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OPPORTUNITIES AND DANGERS THAT ARE BASED ON MANAGERIAL DECISIONS IN CONSTANTA

theoretical
article

Keywords

risks
economic crisis
accounting
measurement
control

JEL Classification

D04, H23, H30, M21

Abstract

Constanta County represents a very strong economic force in Romania, but also in the European continent in general. Thus, Constanta, is facing numerous problems. The negative factors that have influenced Constanta County are mainly internal. Due to its position by the Black Sea, the County is also influenced by all international political events, by the decrease of the cereals in commodities exchanges, by the oil prices or the fluctuation of the exchange rate. However, most risks have emerged because of the managerial strategies implemented by companies or the state policy on the protection of national wealth. Our welfare, at micro and macroeconomic level, depends on administrative policies.

INTRODUCTION

The present work is the result of a research performed over a period of several months and also of the internal and external economic factors acting on the economic activity in Constanta County. In the first part I will present the advantages and opportunities available in this region found at the crossroads for the trade of many countries.

THE OPPORTUNITIES IN CONSTANTA COUNTY

Constanta is the maritime gate of Romania, a strategic point for our national economy but also of great interest for the neighbouring countries. Constanta is the point of connection between many European countries. In terms of resources, Constanta is of interest to foreign investors in the oil sector through the privatization of Petromidia-Navodari Refinery, the oil deposits of the former Oil Terminal Company. Also, the oil that is exploited both in the country and on platforms in the Black Sea has attracted foreign and Romanian investors. Because of these exploitations new branches of the economy have been created, extraction installations and processing facilities have been modernized and retechnologized, pipeline infrastructure has been replaced and improved.

The oil industry ensures over 30% of the Constanta County turnover and a significant proportion of the national one. In terms of electricity, Constanta County is well known because of the massive investments made in wind farms. For energy distribution and maintenance, foreign investors, particularly Italians, were interested in buying shares from the former state-owned companies. Cernavoda nuclear power plant is a solid energy producer, investors from Korea have come and installed the first reactors and are currently working on opening a new reactor in cooperation with China.

In terms of shipbuilding industry, there are several harbors where operations of loading and unloading of goods, construction and ship repair are executed. Constanta Harbor is the second largest harbor in Europe and fourth in the world. Another important harbor for ships and boat construction is Mangalia Harbor. The Murfatlar Harbor is equipped with fluvial station, it was built as a boat repair facility, storage place for materials for ships and a potential place for recreation. Agigea Harbor is part of Constanta Harbor; it is very important most of all due to its loading and unloading capacity of goods. Other ports in Constanta are Cernavoda, Medgidia and Navodari.

The Black Sea facilitated tourism development. The Romanian coastline is an attraction for both Romanian population and foreigners. The

numerous investments made along the Romanian coast contributed to the development of activities in the hotel industry, trade, tourism, provision of services. The seaside brings together sea, sun and earth. Along the coast, the beach is indented by numerous bays, some of them are natural, and others are artificial. Constanta has approximately 20 resorts which provide modern touristic options, multiple entertainment opportunities including water sports. Another attraction of Constanta County, also a source of income are the cold mud baths and sanatoriums to treat rheumatic diseases. These treatment centers have mineral and mineralized water resources, unique in the world, which increase the number of tourists from outside the country. Regarding the accommodation there are many possibilities, from 5 star hotels to hostels, campgrounds and even by local residents accommodation. Tourists are attracted also by the many restaurants, bars, clubs, game rooms, children playgrounds, and the possibility to organize different sports outdoors or indoors. Another attraction in Constanta is the historical, cultural and religious relics.

Agriculture is another strong point in national economy but also in Constanta County.

Cereal culture is an important source of GDP. The main cereal crops are maize, wheat, sunflower and rapeseed. Crops in Constanta County provide about 30% of the needs for domestic consumption. Much of the production is export oriented, especially in Western Europe, the US, Turkey and Arab countries.

