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Success and Performance

Managers and organizations are being appreciated by their success. Success implies achieving a certain scope (effectiveness); it also implies the acknowledgment of the achieved goal, putting a certain effort to achieve the scope (efficiency), minimum resource utilization (cost-effective). In the XXth century, success was measured based on profit maximization, in XXIst century success begun to be measured based on added value maximization.

There are a set of known factors that lead to success. In general, a company's success is gained through increasing its results. This takes place based on A.D. Little model due to market demand increase, technology development (capability), resource allocation, supplier management, business strategy, company size, personal ambitions, management style, internal process correlations, industry, circumstances, business ties coherence of the system.

Another explanation for organizational success is provided by X efficiency theory, which emphasizes on five factors: selective rationality (organizations make choices according to their own values and environmental restrictions); analysis manner (at individual and/or organization level); effort (contracts between the organization and its beneficiaries are incomplete, elliptical and extra effort is required); amount of inertia in making the effort; organization's entropy (there are tendencies of disorganization and the person/organization adjusts the effort in the detriment of the organization or its clients).

The PIMS data bank shows that success depends directly (+) or indirectly (-) on the following: capital required (-), productivity (+) market growth (+), market position (+), product quality achieved (+), the degree of product innovation (+), the obligation to vertically integrate (-), maturity range (+), cost pressure (-), youth enterprise (-) or maturity (+).

T. Peters mentioned in his book *In Search of Excellence* the following success criteria: orientation towards action, the existence of simple structures, partnering with customers, increased productivity, employee autonomy, big business orientation, persistence in the known areas and products, strict control.





The 7S model takes into consideration the organizational structure, strategy, systems, leadership style, management personnel (staff), abilities (skills, organizational capacity of the company) and shared values.

A specific instrument used for performance realization consists in the Method BSC (Balance Score Card). This method consists in a prospective dashboard with objective indicators: financial indicators (liquidity, value added – EVA – and investment efficiency – ROI), marketing indicators (satisfaction, customer satisfac-

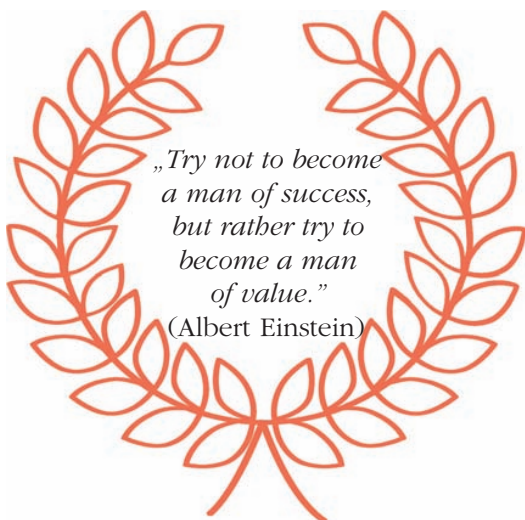
tion), for administrative processes (order company, value to society, the degree of employees' satisfaction, the length of trials, quality of results), organizational capacity (staff training, employee satisfaction, cultural attitude). The method emerged as it was used to assess especially the financial performance, but the results depend on past events. The method also uses non-financial indicators that indicate the future status of the company and the contribution brought by intangible assets.

Achieving success involves identifying critical success factors (KFS – Key Factor for Success), a concept introduced by K. Ohmae. KFS are specific to each industry. Their absence leads to losses. In order to determine the key factors of success we need to analyze the entire value chain in the sector, from raw materials to service. Key factors of success may be the source of raw materials, their quality, production management, design capability, production technology, product variety, sales force, distribution network, service etc.

Other known critical success factors are economies of scale (a phenomenon to reduce costs while increasing the number of products made), the economy of purpose (which requires the usage of the same resources in different activities), network economy (allows the use of skills) and time economy (occurring benefits from learning process).

These aspects are already known. The articles published in this journal are trying to reveal other factors that can lead the organizations to success.

Sorin Ionescu
Editor-in-Chief



The Impact of Information Management

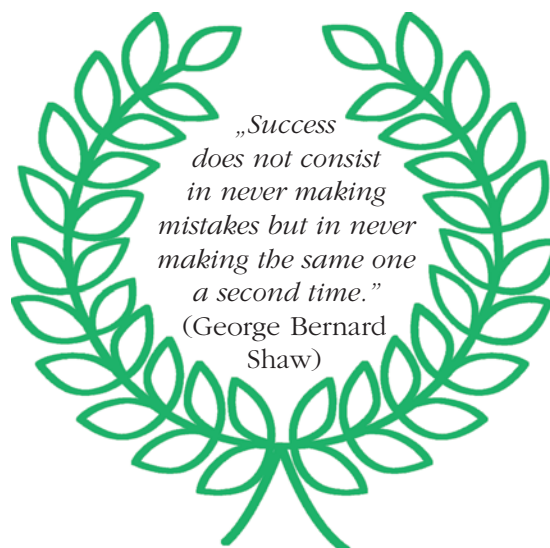
Petr Doucek

University of Economics, Prague, Czech Republic

Abstract

Information management is a relatively young discipline of the modern science. It represents a new approach to management in organizations and enterprises as well as to managing information systems and information and communications technology (IS/ICT). The general goal of the Information Management is to assure data for satisfying manager's information need as well as to realize so called data logistics – to transport relevant data to relevant persons in the right time. Information management has a multidisciplinary character on the borders of management, system science, theoretical informatics, business informatics, IS/ICT management, philosophy etc. Some experts declare that information management is very near to Web Content Management or to Data Mining. This orientation is mainly focused on technical and technological dimensions of the problem, other ones give accent to the managerial dimension of it: how to manage managers? How to realize metamangement – management of the management? There could be distinguished, according to the author's opinion, three main levels of information management – data assurance, data logistics and managerial dimension (competences). Several aspects of the managerial dimensions on information management are presented and discussed in this contribution. Synergy effects of information management approach to IS/ICT management in organizations in this contribution are not discussed.

Keywords: Information management, IS/ICT Management, Information society



Information Management

The term information management is used not for a long time in informatics practice; yet it represents different content for various groups of research and development persons as well as for practical information managers in organizations and in enterprises. It represents a conjunction of words information and management. A difference in this term's interpretation is caused because of the definition of the term management, the definition of the term information, and the permanent changes in information management interpretation (Vodacek, 1997).

In information management history and development could be distinguished three main periods. Excepting the here mentioned main streams, are several minor trends detected by detailed investigations of the information management history, but these ones are not analyzed in this contribution.

The first period of the information management history is jointed with the term establishing. The term „information management” was used for the first time by

R.S. Taylor and his colleagues. Under the term „Information Management” they realized the conference regarding the system approach towards engineering information operating and teaching (Taylor, 1966). These principles were applied especially in technical solutions in so called „engineering effectiveness”. This approach to information management is focused on effective use of technical – hard – systems. The word „hard” as an attribute of system is usually used for those systems which could be described by certain known and formally described algorithms. This approach is sharply connected to data processing and working out of large evidence data using information systems and information and communication technology in the 70's of the last century.

At the end of the 70's and in the beginning of the 80's the term information management spread into the large public awareness and then it was exploited and finally claimed by information technology persons and experts. The IT persons focused their activities on transitions of methods and processes for effective realization of IS/ICT projects, their improvement and operation. These transferred methods and processes were primary based on modern information technology tools and means. The word and the term „management” represent effective consumption of labor in informatics and in its management in this context. The most important consequence of this approach was the new character of informatics and information science. Informatics is and must be included into the set of transdisciplinary and interdisciplinary sciences. The real and practical informatics is no more the domain of experts in information technology but for successful project in IS/ICT must be active engaged users and other



involved professions. This fact completely changed not only informatics, but also IS/ICT project management – especially methods, methodologies, models and tools. Applying common principles of information management for IS/ICT project was base for starting a new period for project management. New trends were detected and improved into the classic project management: quality management, risk management, change management and last but not least common project teams between supplier and customer. The trans-disciplinary idea and vision of the IS/ICT projects became true this way (Doucek, 2004). The aim of the information management principles improvement was to reach effectiveness of the IS/ICT project (Vodacek, 1997).

In the third period in beginning of the 90's the „information management” is leaving the IS/ICT area and is diving deeper into the field of management. The change in the term interpretation and its usage is towards effective using of IS/ICT means for effective and quality support of managerial work, aiming to more effectively complete strategic goals of an organization.

In the last period more and more specialists underline the importance of the managerial work. Experts in different types of sciences agree on almost the same opinion – managerial work is the key activity for each organization and is based on processes – the transition from functional to process work division must be finished by managers at first (Kern, 2001). Process approach to managerial work is based on information processes which support managerial work in order to supply required information (more exactly said data) to managers. The time scale is also important for managers' information need satisfaction



and is represented by data logistics. Definition of the data logistics is simple – to deliver right and relevant data to the right person at the right time. Effectiveness of information management applied in practice is related to data logistics quality.

Information processes are evaluated by experts as supported process. They are not included in the core-business processes for organizations that are not IS/ICT services suppliers. Nevertheless, information processes are not included into the core-business, even if their significance for the organization is fundamental. If the information manager wants to manage information services, he/she must manage IS/ICT as a complex of: sources – data, persons, finance, and processes – identification, description and optimization.

Information management penetrates this way into IS/ICT management and it becomes a tool for measurement of IS/ICT benefits and effects – for effectiveness measurement. The comparison of costs for the IS/ICT and the final benefits of its improvement is the base for the economical dimension of information management – effectiveness measurement. Information management components and sources are shown in Figure 1.

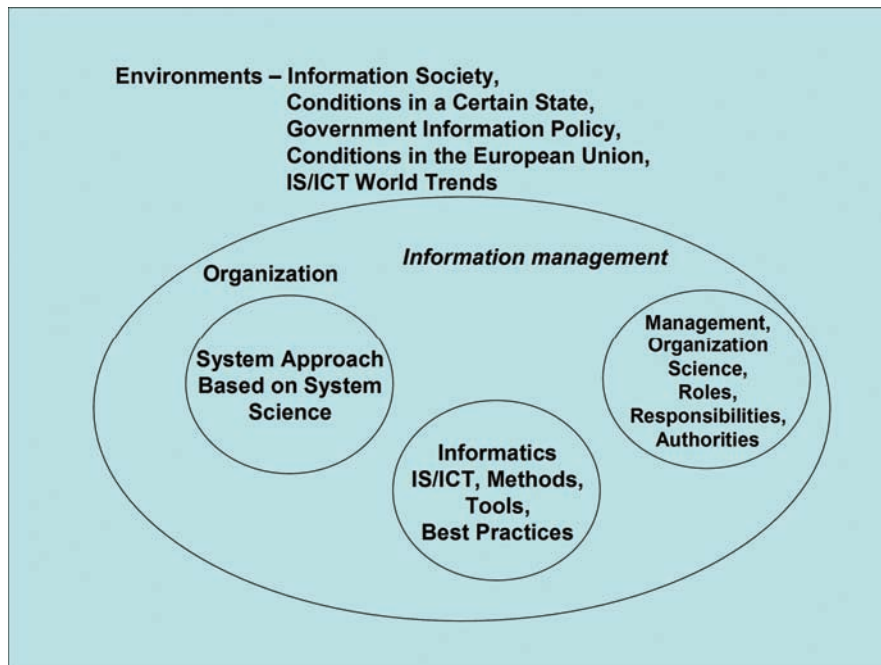


Figure 1 – *Components and sources of information management*

For a more detailed analysis of sources and components is important to pay attention to system approach and to system science. They represent the theoretical roots for practical improvement of interdisciplinary informatics – philosophical ideas into informatics.

Factors with global character are increasingly important thank to the continuing integration.

The Future of the Information Management

The term and the content of information management have been clearly defined. New questions can arise: What does information management manage? How does information management manage?

The modern concept of information management represents applying of common principles and components as it is shown on Figure 1 in the specific condition of an organization – namely in three areas that are described in Figure 2.

Information management competencies in areas are shown in Figure 2 and they could be separated into three following categories of management: operations, tactic and strategic.

The operations management category in information management is characterized by its improvement into the informatics management. In practice it is represented by the IS/ICT reference models (Novotný, 2005), process descriptions,

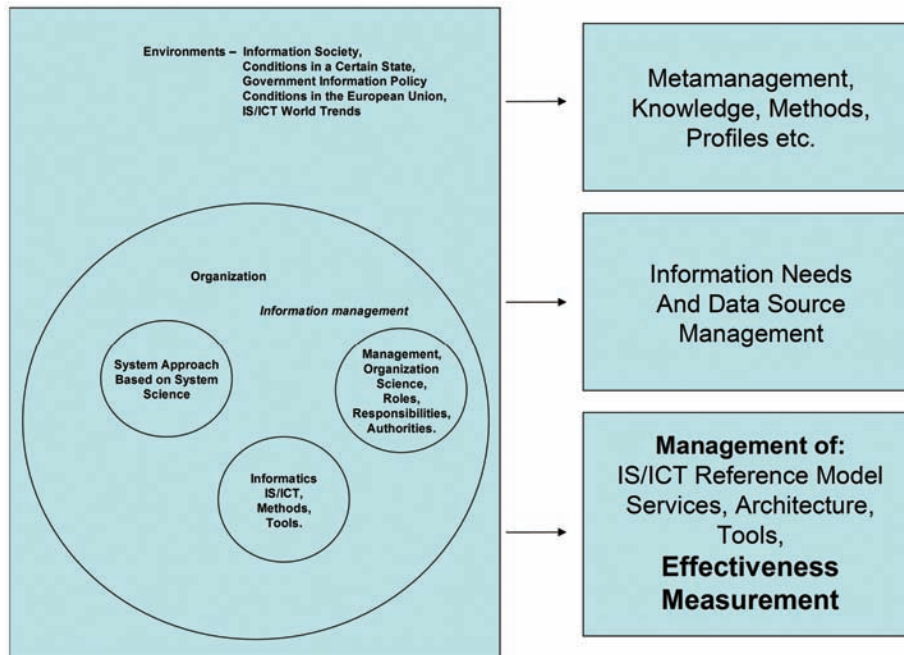


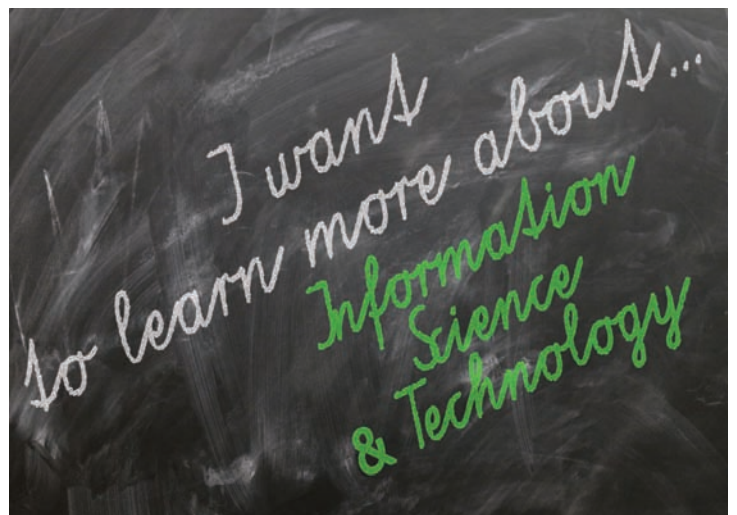
Figure 2 – *Information Management Competencies*

competencies and responsibilities. The important part of the reference model are the tools for IS/ICT architecture management (change management, project management, requirements management). This level is basically focused on data collection about real operations of the IS/ICT in an organization having as final goal the preparation of data for effectiveness measurement and the IS/ICT effectiveness evaluation.

The second category could be considered classical. The tactic category is the area of planning and information need management, with a special accent to managerial information needs. The planning process of information need covering is related to other aspects of managerial work as: organization structures definition, each person's authorities and responsibilities establishment in an organization etc. The information management slowly becomes an organic part of the organization science. The most important role of the information

is to interconnect management of the organization to IS/ICT management on the base of process approach at this level.

The final category is information management as a tool for managing top managers – a tool for metamanagement on strategic level. The main service and mission of information management is to manage, to plan, to forecast, and to teach top management using related managerial tools.





These tools are mathematical models, business intelligence elements and applications, decision support systems, which are regularly improved into decision making process (Carnický, 2004), (Doucek, 2005), (Kern, 2005). They are also involved into new methodologies for use of data, information and knowledge. This is the way the process of knowledge and learning organization is realized – the effective rework and storage of knowledge and its reuse.

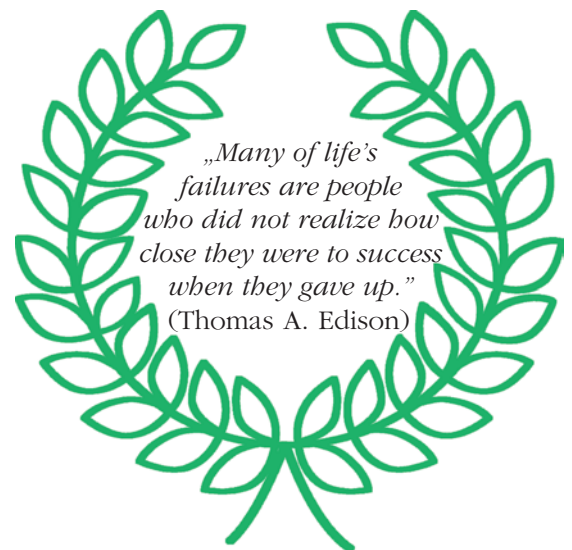
Real applied principles of information management and its practical improvement in IS/ICT reference model is described in the contributions presented by Oto Novotný (2005).

Conclusions

A pilgrimage towards the knowledge organization is a significant opportunity for organizations, if they want to save their competitive advantage in the current turbulent world. The possibility to realize this is to apply information management approach in the home organization. Information management methods are applied

in all levels of management in an organization – in operation management mainly in IS/ICT improvement, operating and effectiveness evaluation, in tactical management in organization structures planning and in establishment of authorities, responsibilities and roles. In upper strategic level is focused on knowledge management. For successful improvement of the information management concept in an organization is necessary to plan all above mentioned levels of information management in coordination and in unity.

Information management is not only the sum of methods, but it represents a useful combination of philosophy, sociology (System Science), information technology tools and methods (Informatics) and management and organizational science (Management) with the final aim to support effective achievement of strategic goals in the organization.



