

## CONTEMPORARY TRENDS IN THE EUROPEAN BUSINESS ENVIRONMENT. MOLDO-GREEK BUSINESS DEVELOPMENT PERSPECTIVES

*Ovidiu Andrei Cristian BUZOIANU<sup>a\*</sup>, Mihaela Diana NEGESCU OANCEA<sup>b</sup>, Victor Marian DUMITRACHE<sup>d</sup>, Amelia DIACONU<sup>d</sup>, Cristina DIMA<sup>e</sup>*

<sup>a</sup>*Bucharest University of Economic Studies, Romania*

<sup>b</sup>*Bucharest University of Economic Studies, Romania*

<sup>c</sup>*Bucharest University of Economic Studies, Romania*

<sup>d</sup>*ARTIFEX University, Romania*

<sup>e</sup>*Bucharest University of Economic Studies, Romania*

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### ABSTRACT

*The internationalization process of enterprises can be characterized as extremely complex, being influenced by a number of factors. Current research topic, Contemporary trends in the European business environment. The perspectives of the development of the Moldovan-Greek business, result from the fact that at present the middle of the international business is represented by the special dynamics of the world trade recorded especially in the majority of the states. This article wants to identify the specific trends of the European business environment and to analyze the prospects for the integration of Moldovan business into this market. The object of the study is the totality of notions and concepts that materialize the European business environment and the bilateral and partnership relations that have been established among Greece and the Republic of Moldova. The perspectives of the development of the Moldovan-Greek business result from the recommendations it contains and the contribution brought by their implementation, which will contribute to the realization of the aspiration of the Republic of Moldova for integration in the European structures.*

**KEYWORDS:** *business, European integration, investments partnerships.*

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### 1. INTRODUCTION

The internationalization and globalization of business occupies one of the first places trends in the economic and extraeconomic field at the present stage (Bodislav et al., 2020). This is the result of the dynamism of contemporary markets and the specificity of the increase of economic ties between economic, international and national agents. Currently, the sources of state revenue involve the exploitation of all possibilities and is the result of economic affairs carried out outside national borders (Miron, 2010).

As a process- internationalization- is closely related to the degree of integration of national economies in the world economy, a trend that can be constant not only at the macroeconomic level and the activity of the enterprise (Belas et al., 2018). This desideratum of the companies results from the intensification of the competition on the international markets, which orient the activity and the strategies towards the penetration on external markets (Jianu et al., 2019).

The orientation of enterprises, regardless of their size, to discover new business opportunities, outside the national perimeter, even at great geographical distances, is now accentuated in most highly developed countries, even if they are already integrated in foreign markets (Belyaeva, 2018).

In the specialized literature, the concept of internationalization of the activity of an enterprise has acquired multiple meanings, being understood in various ways: as ways of entering a company on a

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\* Corresponding author e-mail: [buzoianuvidiu@yahoo.com](mailto:buzoianuvidiu@yahoo.com)

foreign market; as managerial relations between the parent company on the domestic market, and the foreign ones; as economic activities carried out by an enterprise outside national borders; some sources support internationalization as a marketing function, through which companies expand their market area (Rădulescu et al., 2018).

## 2.THE SPECIFICITY AND PLACE OF GREECE IN THE EUROPEAN BUSINESS ENVIRONMENT

One of the key policies of the European Union is the strategy for growth and jobs (Androniceanu et al., 2017). A set of guidelines has been identified in this regard at European level, in particular: an employment rate of 75% and investment of 5% of GDP in research and development by 2025. Almost half of the proposed EU budget is devoted to growth, economic and employment. It is a major change, which shows the European Union's willingness to focus its funds on general economic well-being (Budd, 2010).

As an EU member state, Greece faces similar challenges. EU requirements, but the conditions has determined to the gradual convergence of national policies, which have subsequently created a new framework for the development of the Greek economy, with low interest rates, extremely limited exchange rate risk and greater business confidence. stability of the economic environment (Cepel, 2018).

By joining the Economic and Monetary Union (Eurozone) Greece, as well as other European countries, faced a serious price problem at the time of the implementation of the single coin. Due to speculation favored by the confusion of the population, the replacement of the drachma developed the increase of prices overnight, causing a major crisis among the population (Negescu et al., 2020). In 2016, Greece recorded a deficit of only 2.6%, down from 7.8% in 2014. Economic reforms motivated the consolidation of public investment (eg privatization in the energy sector, transport, communications, etc.), implementation of structural changes (eg fiscal reform, program of social measures, etc.).

