

DEVELOPMENT OF SERVICES IN ROMANIA

RAZVOJ USLUGA U RUMUNJSKOJ

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Abstract: *This work analyses the relation between the importances of development - expansion of services - use of economic strategies. Thus, this paper aims to deepen the economic literature of services in view of the development approaches based on the use of strategies. Given the internationalization of the market, the transformation of the economic and social environment in a global environment and Romania's integration in the European Union, we join the considerations regarding the growing importance of long-term competitiveness of our economy. Therefore we consider as a global strategic objective the development of the tertiary sector the growing competitiveness of the Romanian services.*

Key words: *services, economic development, strategy, implementation of strategies, competitiveness*

Sažetak: *Ovaj rad analizira vezu: važnost razvoja – širenje usluga – korištenje ekonomskih strategija. Rad nastoji prikazati važnost razvoja usluga uz pomoć odgovarajućih strategija. Zbog internacionalizacije tržišta, transformacije ekonomskog i društvenog okoliša u globalnom okruženju i rumunjske integracije u Europsku uniju razmatramo važnost dugoročne konkurentnosti naše ekonomije. Smatramo da je globalni strategijski cilj razvoj tercijarnog sektora koji će omogućiti povećanje konkurentnosti rumunjskih usluga.*

Ključne riječi: *usluge, ekonomski razvoj, strategija, konkurentnost*



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1. Introduction

Development needs to be built, as a process of change and positive transformation of human societies. Addressing economic development, in terms of the definition and identification of its causes, has evolved over time under the influence of these changes.

Today we see confirmation that the expansion of services has a remarkable impact on development. If more than half a century ago the services were grouped (but not all of them) in a distinct sector (tertiary sector) of national economies (A. Fisher -1935, -1941 and J. Clark Fourastié -1949), now have gained a considerable and significant place in economic development.

The current economic climate traits, characterized by dynamism and uncertainty, give an increasing importance to modern tools for the guidance of the economic activities. These economic strategies stand up, throughout the frequency of macroeconomic formulation.

In Romania, the strategic attributes of services may be realized by enhancing tertiary activities and increasing their competitiveness, given their importance in the diversification of national economy and thus in development.

Making an appropriate presentation of the link between services and economic development is necessary. Looking from these points of view (quantity, structure and quality) the implications of services on economic and social development, we can emphasize that the importance of services is increasingly recognized and confirmed. Considering that services have implications in development, they mainly manifest themselves through:

1. Options for outsourcing or internalization of services;
2. Contribution to the development and spread of information technology;
3. influences on quality of life;
4. Diversification and exploitation of comparative and competitive advantages of countries;
5. The occupancy of labour power and the development of human capital.

2. Services and economic development

Economic development of human societies underlies contemporary transformations. In these transformations an important role is played by services, economies in services in developed countries and transition towards these, specific for developing states. The first part of the paper pays particular attention to the relationship between services' development and economic development.

The concept of service is defined among professionals, as follows: services are activities, benefits or utilities that are offered on the market or provided in conjunction with the sale of a commodity (American Marketing Association). Belonging to the same area, Philip Kotler believes that the service represents any

activity or benefit that one party can offer another, which is generally intangible and whose outcome does not require ownership of a commodity.

The difference between goods and services continues to form the basis for discussion, sometimes considered to be very fragile.

MATERIAL GOODS	SERVICES
Have independent existence Have effects after being realised	Represent solutions to the problems and needs of the customers, usually being their experiences
Are homogeneous	Are heterogeneous
Are tangible	Are intangible
In general, production and consumption are separated	In general, are co-produced in the consumer's presence (are inseparable)
Can be stored (and inventoried)	Are perishable (not inventoried)
Contain technology	Use technology

Table 1. Comparisons material goods-services regarding their characteristics

Development is seen as an improvement in the current situation. The interpretation of this improvement is different. Separating in terms of approaches and different periods, the definitions attributed to economic development have emerged and led to accept the delimitation of two concepts: growth and development.