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Young Customers Loyalty

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Abstract

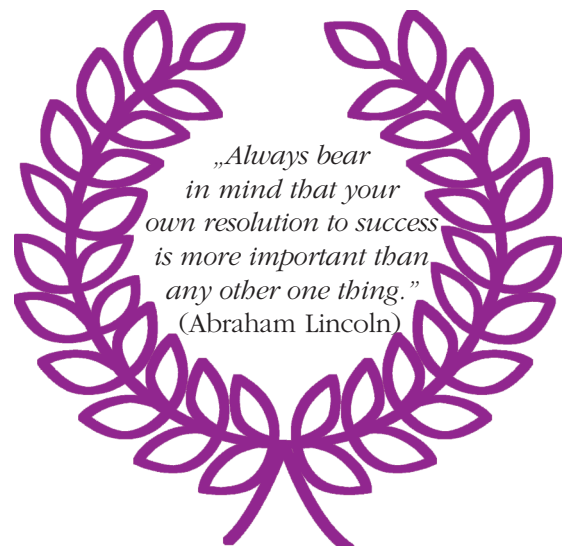
In the current economic context, consumers act on short-term by purchasing affordable products and in many cases, it is the underlying variable made when deciding to purchase. A very good selling strategy is to build a strong bond between the brand and the customer, which will generate long-term loyalty and overcome the price barriers. As a result, a number of companies organize loyalty campaigns using loyalty cards or coupons. The goal of this abstract is to highlight the usability of the loyalty cards amongst the young people between 16 and 35 years old, to determine the main types of companies that provide the cards which the young people use, and to prove the effect that the loyalty cards have on the sales of products and services.

Keywords: customer loyalty, loyalty cards, customer value, loyalty indicators

Introduction

The third Millennium brings important changes in the business evolution and in the Romanian economic environment. The speed with of information traveling, its quality and availability underlie the development of the relations between companies and customers.

Like Peter Druker has forecasted, at the heart of any business there are the client and its needs. The organizations must focus their attention on expanding the relationship management program with their clients because they both want to know their actual needs and to create a powerful two-way bond with them.



In order to keep their customers and to determine them to come back, the merchants use special loyalty methods. In the last years, loyalty cards started to become true marketing tools through which merchants are able to both identify their clients and track their purchases.

For about 10 years, the loyalty cards began being used in Romania, consumers have begun to make „collections” of such cards. Whether it's about the card discount offers, or if it is about the bonuses they are receiving using these cards, people use these means which provide the feeling of belonging to a particular product or brand, which also makes them feel important and gives them the idea that for that company they are special, therefore a feeling of appreciation is born.

Customers Value

Business strategies developed by organizations in recent years aimed at achieving the goals of growth and profitability of an enterprise. They are influenced by customer value management, which ensures the connection between the human resources, marketing and technological work in order to meet both short and long term objectives. The value of the customers becomes an indicator that measures the degree of customer satisfaction towards the products and services the organization has to offer and the degree of profitability growth of the company.

The need to analyze the history of the customer portfolio of a company becomes nearly indispensable to the organization. F. Reicheld believes that „in order to manage customers like assets, they must be valued as true assets, that is to expect the length of the relationship with them and the profit they will generate at every stage of their life cycle” (Reicheld, 1999).



One of the problems of the companies which place the customer needs in the center of their business is the focus on customers who have a higher rate of profitability, forgetting to apply a long-term vision in which even the segments which have a lower profitability can be generating large profits in time.

Even though many companies choose the ROI indicator (Return on Investment) as a factor in measuring the success of a CRM system implementation, it is not enough in order to determine taking decisions. Also, this indicator assesses the problem only from the perspective of the business, not taking into account customer satisfaction, but only the income coming in from them.

Another indicator chosen by companies to show financial success is the value of customer life cycle (CLV – Customer Lifetime Value), which seeks to be increasingly higher with increased customer satisfaction. According to the „80/20 Principle”, affirmed by Vilfredo Pareto, „80% of the effects are generated by 20% of cases”. In the application of the CRM technologies, this principle can be interpreted as



„80% of revenues are generated by 20% of customers”, or 80% of the business activity is based on 20% of the customers. Using the value of customer life cycle, one can differentiate between loyal customers of a company and the rewarding ones, such that to find those 20% that could increase the profitability of the organization.

In this regard, the life cycle of a client in terms of profitability of a firm goes from an individual that is a „potential customer” or „suspect”, to the cold customer, warm customer, occasional customer and then loyal customer” (Claeyssen *et al.*, 2009). Identifying the potential client and bringing him to the company’s products and services turns him to cold customer level. If the client is interested in the information that he is receiving and wants to purchase from that company, it becomes a warm client. The objective of the organizations is to continue this growth of the customer and to make the transition from occasional customer to loyal customer, bringing long-term company profitability.

Thereby, firms have to deal with customer segmentation throughout the three main stages of their life cycle, namely: to attract new customers, retain the existing

customers and develop customer relationships. Firms must determine those factors that contribute in order to increase profitability and discover how to apply it to all categories of customers to achieve maximum profitability.

In 1992 Barlow enunciated one of the first complete definitions of loyalty: „... loyalty is a strategy which identifies, maintains and raises the yield for the best clients, with the help of a relation with added value, interactive and focused for the long term” (Claeyssen *et al.*, 2009).

Even though the company can handle on the short term by attracting new customers, on medium and long term it must move toward customer loyalty. Also, it has been proven that it is more profitable to keep a client than to attract a new one, keeping in mind that „almost 90 % of the revenues are brought on by the loyal customers, while 70% of marketing budget is used to attract new customers” (Kotler, 2003).

If we consider the need to implement loyalty programs, it is supported by arguments (Claeyssen *et al.*, 2009) such as:

- Development of turnover based on customers – in terms of increased purchases or increase the value of products purchased;
- Improvement of the perception of the company – by determining the customer to have a positive image of the organization and its products or services;
- Increasing the number of entry barriers – by discouraging customers in their attempt to move toward the competition.

Customer loyalty strategies are aimed on two axes: the economic added value and an effective added value, which are used in order to persuade loyal customers

to „resist” the offers proposed by its competitors. These axes are used by firms to both gratify the rational customer behavior side and emotional side, which determine the individual’s attachment to these organizations.

In order to propose loyalty strategies, the first step the organizations need to take is to organize their customer database and to differentiate them based upon their purchase history and upon their behavior and attitude in time towards the organization. The main types of customers which are segmented in this idea are „occasional customers, good customers, very good customers, and VIP customers” (Claeyssen *et al.*, 2009). In this way, companies can make a correlation between the financial benefits that different types of customers can generate in time, while they are increasing along with the evolution of the category of which the client belongs to. From this we can conclude that organizations should develop different loyalty programs for each category of customers and to „reward” more the most valuable clients, who „deserve” more attention.

To see the benefits of a loyalty program, there should pass at least six months since the launching of such program, during which analysts can identify the difference generated by this program among occasional consumer behavior, good, very good, VIP or other trends that are imposed by the market. Moreover, depending on the amounts spent and the frequencies of the purchases, loyal customers will take part of different levels of rewarding, either as gifts, discounts, shopping vouchers or different services.

The most practical way to identify and track a customer’s purchases is the loyalty card. In 2004, a percent of 86% of US consumers used a form of card store or

discount, according to a survey by the College of Communications at the University of Boston. Further on, according to it, about 74% of Canadian consumers use one or more loyalty cards. In the UK, these cards had an 85% penetration rate amongst consumers. Loyalty cards for merchants can be valuable marketing tools, although in Romania this phenomenon is still quite shy.

Consumer magazines are also part of the loyalty strategy. Online magazines, clubs, SMS or emails are loyalty strategies which involve technology are used by individuals daily. A new trend in terms of loyalty is represented by coaching. (Claeyssen *et al.*, 2009). By discussions through phone, SMS or e-mail, customers can receive personalized advice to the problems they are facing (e.g.: skin appearance issues for the consumers on the cosmetics market), their needs and preferences, determining a much higher degree of satisfaction and helping to build a long-term loyalty relationship.

Among the benefits that a customer loyalty program provides include: promotions, shopping vouchers, gifts, discounts, privileges, services or invitations to various



events and ventures. The universal currency proposed by specialists in marketing for the loyal customers of a company is the loyalty point. One of the main purposes of the implementation of loyalty programs is to prevent the migration of customers to competitors. All companies know that taking care of this aspect actually contributes to changing their profitability.

By being an indicator which aims to increase the company's profitability in the medium and long term, the value of the customer loyalty at this stage will be calculated in a succession of time periods. This value can be obtained as the difference between revenues and costs of this phase, from which the nonpayment rate is deducted (Allard, 2003). The value of the revenues obtained from the loyalty phase (**V**) can be determined with the help of the following formula:

$$V = C_{ft} \times R_{ft} \times MB_{ft} \quad (1)$$

where: C_{ft} – the number of clients on a certain time period t ; R_{ft} – revenue per client

obtained on the time period t ; MB_{ft} – Gross margin per product or service sold in time period t .

The value of the existent costs in the customer loyalty phase (**C**) can be found out with the help of the next formula:

$$C = C_{ft} \times CE_{ft} \quad (2)$$

where CE_{ft} is the effective contact cost.

Unfortunately, even though some loyalty strategies are applied, there are clients which do not honor some payment obligations for the services they benefit from. The nonpayment rate is calculated as a percentage of those clients, the not paid sum by clients on a certain period of time (S_{np}) being calculated as follows:

$$S_{np} = C_{ft} \times R_{ft} \times R_{np} \quad (3)$$

where R_{np} is the nonpayment rate.

So it results that in the considered period t , if we deduct the costs and the unpaid sum from the obtained revenues, the value brought by the loyalty activities to the value of the customers can be determined:



$$(VA_{cf}) VA_{cf} = V - C - S_{np} \quad (4)$$

$$VA_{cf} = (C_{ft} \times R_{ft} \times MB_{ft}) - \\ - (C_{ft} \times CE_{ft}) - \\ - (C_{ft} \times R_{ft} \times R_{np}) \quad (5)$$

$$VA_{cf} = C_{ft} [(R_{ft} \times MB_{ft}) - \\ - CE_{ft} - (R_{ft} \times R_{np})] \quad (6)$$

The Advantages and Disadvantages of the Loyalty Cards

In the context of the current economy, consumers act on short-term by purchasing affordable products and in many cases, it is the underlying variable made when deciding to purchase. A very good selling strategy is to build a strong bond between brand and customer which will generate long-term loyalty and overcome the price barriers.

As a result, a number of companies organize loyalty campaigns using gift cards or coupons. These cards have a double benefit: on one hand, they generate additional sales (customer perceived value is high and the high number of offers increases the appetite of buying in customers); on the other hand, they help collecting customer data, building databases which can then be used in various other marketing campaigns.

The loyalty card can be found in three forms, namely: barcode cards, magnetic stripe cards and microprocessor cards (or chips). In terms of the card's capabilities, both cards with a magnetic strip and barcode cards are very similar. Although more expensive, the advantage of smart cards is the safety and high capacity of data storage. As a result, when using a smart card with a chip, the information is written directly to the card.

Loyalty programs can be both single-support and multi-support. Multi-support



programs involve several brands that try to make loyal customers through the use of strategies in order to offer them loyalty points or discounts. Although each company representing the brand will be deciding the given discount, benefiting from the fact that they are lowering the costs of issuing and maintaining the cards, this, being divided to all participating companies, and although it has no great gain in terms of loyalty, it helps customers form a general idea and short-term preference for the companies participating in the program.

The single support program thus remains the most effective for companies, earning both valuable information and customer loyalty in the medium and long term, the only drawback being the cost of implementation and maintenance of the program.

Loyalty cards can have both advantages and disadvantages in terms of customers and issuing companies. Among the advantages that loyalty cards offer to the buyers can be mentioned discounts, access to various promotions, fixed discounts depending on the amount or time frame in which they had purchase a particular product,



presents, the possibility to change the loyalty points in various products or services, the feeling of belonging of the customer, ease of use.

The disadvantages of the loyalty cards for the buyers are:

- The discounts are small. Overall, the companies apply discounts of 5-10%;
- The discount encourages buying more;
- When customers have to fill out the form for card issuing they you have to write down the e-mail and telephone number.
- There is no guarantee that personal data are stolen from the card provider after a cyber-attack, or that the information is not used for other purposes.
- If the customer does not use points in set time, returning the unspent money untaxed to the card provider and the customer will not have any practical benefit.
- The customer dissatisfaction on the multitude of cards they have in their wallet.

The advantages of the loyalty cards for the company:

- They are an excellent way to boost sales: consumers will want to get away from the same purchasing routine, wanting to benefit from the card offers.

- The cards make customers loyal. They will provide a good reason to buy from the same company and not the competition.
- The cards can provide the opportunity to sell extra items. Customers will use the card to benefit from the promotion, but they will also buy other products on impulse.
- The success of a campaign using the cards can be very easily measured: the company just has to count how many cards it has offered. It is very important to also analyze the feedback from customers in order to come up with new offers to ensure the success of possible new campaigns.
- It is a less expensive way to promote certain products.
- Helps collecting customer data and creating new databases that can be used in direct marketing campaigns.
- Helps out segmentation and targeting consumers to select the best customers, thus achieving a better allocation of resources.
- The loyalty cards help traders to see the business from the customer's point of view. It can see who are the loyal customers, what products are purchased by them and together with other information provided by the analysis software, it can be made a buyer profile based on gender, age, occupation and their preferences.

The disadvantages of the loyalty cards for the company:

- Investing in cards, software and barcode scanners;
- Administration costs of the Customer Relationship Management System;
- The loss of customers who are not members, have no loyalty card or of the small clients who will not benefit from all the facilities;

- The unavailability of products or services in the area where the customer lives encourages „infidelity”, in the sense that if there is an urgent need, customers will buy the products and services they have on hand and near them (e.g. in the case of pharmacies, drugstores);
- High management costs – if these cards are distributed to the less active customers.

comprising eight questions was applied on a sample of 105 young people. This study analyzes the data obtained from the aforementioned sample.

The first question referred to the usage of a loyalty cards. From the 105 persons interviewed, 82 use at least one loyalty card, the percentage of 78,8% being quite suggestive when looking upon the popularity of this loyalty strategy amongst young people (Figure 1).

Questioned on the reasons for not using loyalty cards, the young people indicated that the offers and benefits are not sufficiently attractive or significant, and that they have no time to complete the necessary forms in order to acquire such a loyalty card (Figure 2).

Case Study Upon Loyalty Cards Usage

Further on, there will be presented a case study regarding young people’s opinion on having a loyalty card and on the benefits brought by it. A questionnaire

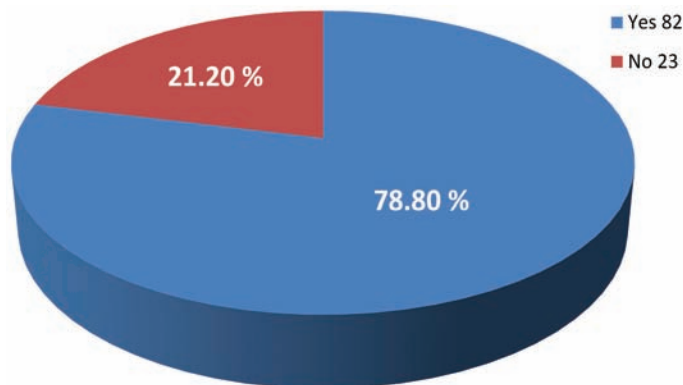


Figure 1 – The usage of loyalty cards by young people

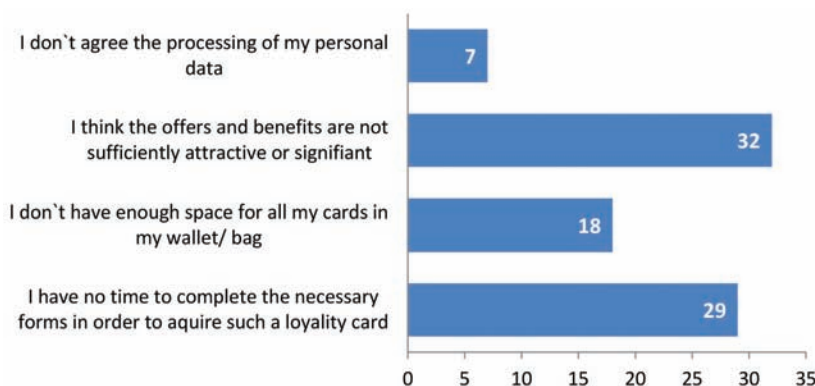


Figure 2 – The reasons why young people do not use loyalty cards

In terms of the number of loyalty cards that young people have on them at all times, there is a variation in answers, but that the trend is to have as many cards as possible. It can be seen that the average

number of cards young people have on them is 3, and the reasons are the loyalty to a brand, and also the convenience of not holding more cards in the wallet (Figure 3).

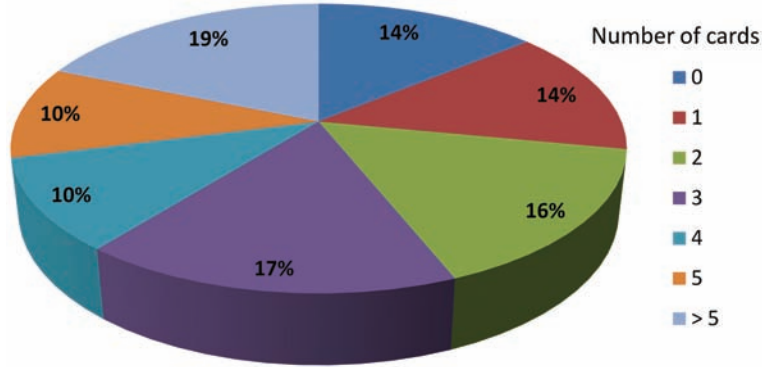


Figure 3 – Number of cards used

As it can be seen in the Figure 4, a percent of 73,7 of the surveyed young people said that they have at least one card from a pharmacy. Also popular among the young people are the loyalty cards issued by cinemas, suggesting that this is one of the methods of relaxation and entertainment

preferred by persons up until 35 years old. The cosmetics shops are also preferred amongst loyalty cardholders, followed by other companies that offer customers various promotions and discounts (Figure 4).

