

Economic prerequisites of society's well-being

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Abstract: Economics is that social science that puts the focus of its individual actions and needs by reporting on constraints. These constraints make you unhappy, limit your socially maneuvering space by referring to resources. At the same time, limits can be pushed, overcome through knowledge and progress, access to these inputs"being generated by the state of development of the economy. The effective management of inputs (conventional resources, unconventional resources, technology, progress) a certain level of development can be achieved that can lead to well-being. The paper highlights the relationship between the individual and society by referring to constraints generated by own and borrowed economic behaviors.

Keywords: education system, sectoral policies, education sustainability, labor market sustainability

JEL Classification: A 13

Introduction

The economy does not analyse happiness as a goal but allows the assumption of some means that lead to happiness. Thus, well-being can contribute to the advancement of happiness, the peaceful cohabitation of people by reference to a commodity market which also causes a state of happiness. At the same time, a state that offers low-priced social services to citizens (low tax levels) designates aspects of the community's happiness.

In essence, economic happiness is a consequence of economic well-being, the existence of a functional economy in which the attribution of economic assets does not harm the interests of any person, contributes to maximizing economic utility. Under these conditions, can we talk about profit? Can this societal context give prerequisites to economic agents to increase prices without affecting people's well-being?

The answer could be to analyse the factors that contribute to price formation in this irreversible process of globalization, which, by focusing on profit, leads to the polarization of regions with different effects in terms of economic welfare.



The factors that contribute to the formation of prices are on the one hand in the category of conventional and unconventional resources and on the other hand in the category of human resources. Determining well-being is a function of maximizing production results, efficiency of distribution and redistribution processes. In this way, well-being is a determination of rational behaviour, assuming some useful effects for society, reducing waste. Economic rationality creates prerequisites for manifestation of happiness by generating positive marginal well-being to a proportional increase in labour factor.

Developing education - prerequisites for the development of society

Romania's socio-political context generates a certain degree of ambiguity in all areas, education being one of the most affected areas. The degree of impairment is caused by conjuncture, economic, psychomotivational, demographic factors, with different intensity depending on the background environment and the incidence of societal regression factors (labor migration, decrease in birth rates, and increase in the number of chronic illnesses, school drop-out, increasing functional illiteracy, lowering the overall welfare level caused by lower income). From this perspective, the educational environment in Romania must be correlated with the labor market, both from the perspective of the curriculum (the formation of competencies that are necessary for the fulfillment of convergent functions with the current work environment, with a propensity to the information and communication technology) occupational employers seen from a dynamic and structural point of view (the offer of specializations of the secondary and university education system will be correlated with the job offer in a specific market, depending on the potential investments in a certain field, established in the Territorial Development Plan of a region).

The Romanian school is a value-centered school, which is confirmed by the large number of olympics and laureates of national and international school contests and competitions. However, the newly created value that these pupils bring to the educational system in Romania is very low compared to the mass results of the whole educational system as a whole. It must be analyzed whether these outstanding results are an effect of the school curriculum, of the ordinary learning environment in the Romanian school classes, or it is a concentrated effect of student-teacher teams focused on the topic of the competition and the results are generated exclusively by this effort.

Highlighting the positive results of the Romanian school is an essential aspect of the competition on the educational market, compared to other countries in Europe or the world. The degree of internationalization that the Romanian school tries, voluntarily or as a consequence of these exceptional results, puts in terms of comparative advantage the Romanian school in a leading position in the top of the schools with remarkable results in the world, which could attract pupils from other countries, through related programs, to schools in Romania. Why this isn't happening? Do the strategies of the Romanian school do not take into account the internationalization? Or are these results only specific to the value pyramid, the effect of an individual learning program centered on achieving remarkable results but also on an individual level? This fact is justified, praiseworthy, not the rule of the Romanian school, but only the exception.

