

Assignment 06

Name	Simona Croitoru
Career field	Entrepreneur in horeca domain
Country	Romania
ESG Topic	1. Climate change and carbon emissions

You may continue with the assigned topic in Assignment 05 or choose another one. The topic you select for Assignment 06 is your ESG Topic for your capstone project. For a range of topic possibilities, see Week_06_Hayek-Ferrarini_PPT (2013: Slide 36).

Instructions:

1. Describe the health of the macroeconomy of country in which you will present the ethical or moral dilemma of choice. Minimally include the macro indicators discussed in the Week 06 meeting. Provide additional indicators that can give insight into why addressing your capstone dilemma is critical and highlight that by ignoring risks future growth and prosperity of the residents of your country.
2. Present your ESG dilemma and its key considerations, including a description of how success or failure is systematically measured, and progress is determined.
3. Use critical reasoning to provide extreme solutions pursuing solutions that are (a) determined by government, (b) guided by the “invisible hands” of markets and price signals, and (c) led corporations seeking to satisfy shareholders at the same time as stakeholders.
4. Discuss the advantages and disadvantages of each approach and include opportunity costs.
5. Take an informed stance with a rationale.
6. Provide proper citations. In addition to your assigned textbooks, you may find the following useful.
 - a. [The Economist](#), 2022. “Africa will remain poor unless it uses more energy.” (I am having trouble tracking this down. Let me know through Moodle messages if anyone can help.)
 - b. Buttonwood: The tenacity of ESG. (2022, Nov 19). *The Economist*, 445, 74. Retrieved from <https://www.proquest.com/magazines/buttonwood-tenacity-esg/docview/2737740446/se-2>
 - c. Globerman, S. (2022, November 22). *Friedman and his ESG critics (ESG: Myths and realities)*. Fraser Institute. <https://www.fraserinstitute.org/studies/friedman-and-his-esg-critics-esg-myths-and-realities>
 - d. Refurbishing the boardroom. (2023, Feb 25). *The Economist*, 446, 67-68. Retrieved from <https://www.proquest.com/magazines/refurbishing-boardroom/docview/2779944732/se-2>

Sources

1. <https://www.trade.gov/country-commercial-guides/romania-market-overview#:~:text=The%20economy%20of%20Romania%20is,adjusted%20by%20purchasing%20power%20parity>
2. [https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20\(18%25\).&text=in%2013%20Months%2C,Romania%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25](https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20(18%25).&text=in%2013%20Months%2C,Romania%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25).
3. <https://www.worldbank.org/en/country/romania/overview#1>
4. <https://www.worldbank.org/en/country/romania/publication/romania-catching-up-regions>
- 5.

Title – Sustainable urban mobility in Bucharest

Romania is a European Union member state located in the south-eastern part of Europe. Romania is positioned in the vicinity of several large markets, including the European Union, the CIS states and the Middle East and is also home to a third of the Danube as well as of the largest and deepest harbor at the Black Sea (Constanta).

Romanian GDP increased by 6.5 year-on-year percent in the first quarter of 2022, accelerating from 2.4 percent growth the previous quarter. According to a preliminary estimate, it was the fourth consecutive quarter of GDP growth.

After a revised 1% expansion in the fourth quarter of 2021, the economy grew by 5.2 percent on a seasonally adjusted quarterly basis, the highest level since the fourth quarter of 2020.

In April 2022, Romania's annual inflation rate increased to 13.76 percent, up from 10.15 percent the previous month. This was the highest reading since February 2004, as food costs continued to rise, reaching their highest level since December 2003. (13.54 percent vs 11.2 percent in March). The expense of both services (7.11 percent vs. 6.50 percent) and non-food products added to the rising pressure (16.35 vs 10.90 percent). Consumer prices rose 3.74 percent on a monthly basis in April, the biggest since July 2000, following a 1.9 percent increase in March. The inflation prediction for the end of 2022 has been reduced from 12.5 percent to 4.1 percent.¹

Romania's annual inflation rate slowed to a 13-month low of 11.23% in April 2023 from 14.53% in the previous month, slightly below market forecasts of 11.5%. Prices advanced at a slower pace for all main components: food products (19.84% vs 21.56% in March), non-food products (5.83% vs 11.06%) and services (10.64% vs 10.83%). On a monthly basis, consumer prices rose 0.75%, easing from a 1.01% increase in March.²

Romania has made impressive strides in raising its economic performance and prosperity over the past two decades. However, the COVID-19 pandemic and Russia's invasion of Ukraine have tested the resilience of the Romanian economy and exacerbated its structural vulnerabilities, especially in terms of poverty and disparities in economic opportunity, persistently large gender gaps in labor force participation and employment, widening fiscal and current account deficits, and significant institutional constraints hindering the efficient use of resources.

Romania's economic growth was robust in 2022 at 4.8 percent, driven by strong private consumption and a pick-up in investment. Economic prospects are moderated by the spillovers from the war in Ukraine, and risks are tilted to the downside. Poverty reduction is expected to slow down as a result of inflationary pressures, mainly from food and energy, though some of the impact is mitigated by government support measures.³

Romania's seasonally adjusted unemployment reached 5.4% in March 2023, from 5.5% in the previous month, and pointing to its lowest level since September 2021. The number of unemployed dropped by

Sources

1. <https://www.trade.gov/country-commercial-guides/romania-market-overview#:~:text=The%20economy%20of%20Romania%20is,adjusted%20by%20purchasing%20power%20parity>
2. [https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20\(18%25\).&text=in%2013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25.](https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20(18%25).&text=in%2013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25.)
3. <https://www.worldbank.org/en/country/romania/overview#1>
4. <https://www.worldbank.org/en/country/romania/publication/romania-catching-up-regions>
- 5.