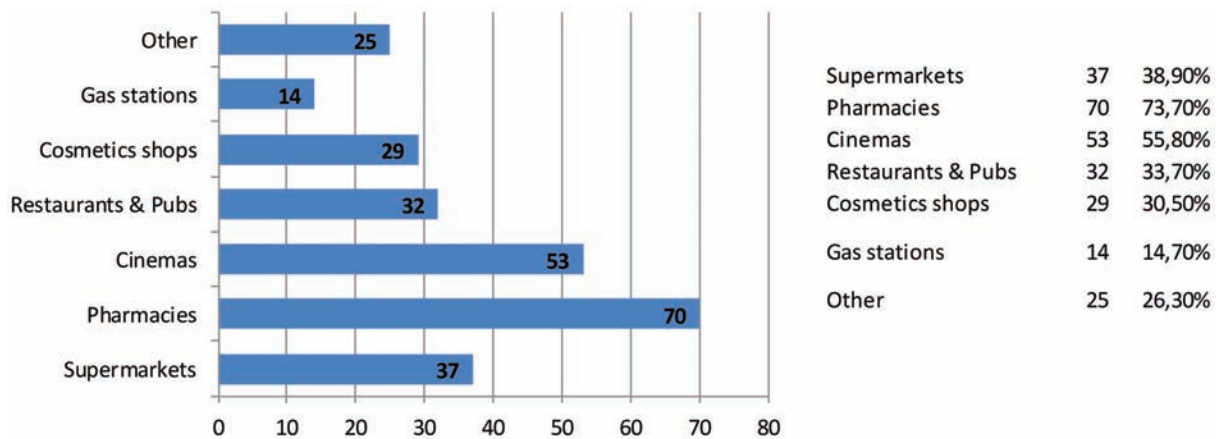


Figure 4 – The issuing company of loyalty cards

Also, the conclusion to the following question is interesting: „How often do you use loyalty cards when you purchase products or services from companies issuing them?” Thus, 74,5% of young people

surveyed always use cards, while 15.3% use them only for purchasing values greater than 20 RON, which would bring a reduction of at least 1 RON. A percent of 12.2 of young people use the cards

only in the immediate period of being issued, which might suggest an ineffective promotion and loyalty campaign from

the issuing companies that fail to keep customers close to that company's products and services (Figure 5).

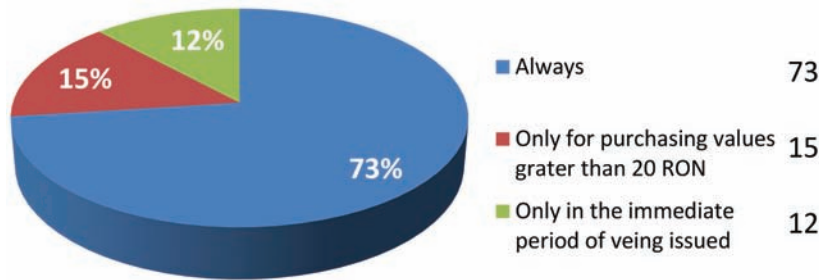


Figure 5 – Frequency of usage of loyalty cards by young people

Regarding the motivation of using loyalty cards, 93.7% of the respondents claimed that these cards provide various discounts. Another important aspect supported by 45.3% of them is that you are able to convert loyalty points into products

and services, but can also receive certain bonuses depending on the amount and type of purchases or customized offers to the customers' needs and preferences (Figure 6).



Figure 6 – The motivation for using the cards

Questions 7 and 8 provide demographic data on the respondents. Thus, out of 105 people who completed the sample questionnaire, 89,2% were pupils or students without other sources of income, 20,6% are employed, while 2,9% are unemployed (Figure 7). Also, examining in detail the data obtained from the questionnaire, people who were employed have 1 to 2 loyalty cards maximum, but pupils and students tend to have as many as they can.

This finding could be explained by the fact that when young people have income from their own work, they see things differently and their feelings of belonging to a company are clearer, heading towards a particular brand or a specific domain.

In what concerns the age of the surveyed people, 37,5% out of the young people are between 16 and 22 years, while 63,5 % out of them are aged between 22 and 35 years (Figure 8).

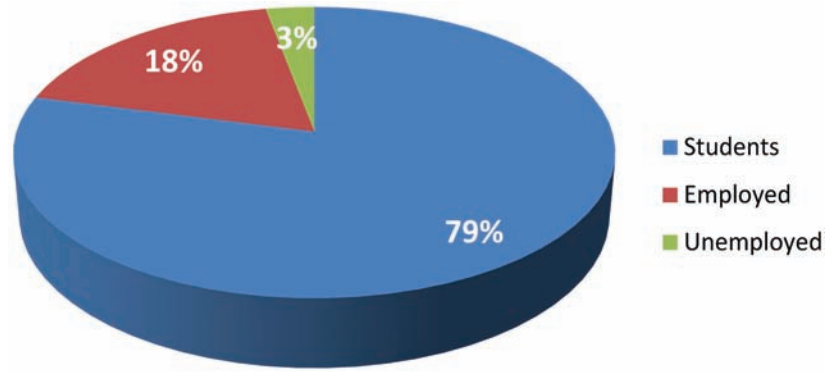


Figure 7 – *The occupation of the respondents*

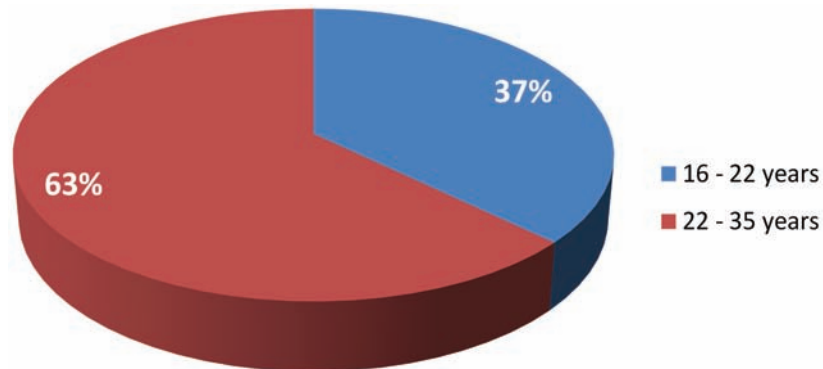


Figure 8 – *The age of the respondents*

Conclusions

Loyalty strategies have a very important role for companies, and the easiest way to achieve loyalty is the loyalty cards. Be it barcode cards, magnetic cards or chip cards, they are becoming more widespread among consumers.

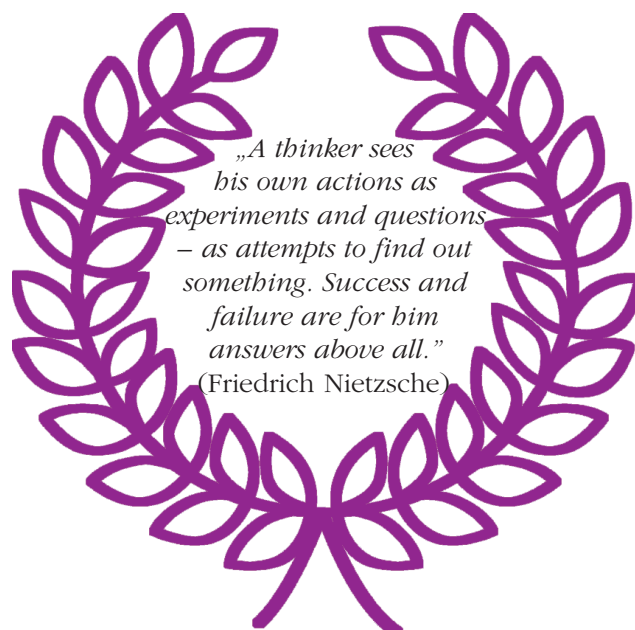
As regards making the young people loyal to a brand, it becomes more evident that young people concentrate on a particular area or a particular brand when they are employed and earn their own income. Discounts are very important for the young people, but so is also the possibility of purchasing products or services for loyalty points they accumulated. The price is one of the most important variables when it comes to purchase a good or service.

Although they would want to benefit from the loyalty card promotions offered, some young people consider that the process to acquire such a card takes too long; also, some young persons consider that the volume and the large number of loyalty cards makes it inconvenient to carry them in the wallet or purse at all times.

Another important conclusion refers to the pharmaceutical system, which seems to have the biggest success in the loyalty strategy for the utilization of the card. Approximately 73% of the questioned young people possess such a card, which actually can indicate that the young people give attention to their health and consider important those companies that take care of their physical and mental well-being.

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The Influence of Renewable Energy on Performance

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Abstract

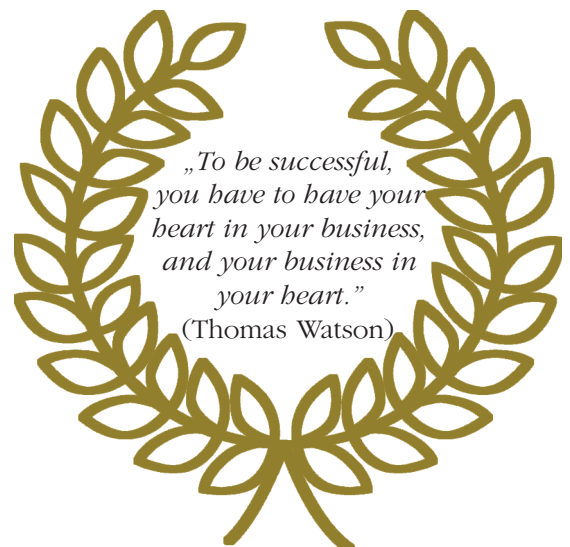
In order to avoid the global warming and the climate changes which may lead to a dramatic impact on life on Earth, all major emitting countries have adopted national strategies for a low carbon development, based on varied activities that contribute to greenhouse gas (GHG) emission reduction. The first part of the article will provide a state of the art of the EU GHG mitigation strategies with a closer look on the Romanian national renewable energies sources (RES) support schemes, followed by a technical and economic case study, on a 40 MW Steam Power Plant using biomass as main fuel. The RES Power Plant behavior will be analyzed in the presence and in the absence of the Green Certificates (GC). These two possible scenarios are taken into account due to the actual political and economic situation, when the number of some RES GC has already been reduced. The case study will reveal how vulnerable the RES Power Plants became in the absence of a stable support scheme, unbalancing the entire EU GHG mitigation strategy.

Keywords: green certificates, renewable energy sources, steam turbine, biomass

Introduction

Renewable energy sources, such as wind, solar, hydropower, ocean energy, geothermal, biomass and biofuels are alternative to fossil fuels and help to reduce greenhouse gases emissions, to diversify energy supply and to reduce dependence on volatile and unreliable markets of fossil fuels, especially oil and gas.

In order to reduce dependence on imported fossil fuels and reducing CO₂ emissions, one of the objectives of the European Union for almost a decade is the



expansion of energy generated from renewable sources. Political impetus given to the development of renewable energy market depends on boosting research into new technologies, effective investment, plus a possible strengthening of social cohesion, the last one being more visible in countries with industrial potential and less visible in countries that import technologies, such as Romania. Industrial activity produces changes in the atmosphere that quantify risks differently depending on the method of its achieving.

At the present it is known that the major challenge of international climate policy is to reduce greenhouse gas emissions in order to achieve the 2 °C objective. This

requires global emissions levels in 2020 around 44 Gt of CO₂, that can be reached only by the implementation of a global mitigation architecture, while at the same time we have to take into account the national development priorities. Unfortunately in many cases (in Romania's case too), efficient national and regional models for a sustainable and clean development are yet to be developed. McKinsey estimated (Figure 1) 66 Giga tones of CO₂ emissions per year in 2030, of which 38 Gt could be abated cost-efficiently. Due to the fact that 72% of this abatement is located in developing countries, means that these have to be more and more involved in the global mitigation plan (Wiengrd and Wenzel, 2015).

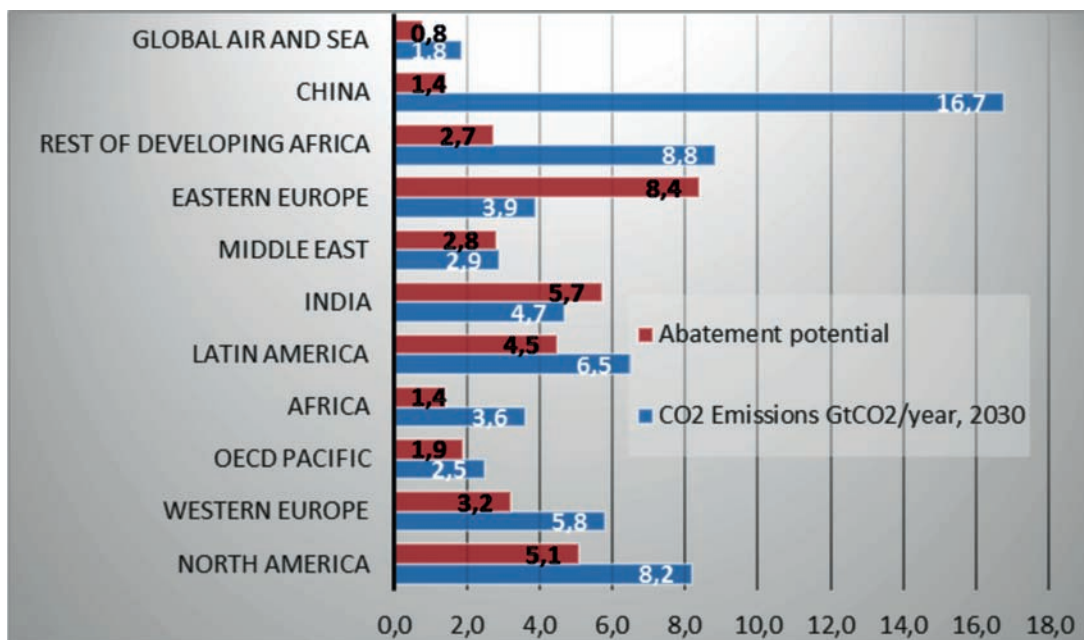


Figure 1 – *Business as usual emissions per year in 2030 and the abated cost-efficiently*

Source: Wiengrd and Wenzel, 2015

In order to reduce greenhouse gases emissions and to encourage producers of energy from renewable sources, the follows have been issued:

➤ 2001/77 / EC European Council – Directive on the promotion of electricity

produced from renewable energy sources on internal electricity market;

➤ 2001/77 / EC Directive, representing the result of a policy of the European Commission, which was initiated in 1997, where we can add the European

Parliament Resolution of 17 June 1998 on electricity produced from renewable energy sources, the United Nations Framework Convention – on Climate Changes, adopted in New York on 9 May 1992 and Kyoto Protocol (1997); ➤ 2001/77 / EC Directive, represents the starting point that allowed the EU Member States to build a local market of renewable energy and an European common market to facilitate „green energy” trade, based on allowances of origin.

It has also been fixed green energy target in total gross energy consumption that was needed to be reached until 2010.

Romania has adapted its internal legislation starting since 2003, and the following year the green certificates market was created (Government Decision no. 1892 / 2004). National legislation performed by adopting the law no. 220/2008 regulating direct intervention mechanisms for the promotion of power produced from renewable sources (Figure 2).

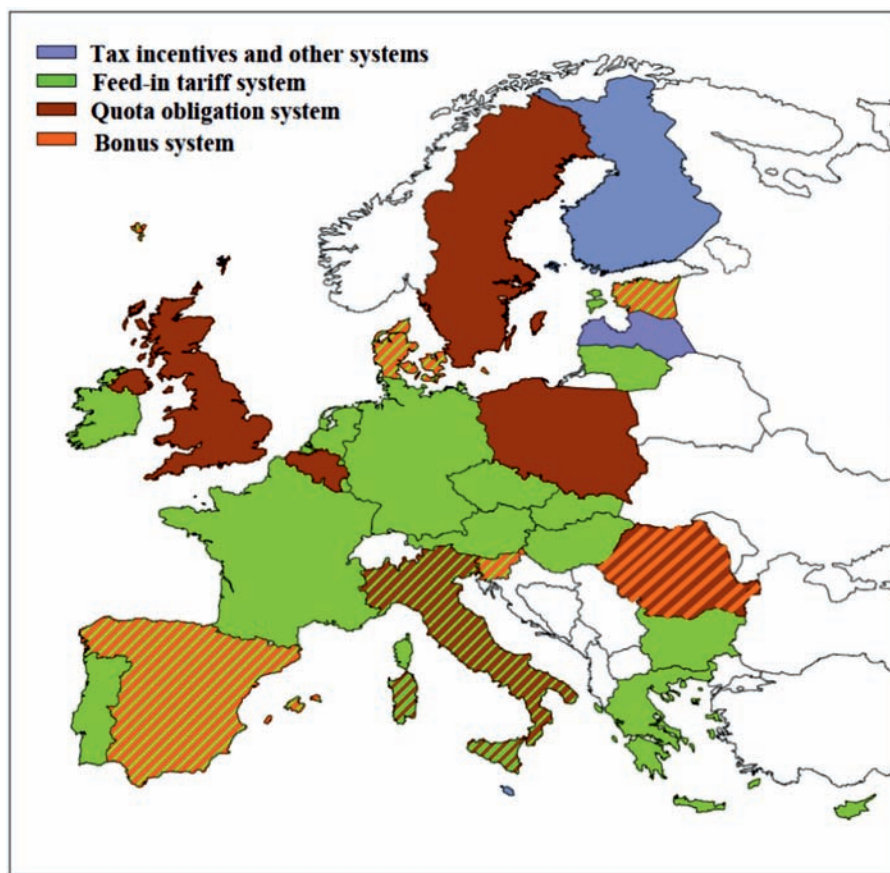


Figure 2 – RES-E Support Schemes in the EU – original source EWI

Source: Fursch et al., 2010

Aiming at strengthening the European green energy market and environmental protection, the European Council adopted 28 Directive in 2009 (2009/28 / EC) which focuses on direct and indirect intervention

tools so each member state can achieve a 20% average share of energy from renewable sources in the total gross final energy consumption by 2020. The target was fixed in the Commission Communication

of 19 October 2006 entitled „Action Plan for Energy Efficiency” and approved by the European Council on March 2007 and by the European Parliament by its Resolution of 31 January 2008 on the Commission’s Action Plan (Plumb and Zamfir, 2009).

In the 2010 report, according to data released by ANRE, on internal market of Romania there are 65 licensed producers of power based on renewable energy sources, of which 32 from hydro, 28 from wind, 3 from biomass and one using photovoltaic energy, with an installed capacity of 520.4 MW. Those operators have produced 20.264 TWh, which represents 35.24% of the total gross electricity consumption of Romania (Ecomagazin, 2012).

Biomass has the greatest annual potential of operation, twice over the other, followed by hydropower (along with what is currently exploited through installed power), wind and solar energy. Most investments are made on wind and hydro, the least being on solar and biomass. The best internal rate of return is recorded in biomass, fermented gas and solar energy. The highest updated unit costs or specific updated expenditures are recorded in solar and hydro.

Romania applies a mandatory quota mechanism of acquisition of green certificates in order to promote the growth of energy production from renewable sources, which implicitly means energy consumption from renewable sources, according to law no. 220/2008 and no. 88/2011 Government Emergency Ordinance.

