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Investments in Human Resources and Social Innovation – Priorities of EU Projects in Romania

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Abstract: The paper has 5 chapters: introduction, including the state of art and the importance of the research, human resources in EU projects and realities of Romania, Justify of the continuous professional training need, resources for training and training as resource in practical and theoretical approach, the complementarities of continuing professional training, conclusions. The authors valorise their experience in projects developed in accordance with previous rules of in the field of social innovation. They put together realities, stage of knowledge in social and economics science, EU Programmes. Are included points of view from international and Romanian literature about the problems of the paper. The authors hope that particular ideas not to disturb the understanding of Romanian realities.

In the paper we present the EU Programme Euro 2020 like a new level of previous evolution of theory in social science and economics. But all kinds of programme will resolve problems only if is accordance with the realities. For Romania realities have some particularities and the implement of Europe 2020 will take into account these particularities.

Keywords: human resources; projects; economics; labour; training.

JEL classification: J08

Introduction

The big revolution in economic thinking of Adam Smith put the work as main source of fortune (Gide & Rist, 1926). As result of a long term evolution of economics in social sciences, starting XX century the work value theory was more and important and the human resources became the centre of economics. We may find up the idea that <No important for what is done, the main element of the production is human action. Production is not possible outside of human action> [Constantinescu, 2000]. In the context of revolution in science and technology, the progress of technology became a factor in one

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of the relevant economic growth models of Sollow. People are involved in economic growth including as consumer of goods and as investors. The knowledge is one factor like others [R.M.Sollow, 1972].

Next step was integration of economic and social research. In these trend social and economics present more and more the importance of education all the life. In accordance with liberal economy education is a learning process developed all the life, not only in schools, but also in other parts of life. Formal education is a small part of education process [Rothbard, 2004].

In Romania was present the point of view of focus in development way on human capital investments [Suciu, 1999]. In political programmes was included <the information> as important resource to develop Romania [Vosganian, 2001]. Training of people as factor of economic growth means information but also skills. In political adaptation on the new realities of Romania, human resources are part of economic growth model in different kinds. In so called <humanistic doctrine> the resources of economic growth are capital, risk, initiative and work [Voiculescu, 2015]. Putting work near initiative, risk, capital, we find a way to responsibility of employees and independent entrepreneurs for their knowledge and the responsibility of companies for work productivity of the employees.

Increasing the qualification of persons employed in the labour market by facilitating their access to continuous professional training in order to obtain qualifications/re-qualifications to provide increased opportunities in the labour market, would be the concern of every employer.

In this paper we want to put together the theory, the EU programs for human resources and the realities from Romania. No program achieves the objectives if is not in accordance with the realities and the knowledge of the science. Our result of research may be a reference for practical instruments in Romania to have a real social innovation with Europa 2020 Program.

1. Chapter Human Resources in EU Projects and Realities of Romania

Successor to the Lisbon Strategy, Europe 2020 is the main economic development strategy of the European Union for the next decade. Thus, in a world constantly changing, EU wants to become a smart, sustainable and inclusive economy. These three priorities are mutually supportive and are able to help EU and Member States to achieve a high level of labour employment and social cohesion. High level of labour employment and social cohesion are depending on education and skills for people.

We may assume that the Strategy Europe 2020 respect the rules for institutions: persistent and connected set of rules (formal and informal) that prescribe behavioural rules, constrain activity, and shape expectations> [Keohane, 1989]. The actions of Europe 2020 may be in the same time analyzed in accordance with the differentiation between horizontal and vertical interplay. Horizontal interactions take place at the same level of organization. In the case of Europe 2020 horizontal interactions means the level of Governments. There are the Governments of EU countries. In special programs are included other countries like Turkey, Israel, Moldova, Serbia, etc. Vertical interaction is a result of cross-scale interactions encompassing institutions located at different level of social organization. These are non-profit organizations, universities, companies, local or regional public institutions [Loewen, H, 2006].

