

European Funds Planning over 2007–2013 at the Level of Development Regions Case Study: Region Bucharest-Ilfov and Region Centre

Anamaria – Cătălinaradu

Bucharest University of Economic Studies, Faculty of Marketing, Bucharest, Romania
Email: anamaria_radu15@yahoo.com

Octavian Arsene

Bucharest University of Economic Studies, Faculty of Marketing, Bucharest, Romania
Email: octavianarsene2015@gmail.com

Aurelia-Felicia Stăncioiu

Bucharest University of Economic Studies, Faculty of Marketing, Bucharest, Romania
Email: stancioiufelicia@hotmail.com

To Link this Article: <http://dx.doi.org/10.6007/IJAREMS/v7-i4/5246>

DOI:10.6007/IJAREMS/v7-i4/5246

Published Online: 25 December 2018

Abstract

Marketing planning plays a key role in accessing European funds in tourism. Marketing planning points out the optimal allocation of European funds in this field of activity leading to their efficient use. The present study highlights the use of European funds over 2007-2013 in two development regions, Region Bucharest-Ilfov and Region Centre. We have first focused on the projects submitted as part of the Priority Axis no. 5 in terms of their number and amounts requested. Our research intends to identify the manner in which the principles of marketing planning have been turned to good account with a view to accessing European funds over 2007-2013. This paper deals with a new topic in the literature, and aims to identify how marketing planning can be implemented in accessing European funds in tourism, both to facilitate access and to increase the satisfaction felt by beneficiaries after applying to and implementing such a project.

Keywords: Marketing, Tourism Marketing, European Funds

Strategic Planning

According to Ansoff and McDonnell (1990) strategic planning has undergone a remarkable development over time, which has led to multiple changes and adjustments when implementing it at organizational level. While the early days of strategic planning involved clearly set stages, over time these have evolved significantly (McDonald, 1998).

In most cases, companies take strategic decisions relying on a range of data relevant to their goals, the activities they undertake, the opportunities that are available to them, the human resources, the financial resources and the material ones the respective companies can muster to reach their goals. The limitations of each company have been also found to impact its strategic decisions (Gilligan, Wilson, 2003).

Organizations have been documented to employ strategic planning at three levels: at corporate level (the company identifies its core competencies and sets its organizational objectives and strategies, etc), at the level of the strategic units (the company analyses the product portfolio at the level of each strategic unit, surveys the product life cycle, etc) and at functional level (the company establishes its marketing mix and implements it in line with all the elements obtaining at this level) (Dumitru, 2004).

Jain et al (2012) mention that organizations need to make their decisions in close correlation with their overall strategy. In any organization the marketing staff should first become aware of the strategic plans of the organization and then work out the strategies specific to each respective field. It is only at this later stage that they will make decisions concerning the marketing activity, the environment in which the company is performing, etc. Implementing strategic planning at the level of the organization is therefore indispensable both in terms of its daily activities and its intended forthcoming ones. Strategic planning can turn out to be beneficial to organizations given its potential to bring about a cut down of the financial, material, and temporary resources.

Productive company decisions need to be underlain by a thorough analysis of its product portfolio. Based on this analysis and the implicit assessment, the company will be able to identify the features to keep and the ones to give up. In this context the analysis conducted at the level of the strategic activity units acquires a significant impact. The strategic unit could be a company division, a production line within a division, or - in some specific cases – it could refer to certain products or brands.

The planning activity at the level of the strategic units aims to identify the strengths of any company and to put them to good use in order to make the most of its competitive advantage. A well-known method for appraising strategic units is the BCG method of the Boston Consulting Group which looks at the market growth rate and the relative market share. This type of analysis highlights the following types of products: star products (they go hand in hand with a low market growth and a high market share), dilemmas (with a quick market growth but a low relative market share), milk-cows (with a low market growth rate and a high relative market share) and dogs (with a relatively low market growth and a low relative market share) (Armstrong, Kotler, 2006, p. 41).

The activity of strategic planning relies on the organizational plan which provides comprehensive information on the organization's current development. This plan outlines the day-to-day situation of the respective company, the financial goals that need to be achieved, the estimated revenues, as well as the specific programs that the company is to implement in order

to meet its intended goals. In most cases an organization's strategic plan is meant to answer the following questions (Proctor, 2008, p. 301):

- Where is the organization now?
 - Where does it plan to get?
 - How can the organization best use its resources so as to meet its intended goals?
- Considering the above, the present article will focus on the analysis of practical ways

to implement organizational strategic planning and will then illustrate the role of strategic planning and the stages in which companies are advised to implement the concept.