ANRE establishes the methodology and fixed mandatory annual quotas of energy consumption from renewable sources, according to Article 4, paragraph 7 and 8 of the amended law no. 220/2008. From the total production of electricity from renewable sources, about 37% are traded at prices regulated by ANRE through order no. 44/2007, and the remaining of 63% is sold on the competitive market. As shown in Figure 3, in 2010, the sold out production under the mandatory quota is represented by 40,3% hydropower, 43,2% power produced using wind energy, 16,6% power produced using energy from biomass and the remaining 0,001% represents photovoltaic energy. The shares of total electricity traded through mandatory quota system are summarized in Figure 3.

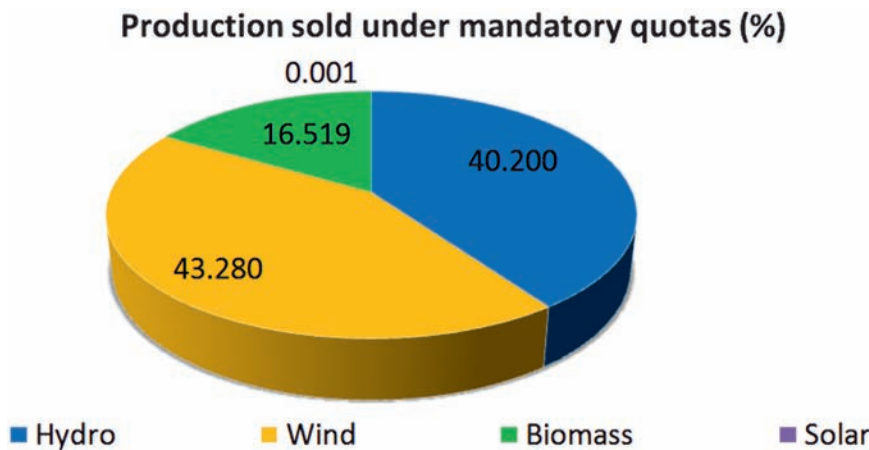


Figure 3 – Power sold through mandatory quotas system

Source: ANRE

Support scheme through which green certificates are sell, is represented in Figure 4.

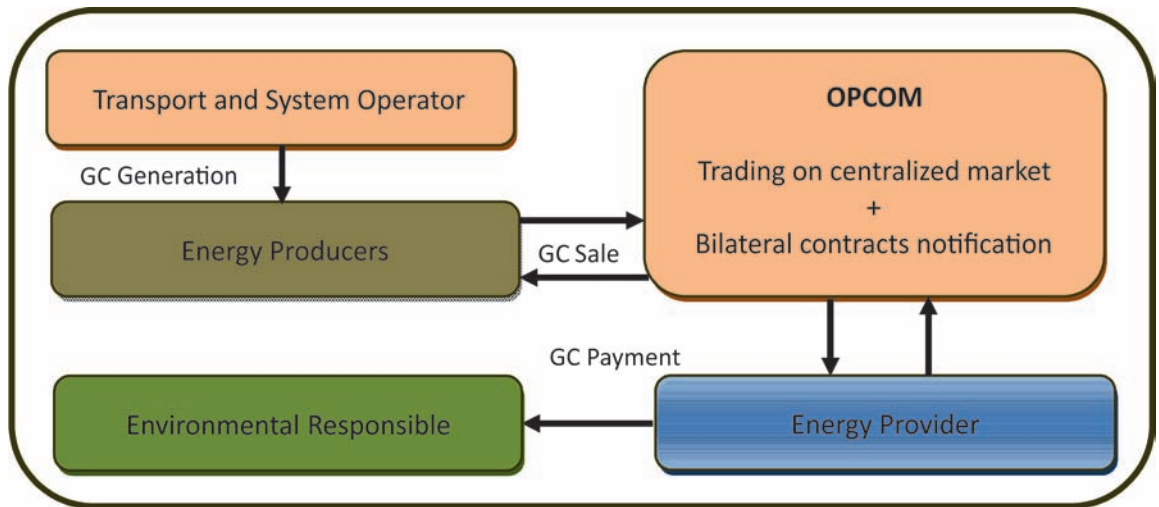


Figure 4 – GC trading support scheme

Renewable energy producers receive from the Transport and System Operator (Transelectrica) a number of green certificates, according to art. 6 paragraph 2 of No. 220/2008 amended Law. Green certificates are negotiable instruments that certify the production of a quantity of 1 MWh of electric power based on renewable sources. They can be sold separately from the amount of electricity that they represent on the energy market operated by OPCOM.

The trading value of green certificates varies between 27 and 55 Euro/certificate, and are indexed annually by ANRE at transaction value, according to the annual average inflation rate for the previous year.

Energy produced from renewable sources is supported by green certificates scheme so that each producer receives from Transelectrica, at no costs, a number of green certificates for the energy they produce and deliver on the national grid. Then, producers sell green certificates to suppliers who are required by law to buy GC, the aim being that a certain part of the final energy consumption to be provided by renewable sources. Finally, providers recover costs of green certificates acquisition by including these costs in energy tariffs.

End beneficiaries (payers) of green certificates are consumers through electricity supply companies, who are obliged to purchase annually GC representing a certain percentage of their total amount of delivered energy, and finally invoiced them to



customers. Concerned quota is set in accordance with installed capacity into units based on renewable fuels, in such a manner that all issued green certificates to be acquired. Process will continue until Romania will reach 24% renewable energy of the total production.

The number of allowances by technology is granted in the following way:

- Wind energy: two green certificates and one GC from 2018;
- Solar energy 6 green certificates;
- Energy from biomass: two green certificates or 3 green certificates if production is based on energy crops;
- Energy produced from micro – hydro-power: 3 green certificates for new units and two green certificates for refurbished units.

In the case of technologies that use renewable energy sources to produce electric power, the investment is higher than for conventional fossil power plants. Because of this, clean electricity production costs outweigh the energy selling price. The certificate's price is required to cover the difference between production cost and market price, such by this system to provide producers the opportunity to obtain a marginal income over the marginal cost, otherwise would no longer be a cost effective production.

Green certificates are issued for a limited period of up to 15 years, meaning that if in this period the investment will not be recovered or producers do not reduce their costs, operation may become unprofitable. Thus, it is possible that producers require the extension of green certificates' granting term, or the change of mandatory quotas mechanism to „feed in tariffs” mechanism that stimulate stronger the demand, since the last one sets a fixed price



of acquisition depending on the used energy and the produced quantity (Business Cover, 2014).

From 2013 the government decided to postpone the granting of part of green certificates for the investors in small hydro, wind and solar. The measure should to be valid until 2017, for hydro and solar, and until 2018, for windmills.

This order amends and supplements 220/2008 Law regarding the promoting system of energy production from renewable energy sources. According to the government, the order provides a temporary postponement for the grant of a number of green certificates for each 1 MWh produced in new hydro power plants with installed power less than or equal to 10 MW (one green certificate), wind farms (one green certificate), respectively solar power plants (two green certificates). At the same time, in the project it stated that, for photovoltaic units will be awarded only four certificates.

Recovery of delayed green certificates will be performed for new micro-hydro and solar power plants, starting from 2017 and from 2018 for wind power plants, in stages, no later than 31 December 2020.



The impact of green certificates acquisition on invoice cost to consumers is about 53 Euro/MWh (ANRE, 2008).

In conclusion, the Government decided by 57/2013 GEO, *inter alia*, that the postponement of the award of a number of green certificates for hydro projects, wind and solar, will result in lowering their impact on the final invoice of the consumer.

Also through the new changes, developers of small projects can benefit from a great feature. Renewable energy producers operating projects not exceeding 1 MW and electricity producers of high efficiency cogeneration with biomass projects with an installed capacity no more than 2 MW may conclude bilateral agreements to trade power and green certificates directly, but only with suppliers to final consumers. This feature shall be deemed to open new horizons for micro-producers, and also for developers of projects with an installed capacity exceeding 1 MW which will consider restructuring their projects in order to benefit from this provision.

Through the laws issued and adopted by postponing green certificates, and implementing other changes to the promotion system for renewable energy, it is hoped that the main objective intended effect will materialize, and the cost of electricity to consumers will decrease without discouraging investments in renewable energy (Business Cover, 2014). It should, however, carefully examine the impact that these social measures can have on the proper functioning of power plants running on renewable sources. This requires sensitivity studies in the case of several possible scenarios.

Taking into account the above mentioned and the current trend of policy decisions, both at national and European level, further is presented a case study on a biomass power plant. This type of plant requires very high cost both for investment and for operation and maintenance, in such a way that a delay of green certificates' granting, could lead to large financial imbalances and perhaps to power

plant activity suspension, the investment remaining unrecovered on its lifetime.

In Figure 5 it can be observed the present situation of the energy (heat, cooling and electricity) demand in the EU (27 MS). What can be resumed from Figure 5 and from the State of play (European Commission, 2014) is the fact that in 2012 the

electricity produced from biomass represents 18% of the overall renewable electricity in EU 27. According to the same study, renewable electricity will reach by 2020 about 34% of the electricity production, with an almost constant share of bio-electricity (18.3%), but almost double in absolute terms (from 11 to 19 Mtoe).

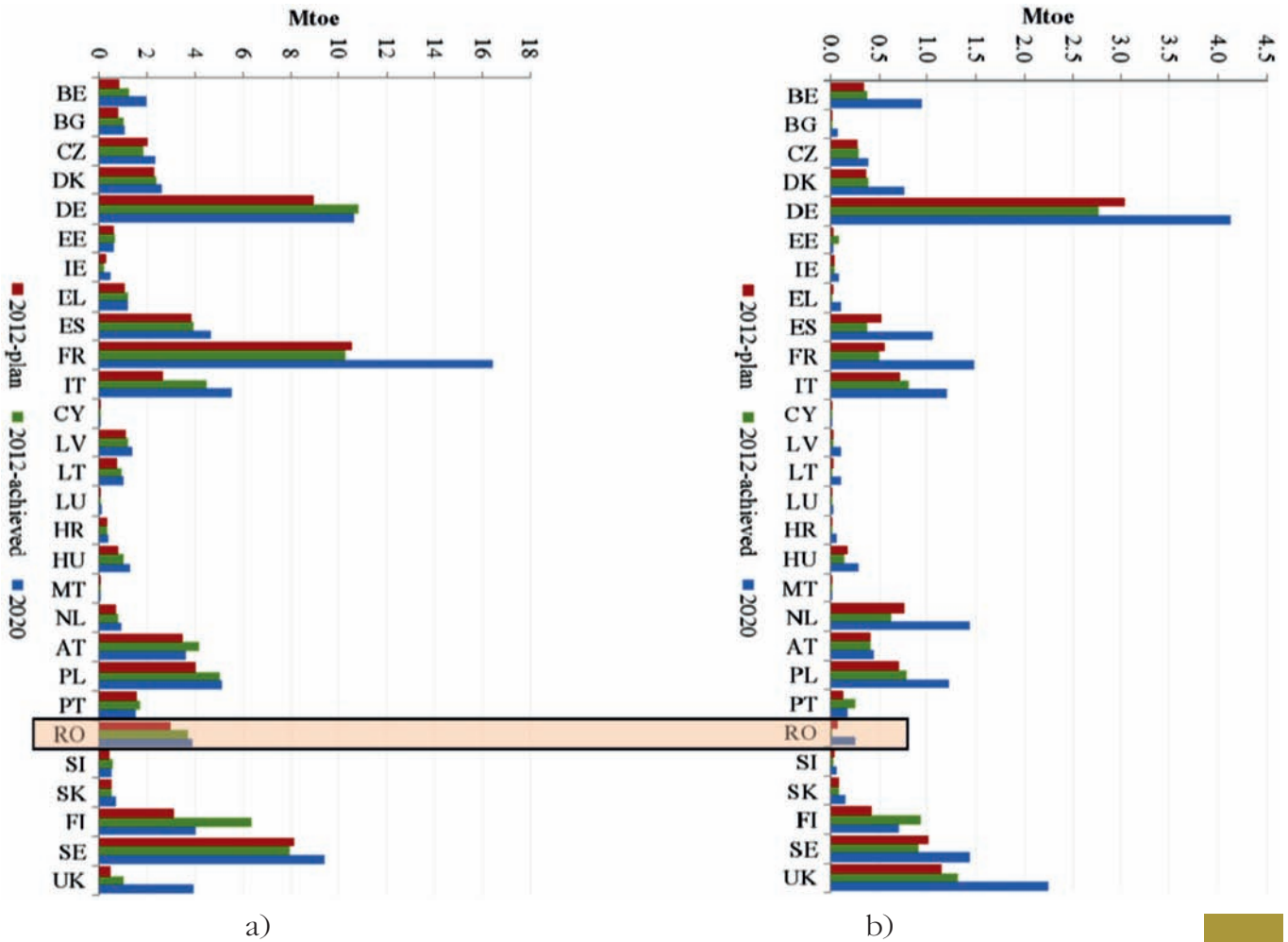


Figure 5 – a) Heat and cooling demand and b) Electricity demand from solid and gaseous biomass by Member States

Source: National Renewable Energy Action Plans, Progress Reports; European Commission, 2014





Consequences of stopping GC

The case study concerns the analysis of two situations, namely:

- Full suspension of green certificates for all types of renewable energy resources (biomass included);
- Providing green certificates for electricity based on renewable energy sources.

For the study, biomass was chosen as a renewable energy source, and a conventional steam power plant that produces and supplies only power (no heat recovery). The power plant has an installed capacity of 40 MWt. Calculations are performed for both current case with 3 green certificates for electricity generated from renewable energy sources, and for the case when no GC is awarded.

It shall be considered the following elements that characterize energy balance of a conventional steam power plant (Athanasovici, 2011):

- ➔ rate its own electric service $\epsilon_{sp} = 0.07$

- ➔ electric generator efficiency $\eta_G = 0.987$
- ➔ steam turbine mechanic efficiency $\eta_G = 0.993$
- ➔ cycle thermal efficiency $\eta_T = 0.48$
- ➔ pipes efficiency $\eta_{CD} = 0.99$
- ➔ steam generator efficiency $\eta_{GA} = 0.90$

Power plant operating time: 6000 hours/year.

Heat low value of biomass (H_l), is 15,14 kJ/kg.

The net power of the system is $P_{NET} = 40$ MW.

The following calculation algorithm can be considered for technical results:

$$P_{Net} = P_B \cdot (1 - \epsilon_{sp}) \tag{1}$$

$$P_B = \frac{P_{Net}}{(1 - \epsilon_{sp})} \tag{2}$$

$$Q_0 = \frac{P_B}{\eta_{GA} \eta_{CD} \eta_T \eta_M \eta_G} \tag{3}$$

$$B = \frac{Q_0}{H_l^i} \tag{4}$$

$$E_{yr}^p = P_B \cdot \tau \tag{5}$$

$$E_{yr}^l = P_{Net} \cdot \tau \tag{6}$$

$$B_{yr} = B \cdot \tau \tag{7}$$

Based on the above relations the results centralized in the Table 1 were obtained:

Table 1 – Technical specifications of the analyzed steam turbine power plant

Net electric power P_{Net} [MW]	40
Gross electric power P_B [MW]	43
Primary inlet energy Q_0 [MW]	102,62
Flue mass flow B [t/h]	24,4
Annual produced energy E_{yr}^p [MWh/year]	258060
Annual supplied energy E_{yr}^l [MWh/year]	240000
Annual fuel consumption B_{yr} [t/year]	146400

The model for the economic calculation is detailed below, with input data and computing relations on which final results are obtained:

- specific investment $i_{sp} = 1562 \text{ €/kW}$
- fuel cost $p_c = 35 \text{ €/t}$
- electricity price $p_{EE} = 50 \text{ €/MWh}$
- discount rate $a = 10\%$
- CO₂ emission standard factor, $f_{CO_2} = 0$ [t_{CO₂}/MW_{fuel}h]

In order to calculate the power plant annual expenditures, we have to take into account besides fuel cost, operation and maintenance costs, the costs due to CO₂ emissions, where the eco-tax was estimated at 9 €/t CO₂:

- green certificate GC = 27 ÷ 55 €/MWh
- lifetime of power plant 20 years

$$I = P_B \cdot i_{sp} \quad (8)$$

$$C_B = p_c \cdot B_{yr} \quad (9)$$

$$C_{O+M} = 24\% \cdot C_B \quad (10)$$

$$C_{CO_2} = B_{yr} \cdot e_{CO_2} \cdot f_{CO_2} \quad (11)$$

$$\text{Revenues} = p_{EE} \cdot E_{yr}^l \quad (12)$$

$$\text{Revenues}_{+CV} = p_{EE} \cdot E_{yr}^l + CV \cdot E_{yr}^p \quad (13)$$

$$C_{TOT} = C_{CO_2} + C_{O+M} + C_B \quad (14)$$

$$IP = \frac{NPV + I}{I} \quad (15)$$

$$NPV = \sum_{i=1}^{TRA} \frac{\text{Revenues}_i - C_i - I_i}{(1+a)^i} = 0 \quad (16)$$

$$UPP = -\frac{\ln(1 - GPP - a)}{\ln(1+a)} \quad (17)$$

$$GPP = \frac{I}{\text{Revenues} - C_{TOT}} \quad (18)$$

Based on the above relations we obtained the results centralized in Table 2.

Table 2 – Economic results for the case study power plant

Investment I [€]	67166000
Fuel expenditures C _B [€/year]	5124000
Operation and maintenance expenditures C _{O+M} [€/an]	1229760
CO ₂ emission expenditures [€/an]	0
Revenues without GC [€/an]	12000000
Revenues with GC [€/an]	18967620
Total expenditures [€/an]	6353760
Net present value NPV (without GC)	-19096376
Net present value NPV (with GC)	40222901
Internal rate of return IRR (without GC)	5,56%
Internal rate of return IRR (with GC)	18,11%
Gross payback period GPP (without GC)	11,9
Gross payback period GPP (with GC)	5,3
Updated payback period UPP (without GC)	–
Updated payback period UPP (with GC)	8 years
Profitability Index IP (without GC)	0,72
Profitability Index IP (with GC)	1,6

Conclusions

Following the calculation model applied to a conventional steam power plant of 40 MW, using biomass, it was observed that for investors in such power plants, the only viable way for doing good business is if they are supported with green certificates. Also it can be observed that net present value is negative if green certificates are missing, while by benefiting from allowances, the project becomes feasible. IRR indicator, in the first case (without GC), is lower than the discount rate, which tells us from the start that the project

is not feasible. As well as IP indicator, which is less than 1 and the Updated Payback Period UPP, which in calculation makes no sense because the Gross Payback Period GPP is too high (> 21 years).

In the case of where green certificates are received, as has been said, the NPV is positive, and other indicators are in the limits of feasibility: IRR > a (18.11%), IP > 1 (1.6), UPP (8 years) is acceptable as it is a lifetime of 20 years.