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
Involves the quantitative side of the economic processes	Implies economic growth, but also covers the qualitative side of economic results
Aims to increase actual production of goods and services	Takes into account improving the state of the economy and the social, natural and political aspects too
Is an irreversible process in the short term, representing an expansion of investments, technologies and labour skills	It is a long term process with influences in human nature, in society as a whole, influences that can not be measured quantitatively
Determines structural changes due to the emergence of new areas or restriction of others	Involves structural development of economic sectors

Table 2. Relationship between economic growth and development

3. Development through strategy

Development based on strategy is a clearly defined approach over the future of a country, a region, an economic sector or area. Increasing complexity of international environment requires the use of development strategies. The strategy is nowadays one of the most used concepts in development theory in economy and beyond.

Analyzing theoretical development strategy, its use in practice became evident at both macroeconomic level and microenvironments agents. A national strategy influences economic activity at firm level, these being oriented towards the development of their activities. This leads to the development of areas or regions in terms of competitiveness. Without strategy, strategic differences may occur, especially in the dynamic and turbulent environment nowadays and organizational fragmentation can be the weaknesses and threats to the smooth conduct of business at all levels. Analyzing this statement one may highlight the importance of strategy development, especially through the simple desire and intention of using it. A strategic gap is a lag in a dynamic environment in which countries and regions use strategies. Organizational fragmentation is an independent operation, without networking, sectors, industries or economic units. They are moving in opposite directions in the absence of a common mission, the strategy acts like a magnet.

Currently, in the theory of economic development, development and strategy are often interrelated. Strategy is a way of defining the future development. Traditionally, the theory of economic development includes references regarding the effectiveness of activities and resource allocation, improving economic and social outcomes over time. We can consider that these factors represent the components of a strategy, so that the classic expression of the term – development - partially overlaps that of strategy. But strategy is not a template that applied, necessarily leads to the same results, regardless of environment or scale implementation. Adjusting the economical theoretical approach to practical conditions, we can appreciate the usefulness of development based on strategy. Development based on strategy aims change. This change is made practical through the objectives expressing a future situation different from the current one. The strategic objectives of development have regard to sustainable growth, employment solutions to the rising productivity, exploitation of comparative advantages while identifying targets and other benefits due to different situations.

Development must be based on strategy, at least due to the following reasons:

- Efforts are concentrating on the same priorities in a single mission
- Expectations of those responsible (institutions, individuals or firms) are directed to a single purpose and limited duration
- There is software for the required resources
- Activities are monitored and adjusted, adapted over time to achieve targets
- The possibility of knowing the environment changes and correct reactions towards them exists (due to the relationship of those involved in the strategic plan) Given the definition of economic development, it implies, next to the actual economic aspects

and dimensions of life and society in general. Therefore, strategies based on development require positive effects on human level. Because between the time of application in practice (implementation) of a strategy and until the population feels the effects it takes a while there is a continuity of use that requires a strategy of appropriate actions. Strategy is an expression of strategic direction specifying how certain activities will be conducted and what actions will lead to achieving settled objectives. This work involves identifying and targeting the use of certain components of the strategy, those elements without which the performance goal is not possible. For each level of a strategy establishing its content may be different. But, at national, regional or economic sector, in a word at the macroeconomic level, the minimum required content of the strategy exists. This required minimum of strategic dimensions is composed of the following:

- Analysis and forecasts: analysis mainly concern the current state of Romanian economy: trends, characteristics, identifying the fundamental problems of strategy, estimates and assumptions of development in our case Romania. Romania. Analysis of the macroeconomic indicators in a necessary period, gives back the changes on economic and social level. Also, next to the analysis of the economic environment, interpretations are necessary of the evolution of the other components of the international and national macro environment: demographic, political, technological, cultural, and institutional (legislative) and natural environment.

- Mission, objectives, and priorities - the mission is essential to the strategy and objectives are breakdowns of the mission. In order to achieve the objectives strategic priorities are being identified. Establishing the three elements (mission, objectives, and priorities) is essential in order to formulate necessary actions and to identify resources and sharing responsibilities.

