

## OPINIONS AND ATTITUDES OF THE ENTITIES IN THE COUNTY OF CLUJ WITH REFERENCE TO THE SOCIAL INSURANCES AND PROTECTION - CASE STUDY

**Costisor (Megyeri) Maria**

*Babes-Bolyai University of Cluj-Napoca,  
The Faculty of Economic Sciences and Business Management*

**Abstract.** *An important issue that the economic entities are coping with is the immediate effect on the understanding, and, in the first place, on the firm's incomes, which are triggered by the judicial regulations and the social welfare policies. It is consider that the economic entities evaluate the effects of the social welfare systems in accordance with the amount of the contributions' report with the social welfare related to the total of expenses. We expect that the evaluation of the effects of the current social protection system should be directly proportional to the amount of the ratio contributions expenses. Also, we expect that the evaluation of th economic entities with regard to the effects of the social protection systems should be reversely proportional to the size of the economic entity (quantified though the number of employees and the sales figure) and should not be different as to the main undertaking object of the economic entities.*

**Keywords:** social welfare, social contributions, burden of taxes, financial incentive, economic evasion

### INTRODUCTION

The current study has been designed to evaluate the opinions, attitudes and behaviours of firms with reference to the issues related to the judicial framework which settles the social protection in Romania, the financial effect of the employer's obligations regarding the social welfare, the amount of the contributions with the social insurances as against the total amount of the firm's expenses. It therefore resorted to tackle an analysis with mathematical-statistical character of a quantitative type, in order to collect data using the questionnaire as a research tool. In order to achieve a highly efficient study, it was considered undertaking a statistical research performed within economic entities in the county of Cluj, with a view to gathering certain data that would emphasize the level of knowledge and the manner in which the social welfare operates.

#### **The effects of the social insurance and protection system**

The negative or positive attitudes of economic entities regarding the judicial regulations and the insurance fund unit are determined by the immediate effect upon the economic understanding and, in the first place, upon the firm's incomes, which these regulations and policies trigger. Thus, as a result of data analysis, it was obtained the following results: the contribution percentage to the social welfare of an economic entity varies from 0.67% up to 5% of the total amount of the entity's expenses. With an average of 15.73 and a standard deviation of 12.363, one may assert that in Romania, for the majority of economic entities, the social insurance

contributions are predominantly placed in the bottom limit of the total expenses.

Practically, 50.7% of the total of the responding population (economic entities) is situated within 0.67%-10% social security of the total expenses (Table 1). This percentage of 10% is the most frequently mentioned value within the sample, being followed by the values of 20% and 30% of the total expenses.

**Table1**  
**What percentage do the social security contributions with the firm's total expenses represent?**

The declared contribution percentage*	Percentage	Cumulative Percentage
0.67	1.3	1.3
10.00	15.3	50.7
20.00	10.7	73.3
30.00	12.7	91.3
35.00	3.3	94.7
40.00	1.3	96.0
50.00	4.0	100.0

\*Remark: In the chart I have only mentioned the relevant percentages and haven't put down all the registered frequencies. Between the values 0,67%-10% there is an increased degree of variance, mention being made of a wide range of values but which are all situated in this interval.

These percentages are the ones mentioned by the economic entity, within the questionnaire being a question with an open answer, without us providing answer variants or asking them to place themselves on a certain range. We have to specify that the two statistical indicators that have been mentioned (the average and the standard deviation) depend on the size of the sample, that is on a different type of sample and an increased number of respondents, these data might be different. Nevertheless, the big number of entities which are distributed within the range 0, 67%-10% allows us to appreciate that results are also related to the entire population of economic entities.

Another means to quantify the effects felt by the economic entities is evaluated through the question: What does the amount of expenses for the social security represent for the entity? The answers are: burden of taxes, financial incentive, financial facility etc. Through this question we do not only aim at pointing out the effects that social expenses' policies trigger, but it is also an evaluation indicator of the state of satisfaction towards these policies.