The analysis of the education system as a whole seeks to identify those elements that would trigger in time sustainable effects in the welfare plan of the Romanian population, identified in the real plan, the increase in the supply of jobs, the increase of the average salary in the economy, the improvement of the daily basket, increasing the production with new value created in Romania by the graduates of the Romanian education system.



The research is concerned with the explanation why the level of education in Romania is low, but it is increasing on the one hand due to changes in strategy in the education policy, pupil-centered, increasing the number of practical training hours, the exchange of good practical experience with other countries in European programs.

As support for standing out for this assumption are the results of Romania obtained in the international tests for evaluation of some general competences specific to a certain age group. Thus, in PISA testing in 2015, 5,103 Romanian pupils aged between 15 years and 3 months and 16 years and 2 months at the time of testing in 185 schools were assessed on three areas: Natural Sciences, Mathematics and Reading to solve structured topics within two hours¹. The sampling of schools and pupils is done externally by the PISA Consortium using dedicated software. Conclusions show that Romanian pupils show lower scores than other countries, especially when it comes to reading and writing skills.

At the same time, it is possible to determine a particularly high level of school abandon in the last period, the effect of an economic policy with a negative impact on the population in poor areas, especially from the rural area, which strengthens the lack of interest for school and the lack of development in time of these generations. Romania had the third highest rate of early school drop-out by 18-24-year-olds among EU states in 2016, according to Eurostat. Our country is among the three European countries where school drop-out has increased in 2016 compared to the level in 2006. Thus Romania goes against the current and remains at the top of school drop-out at European level, although in most member countries the share of young people abandoning studies is continuously decreasing.

The share of 18 to 24-year-olds, who have completed at most eight grades and who do not attend any form of education or training, decreased in 2016 compared to 2006 in most EU Member States, with the exception of Romania, Czech Republic and Slovakia, according to Eurostat.

In 2016, the school dropout rates are recorded in Malta, with 19.6% of 18-24-year-olds, graduates of no more than eight classes that dropped out of school, followed by Spain, with an early school leaving rate of 19% and Romania - 18.5% of 18-24 year olds who have completed at most eight grades and who have dropped out of school.

A phenomenon worrying at the level of Romania as a consequence of abandonment is the increase of illiteracy in poor areas and the lack of real opportunity to attend school. Romania is the country with the largest number of illiterates in Europe. Thus, 6% of the population doesn't know how to read and write, meaning 150,000 Romanians have to put their mark on because they can not sign. Almost 100,000 schoolchildren do not get a day in the classroom in a year, and if those who do not go to kindergarten, to high school or to vocational school come together, the number is of hundreds of thousands.

In addition, due to the fact that the school applies interest-free educational programs to the pupils, uncorrelated with the digital reality and the requirements of the labour market, the high school curriculum, the large number of pupils in a class - on average 30 students, the high number of hours per day, without being accompanied by pause modules in which students can rebuild their body and interest in another field of study while developing recreational, sportive, cultural and social activities. In the European Union, Romania ranks first in the ranking of functional illiteracy, while, compared to the whole European continent, our country is outpaced only by Albania. 42% of Romanian students are unable to understand a read at first sight text and have difficulty in performing elementary mathematical operations. This means that these children will not be able to

¹ <http://www.hotnews.ro/stiri-esential-21453101-rezultate-teste-pisa-2015>



be employed over the years in anything other than jobs that require a minimum level of education. The consequences are related to the social aspects that accompany these phenomena over time, namely the incapacity to find a job with an increased incidence on the labor market, characterized by a high degree of technology, specialization, poverty and social isolation, social exclusion.

These social issues have a negative impact on social welfare. Increasing well-being is an exclusive feature of education, of labor force specialization in those areas that can produce competitive economic goods with increased incidence in the global economy. In the present, and it seems that even in the distant future, these goods have a particularly high level of robotization. Given the fact that the labor force is unspecialized, as a result of a rigid educational system, the effect is the popularization of the labor market with imported labor force, or the poorly specialized work, subsalarized, used in sectors of the economy with no importance in terms of determining an added value.

