rule established by the Labour Code is therefore to keep the number of staff per enterprise below the limit of 20. This is a tactic that is also more generally used by many private companies (of the small and medium ones) which keep their personnel number below this figure to avoid the legal obligation. At times, when the activity develops, a new firm is established and some of the personnel have their contracts’ with the old company terminated (by the “mutual consent of the parties” which makes it perfectly legal) with a new individual labour contract concluded with the newly established entity. Thus exceeding the minimum threshold for collective labour agreement is avoided. Such practices are combining now with another practice of employers which is that of disbanding their branch or sector representative organizations so as to avoid concluding “sector’ collective labour agreements as the law only permits their conclusion if both sides of the social partnership are “representative” or in other words both



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Volume 5, Issue 4, 2016

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the side of the employers and the side of the employees have organizations that are representative for the sector where the collective agreement has to be concluded. If one part does not possess such a vehicle, the conclusion of such an agreement is impossible. Accordingly, a weakening of trade unions which thus lose their “raison d’etre” at sector level given even more leverage to employers which are only compelled to conclude enterprise agreements and therefore may only deal with organizations at enterprise level which they can easily control. This practice affects since 2011 (the year when the mandatory character of the national collective agreement has been eliminated with the sector agreements being made dependent on the existence of “representative” organizations of both parties in the social dialogue for a respective “sector” of economic activity) all workers irrespective if they are employed on “typical” or “atypical contracts”.

8. Conclusion

The concluding remarks of our study are given below.

- What actually would count in Romania as atypical work is concentrated in the so-called part time work as well as in the determined duration contracts these being the solo types that are allowed by the Romanian legislation and which may be concluded anyway only for a certain very well specified in the Labour Code (law no.53/2003 with subsequent amendments) types of activities. Therefore the margin of manoeuvre of any employer and of any employee is to this avail highly limited by the existing legislation. A possible explanation of the limited number of such contracts is lack of fiscal or social contribution facilities associated with this type of contractual arrangements.
- The most important type of “atypical work” in Romania, which makes our country different from the other EU countries, is self-employment in agriculture, in small household production farms, the so-called subsistence and semi-subsistence farms. To this are added the contributing family workers.
- The overwhelming majority of salaried employees in Romania have only one labour contract and the ones having more than that are the exception, not the rule. This comes to demonstrate again the rigidity of the Romanian labour legislation.
- In Romania there is no definition of bogus self-employment and the existing legislation does not permit it. However, a form of this is “licensed individual” (“persoană fizică autorizată”) and the one related to the individuals that are employed under authorship contracts (in mass media, advertising, translations, etc.)

Knowing the true extent of the phenomenon of atypical work, one can achieve an adequate protection of such workers, under a suitable regulatory framework and on the basis of an effective social dialogue.

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Web Platform for Romanian SMEs Networking

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Abstract. After the 90s, private initiative in Romania has tried to get market shares in the emerging niches: IT services, e-commerce, retail, energy. With the liberalization of the market after admission to the EU, local entrepreneurs could not cope with external competition, crushing in debts or insolvency. The situation is not different today when the local capital is strongly competed by multinational companies. After a continuous research process, the conclusion is that the only solution for the SMEs is collaboration in business hubs, virtual companies and other forms of local cooperation. In this article is presented a type of collaboration between SMEs using discount coupons to recommend each other clients.

Keywords: ICT, SMEs, discount, network business environment

JEL Codes: M15

1. Introduction

ICT has a major impact in all the SMEs current activity. As a consequence, SMEs capacity of innovation depends on ICT. The innovation capability is the engine of new green products and services, of B2B and B2C communication and cooperation. There are a lot of complex and various factors that consolidate the premises of achieving innovation by SMEs, such as human resource and ICT impact on innovation.

[Idota, 2013] assert that ICT use promotes the innovation capability and external linkage. The innovation activity promotes the innovation. The innovation capability, external linkage and ICT use directly promote the innovation.

ICT offer the technical support for data analyzing and setting decisions, for internal and external communication, for networking and collaboration, saving time and money, overcoming geographical constrains and offering a platform for international e-markets.

Most ICT current facilities are offered by Cloud Computing, through Software as a Service paradigm, that seems to be dedicated for SMEs, strengthening the knowledge creation process.

Cloud Computing is a must have for SMEs business in our globalizing economy. The SMEs have to gather and share information, knowledge, technology and human resources in order to face the market requests. [Liebhart, 2015] “estimates 30 % improvements caused by efficient, flexible and networked IT”. In order to do that, SMEs should “bridge the gap between the business and IT domains”. The classical



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company image should change to dynamic model, centered on business process automation. Business parameters will be different from one domain to another, but the arity of any business relation should be the same to integrate efficiently different SMEs belonging to different legal systems, marketing regulations and domains. [Woitsch, 2016]

But the ICT is nothing without human resources. One of the most common categories of the economic operators in modern economy markets is the Entrepreneur, a flexible and creative person, with plenty of energy and self-confidence, who likes challenges and takes high risks to develop various projects, representing the materialization of his own vision. The entrepreneur oriented towards results, sets up new companies and drives them towards success, sometimes turning them into big companies or selling them to national or international agents. Entrepreneurs and the Small and Medium-sized Enterprises, SMEs, have a positive influence on macroeconomic indicators such as GDP growth, or decreasing the unemployment rate.

This assertion is reinforced by Jones, (2016). She demonstrated that human resource transfer has a significant positive effect on innovativeness, and innovativeness, in turn, is positively related to firm performance.