Viticulture is another sector that brought an important reputation to Romania, Constanta and in the first place to Murfatlar town. The plateau climate and the specific landscape favored the production of sweet and aromatic grapes. This microclimate particularly favored a wide variety of wines. Viticulture is an occupation of the indigenous inhabitants in Constanta County, especially in the town of Murfatlar. The wine was the object of exchanging goods of the Thracians, (the local population) with the Greek colonies found on the Black Sea. Murfatlar wines have several registered denominations and occupy leading places in international competitions winning mostly gold and silver medals. SC Murfatlar SA returns from most competitions with gold medals. Murfatlar wine production ranks first in Romania here. This is where wines from other parts of the country are produced and bottled because SC Murfatlar SA, benefits from large investments, having a high capacity and ultra modern technologies. Wine trade has an important position in international trade.

Other occupations of the population in Constanta county are related to animal breeding, in the bakery industry, SC Dobrogea SA is specialized in oil industry, SC Argus SA specializes in meat

processing industry but there are also the brewing and woodworking industry etc.

We cannot deny the road and rail investments, thus ensuring connections between sea, rail, road and air transport.

The economic resources briefly presented above prove that Constanta County is a very strong area. Along with the natural resources and the investments we also mention the ground breaking inventions and discoveries that have been awarded Ist prizes at NASA and many international competitions. Worth mentioning are also the research projects conducted in partnership between multiple companies and universities.

Among the fruitful collaboration in research we mention the project 'Complex nanocomposites based on carbon and titanium for industrial applications' project initiated by Ovidius University of Constanta, in collaboration with the National Institute for Laser, Plasma and Radiation Physics from Magurele and SC Novus SRL. Nanotechnology is a leading field in worldwide scientific research. The part involving industrial applications, including the provision of materials was ensured by SC Novus SRL from Constanta. Following an investigation in many companies and public institutions for research and information about the opportunities but also the problems in the economic life of Constanta County, I also contacted at SC Novus SRL.

I gladly noticed the availability and kindness of Mr. Eng. Magureanu Mircea, Director SC Novus SRL. SC Novus SRL is the only company in the country producing high capacity irrigation systems, motor pumps and pump units for irrigation, drainage, aquaculture, irrigation and fire removing. Young people have the opportunity to be schooled within the company, trained at the workplace and many young people have gone abroad, although the salary and conditions in Novus SRL Company, are above the average in Constanta County.

A welcomed priority is the contribution of the State to support and encourage companies in accessing grants for developing economic sectors. There are companies that have accessed such funds, even individual enterprises. In Constanta County, funds were obtained relatively easily for agriculture, especially for beekeeping. My surprise was that in beekeeping, entrepreneurs who have accessed these grants, because the law allowed them to, produced honey more for domestic consumption, arguing that collection centers for bee products receive only those who deliver large quantities of such products.

Being organized in associations and accessing grants for investments in materials, equipment, technical systems and modern technology, is a life saving vest for the population, in order to reduce poverty and to create prosperity, leading to economic development from micro to macro level.

The state seems more aware in the fish farming area, pays more attention and offers support. Following the addresses submitted by farmers, aiming to improve the irrigation law, so that it will be functional, along with the modernization of irrigation infrastructure.

In order to increase productivity the Cooperatives Act was commissioned. In this project the state supports entrepreneurs by tax exemptions and reductions. Farmers have asked the Ministry of Agriculture for support and subsidies in the milk and meat sectors. A salutary news for farmers and processors is the support for the marketing of local products.

Farming land with small areas demonstrated that the productivity is low due to the lack of financial investments in modern systems and technologies. Therefore, farmers organized in association, have more economic power, they can access grants for investments, irrigation, profitable varieties, and cost-effective technologies that ensure higher productivity as costs are greatly reduced. Associative organization can help farmers cope with international vulnerabilities that might arise.

It can be deduced, from the above presentation, that Constanta County has a powerful economy, there are multiple development possibilities if people create entities and the state supports Romanian products through protectionist policies. It is necessary for the State to pursue, through its administrative apparatus direct financial assistance to producers, landowners, factory. Aid should be redirected in order to create a productive society, to encourage employers to absorb labor.

Qualification at the work place is a priority. Here I believe that the state should introduce apprenticeships, without forcing the entrepreneurs or the employers to award to apprentices the minimum wage. We have to admit, that at the beginning any employer invests a certain amount in the education of an employee. This is also a time investment, investment in materials that usually break and are thrown. This is why the State has to contribute with financial assistance, employers must receive tax deductions for all the expenditures made with young employees in training or work place training.