Another defining aspect of the low capacity of the Romanian educational system to cope with high competition on the labor market is the passing of the baccalaureate exam. This has the most negative effects on both the psychosocial level (lack of motivation, increasing the level of social exclusion in the labor market, engaging in seasonal activities at the limit or outside the law) and economically by lowering the average wage on the market by increasing the incidence of inadequate trained people on the labor market, who accept low pay levels only to ensure a minimum level of subsistence, a decrease in investors' interest in business development in economic regions where the workforce is unskilled or with low labor productivity.

In this context, there is a need for a better adaptability of the education system to the requirements of the labor market by increasing the level of flexibility, sustainable investment in education in the training of labor force, in the technology of classrooms, in changing some points in the curriculum (enhancing communication skills, debate, argumentation, not memorizing, learning by discovery using logic methods based on deduction and then formation of laws, development of normative-positive binomial for explaining and understanding the external world, the real life environment, inclusion of some disciplines of study of the reality of the business environment in the primary, secondary schools for the sustainable development of the potential workforce). Another point of great interest in changing educational optics is to reduce the number of pupils so that in the classroom all students receive attention and support in a unitary way.

Reforming or at least reformulating the education system involves funding, both nationally and internationally, the European Union creating numerous funds for education and research for member countries, following a rigorous system of competition on research or educational projects.

Romania, compared with the countries of the European Union, invests very little money in the education system, not being another priority, but because Romania's budget is particularly limited in relation to the societal needs. This fact attracts the increase in managerial capacity in accessing funding for education, at regional, international level, through research projects where the word of order is labor force specialization, its innovation capacity, IT performance, knowledge of foreign languages to facilitate communication, good personal and interpersonal communication skills being required. All these competences are measurable at the level of the labor force formed in the Romanian educational system, skills that the system does not prioritize, which are of a cross-sectional nature, most of the time.

The lack of financing from education - data presented at the level of the EU countries is also found in the other sectors of the Romanian economy - research, health, entrepreneurship development, which implies the use of the competences acquired in the school in attracting financing through project competition at national and international level. Under these circumstances, a student who has passed or not the baccalaureate exam must

face a particularly flexible competition system without clear prospects of financing the business than by playing a book of his or her own skills.

Within business development, entrepreneurs employ a workforce capable of generating added value within a shorter timeframe as a result of competition, the rapid pace of development of research products and cutting-edge technologies that outperform existing technologies by placing the price of newly created down value products with effects on business sustainability plan

The problem of underfinancing the education system in Romania in relation to the other EU member countries generates, as we have seen, a low level of production in Romania, as a basis for financing the national budget, financing of all sectors of the economy, including education. GDP / inhabitant in Romania are particularly low, which cannot support a level of education development comparable to other countries. Efforts need to be focused on GDP growth, which can be achieved in the long run by raising the level of education, making it compatible with the business environment in the form of capable, ethical, skill-based workforce that knows its rights and obligations in a democratic system, in a functioning labor market.

Table no. 1-real GDP/inhabitant, Euro

Real GDP/inhabitant, Euro									
Country/year	2007	2008	2009	2010	2011	2012	2013	2014	2015
UE-28	26200	26200	25000	25400	25800	25600	25600	25900	26300
Belgium	34000	34000	32900	33500	33900	33700	33500	33800	34100
Bulgaria	4900	5300	5100	5100	5200	5300	5400	5500	5700
Czech Republic	15200	15400	14600	14900	15200	15000	15000	15200	:
Denmark	46200	45600	43000	43500	43900	43700	43400	43700	43900
Germany	32100	32500	30800	32100	33300	33400	33400	33800	34100
Estonia	13300	12600	10800	11000	11900	12600	12800	13200	13400
Ireland	40700	39000	36500	36400	37200	37200	37600	39500	42300
Greece	22700	22600	21500	20300	18500	17200	16800	17000	17000
Spain	24500	24400	23300	23200	22900	22300	22000	22400	23100
France	31500	31400	30300	30800	31200	31200	31200	31100	:
Croatia	11200	11500	10600	10500	10500	10300	10200	10200	10400
Italy	28700	28200	26500	26800	26900	26000	25400	25300	25500
Cyprus	24200	24500	23300	23000	22600	21700	20400	20100	20600
Latvia	10200	9900	8600	8500	9200	9700	10000	10400	10800