Furthermore, the literature reveals that there is a tridimensional relationship between knowledge management (KM) practices, technological innovation (TI) and competitive advantage (CA) [Voon-Hsien, 2016]. KM has a direct positive and significant relation with both TI and CA; while TI positively and significantly affects CA. Most outstandingly, the mediating role of TI that connects KM and CA has been proven to be positive and significant.

Empirical studies show that, in developed countries, the SMEs contribute to over 55% of GDP and over 65.8% of total employment (comparable with those of the EU - 27: 66.9%), which means that 2/3 of employees in Romania and the EU - 27 are operating in SMEs. [OECD2015]

The economic development can be stimulated by setting up new and innovative firms and rising the SMEs competitiveness and productivity rate, aiming to their integration into the global value trading chains and investment [OECD2015]. SMEs are very flexible to changing market and environment.

SMEs consider that the greatest obstacle they have to face is financing their business, due to lack of effective communication with banking and financial system. Another obstacle might be their incapacity to face the inflation and the bureaucracy retrieved in the number and the amount of taxes and regulation to be observed. Policy instability, corruption, street-organized crimes are also to be considered. It can be noticed that most of all these factors are external to the organizations and are influenced by the state policies. Similarly happens with the anti-competitive practices, with infrastructure and the legal issues. Most of these obstacles are much beyond the SMEs control. The SMEs can try to avoid some of them, by looking for alternative fund raising or by improving the IT infrastructure problems through associations in a digital network environment that might get the support of big companies, government, and of smart young people from world, in the online environment. SMEs are usually less organized, as a member of the Employers and Chamber of Commerce [Tonis, 2016] and SMEs are not associated in business cooperation networks and do not take the advantages of scale production.



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In order to offer support for SMEs business, it had been conceptualized and developed a portal for Romanian SMEs that support the networking between SMEs. In this article it is described a discount system based on coupons that serve as reciprocal recommendations between SMEs, as a free method of publicity.

2. Case study – Discount Coupons Facility

It had been designed a web B2B portal where SMEs have their own presentation page, forum and possibility to manage a joint portfolio of clients by issuing nominal discount coupons.

This portal facilitates:

- online publishing - articles, free resources for audiovisual local business community;
- seminars and meetings with great impact, free, dedicated to developing entrepreneurship and leadership;
- online ordering platform for smesonline.eu partners' products / services with discount;
- intensive series of training a day, two or three days in major cities;
- complex series of workshops and training programs with follow-up system
- active vacation, training and inspiration - full experience in business.

To become a member and benefit from customer recommendation system based on discount coupons, the SME have to access the page www.smesonline.eu, section About SMEs Online (Fig.1).

Accessing the hyperlink „Fill in the form” , SMEs can fill in a personal page for the company as a member of SMEs Online  or view the demo page containing demo data  (Fig.2).



← → ↻ www.smesonline.eu 🔍 ☆ 🚫

IMM Connect DESPRE NOI PARTENERI MEMBRI IMM CLOUD FORUM CONTACT f LinkedIn

Mediu virtual de afaceri
Digitaliza-ti afacerea ta si inoveaza inteligent!

NEW 1
COMPLETAND FORMULARUL ACESTA VEI PRIMI PAROLA PENTRU ACCESAREA CONTULUI DE MEMBRU.

DESPRE IMM ONLINE

Dorim sa mobilizam firmele mici si mijlocii in directia reducerii costurilor pe calea automatizarii proceselor de afaceri, inlocuirea licentelor software proprietare cu cele de tip Open source si utilizarea tehnologiilor prietenoase cu mediul

J.M.M Online

Fig. 1: smesonline.eu – Romanian SMEs Network Business Environment



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Volume 5, Issue4, 2016

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www.smesonline.eu/form/form.html

1

Pagina Web personalizata

Completati cat mai fidel formularul de mai jos pentru o pagina relevanta pentru clienti .dvs. Exemflu de pagina completata [AICI](#)

2

CUI
*Aici trebuie sa introduceti o valoare numerica intreaga!

Denumire

Nr. Înmatriculare

Persoana contact

Pre: last:

Phone
()

Email

Web Site

Adreduc

Fig. 2: smesonline.eu – Web form to be filled in as to become a member

Filling in the form fields described in the personalized web page and executing click on the Submit button, the SMEs can visualize corresponding URL of the new web page created (Fig.3).

Submit

Aici este pagina ta: <http://www.smesonline.eu/test.html?CUI=12345>

3

Generated by pForms

Fig. 3: smesonline.eu – Access to personal page

Then accessing the corresponding link page URL hyperlink newly created or completed page is obtained the page template as in (Fig.4).



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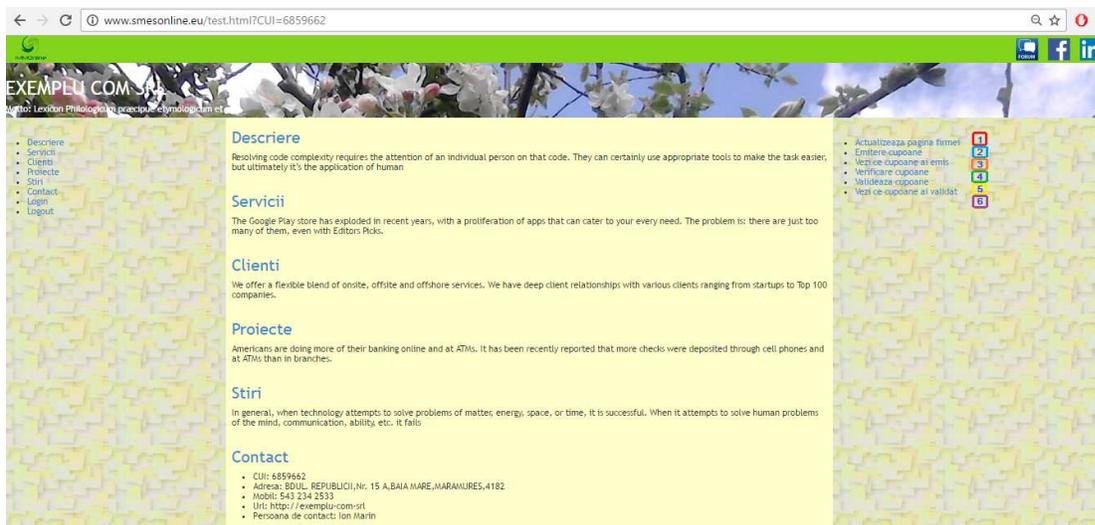