Degree of European funds absorption at the level of the Regional Operational Programme – The development region Bucharest – Ilfov

By September 2015 – that is the programming interval plus two years – the Regional Operational Programme had attracted 949 projects for the Bucharest – Ilfov development region. The projects requested a total amount of 4,853.3 million RON. 53.11% of the projects were rejected. The projects contracted amounted to 39, with an aggregated value of 2,354.2 million RON.

According to the report of September 2015, 126 projects had been submitted for the priority axis number 5 within the Bucharest-Ilfov development region. The number is quite low as compared to the number of projects submitted in the other development regions. The amount allocated to the priority axis number 5 was 263.84 million RON. The total projects submitted at the level of the Bucharest – Ilfov development region for the priority axis number 5 break down as follows: 84.13% focused on tourism promotion, 8.73% on enhancing the cultural heritage, with only 7.14% centered on the accommodation and entertainment sector. The funding requested for the submitted projects amounted to 935.6 million RON, with 561.9 million RON channeled to tourism promotion, 187 million RON earmarked for the cultural heritage and 186.7 million RON allocated to accommodation and entertainment.

Of the total projects submitted for the priority axis number 5 within the region, 46.03% were rejected, with a total amount of 209 million RON. No project focusing on the cultural heritage was turned down. The contracted projects amounted to 49.21% of the total submissions within the Bucharest – Ilfov development region for the priority axis number 5.

Of the 62 projects, the largest part focused on tourism promotion (83.87%), with cultural heritage enhancement and accommodation and entertainment accounting for 9.68% and 6.45%, respectively. The amount requested for the contracted projects reached 495.5 million RON, with the most significant part dedicated to tourism promotion (291.8 million RON) and cultural heritage enhancement (117.8 million RON).

The amount of 85.8 million RON was directed to accommodation and entertainment. As concerns its employment rate at the level of the priority axis number 5, the field of accommodation and entertainment scored highest, with 275.4%. In the field of tourism promotion, the employment rate was 872.3%, 94.9% in the field of accommodation and entertaining, and 161% as regards the cultural heritage.

Table 1

Employment rate of the European funds through the Regional Operational Programme at the level of the Bucharest – Ilfov development region.

Priority axis number 5

	Priority axis	Assigned value (FEDR + State budget)	Submitted projects		Rejected projects		Contracted projects		Employment Rate*
			No,	Required value	No,	Required value	No,	Required value	
Bucharest - Ilfov	Axis number 5 - Tourism	263,84	126	935,6	58	209,0	62	495,5	275,4 %
	5,1 Cultural heritage	116,17	11	187,03	2	0,0	6	117,8	161,0 %
	5,2 Accomodation and entertainment	96,31	9	186,7	5	95,3	4	85,8	94,9%
	5,3 Tourism promotion	51,37	106	561,9	51	113,8	52	291,8	872,3 %

Sursa: info regio.ro

As apparent in the table, in the Bucharest – Ilfov development region 6, respectively 4 projects were contracted in the major intervention fields 5.1 and 5.2. A breakdown reveals that the 6 projects focussing on the cultural heritage aimed the following: to consolidate, restore and conserve the Arch of Triumph; rehabilitate and consolidate the Mina Minovici Natl Museum; consolidate, restore and conserve the Cesianu Residence; consolidate, restore and conserve the “Vasile Urseanu” Astronomic Observatory; restore and turn to good account the St. Sofia Floreasca Church; and restore, consolidate and protect the monument of the Patriarchy Palace Bucharest. Four of the above projects were undertaken to the benefit of the Bucharest Municipality; one was for the St. Sofia Floreasca parochy; the last project was conducted to the benefit of the Romanian Patriarchy. In the intervention field 5.2 there were four projects that were contracted and which focussed, respectively, on the extension of the Criss Hotel in Bucharest, the West Gate Club entertainment centre, the layout of the tourist circuit on the Floreasca and the Tei lakes, and the landscaping of the Tei-Plimbuita entertainment park (regioadrbi.ro).

As the above points out, the Bucharest-Ilfov development region attracted a relatively low number of projects through the Regional Operational Programme, although their overall value was relatively high. The projects with a tourist focus that were implemented were intended to enhance the cultural heritage, the housing and entertainment units as well as the

promotional activity. The next section looks at the absorption rate of the European funds through the Regional Operational Programme at the level of the Centre development region.