To this end, the Commission proposes the following main objectives for the EU, among which: 75% of the population aged between 20 and 64 years should have a job; 3% of EU GDP should be invested in research and development (R&D); early school leavers should

be under 10%, at least 40% of the younger generation should have a higher education and the number of people threatened by poverty should be reduced by 20 million. This plan is an acquisition in public management of values from private sector. The pace of technological change is one of the two titanic forces to drive to high-performance of work in the last decades (Edward E. Gordon, 2010). The words as <Knowledge workers> and <taking responsibility for human capital development> show the importance for public and private action in the direction of human force progress in our times.

According to the report "Review of current CVT system in Romania, the legislative aspects, administrative, operational and spread to the requirements of EQARF VE" developed within the project "Quality assurance in continuous professional training system in Romania -CALISIS" the main challenges of lifelong learning in Romania, identified in the draft strategy and working materials of the Institute of Education Sciences, are :

-Higher low participation in lifelong learning of young and adult population;

-Neglect of learning, outside the institutional framework (in non-formal and informal learning context) [<http://www.cariereonline.ro/articol/calisis-un-sistem-de-formarea-profesionala>].

As it results from the data supplied by the National Council for Adult Professional Training, Romania has recorded since 2000, an important progress both in terms of the number of authorized organizations to assess the skills of adults, and in the number of people who obtained certificate of competences. However, the learning skills acquired in non-formal and informal contexts have yet little relevance in education and training system. A long time, , in the education and in initial professional training system of Romania did not exist proposals for methodologies or tools for recognition of the acquired competences in non-formal and informal learning, as a measure to ensure the coherence and unity of approach.

Statistical research conducted both in households and in companies indicates consistently a low population participation in adult training activities [www.insse.ro]. So is difficult to speak about new challenges and opportunities like <creating value through people>, new stage of development in Europe [Maister, 2010]

The causes of low participation in training can be attributed, in fact, to all factors that should benefit from the results of training, enterprises, the state and individuals. At the enterprise level, many employers view the funds allocated to vocational training as an expense, not as an investment. Labour Code stipulates the obligation of employers to provide training to employees every two years (or three years for organizations with a small number of employees), but not all employers comply with this provision. Neither the list of priorities of unions, continuous professional training is not on top. The main lever by which the state might act to stimulate participation in continuous professional training is the financial leverage, on the one hand by setting up a professional training fund, and on the other hand by introducing tax incentives. Such financial mechanisms are implemented currently, but only in a small extent.

Continuous professional training market in Romania consists of public and private providers (companies, NGOs). A geographical analysis of continuous professional training distribution of authorized providers highlights large differences between cities and their concentration in cities. There is no uniform coverage at activities sectors, the forming market is a reactive one, that responds to identified needs in short term, depending on the demand of labour market manifested internally and externally.

Rural areas undergo a profound transformation, with the progressive abandonment of agricultural activities and with a rapid urbanization of areas near cities. However, disparities between rural and urban areas are still high: lower GDP per resident, low graduation levels and lower wages for labour.

The European strategy for employment provides following priorities for regional development:

- Public investment should focus to ensure adequate access to those who need it most, mainly people with low skills, disadvantaged groups and persons employed in small companies.
- Increase funding for continuous education, increasing the number of graduates and reduce the imbalance between the sexes.
- Improve basic skills of the workforce.

Problems which are observed: difficulties in adapting to modern labour market demands, low access to education and training, mismatch between the qualifications held and labour market demands, inadequate quality of supply training, lack of initiative and willingness to be involved.

Usually, diversification of the economic activities is not supported by people with experience for specific various types of activities because the educational system has not been adapted to specific requirements.

2. Chapter Justify of the Continuous Professional Training Need

Lifelong learning is not addressed in a coherent and comprehensive policy at educational system and educational policies. This limits the coherence and flexibility of individual learning routes throughout life. Despite the progress made in regulating the validation of prior learning, the insufficient use of the existing legal framework (excepting the initial professional training) remains one of the weaknesses of the introducing approach of "lifelong learning" in education and training.

Insufficient development of mechanisms for the transfer of learning acquisitions obtained in different learning contexts restricts the possibilities of population, especially of the adult population to obtain formal accreditation of skills acquired on the labour market and to re-enter into the formal education system. Also, at the policy-making level is required a greater coherence between policies on education, initial professional training and continuous professional training.