Fig. 4: smesonline.eu – Personal page

The options in the right panel of the page firm (from 1 to 6) can only be accessed in a secure manner. The credentials are the email address and password. The password is provided by office@smesonline.eu, after filling in the form at the previous step. Now the SMEs has these options:

1. Update the company page using a form without filling in the CUI. The CUI cannot be updated if not addressing the administrator.
2. Issuing vouchers using the form in figure 5.

Fig.5: smesonline.eu - Issuing coupons



Note: The percentage reduction is recommended ☐. It is not mandatory for the company that accept the coupon to apply the same discount! Name, surname and date of birth ☐ belong to the customer. They are required because not allow issuing more coupons on same name in for the same service

3. Issued coupons can be viewed within a report with search facilities for printing ☐, for example(Fig.6):

Nr	Emis de:	Data	0732.875.393 0767.738.343 smART Creative
59	Rocsfilm	2016-11-05	
SMEs Connect			
Nume	Data Nasterii		
Ion Marin	1970-11-13		
!!! Pentru a beneficia de acest cupon trebuie sa va faceti rezervare si sa va informati care sunt conditiile impuse de fiecare firma si care este procentul de reducere			

Nr	Emis de:	Data	0732.875.393 0767.738.343 smART Creative
60	Rocsfilm	2016-11-05	
SMEs Connect			
Nume	Data Nasterii		
Avram Radu	1970-11-12		
!!! Pentru a beneficia de acest cupon trebuie sa va faceti rezervare si sa va informati care sunt conditiile impuse de fiecare firma si care este procentul de reducere			

Fig. 6: smesonline.eu – Report coupons

4. Coupons verification option allows viewing information associated with a coupon (such as issuing date, customer name and surname) by the issued ID coupon ☐(Fig.7).

Verificare cupoane
Aceasta etapa este optionala!

Numar cupon 1

Submit

Generated by pForm

Fig. 7: smesonline.eu – Verify coupons

Note: Issued and validated coupons do not appear in search results, so they can not be validated at the next step ☐. Results following information (Fig.8).



Submit

Cuponul cu numarul 64 a fost emis de catre Rocsfilm pentru Marinescu Florin, nascut la data 1977-03-21 si are o reducere recomandata de 20 la suta.

Generated by pForm

Fig. 8: smesonline.eu – Reports on verify coupons

- Coupons validation involves applying a discount and changing the coupon status that will make it unusable a second time(Fig.9).

Validare cupoane

Aceasta etapa este obligatorie!

Numar cupon

Procent reducere
 1

Submit

Cuponul cu numarul 64 este valid si ofera o reducere de 15 la suta!

Generated by pForm

Fig.9: smesonline.eu – Coupons validation

- Validated coupons can be viewed in a report (Fig.10):

www.smesonline.eu/form/validate.html

Search:

Nr	Emis de:	Data	Stare
64	Rocsfilm	2016-11-09	1
Nume	Data Nasterii	Reducere	Validat de:
Marinescu Florin	1977-03-21	15	4321

Fig. 10: smesonline.eu – Reports on validated coupons

For further details one can view the movie: <http://www.smesonline.eu/movies/MYFILE.htm>.



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3. Conclusions

All the literature review shows that SMEs needs to collaborate within a network sharing resources and market niches. A business network facilitating real time communication, sharing information and software applications, attending online business training and workshops, or implementing actions for improvement the clients' experience, becomes a strong community able to influence the business decisions outside the group itself. Being a group rather than an isolate company, the business network could apply for grants or other government funding.

4. Further research

A further research will focus on creating a cloud and available tools, in order to achieve this.

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The Role of Accounting and Internal Control in Reducing Bureaucracy in the Public Sector

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Abstract. The aim of this paper is to present the relation between efficient internal control and accounting procedures and how the internal control system could play an important role in reducing bureaucracy. Nowadays, the Government accounting and control of public finances are a national and international priority, in context of refugees crisis and terrorist attacks. Modernization of the public sector accounting could accelerate the process of reducing bureaucracy, by implementing accounting information system and electronic signature.

The reform of the public administration in all European countries requires new monitoring techniques and procedures, in order to verify public sector budget and its financial activity. Efficient intern control procedures and managerial responsibility could contribute to a good governance, transparency and low level of bureaucracy.

Keywords: internal control, accounting information, bureaucracy

JEL Codes: M40, M42

1. Introduction

The role of accounting in the modern society is more important than ever, and the professional accountants are responsible for the financial reporting released both for the public sector or a single economic entity. International Public Sector Accounting Standards (IPSAS) are explaining the importance of accounting for a fair representation of the effects of transactions, expenses, revenues and other events, in order to present reliable and accurate information for the public management.