Absorption rate of the European funds through the Regional Operational Programme at the level of the Centre development region

By January 2016, 1,192 projects were submitted in the Centre development region including the counties Alba, Brasov, Covasna, Harghita, Mures and Sibiu. 41.19% of the projects were contracted and 76 projects were placed on the waiting list. The projects that were completed amounted to 335 and they enjoyed a consolidated budget of 327.85 million Euro. The absorption rate at the moment was 70.27%, while the completion rate of the projects was 68.23%. The concentration (???) rate was as high as 123.15% (ardcentru.ro).

Considering the manner in which the activities were conducted in the Centre development region, ADR (Agency for Regional Development) undertook a quantitative study which was meant to identify the degree of awareness and satisfaction of the target groups involved in the 2007-2013 implementation process of the Regional Operational Programme at the level of the Centre region (ADR Centru, 2011). The quantitative survey focussed on the staff of the Intermediary Body Centre Agency for Regional Development, the applicants for funding, the beneficiaries, natural persons, as well as the mass media. The study revealed that all the target groups interviewed had received extensive information on the projects that were being conducted through the Regional Operational Programme and on the goals the projects envisaged. As expected, the people directly connected to the projects were significantly more informed.

The project beneficiaries stated that adjustments need to be made to the intervention fields so as to facilitate the clear detailing of the expenses and the outline of the procedures to be implemented throughout the assessment and the implementation period. As to the reasons that determined the beneficiaries to turn down the signing of such projects, most of them held a range of reasons to be responsible for their decision. The reasons included the economic crisis (73.3%), changes in the legal framework (20%), or delays in the contracting process (20%). As concerns the procedures that could be employed in order to increase the absorption rate at the level of this regional operational programme, most of the interviewees recommended the streamlining of the implementation procedure, the cut-down of the bureaucracy, and transparent conditions and claims that the applicants need to meet. Some of the participants in the study highlighted that the co-funding percentage needs to become lower and that the 30% personal contribution to the pre-funding should be resumed.

Tourism plays a major role in the activity conducted in the Centre development region. It is tourism that accounts for the high number of visitors to this region. As a result, in 2011 the Centre Regional Development Agency carried out a study meant to identify the tourist drive that could contribute to tourist development in the region. The tourists mentioned as goals in visiting the region: rest, relaxation, adventure, connection to nature.

The study points out the main forms of tourism that have the potential to develop in this region: mountain tourism, spa tourism, cultural tourism and the rural one. As a result, the investments made in the region should focus mostly on these forms of tourism. In addition to outlining the most effective approach to developing the region under analysis, the study also provides comprehensive information on the natural and man-made potential of the area. Given the tourist potential of the Centre development region we are now going to survey the manner in which investments were made in the priority axis number 5 dedicated to investments in the tourist field.

The Centre development region attracted the highest number of projects relevant to the priority axis number 5, that is 5,279 projects amounting to 326.05 million RON. Out of the 5,279 projects, 56.99% focused on tourism promotion, 31.18% on improving the accommodation and entertainment standards, and 11.83% on enhancing the cultural heritage. The projects submitted in the region under analysis in response to the priority axis number 5 requested funds worth 1,049.1 million RON. The largest amount was intended for the field of accommodation and entertainment (525.7 million RON), with the cultural heritage ranking second (417.2 million RON) and tourism promotion third (106.2 million RON).

51.25% of the projects submitted in this region for the priority axis number 5 were rejected, with a total requested amount of 509.9 million RON. As concerns contracted projects, despite the highest number of submissions country-wise, only 53.84% of them were contracted. As a result, in the Centre region the priority axis number 5 yielded a number of contracted projects equal to the number in the Muntenia South region, but lower than the one in the NorthEast region.

The largest part of the contracted projects (69.81%) centred on tourism promotion, 23.85% on the housing and entertainment sector, with only a tiny fraction focussing on the enhancing of the cultural heritage. The requested amount reached 349.5 million RON: the most significant part of it (176.5 million RON) was geared towards upgrading the housing and entertainment standards, 124.4 million RON were earmarked for enhancing the cultural heritage and 48.6 million RON for tourism promotion.

In terms of the employment rate, axis 5 yielded 165.4%. In terms of the intervention domains the percentages resulting were 280.1% as concerns the 5.1 intervention domain (cultural heritage), 116.4% with the 5.2 domain (accommodation and entertainment), and 94% with the 5.3 intervention domain (tourism promotion).