Human capital represents a particular importance for the economic development of the country. Development and diversification of the national economy depends on the level of education, knowledge and qualifications. Although improving and maintaining an adequate level of basic infrastructure is an important element in socio-economic development of rural areas, training is the "engine" for a good development. In the same time we have to take in account the rules for evaluation the programs, the life cycle of programs and the evolution of social programs [Matauan, 1999].

Eurostat survey about professional continuous training in enterprise CVTS2 (2002) conducted by the National Institute of Statistics, based on data collected in 1999, shows that on average, companies in Romania spend per employee for training 3 times less than the EU average. In many cases, responsibility for training is "transferred" by companies to the employees. A similar investigation at European level was achieved in 2006, based on data collected in 2005 and results show that the gap between Romania and the EU remained about at the same level (the average cost per participant for professional continuous training represents 0.3% of the EU average cost per participant).

Romanian companies need qualified labour force to cope with tough competition on the European market and to be able to adapt to continuous change. A direction of training is entrepreneurship; first of all because the formal education is not dedicated to entrepreneurship [Cosea, 2004]. Second, because there is a lack between the need for entrepreneurship and the new opportunities and the new investors on the market. These mean loose opportunities and fortune for people (shareholders or employees).

3. Chapter Resources for Training and Training as Resource in Practical and Theoretical Approach

No implication of the companies in training for employees may be analyzed in the classical theory terms. The companies invest in training of employees like in an other asset only for future profit. In theoretical words, profit is the gain derived from action; it is the difference between the higher value attached to the result and the lower value attached to the sacrifices made for its attainment (training cost in our case) < it is yields minus cost > [Mises, 1966].

In other way, the classical economy presents usually the difference between scientific knowledge and practical knowledge or skills. The base of human action in entrepreneurship (as employees or shareholders) is the practical and individual knowledge. During human action people achieve practical knowledge for personal benefit [Huerta de Soto, 2012]. To understand the problem of training for adults we may extend the concept of personal benefit of classical economy from profit for shareholder to salary for employee

Classical economy has a special point in distinction between private and public goods.. The training for employees and other human investments are services. Services and products are what we generally name < goods >. So, the distinction between private and public goods may help us to decide what services should be performed by state, by help of state or by companies. [Hope, 2006] The service of training for employees and future/potential employees in the Europe 2020 is a mix that respects a part of liberal restrictions The training is done by private organizations: universities, companies or non-government organizations. The management of projects for human investments is private. The organizations have the responsibility for output of the process. The public help is partial. Co-funding resources are private. For these reasons we appreciate that fund from Europe 2020 are not a classical intervention of the state in economy or in the society.

The training for employees in a private company is in fact a part of the business plan of the manager. He has to compute the advantages to do it and how to do it. The accounting as part of economic science developed the theoretical concepts and practical instruments to guide and to insert the training in global calculation of the company. We suggest using for training of employees the same accounting rules for using department resources [Kaplan, 2002]

The available resources are insufficient, in particular the financial one, with effects on the number / volume and quality of other categories of resources (material, human, didactic). The involvement of social partners/enterprises, both in terms of establishing partnership with professional continuous training providers, insuring the practice context, and in terms of identifying skills needs in the medium and long term and training needs is insufficient. The adopted legislation is often inconsistent in terms of new occupations or qualifications and professional training associated with them; there are also laws that lead to a monopoly on training in certain occupational areas.

Education resources are important as much as financial resources in training. We may appreciate that new education technologies will help the training for adults like the formal education. The concept <emerging learning technologies> and the idea that adults are affected by learning resources, adapted from formal education [Kiriakiadis, 2011], will lead in the future to important changes in training for adults.

Low participation in training of the employees will result in a shortage of skills and/or qualified staff, especially in fast-growing sectors. The phenomenon will increase, overlap with labour migration in Romania for European countries that offer higher salaries.

Training/retraining qualifications are in accordance with the objectives of European strategies forming of autonomous individuals in the labour market, able to evolve professionally to work and advance their careers, and aims specializing in topical areas according to the needs detected.