The responsibility for the preparation and the financial reporting may vary from one country to other, but generally, the chief accountant or the chief executive are involved in elaborating the accounting information for the top management. The same way, there are controllers or finance managers who are responsible for approving or controlling the financial statements. Thus, the responsibility for the preparation of the consolidated financial statements of the government as a whole usually rests jointly with the head of the central finance agency (or the senior finance official, such as the controller or accountant-general) and the finance minister (*IPSAS 1—Presentation of financial statements, p. 37*).

The development of the financial reporting generates bureaucracy in the public sector, because of detailed explanation for the financial position, financial performance and other changes in net assets/equity in the public sector administration. Last decades, the notes of the financial reporting contain a growing summary of significant accounting policies and other explanatory procedures. The bureaucracy is



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growing all over the world in the public administration, and a significant level of bureaucracy could become a negative phenomenon, but could be under control by monitoring internal rules and regulations (Ionescu L, Robertson K, 2016).

We note the growing bureaucracy in the correction of inappropriate accounting policies and rectified financial reporting either by disclosure of the accounting policies used, or by other notes or explanatory material. Thus, the deficit or the surplus for the end of the period could be identified in many reports, as presented in table no. 1:

Table no. 1. The Components of the Financial Statement Including Deficit or Surplus Indicator

No.	Financial statements components
1	statement of financial position;
2	statement of financial performance;
3	cash flow statement;
4	explanatory notes;
5	statement of changes in net assets/equity;

Source: Adapted from www.ifac.org/ IPSAS 1—Presentation of financial statements

The various numbers of financial reports is related to the company performance and depending on the users' interest, principles, conventions and adopted accounting rules for determining the results (Ionescu C and Ionescu C., 2016).

Internal control could be an efficient instrument in fighting against bureaucracy in the public sector accounting, by implementing modern procedures and using the internet control. Also, internal control is a crucial factor in ensuring the quality of financial information for the public administration, using the most modern and flexible techniques (Ionescu C and Ionescu C, 2015).

2. The Role of Accounting in Reducing Bureaucracy

The modern accounting methods are flexible and the accounting information is understandable for most of the users in the public administration. Reforming Romanian public sector accounting recorded good results for the financial reporting relevance, reliability and transparency in the last 26 years. One of the most important principles of the accounting reform is *substance over form*, meaning that the substance of transactions or other events is not always consistent with their legal form. But, most of the public servants have a reasonable knowledge of the entity's activities and the environment in which it operates, and to be willing to study the accounting information. In order to reduce bureaucracy, the accounting information represent faithfully the transactions and other events that it purports to represent, in accordance with their substance and economic reality. Accrual accounting system is a useful instrument to reduce bureaucracy and improve transparency, not only for public managers and stakeholders, but also for employees and general public, who are well informed about the nature of financial and fiscal information provided by the accountants.



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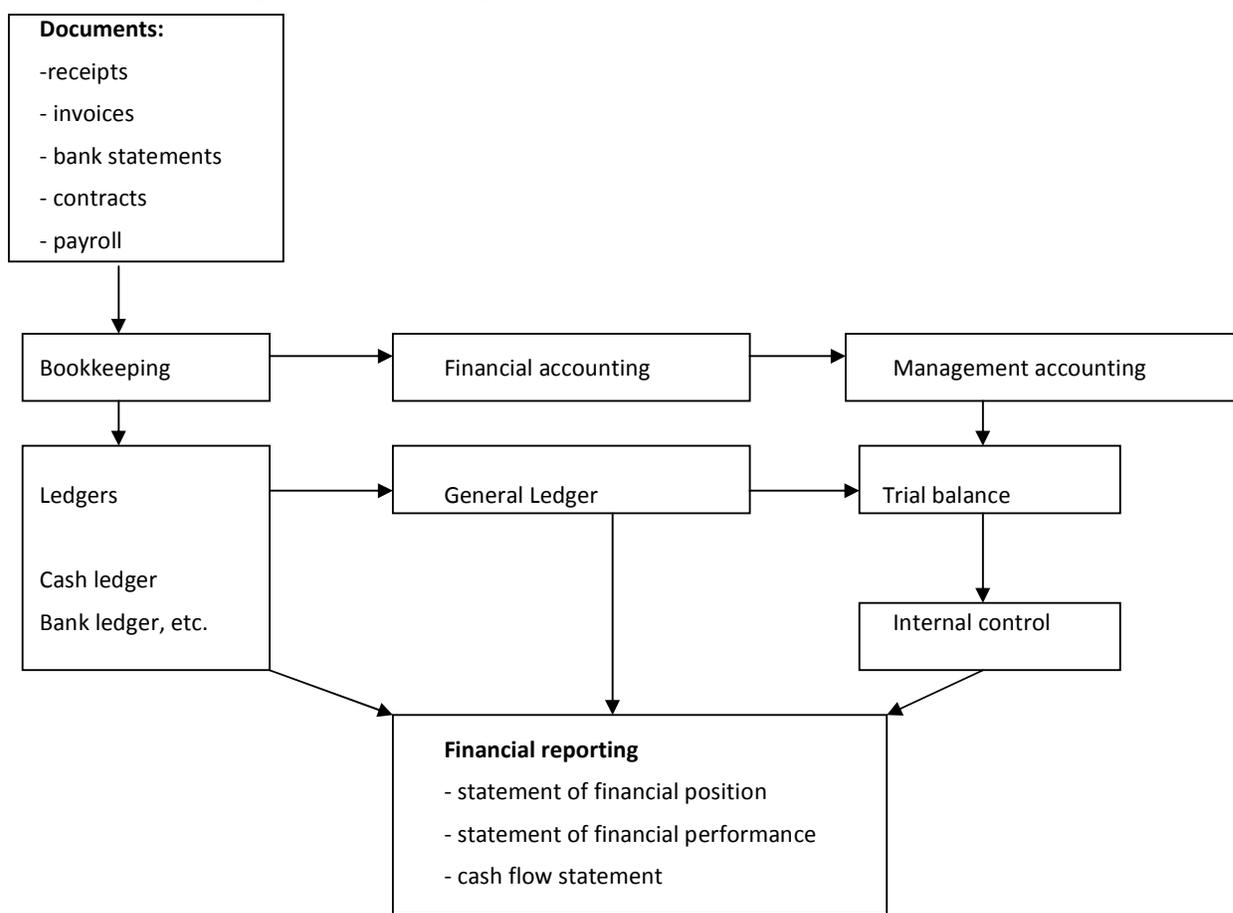
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Eliminate some excessive bureaucracy by reducing the hierarchy of the finance and accounting departments is a priority for the public managers. Thus, last decades we could observe the growing number of professional accountants with good knowledge in the public finance, law and accounting methods. Traditionally, accounting information was build and produced on paper by numerous accountants working in the public administration, sometimes ineffective and inefficient, but in the 21st century, accounting information system (AIS) became an efficient system of collecting, storing and high speed processing financial and accounting data with good results for the public managers. Thus, the financial reporting can be obtained by accounting information system (AIS) inside the public entity or externally with professional accountancy firms and many modules of accounting were developed as: management accounting, cost accounting, financial accounting or internal control. In the figure below we could observe the accounting information system (AIS) in the public administration:

