

DIGITAL ECONOMY VERSUS THE INFORMAL ECONOMY IN PANDEMIC CONDITIONS

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Abstract: *Characteristic of today, dominated by the health crisis generated by the SARS-CoV-2 virus, is the strong rise of the digital economy, as a result of the interaction between the need, possibility and capacity of economic actors to cope with this crisis.*

The digital economy has the advantage that it is based on seemingly simple but at the same time complicated things: the internet, the laptop / computer (in its various more or less sophisticated forms) and telecommunications.

As a consequence of the pandemic, in order to avoid physical contact, new business models such as e-commerce, e-banking, e-business were forced to replace the classic forms, adapting to online work on the go.

Key Words: *computer, computerization, digital economy, informal economy, e-banking, e-business, e-commerce, infrastructure, internet, online.*

JEL Classification: *H70, I22.*

Introduction

As in any sector of the economy, when it comes to the digital economy, the interest of business optimization and implicitly of tax optimization through tax evasion can intervene, given that the economic crisis, as an effect of the health crisis, knocks on the door trying to suffocate the socio-economic gear and international finance.

Undeclared work has been replaced by work at home and or telework, shelf trade has been replaced by home delivery based on online ordering, a meal in the restaurant atmosphere has been replaced by catering, and examples of economic activities generically called online, difficult to monitor, can continue.

As a result, during this period, online sales platforms have gained momentum, which can be easily exemplified by 2 types that can fall under the dome of the informal economy that exploits the needs of consumers:

- of type C2C, where very large volumes not registered for tax purposes are registered, from the natural person seller to the natural person buyer;
- of the B2C type at international level, from the apparently legal business seller to the individual buyer, which in the end proves that the businessman is a ghost company with a mailbox, which collects money online and does not deliver the goods or delivers it improperly.

This online influx, sudden and forced, has given the opportunity to the actors in the underground economy to take full advantage, at least in Romania, of the inefficient computerization of state institutions and first of all fiscal ones, which besides the inadequate and incomplete digital infrastructure are characterized by bureaucracy and unprepared or reluctant staff.

As a conclusion, in order to bring the digital economy in the formal area, it is necessary to institutionalize the digital infrastructure through the 4 components that characterize it:

- -digital access that involves equipping users with high-performance digital technology, easy and secure internet access;
- -digital accessibility, defined as the possibility for the population to purchase digital technology and services at bearable costs.
- -digital application content, which translates into digital services to institutions and authorities (information, request, issuance and submission of documents, payments, etc.). The digital environment is very poorly used by the authorities, with formal web pages and a low presence on Facebook, Twitter, etc.
- -digital skills and competences, which are characteristic of young people and less so of those of older generations, the latter being easy prey for actors in the informal economy.

The local administration in Romania is a poorly digitized one, even if in some localities, the level of digitization is high. Even the municipalities that have invested heavily in this direction believe that there is a legislative vacuum in the use of visual identity elements, or digital elements, such as IT platforms that would make it more efficient in the first place, and would contribute to increasing the level of transparency of measures, public policy recommendations and institutional governance. Thus, there are situations when documents issued

online are not recognized by other state institutions, the databases are not interconnected, which creates a series of malfunctions that lead either to loss of documents, invalidation of documents due to the lack of possibility to use the electronic signature.

Another factor that is limiting in the digitization process is the level of civic education of citizens in the field of using digital, modern, IT means at the level of simple operations, which involve the relationship with the authorities, from the perspective of domestic financial activities (payment of taxes and duties, fines, etc.).

From the perspective of digitalization, the central administration is in the process of readjustment, of changing thefts of using information in order to streamline the act of public decision- making. From this perspective, the local public administration, the process of readjustment and implementation of institutional governance, of digitization measures, are also slowed down, even if the reaction speed would be higher, since the relationship between central and local is from the top down, the flow of information being facilitated only by the acceptance of the central administration regarding the change process.

If a citizen uses the urbanism certificate issued online by the competent institutions in relation to the central authorities, the respective certificate issued online, in order to be validated by the central public authorities, must be accompanied by a classic signature and stamp. This is a consequence of the legislative vacuum in certain segments and the fact that the central government does not make available to local authorities the databases for their coherent and convergent administration.

In these circumstances, major changes are required, such as the use of big data to conjecture between the databases of the central authorities with the local ones, but also with support entities that facilitate the data transmission process, such as the authorities specializing in opinions, the requirements of specific documents.

There is also a need for a government approach that forces database holders to become open or semi-open to local governments.

Certain public authorities, such as the Ministry of Finance, the Ministry of Interior, the National Agency for Cadastral and Real Estate Advertising, create databases that can be accessed electronically, in order to facilitate

the verification by any interested natural or legal person, of documents that may simplify the decision-making process. These databases should be designed in an open or semi-open format, so that they can be accessed by public authorities and an infrastructure is created for this purpose.

Thus, it is necessary to public administration reform that can be formulated schematically in ten points, which highlights the main elements of change that have arisen, on the one hand because of new aspects of the development of the European area, and on the other hand because of the needs to streamline the implementation of administrative policy, maximizing the effects of investments at the level of central and local public institutions:

- Investments in all institutions and adaptation of the level of assistance and national contribution to the level of development of each administration/territorial administrative unit.
- Targeting resources towards the main welfare sectors.
- Setting clear, transparent and measurable goals and objectives for assuming responsibilities and pursuing results.
- Introducing conditions to ensure more effective investments.
- Establish common strategies for better coordination and less duplication of effort.
- Reducing bureaucracy and simplifying the use of investments at local level, depending on the needs of citizens and the development potential of the locality.
- Emphasizing the urban dimension of politics.
- Strengthen cross-border cooperation and simplify the creation of projects that go beyond borders.
- Ensure a better link between cohesion policy and economic governance as a whole.
- Encouraging greater use of financial instruments to support SMEs and facilitating their access to credit, with a view to creating jobs and broadening the tax base, as a aim of increasing the revenues of the public administration.

The level of investment at public administration level reflects the development needs of the Member States and also the level of knowledge and education in the administrative field of public workers. Thus, in regions where the specific level of competences of officials is higher and they intuit the development potential determined by the attraction of investors, strategic investments using the economic resources existing in the region and

capitalized through a participatory management, centered on objectives, the level of well-being of citizens will increase. In order to facilitate development, cohesion funds attracted through development projects initiated by public authorities in partnership with various interested economic forces can be used. These funds can provide between 50% and 85% of the total financing of a project. The remaining financing needs may come from public sources (national or regional), or private.

The overall objective of cohesion policy is to boost the competitiveness of Europe's regions and cities, encouraging growth and job creation. In achieving this goal, public administrations play an essential role as they generate and support the development opportunities of localities by identifying development needs and supporting the implementation of any action aimed at creating jobs.

Cohesion policy has a strong impact in many areas. Investments contribute to the achievement of many other EU policy objectives; complements other policies, such as those in the fields of education, employment, business, environmental protection, energy, the single market, research and innovation; in particular, it shall provide the investment framework and strategy necessary to achieve the agreed growth objectives.

By using digital means to support the workforce with knowledge in the field, the public economy and the economy in general will experience a sharp pace of development. The digital economy will lead to new opportunities for development, from the removal of boundaries related to distance and time, to the identification of new opportunities for business development that arise, either from mimicry or from the emergence of new needs that can be exploited by changing interest in the way we spend time and leisure time.

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