- Resources, responsibilities: the starting point in the analysis of the necessary factors is the economic resources, the assembly of available resources that could be exploited in future work. Strategic orientation for the development of national economy determines broadening the sphere of resources traditionally required. Therefore, next to the human, material, financial and informational resources (useful to any economic approach), and also national components must be considered such as: natural resources, spiritual (traditions, mentalities, motivation, participation and desires) and the creative potential of the country (peoples' and businesses' ability to move from a current state towards better conditions). Also responsibilities for processing resources as strategic objectives can be both in the hands of institutions, enterprises and individuals directly involved in strategic activities, as well as the segments of the population and the communities concerned or involved in the strategy. If from the economical point of view the development tasks undergo the entrepreneur's level, from the social point of view the most responsible one is the state. Through its institutions, the state must consider the development of public services (collective or personalized), such as education, health, social care, defence and public order, etc. Their development can not be achieved without logic programs and plans, with actions and responsibilities divided over time.

▪ Strategic plans – represent actual strategies, basic and secondary, which indicate the actions required. An important concept in understanding the strategy is the strategic plan. This materializes the strategy representing a comprehensive paper mentioning the strategic mission, objectives and future development. The strategy reflects its content with plans on which strategic programs are detailed. Strategy is more necessary, as the problems generated by its lack are greater. For this purpose it is essential to use a strategic plan, vital instrument in targeting the measures regarding the development of the Romanian economy. . National development strategies usually have as a mission the competitiveness and integration of economic structures into the international system of economic relations. For example, in order to join the European Union various states have had and have the responsibility to formulate national strategic plans. New Member States (Bulgaria and Romania) have completed their national development plans for the post-accession period 2007-2013. Romania's National Development Plan (NDP 2007-2013) meets targets, strategic priorities, and socio-economic development programs into a single strategic mission essential in the Romanian economy: integration in the international economic circuit and adapting to the conditions and changes in the European Union, of which Romania is a member since January 1, 2007. Bulgaria's National Development Plan (The Bulgarian National Development Plan 2007-2013 NDP) is also a long-term strategic document. These strategic plans can be designed also on short terms; important are the objectives and other national features. For example, Hungary, at the time of joining the European Union in 2004, has developed a National Development Plan for the period immediately following its accession, namely 2004-2006. This is a strategic orientation for a shorter period than those of Romania and Bulgaria, but the content of Hungary's plan is larger. In all cases the strategy is a product of strategic vision that consists of a comprehensive action plan, unified and integrated. This vision requires basic strategies and secondary strategies. The basic strategy (fundamental) contains the main objective which is changing very rarely and at great intervals of time. To support the fundamental strategy it is necessary to formulate a system of derived strategies. Secondary strategies implement the basic idea in different objectives. These change whenever new activities occur, necessary to carry out the basic strategy. For example, in Romania, national strategic guidance is based on the following components:

▪ measures for control and improvement - in specialised literature the concept of strategic control is being used. The strategic control calls for a comprehensive analysis of the strategic plan objectives and effectiveness. Development based on strategy, on macroeconomic level, has positive social effects, long term mediated effects with implications in the life of the society. In other words, it is being increasingly accepted that economic and social development is impossible without a strategy. One of the first steps in establishing the strategy is: identifying the strategic objectives, these represent the basis for formulating strategic approaches (the directions of action). Objectives can have both a quantitative and a qualitative content, expressing in different ways what they intend to achieve by using a strategy.