I consider social aid should be paid only to people in need, who due to physical and mental incapacities cannot carry out activities; financial support should be provided in the form of scholarships, for those who are interested in effectively becoming integrated into the society, accepting the forms of preparation and the available work places according to their personal level of preparation and work capacity. Financial aid with electoral character does not represent a real form of protection of the population. It is unacceptable to have numerous open work positions at the Unemployment Agency, but to

have people who are fit for work who receive financial aid from the local administration. Such aids can represent funding sources consisting of taxes and dues that could be used in investments to ensure the welfare of the entire population and to create new jobs.

Close attention should be paid to financial support for all forms of education. Many educational institutions receive insufficient financial aid because of the funding under the Education Law. Because the necessary funds for laboratories and workshops have not been provided, many of them have been closed, having a negative impact on the results obtained by the students. Workshops and laboratories have the capacity to create and develop abilities, to encourage students and teachers and would also help them to develop their work ethics and rhythm. The lack of materials, and sometimes the insufficient involvement of teachers favored and worsened the unemployment phenomenon. Most companies are concerned because students and pupils are untrained, unprepared. Following field research over a period of several months, talking to economic agents in several fields, I will present the vulnerability factors that stop an economic activity.

Corruption is a negative factor, as perceived by most interviewed subjects. Corruption is found in multiple forms, from obtaining the right to practice, to continue with one's activity, only if free services are granted. Another form of masked corruption is by applying criteria set out in tender documents, which are designed so that the performance, provision and distribution of certain services help only certain individuals and entities. Imposing illegal conditions and taxes to persons or representatives of several autonomous and public institutions is another form of corruption.

The amounts paid but not registered in the accounting of those who are forced to pay, is reason enough to determine the practice of tax evasion, reducing funding sources leading to decapitalization. This is the primary reason why many companies did not survive the system or have changed their registered office or workstations. Many companies in Constanta Harbor have resorted to this measure under the Constanta Harbor Administration. Although Constanta Harbor has a very high capacity, because of the corruption, we now look nostalgically at the inoperative cranes we find there. Many transports and customs are no longer performed in Constanta, the companies expressed their desire to move in other customs clearance points. This is why other clearance points such as Craiova, Pitesti, Iasi, Timisoara etc. have become more developed and more popular. Because of this irresponsible actions, activity in the port of Constanta greatly diminished, companies generating revenues to the local budget taxes and the state budget were reduced, many foreign

investors withdrew their activity in Romania. The introduction of SEAP electronic purchasing system due to the national policy favored access to multiple companies, through competition on sales of goods, products, performance of services for public institutions, companies and RAs state capital and other entities with legal personality and receiving subsidies from the state sources of funding or other grants.

Entrepreneurs, especially those in the service and production branches, confirmed that access to such services has increased several times, and they were happy because corruption had been reduced.

Unfair competition is another factor that discourages entrepreneurship. We must recognize that unfair competition will exist as long as corruption invades our country. Although there is legislation to combat unfair competition, this is very common. This is shown both by merchants and providers. Some pharmaceutical companies have complained that some pharmacies receive prescriptions from customers through recommendation by doctors that issue them. Not to mention the fictitious prescriptions issued for various chronic diseases, and those prescription drugs are very expensive. In this way those working correctly can hardly resist the market due to heavy costs to cover.

In Constanta County, after the revolution, wishing to enjoy prosperity a state of uncontrolled euphoria, led to rapid privatization and capital accumulation. At that time, the state has granted tax incentives to entrepreneurs and especially to companies that already had a production profile. Without making any type of evaluations, the companies' management have distributed shares to the employees and also to the foreign investors.

Instead of signing management contracts for a specified period, there were made undervaluations companies' patrimony, old companies and the shares of companies that were sold at a very low price.

I believe that those who came to rule the country, the government, was not ready for economic transformations, they yielded in front of foreign investors and accepted the conditions imposed too easily. No real negotiations were led. The terms accepted initially were established by what foreign investors wanted. They convinced the managerial staff of companies that these were bankrupt or insolvent and an infusion of capital is needed for recovery.