By developing a conducive environment of the continuous professional training process the employee skills will improve, especially those having an unskilled or low-skilled qualifications, in order to better endowments for the labour market. All this, combined with employees training needs in the regions with acute human resource development come to help us achieve the strategic objectives of the national and European level. The private universities already proved that knowledge and information are today key factors for shaping our future lives and we need new learning technologies [Stannek & Ziegele, 2007].

Therefore, training employees is still a major problem in the labour market. In Romania, the statistics [www.insse.ro] show that the rate of unqualified young people is high. The lack of appropriate skills constitutes a barrier to career advancement and financial advantages in getting involved. Thus, the information sessions on training and professional guidance represents a milestone for further actions of this kind and can be considered a pilot action to promote professional continuous training programs.

Polarization by age, education and access to resources are common phenomena, for which the access of staff for training programs is possible. Investing in individual, constant throughout life, will allow the creation/development of human performance resources, highly competent, able to support the sustainable economic growth and social and cultural development.

Equal treatment is based on ensuring full participation of every person in economic and social life, regardless of ethnic origin, gender, religion, age, disability or sexual orientation. In this way, law no. 202/2002 regarding equal opportunities and treatment between men and women, GEO 61 / 14.05.2008 on implementing the principle of equal treatment between men and women in terms of access to goods and services and the supply of goods and services, Council Directive 2000/43 / EC and Directive 2000/78 / EC on equal opportunities and treatment, all aimed at developing social inclusion.

Sustainable development means economic and social development, high levels of employment; providing professional training opportunities as a result of acquiring new skills in order to raise the standard of living. Sustainable development means economic and balanced development, high levels of employment, social cohesion and inclusion. Through continuous professional training we can contribute to increase the competitiveness of employees to support the development of human capital, essential condition for ensuring increased opportunities for future participation on a modern and flexible labour market. Also, this will lead to a balanced economic development because there will be trained and competent people on the labour market, trained for professional advancement. Thus, sustainable development can be defined simply as a better quality of

life for everyone, both for the present and future generations. The information shows that United State and other top countries have invest more in education than Europe [Dedieu, 2010]. The professional training has as task to cover the differences in this field.

By such combined actions, the economic and social cohesion will be ensured and the disparities of development between regions of Romania will be reduced, the mentality in terms of professional training will be changed, in sense of raising awareness about the importance of lifelong learning, the degree of motivation from knowledge expanding and background development.

4. Chapter the Complementarity of Continuing Professional Training

The need for continuous professional training is complementary to the European strategy for smart, sustainable, ecological and inclusive growth - Europe 2020, specifically with Priority 1 "Smart growth: developing an economy based on knowledge and innovation", which promotes the provision of higher education degree with higher chances of employment and substantial progress in terms of increasing the employment rate of the labour force contribute to poverty reduction. Smart growth means strengthening knowledge and innovation as a driver of future growth.

For this it is necessary to improve the quality of our systems of education, to strengthen performance in research, to promote innovation and knowledge transfer in the European Union, to make full use of information and communications technologies and to ensure that innovative ideas can be turned into new products and services that generate growth, quality jobs who address the challenges facing European society and the entire world.

In Romanian society there is a wide recognition that education represents the strategic further development of the country through its essential contribution to the multidimensional and anticipative model of human capital. Education should be seen as a path to sustainable development which actually is a learning process in the search for innovative solutions. Meanwhile, the promotion of lifelong learning by learning throughout the entire life is a priority for this article.

Based on these considerations, if continuous professional training will be a component in the economic and social life in Romania, it will generate a number of positive effects in long term: a better collaboration between employees and training professional providers to increase the number of employees who participate at the training courses; there will be a growing awareness of the benefits of increased labour skills and, not least, employees insertion on the labour market will increase.

Conclusion

Starting to liberal revolution in economics, the work, the human resources and investments in people was more and more important for economic growth. Europe 2020, as a new stage of this evolution, is the main economic development strategy of the European Union for the next decade. Among priorities there are: Member States to achieve a high level of labour employment and social cohesion. High level of labour employment and social cohesion are depending on education and skills for people.

The base of human action in entrepreneurship (as employees or shareholders) is the practical and individual knowledge. During human action people achieve practical knowledge for personal benefit.

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