4. Objectives of service development in Romania (2007-2013)

Given the internationalization of the market, the transformation of the economic and social environment in a global environment and Romania's integration in the European Union, we join the considerations regarding the growing importance of long-term competitiveness of our economy. Therefore we consider as a global strategic objective the development of the tertiary sector the growing competitiveness of the Romanian services. In the development strategy formulated within the National Development Plan for the period 2007-2013 a concrete global and essential objective for the tertiary sector in Romania is not specified. The main objectives and priorities are formulations addressed to the overall economy, as well as to certain areas considered priorities (transport infrastructure, environment quality, employment, rural development, agriculture). Given that the National Development Plan 2007-2013 is the basic document for directing economic development activities, more exactly "the fundamental instrument through which Romania will try to recover as quickly as possible the socio-economic development disparities towards the EU", under these circumstances we try dislodging and deducting for services of the primary objective.

National strategic priorities (expressed by the NDP 2007-2013) are references to general criteria applicable to all economic sectors (such as: competitiveness, reducing disparities, financial planning) and service components and not references to the whole tertiary sector. The explanation could be that there is no national body or group of institutions with responsibilities over all services; therefore it is not possible to formulate and promote the implementation of a strategy dedicated to the tertiary sector. In order of the strategic tertiary guidance the institutional collaboration could be achieved between bodies with attributions strictly in the service area.

After analyzing the overall service sector, we observe that due to the unfavourable position of tertiary achievements of other states, Romania's strategy for economic development requires reconsideration of the place services should take. Therefore, strategic actions aimed at services must be based on a complete assimilation of the strategic role of service activities in the course of Romania's economic and social development and its integration into European and global economic structures.

The overall objective of the National Development Plan 2007-2013 is based on the performance of three specific objectives: (1) increasing the long-term competitiveness of Romanian economy, (2) development at European standards of basic infrastructure and (3) improvement and a more effective use of local human capital.

For a detailed and understandable formulation of the global objective and the specific (derived) ones, six national development priorities were identified for 2007-2013: (1) growing economic competitiveness and development of knowledge economy, (2) developing and upgrading the transport infrastructure (3) protecting and improving environmental quality, (4) human resource development, promoting employment and social inclusion and strengthening the administrative capacity, (5) developing rural economy and increasing productivity in the agricultural sector and (6) reducing development disparities between regions of the country.

Analyzing the content priorities of the national development strategy for 2007-2013 there are no direct references regarding services, except for upgrading the transport infrastructure and improving the quality of the environment. But we can deduce, in the context of national strategy, development directions for the tertiary sector. These services can be considered vital to the global objective of the National Development Plan 2007-2013: reducing socio-economic development disparities between Romania and EU Member States. Therefore we consider the following tertiary services as priorities in the development: information and communication technology, areas of transport, production services, consumer services, with the two key categories of services addressed to the people: market services provided to the population and public services (financed from the budget).

For the future of Romanian services the following are very important (in a general sense): technology, infrastructure, material and technical basis, knowledge and people.

5. Conclusions

The most important interrelated relation that emerges from this work is that between the importances of the development - expansion of services - use of economic strategies. Thus, this paper aims to deepen the economic literature of services in view of the development approaches based on the use of strategies. Services have represented, conceptually, important elements in the history of economic sciences. Services have gone from being challenged and found to be unproductive to being appreciated as the development motor. This last assessment can be explained by the fact that services are currently major components in forming the macroeconomic outcomes of the states (added gross value, gross domestic product), in investment orientation, in choosing the business activity and in public employment. In this context, nowadays, services contribute in a more comprehensive measure to economic development, bringing next to the strictly quantitative (immediate) contribution, an average contribution, important in the development and spread of information technology, increasing the quality of life, diversifying and using competitive advantages and human capital development. The main favourable actions for a correct implementation of strategies are the following: the preparation of the implementation, the relation between the organisation and the strategy and its proper implementation. Taking into consideration the importance of using the strategies in Romanian services, it is necessary to identify the limits of strategy implementing. The work wishes to be a motivation of the necessity to give an increased attention to services in the Romanian economy and to support this attention with the formulation of strategies. We consider that strategies are instruments which are useful to a cursive direction of development approaches of the tertiary industries in Romania. Thus, the two key-elements of development at present, services and strategies, must work together in order for them to be better reevaluated, considering their own potential.

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