Out of the analysed data there results an increased degree of homogeneousness of entities (emphasized also by: statistical indicators, means, minimum, maximum=1), thus, according to the evaluation, 96% (a number of 144 entities) consider the insurance contribution as financial burden, 1.3% as financial incentive and a percentage of 2.4% have answered another evaluation that the one mentioned in the questionnaire (Table 2). These different evaluations refer to the employees' security, the employers considering it as a justified expense and a support for employees. Just like the above-mentioned evaluation factors, this one has a negative connotation as to the social security system and highlights the different values between this evaluation and the previous one, related to the ratio

social contributions- total expenses, providing that such as increased percentage of negative evaluation (96%) does not justify the relatively reduced ratio of the above-mentioned total expenses, only in case of massive fiscal evasion existence.

Table 2

**What does the amount of social insurance expenses represent for the entity?**

	Frequency	Percentage
Burden of taxes	144	96.0
Financial incentive	2	1.3
Others	4	2.7
Total	150	100.0
Indicators		
Means	1	
Minimum	1	
Maximum	1	

The third indicator used within the research to evaluate the effects of the employer's obligations towards social protection has been quantified through the question: Which is the financial effect as a result of the employer's obligations concerning the social security? The answer variants were: social security budgetary gap, collecting incomes for de social insurance budgets, illicit work, black economy, respecting the employer's obligations.

Table 3

**Which is the financial effect as a results of the employer's obligations concerning social security?**

	Frecquency	Percentage
Social security budget scarcity	6	4.0
Collection of incomes for the insurance budgets	30	20.0
Illicit work	84	56.0
Underground economy	16	10.7
Respecting employer's obligations	14	9.3
TOTAL	150	100.0

For each of the answer variants, the questioned subjects have provided scores from 1 to 5 according to the importance they attributed to each of them. In order to make a comparative analysis, I took as a starting point the extreme values (very important, not at all important) for each of the answer variants.

The resulted data are extremely interesting and acknowledge and complete the previous assessments. Thus, for employers it is irrelevant whether through these contributions there comes out social insurance fund scarcity (4% consider it as very important, respectively 28.7%-absolutely unimportant), a certain tendency of positive attitude of the employers is manifest towards collecting incomes for the insurance budget, but not to a great extent, 20% of the respondents consider as important the collection of incomes and only 10% consider it as unimportant. For employers, the existence of the insurance, in spite of the fact that budget scarcity is not important, they think the most relevant effect of the current contributions and obligations is the existence of the illicit work (56%-very important), followed by the

underground economy with a percentage of 10.7%-very important and only 16.7%-totally unimportant (Table 3 and 4).

**Table 4**

**Which is the financial effect as a result of the employer's obligations concerning social security?**

	Frecquency	Percentage
Social security budget scarcity	43	28.7
Collection of incomes for the insurance budgets	16	10.7
Illicit work	3	2.0
Underground economy	25	16.7
Respecting employer's obligations	63	42.0
TOTAL	150	100.0

The data presented in tables 3 and 4 describe a very polarizing issue in Romania, the existence of the fiscal evasion on a large scale, of illicit work and the lack of efficiency of the control and constraint means upon employers. The employees admit the importance of the financial effect of collecting taxes through these contribution policies, but at the same time, they describe as consequence of these social insurance policies, the increased degree of illicit work and underground economy, blended with lack of interest towards the compliance of the employer's obligations. The fact that 42% of the irrelevant the compliance of the employer's obligations and only 9% as being an important effect of the social contribution policies, lays special emphasis on the lack or inefficacy of the monitoring and limitation elements upon employers.

## CONCLUSIONS

All in all, out of the analysis of the gathered data, through which I intended to emphasize the concrete and direct effects that the current social contribution system exerts upon the economic entities, as they perceive it, we may mention the following general features:

- a relatively low percentage of the social contributions expenses with regard to the total expenses, as the economic entities have mentioned.
- The percentage average of the social security contributions with regard to the total expenses is 15,73%. 50% of the economic entities mentioned that they have a contribution percentage share within the range 0-10% of the entire amount of social welfare expenses.
- The negative effect of social security policies upon the employer, through an increased degree of illicit work, underground economy and the failure to respect the avoidance of employers blended with a shortage of the social insurance budget and a low positive percentage as to collecting the state insurance budget incomes/taxes.
- The social welfare expenses system is perceived mainly as a fiscal burden by the economic entities.