Fig. no.1. The Accounting Information System (AIS) in Public Administration



Source: Author's own work



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The advantages of using accounting information system (AIS) are relevant and important for the public managers and other users, such as investors, creditors, managers, owners, customers, employees, regulatory agencies. The reliability of using accounting information system (AIS) could be identified by: security, confidentiality, availability and integrity of the data base.

A major step in reducing bureaucracy in the public sector accounting is the adoption and implementation of electronic signature in Romania, since 2001. Despite the fact that electronic documents are appropriate for creating, processing, sending and receiving accounting information, for decades in Romania most of the contracts were signed on papers and all the financial reporting was approved and sign by managers on paper with blue ink. Recently, the benefits of using electronic signature were understand and approved by most of the users from the public sector and the private one, as well. According to the Law no. 455/2001, electronic signature means data in electronic form, which are included in, attached to or logically associated with a document in electronic form and serve as a method of identification. The advantages of using electronic signature could be identified in saving time and effort from the public accountants and managers to write, read and copy the financial reports, integrity of the data and authorisation by the qualified managers, confidentiality of the data, automate and streamline reporting. Understanding the benefits of the accounting information system, electronic signatures become best practice for all public agencies in Romania and for the fiscal administration. Thus, most of the financial reporting and the financial statements are verified and approved by electronic signature, then upload on the Finance Ministry's site or other fiscal agencies.

Table no. 2. Reducing Bureaucracy by Accounting

No.	Accounting techniques
1	Implementing accrual accounting system;
2	Implementing accounting information system;
3	Adopting electronic signature;
4	Implementing signature-verification;
5	Implementing internal control;

Source: Author's own work

3. The Role of Internal Control in Reducing Bureaucracy

There is a strong connection between accounting and public internal control because of using the public funds, recording expenses and issues of sustainability- economic, environmental and social. In Romanian public administration, the reform of the internal control was developed on the following components: financial control, managerial control, management control standards and managerial responsibility. We present link between these components in the figure below:



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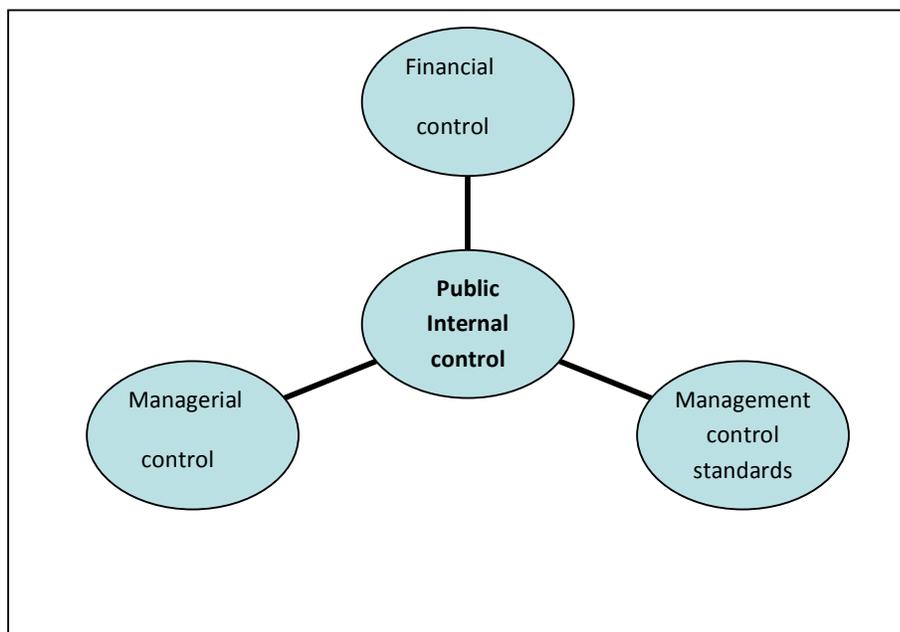
Journal of Economic Development, Environment and People

Volume 5, Issue 4, 2016

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Fig. no.2. The Accounting Information System (AIS) in Public Administration



Source: Author's own work

The reform of the internal control is very common to all European countries and is part of the new public management. By reforming internal control in public entities, we could reduce bureaucracy and the wasting of public funds, by implementing new procedures and techniques to improve the management process. Causes of bureaucracy are instability of legislation, confusion, poor public management and insecurity of the public servants (Ionescu L, Caloian F, 2014).