**Table 1. Greek economic developments and prospects (%)**

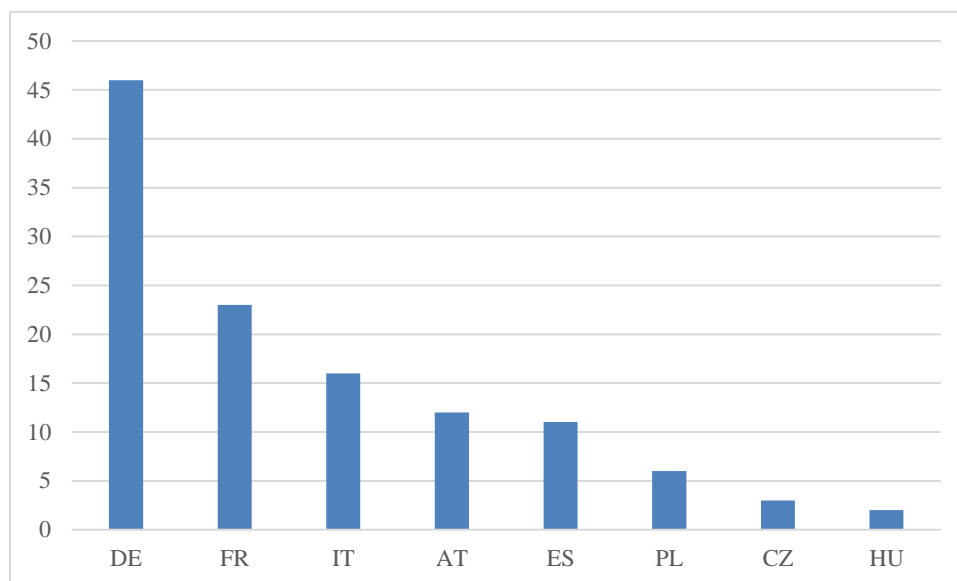
	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>GDP growth</b>	4,5	4,6	4,0
<b>Gross fixed capital formation</b>	12,9	9,2	10,5
<b>Export of services and goods</b>	5,7	6,4	7,6
<b>Import of goods and services</b>	6,8	7,0	7,4
<b>Public debt (GDP%)</b>	104,9	101,7	98,7

*Source:* Greek Ministry of Economy and Finance data

The progressive economic process in recent years has been due to the increase in foreign direct investment - an indicator of the profitability of companies (Bilan et al., 2017). According to the table below, most investments were directed in the financial sector, followed by industry, tourism, insurance, telecommunications, etc.

Greece is an import-dependent country, which is why more attention is being paid to promoting, modernizing and sustaining exports. The main destination for Greek exports are the EU countries, with Italy (22.2%), Germany (17.8%), the United Kingdom (9%), Spain (4.8%) and Poland in the first places. These are followed by the USA (5.4%) and the Balkan countries (the latter have a share of over 20% of the value of Greek exports), Russia, Canada, and China. Traditionally, the main

products subject to Greek exports are: electronic and telecommunications equipment, software, medicine, food, tobacco, clothing (Lacina and Vavřina, 2013).



**Figure 1. Value added by EU Member States, 2018**

*Source:* European Commission, Outlook, January 2018

In the same vein, the crisis has affected most European countries, but in terms of recovery in the main areas of the economy, Greece is not in the first place. Thus, it is surpassed by Member States such as Romania, Lithuania, Poland, Slovakia which have an economic recovery rate of more than 12%, while Greece is in second place with the highest high negative rate of - 33%.

Analyzing the position of Greece in terms of its share of production and services in the European market, it comes with a value of 8% production and 54% services, as seen in the matrix below: A significant indicator by which we can establish Greece's position in the European business market is the share of EU GDP. Although it accounts for only about 3% of the European Union's GDP, Greece has dragged the EU and the euro into a major crisis, which is difficult to resolve.

Significant increases in employment are observed in many areas of the Greek economy, the most significant being residential activities, administration, pharmaceuticals and programming, where the share exceeds 150%, and in other areas the pace is negative and this is observed in areas such as agriculture, industry, textile and mining.

