

# MANAGEMENT ELEMENTS OF ECONOMIC CRISIS IN ROMANIA AND EUROPE

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## Abstract

The starting point of the paper is the Corporate Social Responsibility (CSR) concept. The CSR concept involves the treatment of social and environmental issues as part of economic and financial management of Corporations. The Sustainable Development (SD) concept is also analyzed in direct correlation with the CSR concept. The SD concept involves the implementation of theoretical and practical components for taking decisions in any situation in a man-type medium, be it the environment, economic or social features. The Corporations (qualitative and quantitative level of trade) can promote the concept of Sustainable Development. The goals of sustainable development include the harmonization of the economic, social services and environmental targets. In the article, we present and analyse important correlations such as: social services effective - austerity - economic crisis, sustainable development - social services. Also, in this article we define and analyze new concepts, such as: Ambient Environment (AE), – Economical Environment (EE), Social Environment (SE) and Efficient Social Services (ESS).

## Keywords

Economic Crisis, Management, Social Services.

## JEL Classification

A14, L10, L23

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## Introduction

Europe has been suffering from a deep economic and financial crisis with tremendous social consequences for a couple of years (Brezinova, 2013, Bennington, 2011, Cooper, 2008). What is the perception of social work academics and professionals about all this? Social work is concerned in two ways:

- First, there is concern about the social situation of the rising number of clients
- Second, the profession itself is a victim of social spending cuts.

In this situation one would assume that the economic and financial crisis and its consequences would be an important point of discussion (Brezinova, 2015, Brown, 2010, 2008, 2006, 2004, 2003, Ammann, 2002). But the contrary is true, the profession continues with business as usual.

The concept of Corporate Social Responsibility (CSR) involves the treatment of social and environmental issues as part of economic and financial management (Hodorogel, 2009, Ioana, Mirea and Bălescu, 2009).

CSR is a sustainable way through which companies choose to positively respond to the needs of the present without compromising the ability of future generations to meet their own needs.

A new concept was defined (Brown, 2003, 2004, 2006, 2008, 2010): Ecological Economics (Eco-Economy). The purpose of Eco-Economy is to describe the new economy, to provide a vision of what it will look like, how it will work, and how we get from here to there. In scores of countries, converging ecological deficits are undermining local economies on a scale that has no precedent.

Eco-Economy discusses the need for a dramatic shift in our world view by asking the urgent question: Is the environment part of the economy or the economy part of the environment? Lester Brown argues the latter, pointing out that treating the environment as part of the economy has produced an economy that is destroying its natural support system (Brown, 2008, 2010, Cooper, 2008, Georgescu and Herman, 2014). Brown describes how to restructure the global economy to make it compatible with the earth's eco-system so that economic progress can continue.

According to the Ministry of Labor, Family and Social Protection of Romania (<http://www.mmuncii.ro>), "Social Services are a component of the national system of social assistance and are aimed at helping people who are going through a crisis or social vulnerability; it aims at risk prevention and combats social exclusion, it increases the quality of life and promotes social inclusion for all citizens of the community."

Social services system covers a wide spectrum and a range of services to persons or groups of persons in situations of temporary or long term difficulty and are provided both to public and private bodies (McMilla and Charles, 1973, Olaru, Dinu et al, 2014). Currently, in Romania, according to the Unique Electronic Register of Social Services (UERSS) there are 706 registered social service providers. Of these, we name: Romania Blinds Association (RBA), National Association of the Deaf from Romania (NADF), "Agapedia Romania" Foundation, "Integra" Association for people with mental disabilities, "Open Hand" Association, "The retrieval of the family" Association, "Help the Children" Association, "Future of the children" Association.

These social services providers have developed and carried out projects in the field, with good results. Among these, we mention the project "Increasing the degree of implementation of the legislation on social services at the local level in the context of decentralization", project implemented by the Ministry of Labor, Family and Social Protection (Sitnikoc and Bocean, 2011).

This project was co-financed from the European Social Fund through the Operational Program Administrative Capacity Development, which was run from February 2010 to August 2012.

The main components of this project are:

- Institutional buildings in social services field.
- Partnerships and Communication.
- Increasing the professional skills of the people responsible for the planning, development and diversification of social services locally.
- Studies regarding the situation of social services.

We want to emphasize the great importance of assessing the level of social services development at all levels (local, regional and national). In this regard, we recommend the research of development level typology of existing social services for a range of vulnerable

groups (disabled, minorities), social services offered to both the governmental and the non-governmental (Ioana, Mirea and Bălescu, 2009, McMillan and Charles, 1973).