According to INTOSAI GOV 9120 (2004), the role of the internal control is to provide a foundation for government accountability and public management control, to prevent theft and fraud, to increase transparency and efficiency in the public sector. There is a high pressure on the public finances and public budget in all European countries, and governments made many changes in the way in which public internal control operates and how it is organised. Internal control could be efficient by following the general objectives, such as:

- protection of the public funds and budgets;
- compliance with the regulations, norms and laws;
- development of the accounting system;
- preventing fraud and corruption;
- implementing new techniques of verifying data and financial information in the public administration.



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In order to reduce bureaucracy in the public sector, an efficient technique is to implement electronic control of the documents, data and financial reporting. Electronic financial administration is available in all European countries, very common in local administration and local agencies. Thus, most of the citizens and companies could apply electronically to request fiscal certificates and statements. The local administration and fiscal administration are organised to provide on-line services to the contributors and to control the electronic files submitted by citizens. The main benefits of electronic control of the documents and electronic administration include: efficiency, accountability and management responsibility, instant access to data base and permanent control.

4. Conclusions

This paper presents some aspects about the role of accounting and internal control to reduce bureaucracy in the public sector and the complexity of the information in the public administration. Implementing accrual accounting system is a useful instrument to reduce bureaucracy and adopting digital signature is an efficient tool to increase speed and efficiency in the Romanian public sector. Electronic financial administration is a modern system to fight against bureaucracy and corruption in the public administration, and implementing new and modern electronic control techniques will prevent fraud, corruption and money laundering.

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Opportunities for Modern Understanding of Human Capital

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Abstract: The study is focused on the key factor in the structure of any organization – the human capital. The objective is to present the thesis of the author that it is possible to optimize the process of formation of the human capital, through consolidated administration of certain management and control concepts. The tasks are connected with accumulation of evidence that the concept of the audit of human resources can be and should be developed.

Keywords: control, controlling, auditing, concept, human capital.

JEL Codes: E24, F38, M42

1. Introduction

The retrospective analysis of the evolution of both social and economic system, prove undoubtedly that this endless process is invariably associated with the presence and active participation of personality formation and evolution. Whether they have formal nature, i.e. they are differentiated as structures, or they have an informal character and demonstrate a relatively free behavior, it is not as significant - the basic idea is that always only humans have created history and determined the development and improvement of society and business (Nikolova, 2016).

In the economic literature, personalities with their units fit into the content of the general term "staff", where however two concepts are consolidated and distinguished - human resources and human capital. Although these are etymologically and meaningfully different concepts, their unity and continuity are based on the total creative process that accompanies the organizing production process, namely the creation of human capital based on the improvement and the development of human resources, perceived as staff and involved in organizational activities (Ninov, 2016).

According the unified theory of management, the process of development of each system can be perceived as an object of management (Mladenov & Terziev, 2014). Generally, arguing on this basis, and in particular on the theory of control, human resources development might and it is right to be perceived as the result of the socially meaningful, purposeful and controlled management.

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2. Alternatives in Understandings of Human Capital

Development of the understandings of human resources occurs relatively fast development recent years. For these reasons, the approaches of critical analysis are subject to changes too. By the end of the 80s of the XXth century, human resources were considered on the basis of the behaviour of certain classic parameters covering numbers, time and performance (Mladenov & Terziev, 2014). Critical analysis of the results of analytical procedures consider that a moment come when registered discrepancies between results and needs of reality become so drastic that the search for new methods to measure it is simply inevitable. All this, in addition to developing the concept of modern organization, operating in a new environment, proving that human resources acquire a new meaning, a different and richer content. (Terziev and oth., 2015).

At present stage the focus of attention in the analysis and search of new ways to improve the human factor is placed primarily on professional qualities, profile of competence, preparedness for training, desire for development (Terziev & Arabska, 2015; Arabska, 2016). All this provides evidence that the new modern organization works successfully developing and refining successful intangible factors of success (Terziev, 2012).

The review of average assets structure gives evidence that the average amount of tangible assets or net book value without obligations forms less than 25% of the market value of organizations (Stoyanov, 2013). Both at macroeconomic and microeconomic level, intangible assets play a crucial role in creating a long-term value (Stoyanov, 2015).

Generally, about the nature of intangible assets we may say that it is not subject to physical measurement, yet this new asset generates benefits and uses. In relation to their characteristics, numerous definitions are created, each treating just some features of these "invisible" assets (Stoyanov, 2016).

According to International Accounting Standards and Bulgarian accounting rules, intangible assets represent intangible resources out of the turnover involved in the manufacturing process and belonging to the enterprise in terms of ownership (Stoyanov, 2013). They have no physical characteristics, but are particularly valuable in terms of justification and set priorities, rights and privileges in the production process. Intangible assets are a key source of stable formation of value. Their condition determines the level of efficiency in internal business processes, organizational financial situation and relations with customers and suppliers.

Modern organizational theory is based on the concept linking the strategic direction of the organization and the improvement of intangible assets for which an understanding is imposed that this is the trinity of the following categories: human, information and organizational capital (Terziev *et al.*, 2014).