In Figure 6, the study results are presented as graphs, in order to better reveal differences between the two scenarios.

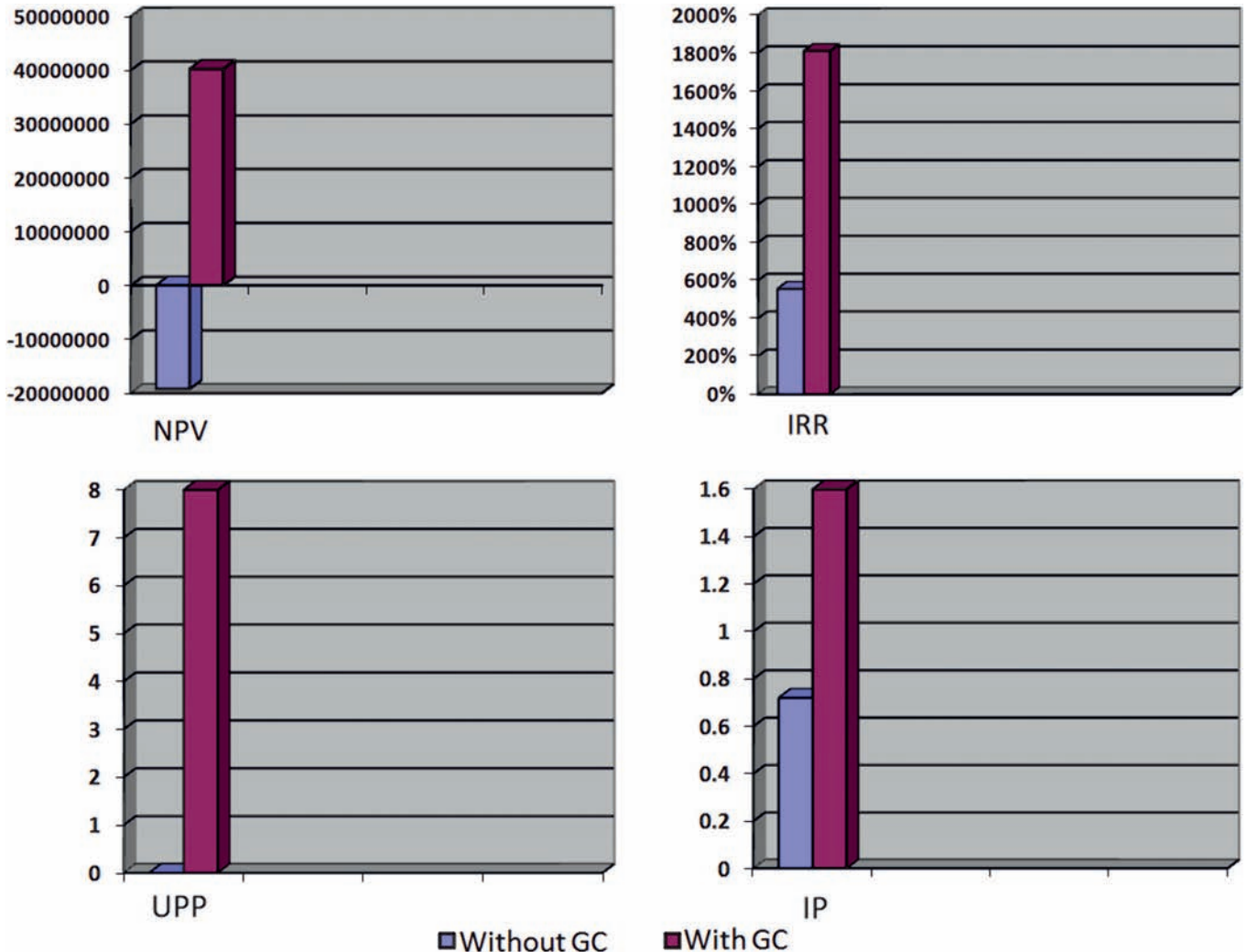


Figure 6 – Results of technical and economic study

In conclusion, without the benefit of a strong renewable energy support scheme (in our case, green certificates), investors should abandon the use of renewable sources, although other finite fuels are harmful for the environment because of

greenhouse gases emissions. To save the Earth from global warming we need major changes, and financial assistance to invest in favorable and safe technologies that can ensure us a better and proper future.

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The Impact of Rural Development on a County

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Abstract

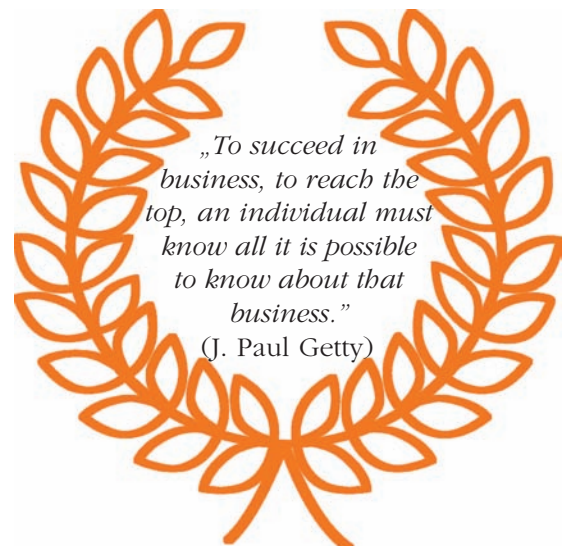
The success of a country is closely connected with the ability to adapt to the local dynamic, national and international economic market. Strategic planning is increasingly used in order to strengthen the local economic capacity of an area to improve the investment. An understanding of the principles and practices of strategic planning positions the states in order to improve their quality of life, in order to create new economic opportunities. Rural tourism in the current period is an opportunity for the development of rural perimeters and represents a real opportunity for disadvantaged rural areas. This contributes to the development of the region both economically and socially, as it provides better conditions for local residents by offering them jobs.

Keywords: regional development, regional development policy, economic development, rural tourism

Introduction

Regional development strategies are implemented at the level of any state in the regional development policy. They represent at the same time tools for operational nature in order to carry out strategic objectives consisting in solving problems regarding to economic and social development. The applicability of regional policy takes place through regional planning, characterized by two fundamental elements: elements of economic and social nature.

The increasing competition between companies on the market determines a large number of companies to seek in order to carry on the activity in regions with



efficient infrastructure, high quality services and well-trained workers. The evolution of IT and communication leads to achieving one of the objectives of regional policy by reducing economic and social imbalances between the regions on the EU territory.

In Romania and other world countries the population which lives in urban areas chooses the rural recreational opportunities where they meet a healthy environment and stunning scenery.

Through its content the article aims to highlight significant issues regarding regional and rural development, as well as an overview of the problems encountered in rural tourism in Dâmbovița County, issues that influence the economic development of the area.

1. Theoretical Notions

The concept of regional development represents the capacity to use the resources from a local level, but also from national and international level. The purpose is to increase the region's competitive level. According to Eurostat website, a „region” represents „a piece of land with borders more or less obvious, which often serves as an administrative unit”.

The term regional development requires an institutional and legal framework to facilitate the development to take place in an orderly manner where the people involved know that the decisions they take and the contracts they make are protected by law and implemented.

The Ministry of Regional Development defines regional development policy as measures planned and promoted by local and central public administration authorities, in partnership with various actors (private, public and volunteers), the purpose of it being the economic increase.



Over time Romania has encountered many economic and social inconsistencies at regional level. Along with developments in European countries at the political, economic level and especially after 1989, Romania began to develop a new policy on regional development. The main areas falling under this policy are: enterprise development, labor market, investment attraction, sector development of the SMEs, improving infrastructure, environmental quality, rural development, health care, education, culture.

Another definition of this concept highlights the fact that it represents a financial mechanism that focuses on solidarity, economic and social cohesion. Regional policy is what makes it possible for the territorial resources, human resources and capital to be in the same place, having the fact that they are not in many cases together (Bomher, 2011).

The EU has developed a regional development policy. Its objectives are to reduce inequity between regions, to increase efficiency at a national and European level, and to reduce inequalities between the EU member states. Participation to the development and implementation of this strategy is an alternative which establishes



a common platform for action at national and local level, in order to be able to make consistent efforts to shape the future of Romania (Legledi, 2011).

In Romania the regional development policy began to take shape in the implementation period of the Phare program in 1996. In the period 2007-2013 it has been revised according to the objectives set out by Lisbon and Gothenburg. The priority objectives were: competitive economy based on knowledge, research and technological development, sustainable development, employment.

The Parliament adopted Law 315/2004 regarding the regional development in Romania, with the purpose of providing a legal framework for the proper management of the eight regions. It implied the development, implementation and evaluation of the regional development policies, but also collection of data of statistical nature, which are in correspondence with European law provided by EUROSTAT for the second level of territorial classification NUTS 2 existing in EU.

Current policies of economic development refers to grants, job training, advice and support for potential entrepreneurs, but also extension services to help companies to modernize and achieve export.

The local economic development programs are run by a great variety of organizations, cities, counties, chambers of commerce, non-profit public-private regional coalition of government, independent public agencies, community colleges and universities. Development programs are funded by the government and special funds, private contributions federal and state grants tax-assisted firms (Nilgun, 2002).

The development represents a thorough understanding of the local economy. It is an essential condition to formulate a strategy that is intended to provide genuine growth and development opportunities (Pose and Tijmstra, 2009). A balance must exist between the necessity to obtain the necessary data regarding the local situation and the importance of maintaining the proper resources.

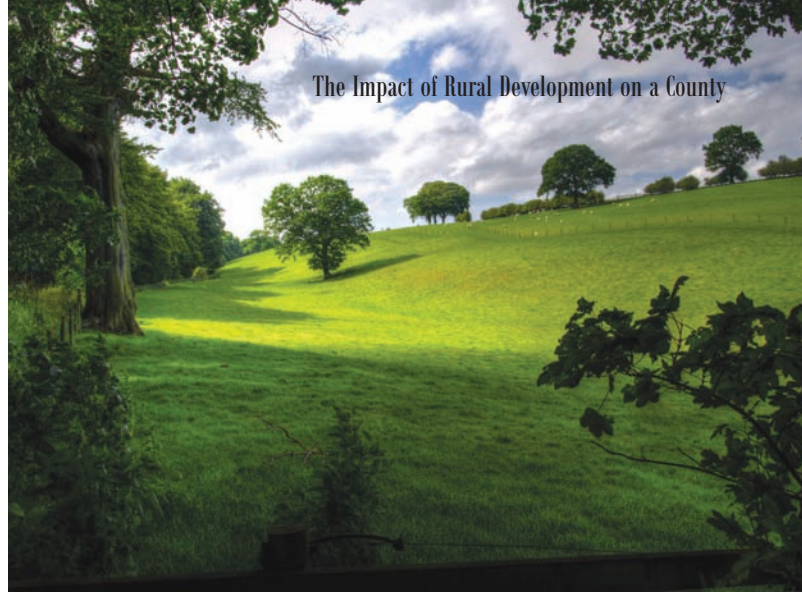
In the regional development policy rural development occupies an important place. Rural tourism aims at raising living standards in rural areas, helps to preserve cultural legacy and at the same time to reduce the migration phenomenon. The document Rural Tourism Manifesto elaborated in France in 1995 defines rural tourism as a means of exploiting tourism in the rural world (Garcia, 2002).

The main forms of rural tourism (Bran and Simon, 1997) are: the family type, by households pension and spontaneous tourism.

2. Analysis of rural development in Dâmbovița County

The following stages of analysis were taken:

1. The subject of analysis (by default, the target group) as well as the analysis;
2. Identifying the major problems;
3. Presenting a clear and concise analysis.



In order to identify the causes of problems affecting the quality rural tourism of Dâmbovița County, the fishbone diagram (Figure 1) is used to identify existent problems.

Based on this diagram, a two-level benchmarking method of identification of existing problems was used for two different counties: Dâmbovița (A) and Sibiu (B) (Table 1).

In Dâmbovița County, rural tourism is practiced in Northern areas: Runcu Buciumeni, Moroieni. In Sibiu the most famous area for rural tourism is Sibiu surroundings.

To determine the level of satisfaction with regard to the quality of rural tourism practiced in the two counties, a satisfaction matrix has been used. From a score of 10000 points, Dâmbovița County got a score of 6661 points, while Sibiu obtained a score of 7781 points.

Table 1 can also be used to identify existing problems in Dâmbovița County. This county belongs to the South Muntenia development region. According to the data in Table 1, the most important characteristic of the cultural heritage of Dâmbovița county group is the presence of cultural and ecclesiastical monuments. The strength of the area is that it has the ability to attract large amounts of tourists due to its

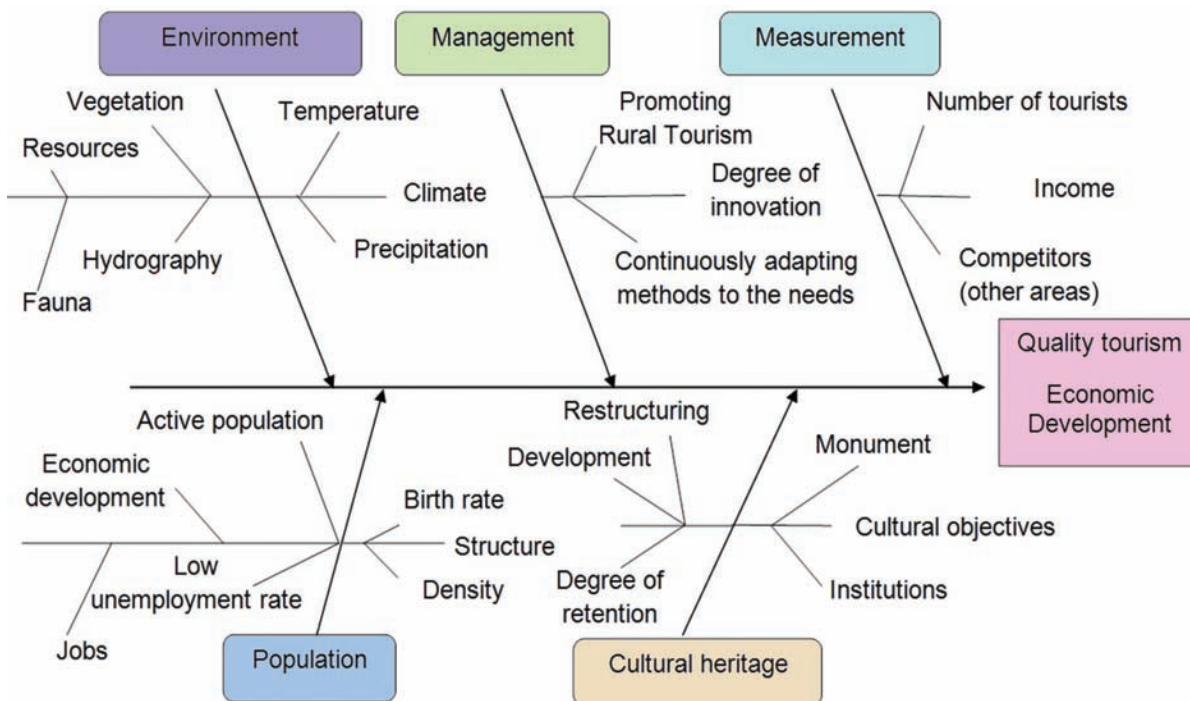


Figure 1 – Cause and effect (Ishikawa) diagram of rural development in Dâmbovița County

Table 1 – *Benchmarking of rural development of Dâmbovița and Sibiu Counties*

Groups of features	Features	Pi	Pa	Nm (1-10)		Scp	
				A	B	A	B
Cultural heritage-artistic							
350	The presence of cultural monuments religious national and international importance	200	70	7	8	490	560
	Diversity of Cultural Institutes	200	70	9	9	630	630
	Cultural objectives positioning in a confined space available in which to make a smooth Tour	200	70	9	10	630	700
	High degree of preservation of cultural monuments and restoration funds;	200	70	10	9	700	630
	Harmonized development of heritage and attractive area to determine a balanced growth area	100	35	9	8	315	280
	Starting very prompt restoration projects in terms of involvement of the authorities and demonstrate seriousness	100	35	8	9	280	315
		1000					
Environment							
200	Temperate continental climate with mountain features	300	60	6	6	360	360
	The annual amount of precipitation	100	20	8	7	160	140
	Natural variety of resources (forests and water)	100	20	9	8	180	160
	Rich hydrographic network	150	52	8	8	416	416
	Spontaneous vegetation	200	40	9	7	360	280
	Rich and varied fauna specific features of the area	150	30	7	9	210	270
		1000					
Population in rural areas							
200	Effective structure	300	60	9	8	540	480
	The official unemployment rate	200	40	7	6	280	240
	Density	200	40	9	8	360	320
	The structure of the active population	300	60	6	5	360	300
		1000					
Management							
150	Promoting ecotourism and rural tourism	400	60	7	8	420	480
	Methods continuously to attract national and international clients	300	45	6	8	270	360
	The innovation level in tourism	300	45	4	6	180	230
Measurement							
100	Number of tourists annually	600	60	8	10	480	600
	Competition	400	40	8	7	320	280
		1000					

diverse cultural potential. The region officials should take advantage of this opportunity and try to maximize it.

The opposite feature of the area that fails to achieve the desired level is harmonized development. It causes significant loss reflected as revenue shortfalls. The lack of harmonious development of heritage and attractiveness of the area is determined by the fact that the authorities do not get involved in projects for restructuring and maintaining cultural heritage.

Rich and varied fauna which is specific to the area presents the greatest degree of satisfaction for tourists. If this feature would be properly harnessed, the region would experience an accelerated economic growth. For other environmental characteristics, the obtained value is small, as customers' needs have not been met.

Regarding the active population in rural areas of the county, the region is involved in ecotourism and rural tourism which help reduce unemployment through diverse activities such as traditional ones (livestock, agriculture), as well as newly emerged ones.

In terms of the management feature referring to such activities as promoting ecotourism and rural tourism, the county uses methods to continually attracting customers at national and international level, but their results are below expectations. Regarding annual number of tourists reached the value is similar to that expected.

The attractiveness and access to public services in rural areas of the Dâmbovița County were measured (Table 2). The Scorecard is achieved by comparison to Sibiu County because it is the emblem regarding rural tourism in Romania.

As observed in Table 2, Dâmbovița County obtained a final score of 612 points out of a total of 1000, while Sibiu County obtained 737 points. The analysis

of the first area of the matrix presented in Table 2 shows that Dâmbovița County obtained a score of 275 points out of the total of 500 points for the strategies to enhance the attractiveness of the region to young people, while Sibiu got 350 points, showing much more efficient strategies and higher involvement in this problem.