Since foreign investors had all the possibilities open, Romanian managers kept their heads down and accepted the situation. In this way, companies had more foreign shareholder or fully foreign capital. The largest companies in Constanta, were competing with products on the international market as well: IMUM, Lafarge, Petromidia, Grain silos and many others had integrated foreign capital

and many of them were closed. But the Romanian was not awakened or did not want to see the consequences of this situation.

Foreign entrepreneurs have distributed profits in their countries of origin, the Romanian companies were loaded with bills, so they arrived to negative financial results.

The Ministry of Finance has not noticed, that after companies' patrimony was given almost for free, that it was not the Romanian state that enjoyed benefits from the taxes, but the states where investors had arrived from. Transfer Law was beneficial but I think it came too late.

However, I still believe that the Romanian state through the administrative apparatus needs to cover capital needs by issuing bonds convertible into shares, to sign management contracts for long periods of time but with terms of imputation and / or termination in which their actions against national economy are found. Although Constanta County has diverse natural resources it has become a poor county and companies with strategic properties are no longer local.

Fiscal instability, the large number of taxes, legislative inconsistency are all risks that do not allow economic agents to take decisions and plan for longer periods of time.

Due to the uncertainty and to how bank loans are obtained, companies are not encouraged to invest in equipment, techniques and technologies.

Risks related to changing commodity prices influenced by exchange rate fluctuations, competition, raise the attention of economists and managers, in order to establish the final prices of finished products or services because of the risk of disinvestment of the company.

In transportation and distribution of goods, the infrastructure is a prerequisite that contributes to the fulfillment and compliance with tasks on schedule.

Busy roads in some areas, heavy traffic jams formed at certain times of the year due to snow in winter or in summer when traffic is very heavy because of the touristic nature of Constanta. Personnel fluctuation is more common with transportation companies.

Late or lack of debt collection from clients have brought great prejudice to the companies.

Education, ethics and morality of the staff within companies is a sensitive issue, which has to be further developed.

The relationship with the public financial administration is criticized by a huge percentage of economists and company managers. There is a lack of collaboration between institutions, which creates information disruptions. This leads to tension and disagreement with negative effects.

Although they are blamed by the majority of people I have contacted, employees of the

inspection bodies and in the administration of public finance, (the latter are mostly criticized because of their arrogance, low qualification, lack of transparency, non-cooperation, incompetence), have heavy workloads, reduced staff, and multiple reporting deadlines and very often changes.

Personnel from the finance and accounting sector undergoes intense stress caused by legislative changes, many statements and reports to perform and deliver.

Another aspect reported with great sadness by the economic agents is the fact that NAFA has blocked their bank accounts, because they did not pay the declared taxes. Given that companies are affected by the global economic crisis, by the lack of timely collecting debt from clients, or finding their account blocked by NAFA, bankruptcy might be a result, leading to much smaller sources of financing needed to cover the costs established in the state budget.

Accounting and economists have the greatest risks.

The responsibility accountants are given by law and their heavy workload, led to feelings of psychological pressure and panic among them.

Accountants are responsible for primary documents that are not properly prepared.

Accountants complain about the lack of understanding and support to their profession, the heavy workload, and reduced staff, about legislative changes that require study every day for several hours, but even so they are always afraid not to miss something because of lack of time, when verifying works or false documents.

Although it is a very stressful and hard work, they are criticized for their failures without receiving respect from either the state or the manager, without being informed of the problems and difficulties faced in fulfilling their duties.

External factors that influence the economic activity in Constanta, are political and international events, changes in prices at the international stock exchanges for cereals and oil and in the wine market, the international reduced demand for commodities and services, lower prices for services; all these affect the gross domestic outcome in Constanta County, taking into consideration its touristic, agricultural, and oil producer status.

CONCLUSIONS

For a sustainable economy, in Constanta we must pay more attention to all the factors that influence and contribute to protecting or affecting activities in all areas. The state must find financial support for companies that have a production role, with subsidies for investments in companies that develop sectors of the economy and create jobs, with financial incentives for those interested to have a job. The state should also eliminate social

benefits for persons who are fit for work but don't perform any services for the income they receive. The state should distribute funds more carefully and should be concerned about increasing the capital for companies and for production means and not about estrangement, as it was done in the past.

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