An important indicator that confirms the degree of integration of Greece in the European business environment is - the country's specialization indicator, which compares the proportion of the state economy represented by a particular sector with the proportion represented in the same sector in the EU economy as a whole. The areas of specialization in which Greece can be entered in the fields in EU economy are agriculture, recreation and other services, accommodation and public food, which have an indicator higher than 1.5.

An indicator of competitiveness is the revealed comparative advantage index (RCA) which compares exports from one sector (Paliu-Popa, 2009). The indicator is used to classify EU products according to the degree of export specialization. Analyzing this indicator for Greece it has a good value in the field of tobacco products - 4.89 and fuels - 4.56, food - 2.16, beverages - 1, 52.

According to official estimates, the Greek economy is set to see a further absolute slowdown in GDP growth of more than 7% for the fourth year in a row. In this context, fears have surfaced that the country could go bankrupt.

As a result, a new "austerity package" requested by the Greek government and international financial-banking institutions will be finalized and implemented by early October. In fact, a mission of the European Commission, the International Monetary Fund and the European Central Bank will assess the financial and economic situation in the country and to determine whether the government can meet its fiscal targets assumed in the 130 billion euros external financing agreement (Popescu, 2004).

### **3. REPUBLIC OF MOLDOVA- INTEGRATION OF IN EUROPEAN AFFAIRS**

By developing the business environment, it will be possible to identify a strong impact that will be expressed in increasing investment, increasing exports, developing the number of reliable companies argued to implement innovations, ensure high productivity and competitive export-oriented production, effect sustained by advancing this state in the international top Doing Business, the Global Competitiveness Index, the Economic Freedom Index and the Logistic Performance Index, exceeding the average level in the region (Popescu, 2004). In addition to directly stimulating business, the optimization process, through its innovative discussing the issue of public services will form a significant basis and a new direction of innovation and new jobs in the private sector (Muhlbacher et al., 1999). Solutions to reform the regulatory system will be effective and sustainable if supported by enforcement mechanisms (Ioniță, 2009).

Other important participants in this process are the courts, which will have to respond promptly and correctly to the notifications of citizens and entrepreneurs regarding the violation of their rights by public institutions, especially regarding the issuance of permissive acts within the set time, ensuring a transparent system. to lodge complaints with all institutions involved in the regulation of business and foreign trade, the non-involvement of public institutions in entrepreneurial activity, if there are no obvious reasons (Costache et al., 2015).

In other words, total economic activity has a strong impact on the environment (Bran et al., 2018). At the same time, rigid environmental regulations impose certain compliance costs on business (Bodislav et al., 2019). New regulations will focus on environmental impact assessment, aiming to distribute the administrative burden equitably on economic agents, destroying market mechanisms and without realization premises for unfair competition (Vremiş, 2014).

By coherently promoting policies to Europeanize all aspects of the country's socio-political and economic life and signing the agreement with the European Union, we will succeed in a predictable period to transform the Republic of Moldova into a country eligible for EU membership (Alpopi et al., 2018).

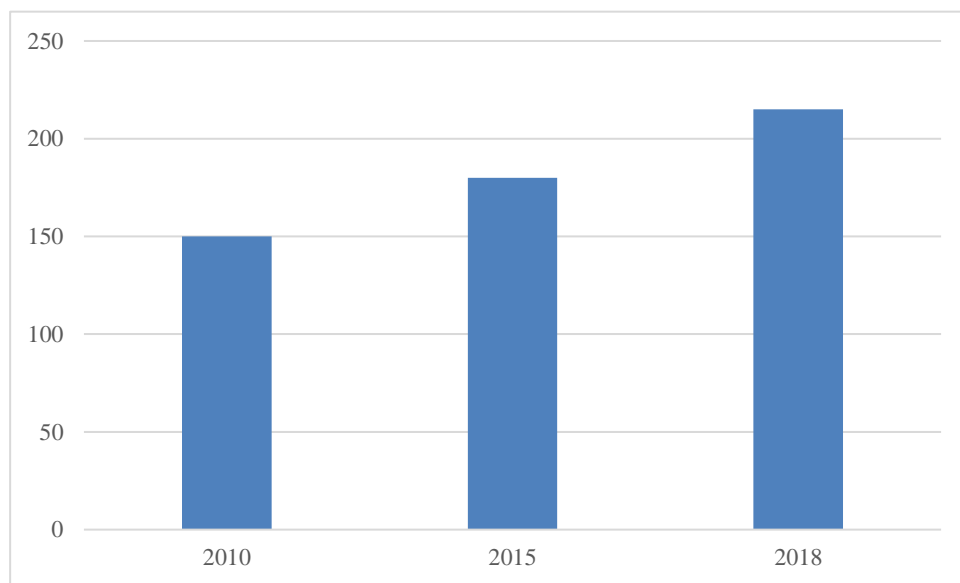
Following the implementation of the Government's Program of Activity, the Republic of Moldova will become an important partner in the international community, which will successfully conduct negotiations on the Association Agreement, including the Free, Comprehensive and Deep Trade Agreement with the EU, and will launch the EU membership negotiation process.