The second area of evaluation referring to the improvement of services for families reveals that Dâmbovița County again scored lower from Sibiu County, obtaining 337 points as compared to 387 points out of a total score of 500 points. Dâmbovița County's weaknesses include small number of rent spaces for bicycles, but also monitoring the common interest information to the public.

Conclusions

Regional development policy has a complex character supported by the EU integration of the three objectives: economic and social cohesion, and also sustainable development. Dâmbovița County belonging to the South Muntenia region of Romania is a promising region for rural tourism, requiring the involvement of specialists in this field in order to reach this goal.



Table 2 – Dâmbovița County attractiveness and access to public services as compared to Sibiu County

Process category	Group of processes	Major importance level of activity in the category of processes	Hierarchy	The process	Major importance level of activity in the category of processes	Hierarchy	Maturity level					Dâmbovița	Sibiu	
							0%	25%	50%	75%	100%			
County attractiveness and access to public services in 1000	1.1 Strategies to enhance the attractiveness of cities youth	500	500		1000	500							<u>275</u>	<u>350</u>
				Supporting the modernization of public spaces	200	100				A	B	75	100	
				Efficient heating systems	400	200			A	B		100	150	
				Modernization of emergency medical services and kindergartens	400	200			AB			100	100	
	1.2. Improving services for families	500	500		1000	500							<u>338</u>	<u>388</u>
				Expanding access to Internet	200	100					AB	100	100	
				Improved sanitation services	100	50						AB	50	50
				Creating bicycle tracks	100	50						AB	50	50
				Bicycle Rental spaces	100	50				A	B	37.5	50	
				Develop risk maps for pools	200	100					AB	75	100	
				Monitoring the amount of information of common interest to the public	100	50				A	B	25	37.5	
				Promotion to the public of environmental concepts, sustainable development	200	100					AB	7.5	7.5	
	Total												<u>612</u>	<u>737</u>

The tourism activity and the rural tourism in particular can solve economic and work problems of the development regions, because tourism generates positive economic and social effects. However, quality tourism of the county requires quality tourism services.

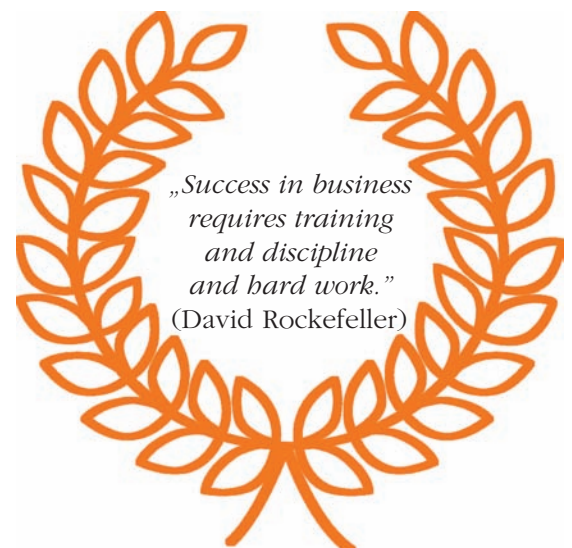
South-Muntenia development region which includes Dâmbovița County can benefit of it provided that it corrects the deficiencies of rural tourism (attractiveness to young people, and better public

services). There is a promising increase in the standard of living of the inhabitants of the region, even if the increase is smaller pro the population in rural areas.

Involvement from the local authorities in promoting these areas and implementing appropriate methods to take advantage of the rural tourism potential will help achieve the goal of economic growth of the region by maximizing the number of Romanian and international tourists arriving in Dâmbovița County.

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The Tertiary Reserve Used in National Power Grid

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Abstract

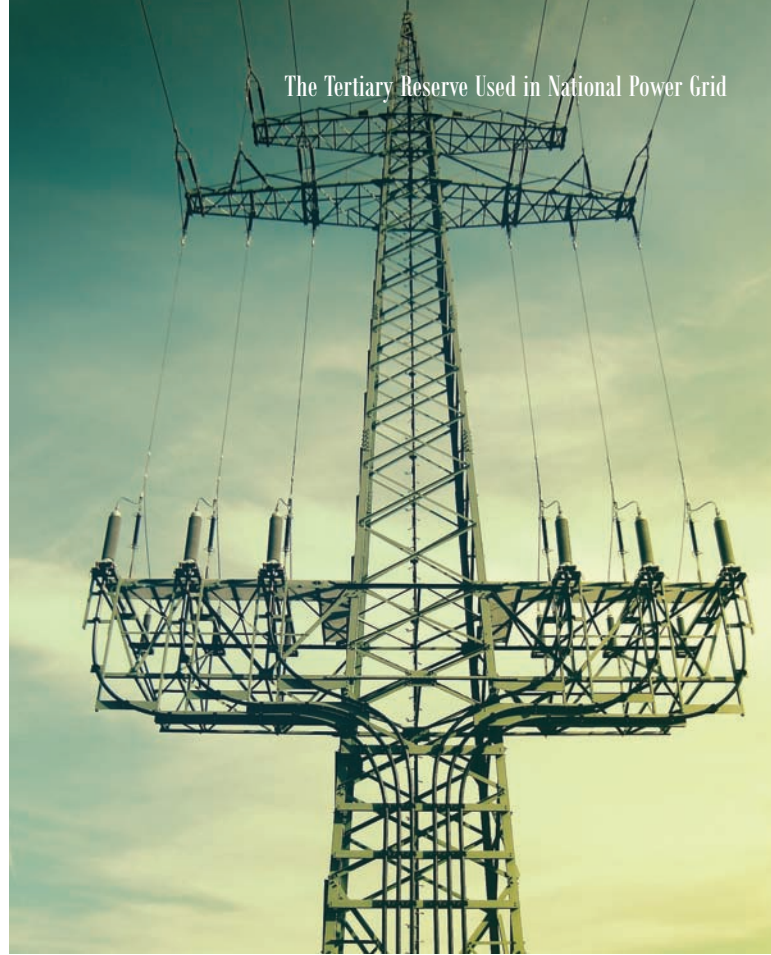
Transelectrica SA Company (national company for power distribution in Romania) has the responsibility of maintaining the permanent operation the National power grid in safe conditions and in compliance with the quality standards provided by the Technical code of RET (power transmission network). For this purpose, the Company uses its own resources named operating system services, and purchases technological system services from the electricity producers. The technological system services are provided by the RET users and they are used by Transelectrica in order to ensure: compensation of the load variation in the national power grid, respectively the adjustment of frequency and balance in the National power grid; compensation of the differences between the operating program of the national power grid units and the maintaining of the active power reserve capacities; adjustment of voltages in RET; restoration of the operation of the national power grid after a total collapse or an area collapse. Also, in order to balance the production and consumption in real time, the company uses the energy market balance mechanisms.

Keywords: power, system services, tertiary adjustment, energy market balancing

National Power Grid System Services

Operating System Services refers to the dispatching services provided by Transelectrica SA and consists of planning and operational management of the national power grid, as well as other activities of the company in order to balance in real time the production with consumption, to satisfy safely the power consumption with minimum exploitation costs and to maintain the safety level of the national power grid operation.





In order to accomplish these services the company assigns its internal resources as follows: Human resources involved into this process, generally employed in UNODEN; the infrastructure for operational technical management of the national power grid, represented by EMS SCADA and the telecommunication, remote, protection and control systems. The company has specific investment programs in progress for developing all these systems.

Technological system services are procured based on a contract with the producers, at Transelectrica SA request in order to maintain the operation safety level of the power system and the quality of the distributed energy at required parameters, in compliance with the current norms.

The main components of these services are:

- The reserve for primary frequency control (defined as self-adjusting decentralized control with static characteristic, distributed on a large number of generators units that ensure the rapid adjustment (at no more than 30 seconds) of the differences between production and consumption close to preset value).
- The reserve for secondary frequency-power control (defined as self-adjusting centralized control of frequency (exchange power with the frequency correction) in order to bring the frequency/exchange power to the preset values in no more than 15 minutes).
- The reserve of power corresponding to the tertiary control:
 - The rapid tertiary reserve – defined as the power reserve ensured by the generators units that are able to make the synchronization and charge the load in maximum 30.
 - The slow tertiary reserve – defined as the power reserve ensured by the generators units that have a start-up

and take over load time less than 7 hours.

- Voltage adjustment through reactive power;
- The capacity for providing the start-up service for National power grid restoration;
- The active power for covering the losses in RET.

Ensuring the frequency stability

This service ensures the operation of the national power grid at optimum parameters. Accomplishing this goal implies a prognosis for the loading curve and a planning for the load covering mode taking into account the followings:

- ✦ The consumption evolution, based on the loading curves characteristics during winter/summer, working periods and holidays periods, and during an hour/day;



- ✦ The sources of the National power grid, operation technical characteristics, including the repairing plan, corrective requests, hydrological regime etc.;
- ✦ Agreements (contracts) regarding exchanges (import-export) with neighboring countries power grids systems;
- ✦ Programs for limitation of consumption;
- ✦ Power market.

The methodology for elaborating the power balance must be in compliance with the ENTSO-E methodology to determine for a certain period of time the probability of covering the consumption peak of the calculated power and to highlight the necessary adjusting reserves. For elaborating the power balance it is most important to determine correctly the availability of the participants units to the frequency adjustment (of the power in the system), taking into account the planned and accidental shut-downs.

Thus, simulating the „electric power market”, considering the power plants with

imposed regime (nuclear power plants, district heating power plants etc.), the agreements (contracts) with their load diagrams, including those for import/export, the restrictions in operating the hydro-power plants and for the others the merit order, there can be obtained a consumption covering (in MWs) for a given level. So it can be established the loading-discharging „reserve” for the power plants on the balance market.

According to the Technical code of RET (Power Transmission Network), ensuring the primary adjustment and maintaining the availability of the primary control reserve are mandatory aspects for all the power producers. The producers which have contracted technological system services (secondary control reserve and tertiary control reserve) are forced to offer on the balance market at least the electric power quantities that correspond to the amount of contracted technological system services.

The Tertiary Reserve

The tertiary reserve has started to operate according to the procedures and dispatching regulations from 2005 (in the same year as the balance market) in a situation which:

- ✦ The ENTSO-E requirements regarding the maintaining of frequency imposed very tight limits;
- ✦ The empty level consumption represented about 50% from the peak level consumption, that required the shut-down of some sources and therefore reducing of reserving possibility;
- ✦ The renewable sources have grown, unpredictable and with random operation (wind power plants,

photovoltaic power plants), which, according to ANRE (National Power Regulations Authority) regulations have priority in operation. Given the above conditions, the secondary reserve (power frequency control) is no longer sufficient.

The tertiary reserve has two components as follows:

- a) Tertiary control reserve (the „minute” reserve), provided as rapid tertiary reserve has the role of providing the rapid restoring (maximum 15 minutes) of the secondary control reserve and be part of the planned frequency adjustment and balance of National power grid. The „minute” reserve is loaded by the producers being at Transselectrica disposal during the required period.
- b) The slow tertiary reserve has the role of restoring the „minute” reserve, ensuring the balance between production-consumption in case of delays periods from the schedule. This reserve is also loaded by the producers being at Transselectrica disposal during the required period.

The Role of the Tertiary Reserve

Wind power plants and photovoltaic power plants are renewable sources with random and unpredictable operation, which can determine important imbalances of the production – consumption balance. At present the National power grid comprises in operation nearly 3000 MW installed in Wind power plants and over 1200 MW installed in photovoltaic power plants.

Over 14000 MW (in Wind power plants and photovoltaic power plants) have obtained connection contracts and other over

1100 MW have obtained ATR (technical connection approval), so they got connection offer from the network operators. Such a great power brings up solutions for two big problems:

- ✎ The possibility of the present network capacity of discharging these powers and the necessity of carrying out some network strengthening;
- ✎ The need of an additional rapid tertiary reserve, which could make possible in a short time the re-balancing of the production – consumption, in case of power variations of the wind/photovoltaic power production.

Transselectrica elaborated an operational procedure approved by ANRE entitled „The establishing of the maximum installed power in wind power plants and the additional power reserves necessary for safety of the national power grid”, which is based on some technical data: the average wind speed within the area where the wind turbines are installed; the constructive type of the wind turbines (5 types)





and the way they get to the nominal power; the power plants park available and the rapid tertiary reserve that can be dedicated. It establishes the maximum power that can be installed in wind power plants in the conditions of maintaining the safety in operation for the national power grid from the point of view of the balancing capacity for the production – consumption balance using the available reserves, and the needed additional power from the point of view of the safety of national power grid as regard to the power forecast to be installed in the wind power plants.

The wind power plants will be considered as having a common operation mode characterized by quasi-simultaneously start-up/shut-down. There must be specified that the obtained values must be permanently updated, considering that:

- They depend on the structure of the sources which cover the consumption (for example, in balance there are larger or lower powers produced in hydro-power plants);
- They depend on the loading curve for which is made the calculation (empty or peak);
- They depend on the provisions of Order no. 60/2013 issued by ANRE regarding the approval of rules for the energy balancing market and Order no. 32/2013 regarding the approval of „planning regulation for production units and dispatched consumers”; these regulations provide that wind power plants units (CEED) and photovoltaic power plants units (CEFD) are assimilated with dispatched power production units, and are part of the priority categories for power decreasing;
- They depend on the performed service (increase or decrease of power).

According to the analyses, the variation of the rapid tertiary reserve can be developed within a large domain, between minimum and maximum. It can be a ratio from 1 to 6 according to Transelectrica calculations (between (530-860) MW and (2800-4100) MW when it decreases, respectively between (620-1650) MW and (3700-4500) MW, when it increases, the limits depending on the level of empty or peak).

There must be pointed out that Transelectrica (DEN) company is performing accurate (hourly) records of the rapid tertiary reserve. Also it analyzes the possible consequences upon the power circulations whenever it approves withdrawals from service. Thus it knows at any moment the values for maximum power which can be circulated from the network capacity

point of view, and the minimum value. These represent the endurance limit for the national power grid.

The authority for power regulations ANRE emitted Order no. 33 „...regarding the setting of rules on the balance market applicable to energy production which benefits of promoting systems”, which mentions the following:

- a) CEED and CEFD are assimilated with dispatched power units in all the applicable regulations, taking into account the provisions from the actual rules and with the exception from the obligations regarding the modification of availability declarations provided by article 12 item c) from „Planning regulation for production units and dispatched consumers”, approved by ANRE president Order no. 32/2013;
- b) Wind PP and Photovoltaic PP are taken into consideration based on their order of merit for decrease and increase of power;
- c) It establishes the sequence of power decreasing belonging to balance power selection in case of power increase;
- d) If the decreasing of power from paragraph (2) items a), b) or c) is larger than the necessary of balance power, then OPE (the operator of the balance market) selects the balance power belonging to each dispatched power unit, proportional with the hourly power provided in the offer for that hour interval, for the respectively price, in stages rounded to multiples of 1MWh/h.
- e) If the power from the offers having the same price, different from 0,1lei/MWh is larger than the necessary power for balancing the national power grid, the selection of the balance power is made proportionally with the amount offered at that price, rounded to 1MWh/h, for increase and for decrease, too.

Conclusions

The tertiary reserve, be it rapid or slow, represents an absolutely indispensable system service in the context of developing an electro-power system, strongly interconnected and including all the categories of sources (coal, hydrocarbons, nuclear, hydro, cogeneration, renewable). Through its components, the rapid tertiary reserve has the role of balancing rapidly the production – consumption balance in case of large variations of sources or consumers. Transelectrica Company purchases this service through contracts with producers, which are qualified in this respect.

At present, the rapid tertiary reserve is highlighted following the emergence of unpredictable renewable sources (wind PP, photovoltaic PP). These can get in/get out of the network with large values when:

- ✦ In the national power grid there is practically a constant great production (over 1250MW) from Nuclear PP;
- ✦ There is a cogeneration power production for electric power and district heating;



✎ The wind PP production is larger during the night empties when the consumption is lower and many sources are not in operation (for example hydro PP).

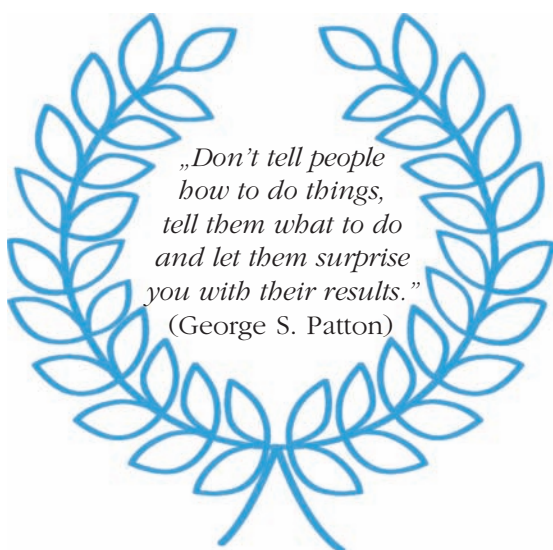
Transelectrica Company permanently monitors and calculates the amount of rapid tertiary reserve, because there is a

risk that in some cases that it would not be sufficient.

The ideal solving of these situations would be the consumption increase and the emergence of CHEAP (hydro power plant with power accumulation) in order to increase the consumption during the night empty level.