The need analysis of social services must be carried out with a view to broad interest social inclusion, in order to link social services with other services such as: health care, educational services, housing services, etc. In any research of this kind recommendations for the development of the scheme must be included, taking into consideration the development of society and the new trends at European level regarding social services of general interest and internal market rules (such as the public procurement and State aid).

Nouriel Roubini, Professor of Economics and International Business Stern School of Business, New York University, predicted since 2005 the global economic crisis that started in 2007. Much of his early research focused on emerging markets (Olaru et al, 2010, Roubini and Bremmer, 2011).

Roubini's critical and consistently bearish economic views have earned him the nicknames "Dr. Doom" according to Bennington, (2011); Mihm, (2008); Roubini & Bremmer, (2011) and "permabear" in the media.

The economic crisis has also been generated and amplified by certain financial speculations.

Since the 1990s, specialists in management and economy (eg . Roubini ) studied the mechanisms generating economic crises .

Thus, based on these studies , they forecasted approximately five years before the emergence of a global economic crisis .

Economic Policy specialists have characterized the XXI century as one of economic and political "splitting".

They explain their rationale: "Europe is fully occupied for the moment with saving the Eurozone. Japan is likewise tied down with complex political and economic problems at home. None of these powers' governments have the time, resources, or domestic political capital needed for a new bout of international heavy lifting. Meanwhile, there are no credible answers to transnational challenges without the direct involvement of emerging powers such as Brazil, China, and India. Yet, these countries are far too focused on domestic development to welcome the burdens that come with new responsibilities abroad."

"We are now living in a G-Zero world, one in which no single country or bloc of countries has the political and economic leverage - or the will- to drive a truly international agenda. The result will be intensified conflict on the international stage over vitally important issues, such as international macroeconomic coordination, financial regulatory reform, trade policy, and climate change. This new order has far-reaching implications for the global economy, as companies around the world sit on enormous stockpiles of cash, waiting for the current era of political and economic uncertainty to pass. Many of them can expect an extended wait." Mihm, (2008), Roubini & Bremmer (2011). Roubini Global Economics (RGE) is a concept that emphasizes the economic and managerial vulnerabilities of the system.

We note the importance of conception and effective implementation of new mechanisms and instruments to favour capacity building of local authorities (cities and towns) for social services in order to promote social inclusion at the community level.

We also give greater importance to the activities aimed at the development of partnerships for social services from the perspective of social inclusion, development of national and European networks and the organization of a European forum dedicated to social services.

## Social Services (SS) Vs Economic Crisis (EC)

Nuriel Roubini said: "Stop austerity in the crisis!", Roubini and Bremmer, 2011.

We share this dictum. The arguments are the following correlations according to Ioana, 1998, Șerban, 1999, Centre Report April, 2009), (figure 1):

Increasing of social austerity has the negative consequences striking decrease ( $\downarrow\downarrow$ ) in consumption. Decrease in consumption leads to lower ( $\downarrow\downarrow$ ) sales. Decreased sales induce striking decrease ( $\downarrow\downarrow$ ) of production. In a loop of negative consequences, lower production results in increased ( $\downarrow$ ) social austerity.

In figure 1 we present the negative impact of economic crisis for human austerity.

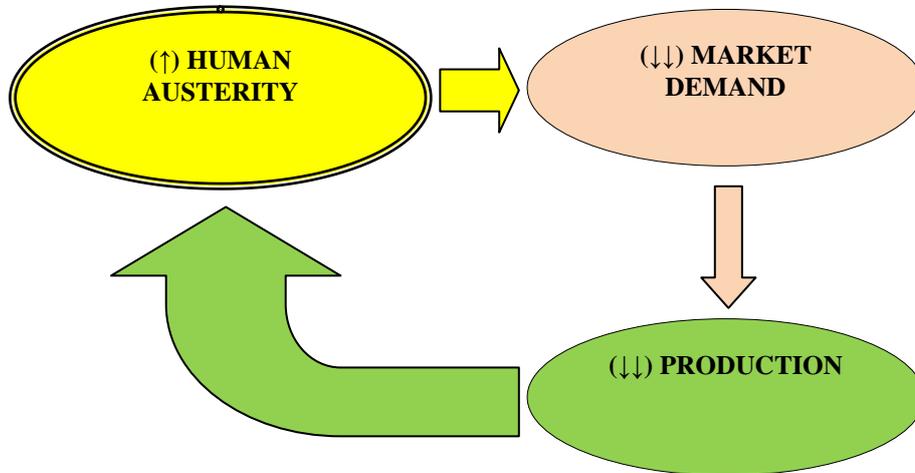


Fig. no. 1. Negative impact of economic crisis for human austerity

In figure 2 we present the positive mechanism of human austerity decrease in economic crisis.