Table 2

Employment rate of the European funds through the Regional Operational Programme in the Centre development region. Priority axis number 5

	Priority axis	Assigned value (FEDR + State budget)	Submitted projects		Rejected projects		Contracted projects		Employment rate*
			No	Required value	No	Required value	No	Required value	
Centre	AXIS 5 - Tourism	326,05	279	1049,1	143	509,9	106	349,5	165,4%
	5,1 – Cultural heritage	106,26	33	417,2	12	119,5	7	124,4	280,1%
	5,2 – Accommodation and entertainment	156,58	87	525,7	62	343,5	25	176,5	116,4%
	5,3 – Tourism promotion	63,21	159	106,3	69	46,8	74	48,6	94,0%

According to the data issued in January 2016, the major intervention domain 5.1 attracted 33 submitted projects, out of which 8 were contracted and 5 were completed. The contracting rate reached 126.67%, the completion rate 62.50% and the absorption rate 78.24%.

The major intervention domain 5.2 shows a different picture: out of the 87 projects submitted, 27 were contracted, 14 were completed, and the total amount spent amounted to 23.23 million Euro. The contracting rate reached 111.41%, the completion rate 51.85% and the absorption rate 65.65%.

The projects contracted at the level of the priority axis number 5 were meant to fulfill the following goals (adrcentru.ro):

- *At the level of the priority axis number 5.1:* rehabilitation of four fortresses part of the national heritage located in Alba Iulia, Rupea, TarguMures and Medias; restoration and inclusion into the tourist circuit of 18 fortified churches in the following counties: Alba, Brasov, Sibiu, and Mures; rehabilitation of an evangelical church in Sibiu; a comprehensive upgrade of the Museum of the Traditional Folk Civilization in DumbravaSibiului; rehabilitation of the historic centre of Agnita. These projects implemented at the level of the priority axis number 5 for the major intervention domain 5.1 brought about 123 new jobs.

- *At the level of the priority axis number 5.2:* rehabilitation of four spa resorts, namely Sugas Bai, Harghita Bai, Biborteni-Baraolt and Borsec; the upgrade of 10 housing units; building 3 Mountain Rescue centres and rehabilitation of the centre in Harghita county; Building 13 entertainment units; building a ski-run in Jina, Sibiu county; landscaping 4 parks in Alba Iulia, Sovata (Mures county), and near Rasnov.

These projects conducted at the level of the major intervention domain 5.2 brought about 424 new employment opportunities.

As apparent from the above data, the Centre development region attracted a relatively high number of projects which contributed to boosting the tourist activity in the area, as well as

to enhancing the local social activity through the additional employment opportunities the projects made available.

Conclusions

The setting up of the European Union and its subsequent development have brought about changes to the member states. The legal provisions imposed across the EU together with the financial ones have significantly impacted the policies pursued by the member states. As a result, the member states have been focussing on capitalizing on their strengths and strengthening their weak areas. Moreover, the new vision at European level afforded the member states the opportunity to engage internationally so as to highlight their potential.

From the tourism perspective, the accession to the European Union offered the member states a range of facilities which made it significantly easier for their citizens to travel inside this macro-region and to save time. In addition to these benefits, the EU made available to the member states a series of non-refundable financial resources that are helpful in solving tourism-related problems. These resources are accessed through projects written by the beneficiaries and evaluated by a commission with authority in this field.

In our study we have focused on the allocation of European funds to the tourism industry over 2007 – 2013 at the level of two development regions. Our study reveals that most of the projects submitted in the Centre region and in the Bucharest-Ilfov region dealt with tourism promotion. Our analysis points out the prevalence of the projects focussing on housing and entertainment in the Centre region, while in the Bucharest -Ilfov region the projects submitted centred on the priority axis supporting the cultural heritage. In light of the above, we recommend that the forthcoming activities in the field should have a solid marketing grounding, so as to allow the principles of marketing planning to underlie them more effectively at the level of the development regions, with the goal of increasing their efficiency in comparison to the previous results.

The results obtained following this research is of particular importance in the field of accessing European funds in tourism and can be considered a starting point for conducting in-depth studies to be carried out in the future.

References

- Ansoff, H. I. McDonnell, E. J. (1990). *Implanting strategic management*. Englewood Cliffs : Prentice Hall;
- Armstrong, G. Kotler, Ph. (2006). *Marketing: an introduction*. Upper Saddle River: Pearson/Prentice Hall;
- Dumitru, I.(2004). *Marketing strategic, o abordare in perspectiva globalizarii*. Bucharest: Uranus;
- Jain, S. C. Haley, G. T. Voola, R. Wickham, M. (2012). *Marketing: Planning and Strategy*. Australia: Cengage Learning;
- Gilligan, C. Wilson, R. M. S. (2003). *Strategic marketing planning*. Amsterdam: ButterworthHeinemann;
- McDonald, M. (1998). *Marketing strategic*. Bucharest: Codecs;
- Proctor, T. (2008). *Strategic marketing : an introduction*. London : Routledge;