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The Development of Managerial Abilities

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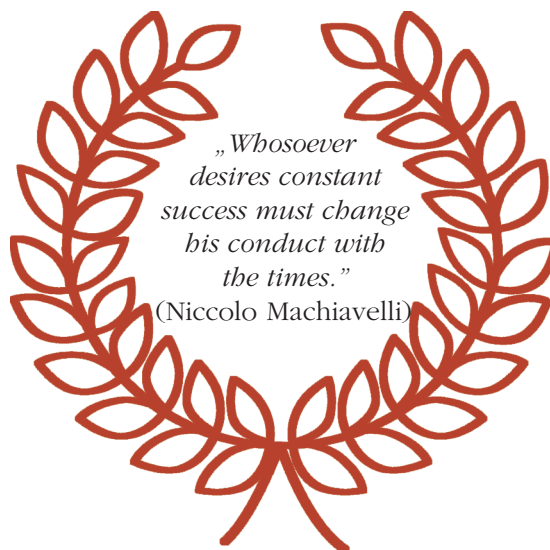
Abstract *The present paper aims to identify a set of managerial skills that can be grown and developed through coaching programs such as executive coaching and management coaching and that have an impact on managerial performance and efficacy. The set was identified based on the models resulted from the bibliographical study and the interview responses of members from the Romanian Coaching Association. The skills identified had to fulfill a series of requirements in order to be eligible for the model for future research. This set will be included in future doctoral research regarding coaching impact on managerial performance.*

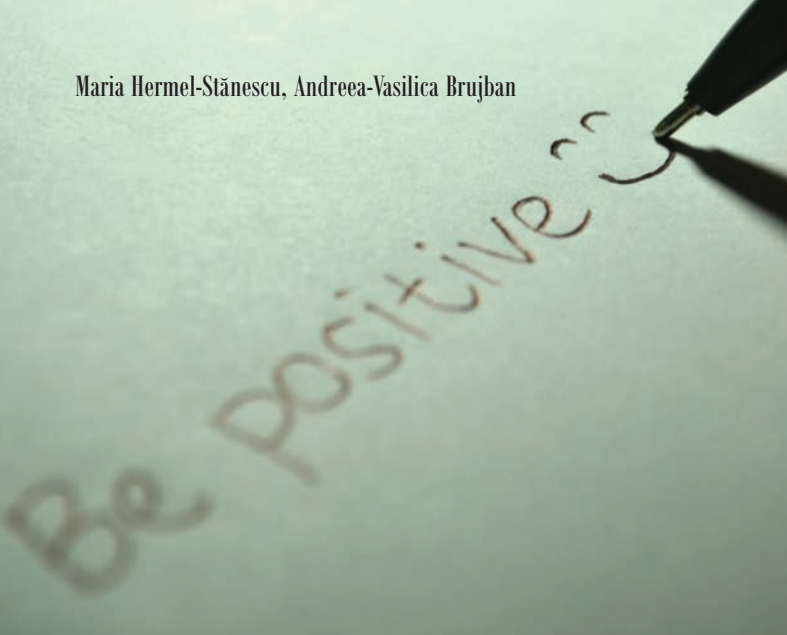
Keywords: coaching, managerial skills, performance, development.

Coaching Definition

Trying to identify a most suitable definition for coaching services one comes across a multitude of perspectives and definitions. According to Whitmore (2008), coaching is unlocking people's potential to maximize their own performance. It is helping them to learn rather than teaching them.

Zeus and Skiffington (2008) state that coaching is a conversation between the coach and its client in a productive, goal oriented way; coaching is learning – through different coaching techniques the client starts to auto-correct (learning to change his own behavior) and to become productive; coaching means much more asking the right questions than giving answers. Coaching implies change and transformation (Zeus and Skiffington, 2008).





According to Gallway (2011), coaching can be defined as the facilitation of mobility. It is the art of creating the environment – through conversation and a way of being – that facilitates the process by which a person can move toward desired goals in a fulfilling manner.

Bermes (2007) defines coaching as a non-directive, professional process that helps individuals clarify values, strengths and priorities. Coaches help clients figure out what they want in all areas of life, set goals for getting there, and help them overcome the obstacles that get in their way.

According to Fielden (2005) the coach is required to ask questions, explore and probe, and to allow the client to find solutions to problems. This means that „effective coaches enable individuals to go beyond their previous boundaries.” (Fielden, 2005, p. 3).

The generality of these definitions is that coaching refers to the accompaniment of the client’s dialogue towards reaching the desired results and goals. As for the executive coaching this being a particular side of the coaching discipline, it was defined by Kilburg (1996) as being a support relationship for a client with authority and managerial responsibility within an

organization by a consultant that uses a diversity of techniques and behavioral methods, for helping him reach a personal performance improvement set of objectives, and therefore to enhance his organization’s efficacy, based on a well-defined coaching contract.

Zeus and Skiffington (2008) refers to executive coaching as being a type of highly personalized learning, through which the manager learns to apply his learning for efficient acting, in order to enhance his performance and his personal development, and also for producing better economical results. Executive coaching is about understanding and facilitating change as well as continuous performance enhancement. It also implies the understanding and use of personal individual skills, and also admitting and surpassing his lacks.

So, coaching and particularly executive coaching is the process through which a coach accompanies the client’s development and change for maximizing his efficacy and performance through changes and/or enhancements of his own behaviors as a result to proper application of skills. When referring to executive coaching the process of coaching aims the change and development of managerial abilities that are the base of managerial performance.

In the following section there will be an overview of the managerial skills required for managerial performance and efficacy, several studies that lead to the identification of these and the taxonomies for classifying the managerial skills.

Management Abilities Overview

Whetten and Cameron (2011, p. 8) state that „management skills [...] are the building blocks upon which effective management rests”. They also define these skills

as being the means through which managers translate their own personal style, strategy, favorite tools and techniques into practice.

Stewart (1981) specifies that all efficient managers own a range of skills that are required for the position they hold and according to Al-Madhoun and Analoui (2002) there is a direct relationship between the level of skills and the management efficacy. On the same note, Petterson and Van Fleet (2004) state that skills are required to perform management functions and therefore required for efficient functioning of the organization.

There have been defined several models for the classification of managerial skills. Katz is one of the pioneers regarding this task, and his works still are of reference when turning to this subject. The taxonomy defined by Katz (1974) represents the first one in its domain and it classifies the necessary skills that a manager is supposed to own in order to improve his or hers managerial efficacy. He defined the ability as the skill that can be developed and that is manifested through performance not only in potential, the ability to transform knowledge into practice (Katz, 1974, p. 91). In Katz's opinion managerial skills can be classified using a model consisting of three sets of competences:

- Technical skills that are mainly used by lower management levels, and they refer to the skills required to follow a process using tools, techniques and procedures in the specific area of specialty. Technical skills imply specialized knowledge and an analytic ability within the specialization for use of specific tools and techniques.
- Personal skills refer to the manager's ability to act efficiently collaborating with other people. He needs to understand,

motivate and lead others individually or within a group. This set of skills also includes delegation, appraisal and efficient subordinates and personnel development skills.

- Cognitive skills refer to the mental capabilities to integrate and coordinate the interests and activities of the organization. It is the manager's ability to see the organization as a whole, to understand how various parts fit together and depend on each other, and how a change in one will affect the others and therefore the entire organization.

Katz (1974) considers that there is a relationship between the manager's seniority level and his need of each set of skills. So at low level management the main need is for technical and personal skills as for middle and top management the need of technical skills drops and it raises the need for cognitive abilities.

Analoui (2002) has pointed out an element that was left out from Katz's model, and this is the *self-management* component. Analoui (2002) has also brought a new taxonomy for managerial skills:

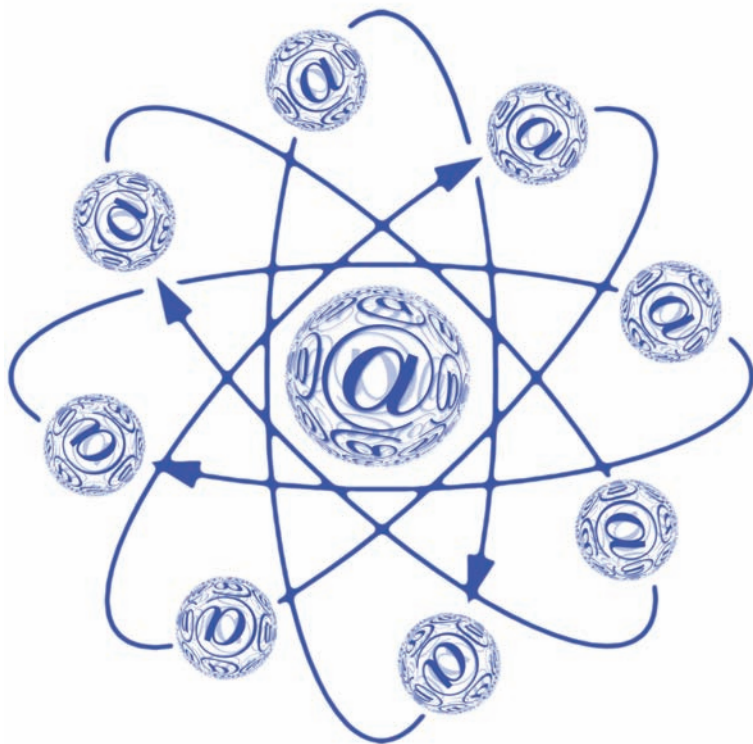


- Analytic and self-related skills that include personal skills or self-related such as clear and creative thinking, continuous improvement, crisis management, problem solving and taking decisions. Harrison (1996) states that taking decisions is the most significant activity carried out by managers in any type of organization and at all hierarchical levels.
- People related skills are essential when dealing with people at work and includes abilities such as: communication, the ability to lead and motivate, subordinates development, coordination, appraisal and conflict management (Al-Madhoun and Analoui, 2002). Also delegation, empowerment and the good relationships between managers and subordinates are several of the important aspects of management that influence productivity. (Mugyabuso and Matovelo, 2000).
- Task related skills include development of own potential and the ability to manage tasks efficiently, setting objectives,

planning and forecasting through task specific knowledge (Al-Madhoun and Analoui, 2002).

Scullen, Judge and Mount (2003) propose a model with four inferior components and two superior. They tested this model by use of 360 degrees evaluation tool, used in multiple combinations of four perspectives (boss, peer, subordinate and self). Scullen Judge and Mout (2003) start from the three dimensions set: *technical skills* that refers to the managerial efficacy through manager's specific function methods, processes and techniques; *people skills* that refer to the ability to work efficient as team member and team leader and *administrative skills* that implies organization understanding as a whole and with interdependent parts.

Besides they propose a fourth aspect known as *citizenship behavior* adapted from Coleman and Borman (2000) and Organ (1997), which also influences the managerial performance. Organ (1988) has defined the citizenship behavior as being the constructive behavior not included formally in the job description, such as assisting peers in their work, helping colleagues learn new tasks, volunteering to do things that help their work groups and guiding new employees. Van Dyne and Ang (1998) state referring to the citizenship behavior that this can be regarded as a behavioral indicator of the employees answer towards his or hers work relationship. When employees feel they are well treated by the organization in which they work, they will have a reciprocal behavior through which they will surpass the job's minimum requirements through helping others and the organization. This criteria was defined as the „work behavior that contributes, at least in the long run, to organizational effectiveness, but which is



sometimes overlooked by the traditional definitions and measures researchers use to assess job performance” (Van Dyne, Graham and Dienisch, 1994, p. 766). Examples include: being loyal, cooperative and persistent above expectations.

The Scullen, Judge and Mount (2003) model classifies the managerial skills into two superior levels: task performance and contextual performance. Each of these includes two subcategories. The Task performance includes the technical abilities and the administrative skills, and the Contextual performance includes the people skills and citizenship behavior.

Citizenship behavior according to Scullen, Judge and Mount (2003) „refers to the three types of acts that managers may perform beyond what is expected of them: interpersonal (assisting, supporting, developing, and cooperating), organizational (demonstrating commitment, loyalty, allegiance, and compliance), and job task conscientiousness (persistence, dedication to one’s job, and desire to perform well) (Scullen, Judge and Mount, 2003, p. 53).

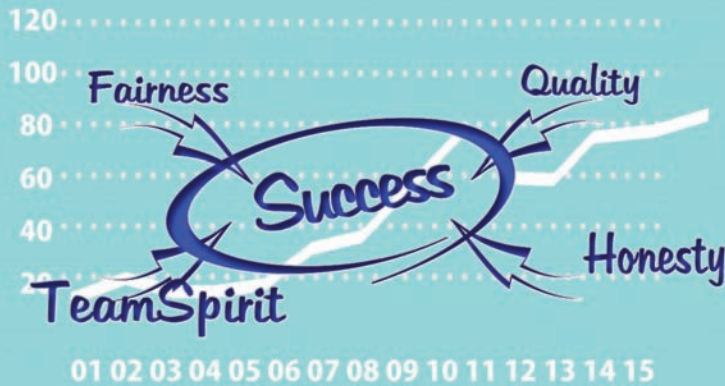
Another classification for the managerial abilities was given by Whetten and Cameron (2011). They have made a study over 420 manager that were selected as being efficient according to their peers and bosses from a multitude of private and public organizations. The purpose of their study was to identify the abilities that can be associated with the managerial efficacy. The interviews resulted into a set of sixty skills, from which they selected the 10 most important ones based on the level of repetition showed in the results by that particular skill. It was concluded then that the set of 10 depicted only behavioral skills. The list obtained is:

1. Verbal communication (including listening);



2. Time and stress management;
3. Individual decision management;
4. Problem recognition, definition and solving;
5. Motivating and influencing others;
6. Delegating;
7. Setting goals and pronouncing a vision;
8. Self-awareness;
9. Building teams;
10. Conflict management.

Whetten and Cameron (2011) have expressed five characteristics of managerial skills that differentiate these from other managerial traits. The first is that these refer to behaviors, and are not personality traits. These can be observed by others, as opposed to the exclusive mental abilities. The second characteristic is that they are controllable. These can be demonstrated, practiced and exercised, enhanced or turned down by the individual. Third, these skills can be developed, through exercise and feedback the individual can improve his ability. The fourth characteristic is that these are interrelated and overlapping. Efficient managers have to know how to use combinations of skills in order to achieve the desired results. The fifth characteristic is the contradictory and paradoxical character of these skills.



Whetten and Cameron (1983, 2011) have considered three sets of managerial abilities:

- Personal Skills – that include the development of self-consciousness, personal stress management, creative and analytic problem solving;
- Interpersonal Skills – refer to building relationships, supportive communication, gaining power and influence, conflict management, and employee motivation;
- Group Skills – implies empowering and delegating, building teams, and efficient team-work, leading positive change.

Identification of Managerial Skills

The study aimed to identify a set of managerial skills that result into behaviors that lead to the managerial efficacy and performance and therefore to the organization's performance. This study is started from a set of considerations regarding the skills. These must be acquirable and reflect a behavioral component. Also the skills must be developed and enhanced through learning processes, as well as independent of organization or seniority level.

The structure of the skills set will be adapted based on the model of managerial skills classification proposed by Whetten and Cameron (2011), and will also be based on the findings from interviews with members of the Romanian Coaching Association.

Methodology

The Romanian Coaching Association is the leading professional body regarding coaching services on the Romanian market, and it is the organization that has the most impact on supplying coaching services through its members. The members on the Romanian Coaching Association are coaches with experience and most of them are also international accredited.

The data was acquired through personal one on one interview with members of the Romanian Coaching association. The interviews aimed to identify the tools used by the respondents in evaluating the impact that coaching services provided by them has into organizations. Also, the discussion aimed to identify the managerial skills that were developed through coaching and represent skills for managerial efficacy and performance.

For this study there were contacted 25 coaches, members of the Romanian Coaching Association, from which only 9 responded to the interview. The respondents were 5 female and 4 male coaches, with an average coaching experience of 7-10 years in organizations, supplying executive coaching.

Research results

Based on the answers provided by the respondents and also based on the Whetten and Cameron (2011) model of managerial skills classification there is proposed a set of managerial skills that can influence the managerial efficacy and



performance and can also depict the coaching impact.

This model is structured in three sections: Personal skills, Interpersonal skills and Administrative skills, each containing a set of managerial skills:

- *Personal Skills*: Self-awareness; Personal stress management; Communication; Initiative; Organizing;
- *Interpersonal Skills*: Building relationships; Motivating others; Conflict management; Empowerment and delegating; Empathy; Influence;
- *Administrative Skills*: Taking decisions; Crisis management; Time management; Goals setting; Goal oriented.

Limits and future research

The limits of the present study are represented by the small number of respondents in the interview, and also the confidentiality of coaching contracts that several respondents turned to. Another weak spot of this study is represented by a vague interview guide used for this part.

The future research will try to repeat this study using a more structured interview guide based on a questionnaire, and also will regard this study as part of a PhD research regarding coaching impact on management performance.

Conclusions

In conclusion, the present paper has explored, through literature review, different classifications and taxonomies regarding managerial abilities, in order to be able to determine the common points of several studies, and therefore to determine the most important aspects of managerial abilities that can reflect upon the managerial performance. Also, the present paper presents the results of several interviews

with members of the Romanian Coaching Association. The interviews aimed to determine a common set of managerial abilities that are usually used when rating the impact of a coaching program. The results of the interviews compared with the taxonomies of managerial abilities resulted in a set of managerial abilities that can be used in appraising the impact of coaching programs on managerial performance.

The limits of the present study are represented by the small number of respondents in the interview, and also the confidentiality of coaching contracts that several respondents turned to. Another weak spot of this study is represented by a vague interview guide used for this part.

The future research will try to repeat this study using a more structured interview guide based on a questionnaire, and also will regard this study as part of a PhD research regarding coaching impact on management performance.

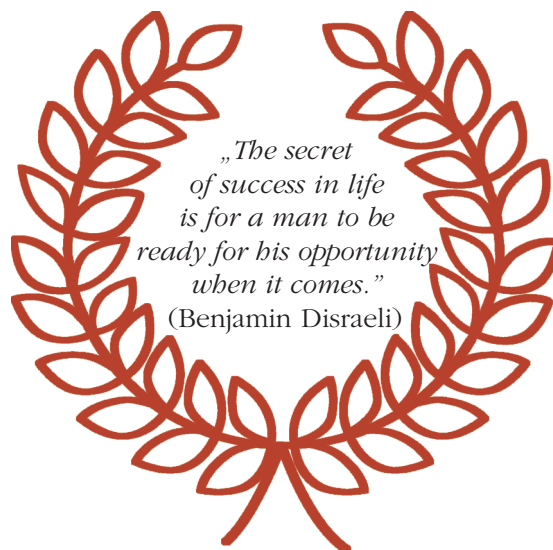
Acknowledgement

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The Potential of Social Services

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Abstract

Social enterprising represents a form of doing business that is a carrier of social innovations and social progress. Therefore the emergence of the social enterprising and its getting spread among other business forms is the consequence of social and economic changes. Their source is development of the third sector orientated to support civil society and provide the community with public and social services. Social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community.

Keywords: social innovations, social progress, social enterprises, changes

Social Economics and Social Enterprise

The European Commission acknowledged social economy in 1990, elaborated its definition and acknowledged social firms as crucial players of economic, social and political dimension. Social enterprises are perceived as subjects contributing to the employment growth. They integrate marginal, by social exclusion endangered, social categories into the mainstream of the society. They enable individuals and communities to work together to renovate their life conditions and environment towards ensuring and reforming public and social services. Social economics is perceived as forming of entrepreneurial activities and operations of venture businesses that function in the market comprising all firms offering social services.



A significant proportion of Europe's economy is aimed at making profits not only for investors. The Social Economy that embraces cooperatives, non-profit associations, foundations, mutual societies, and social enterprises provides a wide range of products and services across Europe. The tool of social economy is a social enterprise. The most well-known expert in the field of social economics Jacques Defourny defined a social enterprise as the activity primarily focused on social goals where extra income is preferably reinvested in the enterprise. Its reinvestment into local community development is driven by the same purpose, contradicting the pursuit of profit maximization for owners in profit oriented companies. The notion of social enterprise is inter-link of social goals with entrepreneurial goals of the entity.