The unique feature of that trinity is the acquired property of each of the three components to be seen as a result of the other two, yet each of them is a prerequisite and a key event for the development of the others (Stoyanov & Tranev, 2016). That essential characteristic of the group of intangible assets creates an additional difficulty in the process of their management and development, because the compulsory proximity and the sufficient adequacy with the organizational strategy actually makes them an inexhaustible generator of value creation to the product, and in this sense that is what creates almost an insurmountable barrier for their precise measurement and provision of control (Terziev & Stoyanov, 2015).

The brief analysis of the process of management and development of the human factor shows that in its structure, enough problems are differentiated both as volume and significance. Therefore managerial concepts actually exist (Zahariev & Arabska, 2014) to have the opportunity and the potential to register a beneficial impact on the development of human resources and their transformation into human capital.



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One of these concepts is the concept of controlling. The control activity has the characteristics of a socio-historical product that focuses on a specific range of topical success factors and their management aspects. In this regard, it is part of a natural process, and even in a strictly historical moment it does not exhaust the whole subject area of management and of the management theory (Terziev & Stoyanov, 2016). Covered by the controlling factors of success, however, are of such fundamental importance in a mature market economy, that they justify the continued relevance and the key role of the concept of development of the business organization.

The fundamental prerequisite of controlling output is contained in the establishment of market economy and establishment of the economic organization as a subject of the commodity-money relations. In these conditions the monetary goals of the economic organization come to the foreground and receive a priority. In a different but a sufficiently large extent, in their obedience fall the substantive material and social goals, in all areas of its operation. Monetary targets, and economic and financial aspects underlying of all business organization activities and supervises their implementation as the foundation to acquire a role criteria in its existence and development (Stoyanov, 2013).

Controlling, as a management concept, performs the important role to target purposefully the activity to the desired financial results. Control, as management activity is in continuous development and improvement in its functional aspects and content, organizing structure underlying certain positions as a function of management control, lifting them to a higher level, under the influence of additional, immediate prerequisites. The conceptual emphasis is placed on the desire to maximally approximate the functions of planning and control into the structure of the management process. Realistically, if the characteristics of controlling are adapted to the process of management and development of human resources, it is correctly to take into consideration certain deficits.

First. Controlling continues to seek an opportunity to be legitimized as an independent discipline.

Second. Controlling is a step of further development, where there is shown a proved empirical insufficiency.

Third. The differentiated area of research is partially occupied by other disciplines such as management accounting, information systems, planning and others, and thus partially it is away from the structuring in modern management.

The overall conclusion about the place and the role of controlling is that although there are still many unknowns, including the lack of legal regulation, its nature as a concept enables it to be a real flexible connection between the process of managing human resources and their improvement destined by the dynamic changes in the socio-economic environment.

In this relevance, the other concept that has a different but useful for the development of human characteristics, is the audit (Stoyanov, 2013). At the present stage, based on the degree of maturity of the society and the level of development of perceptions on audit, several leading statements are distinguished, acquiring the status of definitions, that are associated with the work of certain professional institutes governing regulations and summarizing in methodology some proven 'good' auditing practices.

For the last century, the leading is a definition inscribed in the Generally Accepted Auditing Standards according to which the audit is a process of systemic nature, in which a competent and independent specialist accumulates and objectively evaluates the evidence of economic actions and events recorded in accumulated information, reflecting specific economic system in order to establish the degree of correspondence between the facts from the information and the criteria set (Stoyanov, 2013) in order to laying out the results of the inspection to various interested users. The detailed analysis of the definition



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can give the impression that it does not address the inherent information risk in audit. In other words, the audit conduct is, in a certain extent, predetermined by the desire to minimize the information risk.

In the early 21st century the establishment of the system of International Standards on Auditing introduced to the global audience a series of definitions. The general framework of the content of all legislation related to the audit, approves the understanding that this is an activity structured in a process, expressing an independent opinion to obtain a reasonable assurance for the accuracy of accumulated evidence and an opportunity to meet the criteria set out, in order to optimize risk management, control and management.

Those definitions have made it possible for term "audit" to be engaged in a wide range of organizational problems, although three main areas of audit are differentiated in practice - financial, public and managerial (Stoyanov, 2016a). In fact, under the contemporary conditions the range of methods for assessing organizational performance expands and because of that it is considered that it is in the content of the management audit, like financial, the audit of staff is differentiated.

It can be said that the function of this audit is directed towards the effectiveness of labor, and in particular - to the efficiency, manifested in the activities of the staff. Briefly, the efficiency could be interpreted as a counterpoint to the inspection called upon to justify the philosophy of this audit, by diversifying methods and technology organization in each case in the audit practice. It is for this reason the mission of the audit staff is to carry out systematic evaluation of the effectiveness of work and labour resources and functional status of social and labour relations on objective and subjective levels.

3. Conclusions

The discussions presented in this article allow some general conclusions:

First. The factor "personnel" proves that it has the qualities to be the most important object of management and control, and the most difficult to predict the subject in terms of their behaviour. The reasons is, as pointed, a huge challenge for the scientific thought. In context, each iteration of change and any theoretical possibility of its development, are alternatives to the public and to the desire for purposeful and fruitful development.

Second. The concept of controlling, even in its imperfect form and shape, is a real opportunity, through functional consolidation, to manage human development and accelerate the transformation into human capital.

Third. The differentiation of the directions of audit of staff is a proof that the human factor is gaining much more significant place and role in social development. The establishment and institutionalization of a specific audit form provides evidence that its mastery and effective management are possible with an adequate control and a maximum effective audit.

In conclusion, it could be implicated that there are theoretical prerequisites for the proper and the controlled development of the human factor. Its improvement is entirely feasible for the introduction of specific management and control and auditing concepts into practice. The registered trend proves the willingness of the society to control and institutionalize the change in this direction as the only one and true alternative for sustainable future.