An essential condition for maintaining a sustainable and balanced economic growth is the continuity of macroeconomic stability, by implementing the following measures: achieving and maintaining price stability; promoting a flexible exchange for the national coin; promoting a balanced budgetary-fiscal policy, with prudent management of state debt, which will ensure the stability of public finances in the medium and long term; reducing the fiscal pressure on the economy and expanding access to finance (Burlacu et al., 2020) (Negescu et al., 2020).

In the field of business environment promotion policy, the following objectives are proposed: elimination of administrative constraints in the business environment; promoting exports and attracting investment; demonopolizing the internal market and reduce anti-competitive practices in commercial transactions; ensuring the increase of the degree of credibility between the private and public sector guaranteeing the right over private properties and investments; ensuring the conditions and access to resources for increase the business environment; stimulating the development of the

capital market; ensuring the increase of the income of the population in this state and the reduction of absolute and extreme poverty (Nastase et al., 2020).

For reducing the administrative burden in conducting business, the Law on the regulation of authorization of entrepreneurial activity was realized and implemented, which includes both the list of all permissive acts of authorization, the issuing authorities and the cost of those acts. and the procedures regarding the issuance and extension of the permissive act, its re-perfection, the issuance of the duplicate, the temporary suspension of validity, the fee for its issuance, as well as, directly, the procedure for the withdrawal of the permissive act.



**Figure 3-** Flow of foreign direct investment Republic of Moldova, million US dollars, in%  
*Source:* National Bureau of Statistics

As can be seen from the figure, the value of investments during 2018 increased by a few positions, increasing compared to 2010.

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#### 4. CONCLUSIONS

The internationalization of the markets was achieved against the background of a polarization process. Thus, three geographical areas of the world emerged: European; North American; Asian countries, which accounted for about 86% of world trade, forming the triad. The internationalization process can be characterized as extremely complex, being influenced by a number of factors.

The ways in which the degree of internationalization is appreciated and the connection with the international strategy of the enterprise are quite numerous within the specialized literature, being developed several analysis models that present the level of internationalization reached by a company at a given time. series of recommendations in connection with the practice of a strategy or entering a foreign market are: National Enterprise, International Enterprise, Multinational Enterprise, Transnational Enterprise.

The process of globalization depends, first of all, on economic and cultural interdependence and less on economic and cultural domination, it depends on diversification rather than unification and integration, it depends on decentralization, on much deeper participation than on centralization and mobilization.

As an EU member state, Greece faces similar challenges. EU requirements and conditions have led to the gradual convergence of national policies, which have subsequently created a new framework for the development of the Greek economy, with low interest rates, extremely limited exchange rate risk and greater business confidence. stability of the economic environment. The progressive economic process in recent years has been due to the increase in foreign direct investment - an indicator of the profitability of companies. According to the table below, most of the investments were directed in the financial sector, followed by industry, tourism, insurance, telecommunications, etc.

Following the implementation of the Government's Program of Activity, the Republic of Moldova will become an important partner in the international community, which will successfully conduct negotiations on the Association Agreement, including the Free, Comprehensive and Deep Trade Agreement with the EU, and will launch the process of negotiating EU membership, which will allow sustainable economic growth and competitiveness policies. Promoting the technological development of enterprises and policies it's industrialization.

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