A social business in accordance to the Slovak Act on employment services is a sole-proprietorship or a legal entity that:

- a)** employs people, disadvantaged (minimum 30% of the labor force),
- b)** provides support and assistance to employees, disadvantaged, to find the job in the open labor market),
- c)** minimum 30% of financial resources earned in operating activities in the given income tax period will remain in the social business (after paying all of expenditures) will be used for new job creation or improvement of working conditions.
- d)** is registered in a social firm register.

Social firms or „affirmative businesses” as they are called in the North America, are businesses designed to employ people with disabilities. The model of a social firm originated in Italy back to 70s was proposed and created to help people with psychiatric disabilities. Since that time they



have developed in other states of Europe, Canada, Japan the USA and elsewhere. Social enterprises offer the revolutionary approaches to job creation and business strategy. Common characteristics of social enterprises (affirmative businesses), in the region where they are established, are as follows: they are a driver of productivity, they are often financed by government and philanthropy, they are affirmative business incubators.

Other reasons of the success are, for instance creating a blended workforce, a combination of people who have barriers to employment and people who do not, and „re-structuring jobs to capitalize on each employee's unique abilities (John DuRand) e.g. workers who are developmentally disabled are particularly effective at performing repetitive tasks, frequently out-producing people who are more easily bored” (Boschee, 2009); creating taxpayers; creating immense social value – self respect for the people themselves, people are given respect and treated with dignity; offering people an „opportunity and chance for change (addicts and criminals)” via responsibility delegated to them.

Social Management and Social Capital

Social management emphasizes its core characteristics that means to run the social business respecting the principle of solidarity and cohesion; to suppress the primary goal of profit organizations – which is profit maximization; not to be profit oriented – social services are provided to earn financial resources to support sustainability of the firm (its operations); to reinvest the gained income into further social enterprising and take into account social-psychological characteristics of employees. What distinguishes social management from the other management concepts is the ethical and human element and acknowledgement of solidarity in running the companies. „Social management focuses on social capital and its derived components.

According to Profesor Striezenec, social knowledge, social skills and social contacts belong to the components of the social management.

Enterprising in the area of social services is directed by European Union legislation that was incorporated into Slovak Act on social services and social enterprising no. 448/2008. The Act establishes the following facilities for individuals, who are dependent on the other person's assistance and for the retired individuals:

- a) for seniors;
- b) for people disabled requiring assistance continuously;
- c) nursing services;
- d) rehabilitation centre;
- e) specialized centre (Alzheimer's sufferers);
- f) daily nurse-supervised centre (commuting).

Analysis of the Social Services

Facilities of social services for seniors address the complete set of services in their offer and it includes services summarized in Table 1.

Table 1 – *Social services*

Area	Examples of the Social services
Housing, catering, care providing services	Cleaning, providing bed clothing and its ironing, laundry and ironing of personal garments, maintenance of personal equipment (personal clothes, shoes and hygiene things, assistance to perform inevitable life activities, if the person's physical or mental state requires that).
Educational and consulting activity	Educational courses, working therapy, hobbies and cultural activities, recreational activities, rehabilitation.
Personal needs supplying	If the care is organized and provided to the beneficiary in the facility daily during the whole year care, because his personal income is not sufficient and he is not capable of ensuring this income, he does not own the objects for his personal needs.
Increasing employment	Creating conditions for finding a job.
Security	Deposits for precious possessions.

Analysis on five levels of the social service offer has brought the following results:

1. The core of the product i.e. of service being offered, is the benefit, this service is bringing to the resident of the facility of social services – housing catering and care providing. It will ease the relatives their duties by sharing or taking over the caring and responsibility for the relative senior.
2. The product itself – is characterized by the elements, such as quality and trade make. The quality of providing the services depends on the financing of the organization, relatives, and the client (patient) himself/herself. The organization may be supported by the state budget, non-governmental organization financed by fundraising or charity.

The relevant decisions of the management of the social firms or company providing the social services is the decision about the offer of activities that the company will perform. It has to be specified what is the basic package of services (main operating performance of the organizations) and what is the additional, supplemental package of the services. To make an offer attractive and competitive, it requires the management to regularly adapt its decisions about packages of the products being offered. Value-added activities are: consulting, hairdresser, barbers, pedicure and manicure services, video, DVD, PC-rentals, gym and fitness, swimming pool and wellness, massaging, dancing, organizing trips, librarian services.

From the management of innovation's perspective is essential to plan and create innovative and modified offers. The examples of such innovations are alternative forms of housing, for various group of patients (for retarded patients or with



specific disability – it is recommended to expand the offer for the special projects of treatment of special housing needs.

Another important part is the management of dealing with complaints, in the scope of which there are three phases of proposing the service:

- a) Find out the potential of the service providing, making use of internal contact factors towards the client: quality of personnel performance, suitability of the building architecture, access to the building, the quality of the maintenance centers.
- b) Investigate dimension of performed processes, where it is recommended to determine extent of integration of the patient (client) through internalization (low level of interaction with the client – washing, feeding) and externalization (high level of interaction). There is an increased effort to ensure independence, self-capability as long as possible, applying 4 marketing dimensions of service creation, marketing variability, marketing of contacts, integration marketing and marketing of the interaction.

- c) The phase of output is evaluated by the clients, it is the result of the work of the whole organization when it is necessary to find out subjective perception of the quality services offered via questionnaires or using the dialogues.

Managerial decisions related to the distribution – are decisions referring to the relocating the product – the objective is to relocate the proper product – goods, service, on time, to the correct address, to the incorrect client. Distribution deals with:

- a) Setting up distribution channel, building contractual relations with the partners' of distribution channels (transport of supplies needed for running the facility).
- b) Establishing logistic systems for effective delivery of goods and services to the place where the service is provided.

Planning the location – to select a place and assess the quality of a place for doing business is a key factor for the success, similarly the means of transport available in the location or easy access to it. The manager shall find the answer to the questions: Where is the relocation needed? Is it possible to improve or innovate service by distribution? Does it make the sense to decentralize the business? Does the closeness of the client to other groups (relatives, friends) matter? Is it possible to replace relocation utilizing communication means?

Providing the social services is bound to the place where the service is performed: client visits provider/ or is taken to the provider of the service: on a daily basis, daily nursing care, the house, club of the pensioners;

- provider visits the client at home, or in the senior house;
- the transaction is performed without personal contact – consulting service,



calling for the help, controlling the patient through a phone.

The places for the providing service are centers of network of contact points as Caritas, Red Cross, Maltese charity etc. and they should fulfill the following critical criteria:

- a) location – close to the cities, important junctions, stations, sightseeing places;
- b) cooperation with local authorities is on the high level;
- c) high quality of the place itself – architecture of the building, variety of the specific purpose rooms, external environment, (garden, parking lot, access to the place by bus, train), regular maintenance, high level of hygiene and cleanness, modern facilities utilize the marketing of the sent in the individual rooms and proper number of the janitorial personnel. Eco-village for the seniors is a modern innovated product of social enterprises, where sticking to the ecological principles is a law for the company (food, waste, garment, bed clothing, detergents).

Quality of transport of clients and nursing personnel has an irreplaceable role in providing high-quality service. Commercialization of new services to the potential customers of the seniors' house is the implementation of the activities related to the marketing communication mix.

Slovak Market of the Social Enterprises

The aim of the Commission's policy towards „social economy” enterprises is to guarantee to them a level in which they can compete effectively in their markets and on equal terms with other forms of enterprise, without any regulatory discrimination and respecting their particular principles, modus operandi, needs, particular goals, ethos and working style.

There are specially targeted regional development funds and research programmes determined for SMEs which they can also benefit from. In order to promote this special form of entrepreneurship, the Commission finances various projects in areas such as examining and reviewing legislation, identifying and sharing good practices, and collecting statistical data, leading to and assisting increased activity in elaborating and submitting projects in Slovakia.

The European Commission has released the financial capital for the projects submitted by the member states devoted to the development of the social enterprises and businesses providing social services via structural and cohesion funds.

Slovakia approved new legislation in 2008 that was put in effect on January 1, 2009, such as the Act 448/2008 Z.z. on Social services that addresses new rules and manages enterprising in this area. The survey of existing activity was performed and analyzed based on which it can be concluded there are only few real social firms operating in the form of small or medium enterprise, supported by fundraising or sponsors or government donations, or supported by regional governments and thus it will be an increased demand for higher quality services performed and higher quality of the facilities where this service is provided. There is also a big lack of qualified people for providing nursing services, due to the low average salary in nursing industry (according to the MPSVaR the average salary is €482.37 per month).

Social Services for Seniors

Germany is a highly developed economic country, and its social services market can create working opportunities for the people from the Central and Eastern EU countries. The situation of providing social services for seniors in Germany has been changing. Professionals expect the following future trends in this area. It is expected that by the 2020 the request for these services will have increased by 30%. This will require: 450 new beds; increase in number of beds will increase in the facilities of every day treatment in and facilities, where elderly are taken care during the day; the demand for the one-bed rooms of high. Luxury comfort will increase (at the level of 4-star hotel); the demand for cheaper rooms will increase as well at the level of the 2-star hotel) due to the financial hardship caused by the financial cri-





sis, losses in pension schemes of people, decrease in pensions; competition will grow in the area of social services providers that will offer accommodation in the level of the 3-star hotel.

According to the latest information, the average pension in Germany is 940,0 EUR (old East Germany) and 1.067,0 EUR (old west Germany). German pensioners require social services for housing with nursing care (2-star level of housing), and the majority of them appreciate the nursing care if they are able to cover expenses from their pensions or when the price for the service represents a low part of their own contribution. The number of social firms in Germany (the first one founded in 1978) was over 500 (in 2005) with a combined workforce, of which 50% disabled. German prefer social firms as partnerships between workers and management, 30% of a company's income comes from the government wage supplements for workers with disabilities (Warner and Mandiberg, 2006).

In United States of America there are several affirmative businesses that are

successful in the American market, established in 20th century and which assist to employ disabled people, suffering from mental illness or people who were abused, were criminals or drug-addicts. There are support organizations for social firms, but not so many as observed in Europe and Canada. In the USA there is observed a slow growth of the existence of a successful competing model – supported employment.

Target group for employees: anybody else standing outside the economic mainstream – for example developmentally disabled people, former convicts, poorly educated, recovering substance abusers, gang members, single mothers on welfare. There is a social and financial cost to the country of excluding these people from the workforce because of not employing these people or undervaluing them, the society fails to capitalize on a source of productive human capital and a scarce capital of public and philanthropic funds are used to support many people who are actually capable of supporting themselves.

In 1981 economists commissioned by Control Data Corporation, combined the costs associated with the social safety net with the spending power of a living wage job and estimated the value of a single job to the American economy at \$52000 per year. Today, a generation later, economists have informally and, to their minds, conservatively estimated the value at a minimum of \$80000 per year and quite possibly more than \$100000. The implications of those estimates are startling: if the value of a single job is \$100000, then the contribution to the American economy of a single affirmative business such as PRIDE Industries which employs 2700 people who

are disabled or disadvantaged, comes to \$270 million per year. From one social enterprise” (Boschee, 2009). At \$100000 per job, the numbers increase faster: Social firms employing 10,000 people are providing a

\$1 billion stimulus to the American economy each year. To place 50000 people into living wage jobs and to provide them the job for a ten-year period provides a \$50 billion stimulus to the state budget.

Table 2 – Successful affirmative businesses in the USA

Name of the social business	Who is employed	Success achieved
Applied Industries Washington State	People with developmental disabilities (50 years of existence)	Averaging \$2 million in annual sales for the past decade
Pioneer Human Services Seattle, Washington	People overcoming the challenges of mental health issues, chemical dependency, and criminal histories.	In 2007 \$60 million in 10 social firms, 1000 employed
CO-ARC one of NYSARC family	Formerly the New York State Association of Retarded Citizens	Total sales of \$16.4 million during 2006, employed more than 400
Envision	It employs more than 175 people who are blind or have low vision	\$56 million in sales during its most recent fiscal year, for a net profit of 14 per cent
Goodwill of Southwestern Pennsylvania	It employs more than 900 people who previously had barriers to employment, 550 of them full-time	\$17.5 million in revenue
Northwest Center	16 affirmative businesses more than 350 people are disabled	2007 sales were \$35.3 million
PRIDE Industries California, 3 rd largest ma-nufacturing and service co.	It employs people who have a variety of physical and intellectual disabilities (about 65% workforce)	Annual sales of more than \$145 million more than 2,700 people
Peak Performers – staffing business in Texas	It employs people with a variety of intellectual & other disabilities	Annual sales of more than \$6 million, more than 200 people
TROSA the largest residential therapeutic community in North Carolina	It has returned more than 800 recovering substance abusers to mainstream society	Sales of \$6.1 million from its eight affirmative businesses in 2007, more than 300 employees at any given time
Delancey Street	It employs criminals, drug-addicts	It operates 20 social firms

Source: Processed by the author according to: *An introduction to affirmative businesses*. In: *The Chronicle of Social Enterprise*, 2009.

The most frequent operating activities that social firms do business in (all revenue,

including tips is reinvested to support other programs) are presented in Table 3.

Table 3 – *Operating activities of the social firms*

Trade and service, transport	Catering and various services	Education, service provided by expertise, specialized services
1. Design and transport services for senior citizens and people who are handicapped	1. Creating a construction business and property management enterprise	1. Key training schools in the organization
2. Automotive mechanical repair	2. Setting up and running restaurants	2. Accounting and bookkeeping
3. Christmas tree sales and commercial decorating	3. Document management document shredding	3. Binding books
4. Coach and para-transit transportation services	4. Assembly and packaging	4. Administrative services
5. Handcrafted wood, terrarium, iron works and furniture	5. Retail and advertising specialties sales	5. Digital printing and banners, silk-screen, and framing
6. Moving and trucking	6. Restaurant, catering and event planning	6. Producing business cards
7. Upholstery and sewing	7. Coffeehouse, art gallery and bookstore	7. Filming
8. Commercial laundry	8. Facilities management magnetic component design	8. Production of small advertising items and postcards
9. Ship provisioning		
10. Painting		

Source: Processed by the author from: *An introduction to affirmative businesses*. In: *The Chronicle of Social Enterprise*, 2009.

Cohousing

The cohousing idea originated in Denmark, and was promoted in the U.S. by architects Kathryn McCamant and Charles Durrett in the early 1980s. The Danish concept of „living community” has spread quickly worldwide, expanding from Denmark into the US, Canada, Australia, Sweden, New Zealand, the Netherlands,

Germany, France, Belgium, Austria and elsewhere. Cohousing is a type of collaborative housing. Residents are active participating; they are keen on designing and operating their own neighborhood, voluntarily committed to living as a community, in a preferably old-fashioned sense of neighborhood.

Characteristics of cohousing:

- a) Participatory process. Future residents participate in the design of the community so that it meets their needs.
- b) Neighborhood design – the physical layout and orientation of the buildings (the site plan) encourage a sense of community. Eco-Village – to explore and model innovative approaches to ecological and social sustainability
- c) Common facilities – designed for daily use, are an integral part of the community, and are always supplemental to the private residences. The common house is the social center of a community, with a large dining room and kitchen, lounge, recreational facilities, children's spaces, and frequently a guest room, workshop and laundry room.
- d) The common house typically includes a common kitchen with all electrical

appliances available for house resident use, dining area, sitting area, children's playroom and laundry, a workshop, library, exercise room, crafts room and/or one or two guest rooms, often playground equipment available, lawns and gardens as well.

- e) Resident management – also performance of the work required to maintain the property, participation in the preparation of common meals, optional group meals are served in the common house at least two or three times a week, develop policies for the community, responsibility of care for common property, building a sense of working together, trust and support
- f) Non-hierarchical structure and decision-making. Leadership roles exist in cohousing communities, however no one person (or persons) has authority



over others. Consensus as the basis for group decision-making. Each person takes on one or more roles consistent with his or her skills, abilities or interests. Decisions are made by consensus, although many groups have voting policy for reaching consensus in solving difficult issues, it is rarely or never necessary to vote.

- g) No shared community economy – the community is not a source of income for its members. A very attractive idea is the proposal of elder cohousing, that would provide an establishment of healthy lifestyle for the older generation, when people age living in community with younger families, or family in the context of a safe and comfortable environment of inquiry and discovery. Design features include easy access for all levels of physical ability and also may include optional studio residences in the common house to provide living quarters for home health aides whose services may be shared by several residents. There could be a opportunity of a biodynamic farm includes fields for pasture, hay, vegetables, and fruits. There is also an apiary, a small dairy, chickens, pigs, horses, and a llama, supporting environmental aspect of the life.

Cohousing may be not be suitable for people with lower income, if projected for this lever of target group, because it requires residents to buy the house of pay the rent, but it is the way of living together and benefitting from the social services provided to one another in the community and sharing expenses and therefore it leads to saving.

It may be a recipe how to educate people to live together, to respect each other and not to abuse of the common area shared. It may be used as an example how to educate managers willing to be active in social services for the countries where the cohousing can be expensive, but the EU funds can be utilized for preparing projects where the system of cohousing can be used (for elderly people, incomplete families, orphans and people who need the help to come back to the normal life mixed with the families that can run the social services for these people.

Conclusions

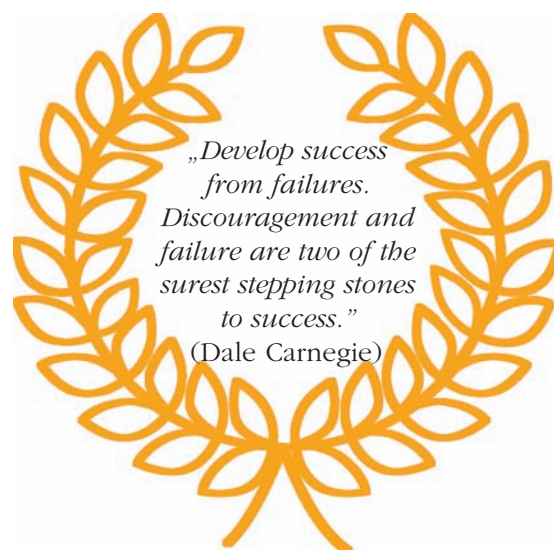
For Slovak mentality and conditions are especially suitable projects supporting the community approach, planning and sharing the expenses, combination of cohousing but supported by fundraising to support disabled living in the community, or establishing bio-farms with the concentration on the agriculture and agro-tourism.

Living or working together in the community with disabled or in other way handicapped people helps to get to know their psychic and way of thinking, and teach the people to become aware of humane vulnerability, it teaches youngsters to see the value in growing up in the community of older and handicapped people it enriches the spiritual and sociable life of the people and on the other hand it helps to innovate the form of managing the businesses such as social firms or SME.



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