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Logical Querying of Relational Databases

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Abstract. This paper aims to demonstrate the usefulness of formal logic and Lambda Calculus in database programming. After a short introduction in propositional and first order logic, we implement dynamically a small database and translate some SQL queries in filtered java 8 streams, enhanced with Tuples facilities from JOOL library.

Keywords: logic query, propositional logic, predicate, relational database

JEL Codes: M15

1. Introduction

A database is a set of basic axioms corresponding to base relations and tuples plus deductive axioms or inference rules. Tuples are for the relationships what are nouns for sentences, each denote a true particular sentence [Date, 2005].

A logical query is the action of evaluating a Boolean expression concerning tuples and relations. Boolean operators in propositional logic are:

Table1: Boolean Operators

Operator name and meaning	Example
negation (non)	$\neg \phi$
conjunction (and)	$(\phi \ \& \ \psi)$
disjunction (or)	$(\phi \ \ \psi)$
implication (if ..., then ...)	$(\phi \ \rightarrow \ \psi)$
equivalence (if and only if...)	$(\phi \ \leftrightarrow \ \psi)$



A basic axiom is equivalent to a tuple of a database or a predicate. The predicate value is a function of truth that has a set of parameters. It should not be assigned a value to a database in order to determine the database predicate to take the truth value FALSE [Date, 2005]

Table 2: Basic axiom table

Parent	Child
Caninae	Canis
Canis	Canis lupus

Corresponding to the example above, we can construct an open formula with two occurrences of the variable x:

$$\text{Grandparent}(x) \leftarrow \text{Parent}(x) \ \& \ (\text{Child}(x) \leftrightarrow \text{Parent}(y))$$

By placing an existential quantifier \exists before x (“for some x”) and an universal quantifier \forall before y (“for all y”), we can bind these variables, as may be seen bellow [Bird, 2009]:

$$\exists x. \forall y. \text{Grandparent}(x) \leftarrow \text{Parent}(x) \ \& \ (\text{Child}(x) \leftrightarrow \text{Parent}(y))$$

1.1. Advantages of logical querying:

- Uniform representation of operations and dependency constraints;
- Improved semantics of the original data model;
- Improve SQL facilities making possible to negate a where clause if we keep in mind the formal logic rules [StackOverflow, 2016,]:

$$A \ \& \ B \ \& \ (D \ | \ E) \leftrightarrow \neg (A \ \& \ B \ \& \ (D \ | \ E)) \leftrightarrow \neg A \ | \ \neg B \ | \ (\neg D \ \& \ \neg E)$$

2. Case study

Suppose that in our database the following scheme has been defined [Moshe, 2006]:

Student (name, dorm, major, GPA),



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Professor (name, dept, salary, year hired)

Chair (dept, name)

We create a dynamic structure for this as the following:

```
Studenti = new ArrayList<Student>();
Profesori = new ArrayList<Professor>();
Decani = new ArrayList<Chair>();
Decani.add(new Chair("Iosipescu","Math"));
Decani.add(new Chair("Radulescu","CS"));
Profesori.add(new Professor("Georgescu","CS",5000,1999));
Profesori.add(new Professor("Iosipescu","Math",3000,2004));
Profesori.add(new Professor("Radulescu","CS",7000,2000));
Profesori.add(new Professor("Marinescu","Math",6000,1998));
Studenti.add(new Student("Ionescu","A5","CS",9.5));
Studenti.add(new Student("Marinescu","A3","Math",9.0));
Studenti.add(new Student("Popescu","A4","CS",8.5));
Studenti.add(new Student("Vasilescu","A5","Math",7.5));
```

2.1. List the name and dorm of Math students with a GPA of at least 8.0:

```
List<Student> result = db.Studenti.stream().filter(s -> s.major.equals("Math") &&
s.GPA>=8.0).collect(Collectors.toList());
```

2.2. List the names of faculty members with a salary to 5000, who were hired after 1990:

```
List<Professor> result1 = db.Profesori.stream().filter(p -> p.salary<=5000 &&
p.year>=1990).collect(Collectors.toList());
```

2.3. List the names of faculty whose salary is higher than their chair's salary:

```
db.Profesori.stream()
.sorted((p1, p2) -> Long.compare(p1.salary, p2.salary))
.flatMap(v1 -> db.Decani.stream()
.filter(v2 -> Objects.equals(v1.dept, v2.dept) && db.Profesori.stream()
```



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```
.anyMatch(t -> v1.salary>t.salary && t.name.equals(v2.name)))  
.map(v2 -> tuple(v1.name, v2.name)))  
.forEach(System.out::println);
```

2.4. List the names of faculty members whose salary is highest in their department:

```
db.Profesori.stream().filter(p->db.Profesori.stream().anyMatch(t->t.salary<p.salary &&  
t.dept.equals(p.dept))).forEach(p->{System.out.println("name=" + p.name);});
```

We have employed the jOOλ library [GitHub, 2016], making the following mappings [Fusco, 2015]:

```
INNER JOIN - flatMap() with filter()  
WHERE      - filter()  
GROUP BY   - collect()  
HAVING     - filter()  
SELECT     - map()
```

The results are the following:

```
name=Marinescu dorm=A3//1  
name=Georgescu  
name=Iosipescu//2  
(Marinescu, Iosipescu)//3  
name=Radulescu  
name=Marinescu//4.
```

3. Conclusions

There are advantages. Evaluating expressions and functional programming has already given us the support for a declarative way of parsing collections of objects. Since relational databases cease way to noSQL ones, we have to discover a good substitute for SQL language. Beginning with Java 8 lambda expressions, streams and method references, we have to search no more...

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