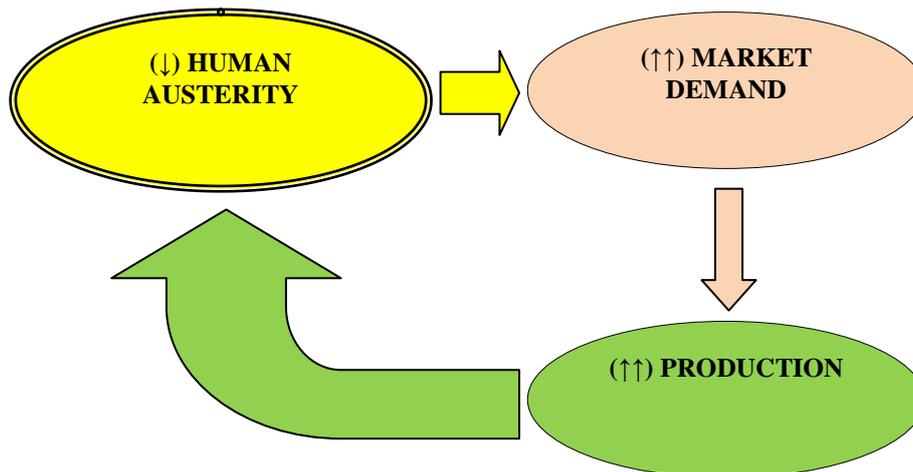


Fig. no. 2. Positive mechanism of human austerity decrease in economic crisis

The main actions of a professional social services manager in times of crisis and not only, are: Social Prevent (SP), Social Optimize (SO), Social Repair (SR), Social Save (SS). In figure 3 we present these 4 actions of a professional social services manager and the correlations between them.

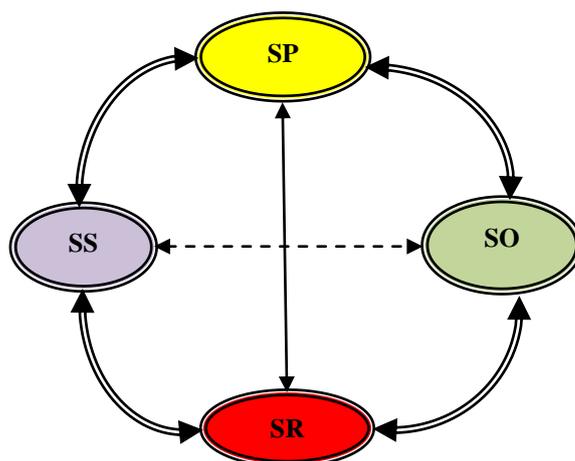


Fig. no. 3. The main actions of a professional social services manager in times of crisis (and beyond).

SP – Social Prevent; SO – Social Optimize; SR – Social Repair; SS – Social Save.

### Conclusions

The efficient social services (with practical results) have as a consequence the direct benefit of reducing the general austerity and the social austerity in particular. This correlation ensures the necessary conditions (but not sufficient) to mitigate the impact of the economic crisis.

Nouriel Roubini, Professor at Economics and International Business Stern School of Business, New York University, is an important exponent of characterizing the concept of economic crisis, including social point of view. One of Nouriel Roubini's sayings on the economic crisis and social services is: "Stop austerity in the crisis!". We are the followers of this dictum and this article argues the objectives (scientific) to make this happen.

Another important new concept is Eco-Economy (Ecological Economics). The purpose of Eco-Economy is to describe the new economy, inclusive social economy, to provide a vision of what it will look like, how it will work, and how we get from here to there.

In Romania, the social services field was given high importance. This aspect is also emphasized and highlighted through the 706 providers of social services registered in the Unique Register Electronic of Social Services (URESS) of the Ministry of Labor, Family and Social Protection in Romania.

A very important aspect of social services management efficiency is to link them with other services such as: health services, educational services, the services of their living quarters.

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