Lithuania	9800	10100	8700	9000	9800	10300	10800	11200	11500
Luxemburg	82900	80800	75100	77900	78100	75600	76900	78200	80500
Hungary	10300	10400	9700	9800	10000	9900	10100	10500	10900
Malta	15500	16000	15500	15900	16200	16500	17000	17500	18400
Netherlands	38900	39400	37700	38000	38500	37900	37600	37900	38500
Austria	35700	36100	34700	35200	36100	36200	36100	36000	36000
Poland	8600	8900	9100	9400	9900	10000	10100	10500	10900
Portugal	17200	17200	16700	17000	16700	16100	16000	16300	16600
Romania	6100	6700	6300	6300	6400	6400	6700	6900	7200
Slovenia	18600	19200	17500	17700	17800	17300	17100	17600	18000
Slovakia	11900	12600	11800	12400	12800	13000	13200	13500	14000
Finland	37200	37300	34000	34900	35600	34900	34500	34100	34200
Sweden	40400	39800	37400	39400	40100	39700	39800	40300	41600
Great Britain	30500	30100	28700	28900	29200	29400	29800	30400	30900

Source: processed at www.eurostat.org

Figure 1. Evolution of GDP per capita, Romania versus EU-28, 2007-2015



Source: author's contribution by capitalizing Eurostat data



Table no. 2- Composite Index of Human Development, 2014

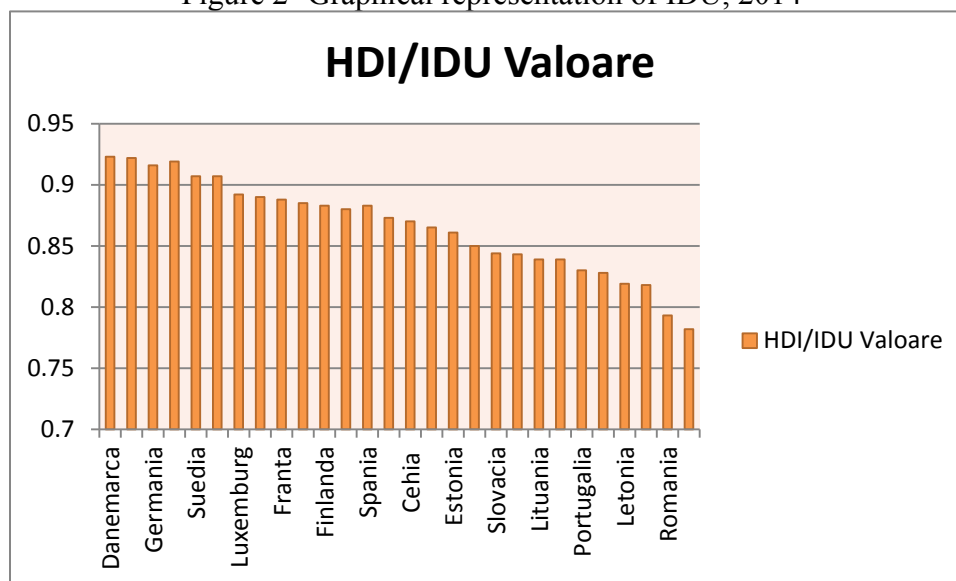
Country	HDI/IDU	Life expectancy at birth	The number of school years estimated to be graduated	The main years of school graduation	Gross national income per capita
	Value	Year	Year	Year	Euro
	2014	2014	2014	2014	2014
Denmark	0.923	80.2	18.7	12.7	44,025
Netherlands	0.922	81.6	17.9	11.9	45,435
Germany	0.916	80.9	16.5	13.1	43,919
Ireland	0.919	80.9	18.6	12.2	39,568
Sweden	0.907	82.2	15.8	12.1	45,636
Great Britain	0.907	80.7	16.2	13.1	39,267
Luxemburg	0.892	81.8	13.9	11.7	58,711
Belgium	0.89	80.8	16.3	11.3	41,187
France	0.888	82.2	16	11.1	38,056
Austria	0.885	81.4	15.7	10.8	43,869
Finland	0.883	80.8	17.1	10.3	38,695
Slovenia	0.88	80.4	16.8	11.9	27,852
Spain	0.883	82.6	17.3	9.6	32,045
Italy	0.873	83.1	16	10.1	33,030
Czech Republic	0.87	78.6	16.4	12.3	26,660
Greece	0.865	80.9	17.6	10.3	24,524
Estonia	0.861	76.8	16.5	12.5	25,214
Cyprus	0.85	80.2	14	11.6	28,633
Slovakia	0.844	76.3	15.1	12.2	25,845
Poland	0.843	77.4	15.5	11.8	23,177
Lithuania	0.839	73.3	16.4	12.4	24,500



Malta	0.839	80.6	14.4	10.3	27,903
Portugal	0.83	80.9	16.3	8.2	25,757
Hungary	0.828	75.2	15.4	11.6	22,916
Latvia	0.819	74.2	15.2	11.5	22,281
Croatia	0.818	76.2	14.8	11	19,409
Romania	0.793	74.7	14.2	10.8	18,108
Bulgaria	0.782	74.2	14.4	10.6	15,596

Source: processed at www.eurostat.org

Figure 2- Graphical representation of IDU, 2014



Source: author's contribution by capitalizing Eurostat data

The presentation of the two indicators shows that Romania has to recover in terms of the level of development, both through investments that support sustainable development, as well as through education and training. Eco-economy is a chance for Romania to implement the Europe 2020 strategy's goals by creating an inclusive, sustainable and competitive economy in relation to EU economies by making it possible to use eco-efficient natural resources, to create sustainable jobs through the rational use of the earth, the use of cutting-edge technologies in creating products, promoting them and opening up new markets. The indicator that highlights the benefits of a sustainable economy focused on the exploitation of natural resources on sustainable principles is the eco-innovation index. It is noticed that Romania is registering lower values of the indicator in relation to the developed EU countries, which shows the progress towards the incorporation of innovation and research into the use of resources, labour and capital from the production perspective to meet needs, on sustainable principles.



Social well-being is a consequence of a societal development, of a fair, equitable, integrative economic policy with multiplying effect on the national and regional economy.

CONCLUSION

The effectiveness of the educational system in Romania consists of identifying poles of unitary growth of pupils' performance, both at the individual level, by increasing the motivation for the educational act by reducing the factors contributing to the increase of functional illiteracy (carelessness, rejection of some subjects, lack of real-world communication, lack of intergenerational understanding), as well as at group level, by attracting pupils to multidisciplinary work teams, participating with them or exchanging best practices with the business environment, learning through simulation, by overcoming the formal framework, the classroom and learning through non-formal techniques, museums, theaters, theater art, cinematographic art by making documentaries on the learning environment in their own vision. Young generations are generations of the world of globalization, of the Internet, of social networks in which the power of thought, the image, the sound capture, more than the elevated information of a teacher, an exceptional professor that few pupils adopt. Extending a safety net to this inefficient generation can save Romania, but we need specific tools to value it, to fit it into the school curriculum, the baccalaureate, the labor market requirements, the reality of life beyond the family and the internet.

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