6.2 thousand from a month earlier to 453.1 thousand. Among genders, the jobless rate for men marginally increased (5.8% vs 5.7% in February), while that for women decreased (5% vs 5.3%).

Bucharest (the capital and Romania's largest city) has been the top FDI destination in the country for more than a decade. There is interest for other regions, particularly the Western part of Romania, with cities such as Cluj-Napoca, Timisoara and Oradea attracting a substantial amount of investment.

Romania is a market with vast potential and a strategic location, though with a challenging business climate.

The most attractive Romanian cities are faced with the big issue of the **highly congested traffic**.

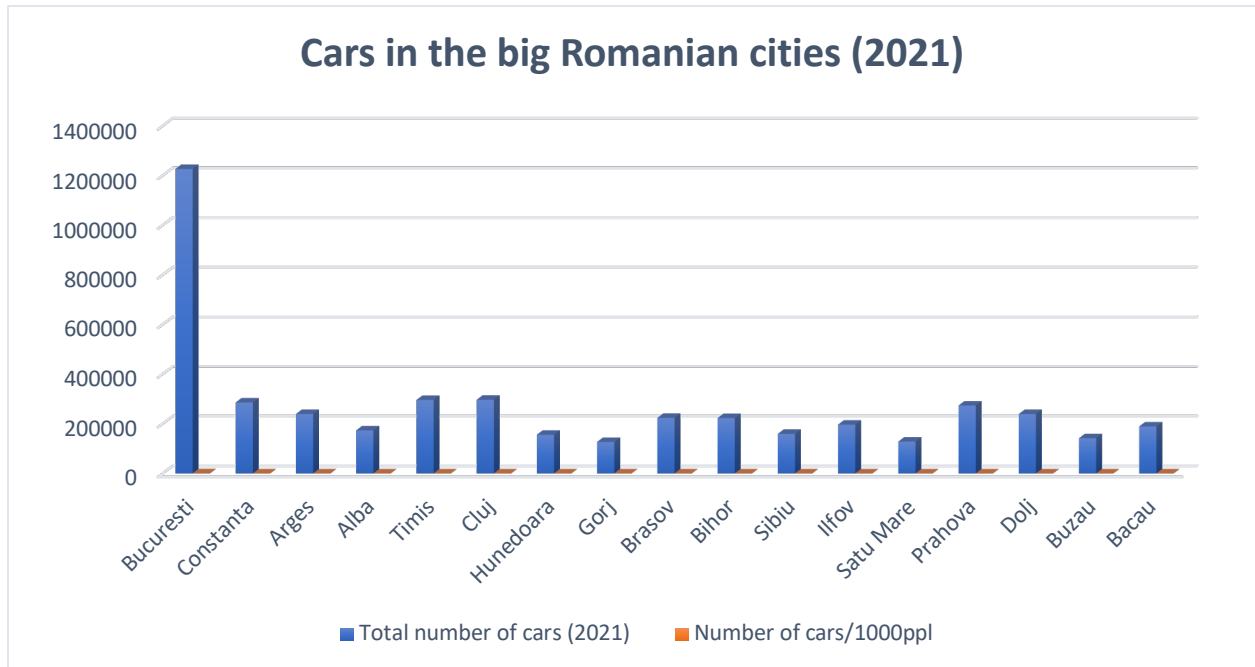
The demographic and economic growth of Bucharest, Cluj-Napoca or Timișoara is impacted by the fact that people spend daily many hours stuck in traffic. These are the cities where most Romanians would like to move to (according to the World Bank survey). The street network of these cities was designed at a time when cars were in much lower numbers than in the present, when a personal motor vehicle, besides its practical usefulness, is also a status symbol that Romanians would hardly part with. In addition, the taxation of used car imports made the number of cars increase exponentially after the EU accession, while their age is the highest on the continent. Thus, besides the crowding, the level of NOx emitted by cars reached alarming levels, with the cities of Bucharest, Brașov and Iași being already subject to infringement procedures by the European Commission.

The solution to overcome this problem is that adopted by large Western European cities since as early as the '70s or the '80s, namely to take measures to curb motor traffic and promote public transport use, biking, walking, electric two wheels. Progressively, people gave up driving in favor of public transport, which is quicker, more efficient and less expensive. The city halls of all Romanian county capitals, with the support of the European Commission, EBRD and MDRAP, prepared sustainable urban mobility plans for the 2030 horizon, which should address most of the traffic issues. Sadly, the European funds allocated for their implementation are insufficient, as they are not complemented with governmental funds. Thus, when left to authorities with generally modest revenues, these large scale investments (from ring roads and parking lots to pedestrian areas, shared spaces, dedicated bus lanes and bus stations with information screens or new tram lines) are at risk of remaining only on paper. The situation is even more complicated as far as the metropolitan public transport is concerned, which is functional just in few cities, and even then solely in the localities attached to the respective urban centre.

Another problem that is easier to fix and mostly within the reach of mayors is that of parking lots. Few city halls in the country have had the courage to implement consistent policies in this field, by measures such as setting parking areas and progressive parking fees, enforcing towing rules, removing garages around blocks of flats, building park&ride facilities, implementing easy payment solutions for drivers. However, in most cases, these measures were delayed due to fears of disapproval among the population.⁴

Sources

1. <https://www.trade.gov/country-commercial-guides/romania-market-overview#:~:text=The%20economy%20of%20Romania%20is,adjusted%20by%20purchasing%20power%20parity>
2. [https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20\(18%25\).&text=in%2013%20Months%2C%20Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25](https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20(18%25).&text=in%2013%20Months%2C%20Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25)
3. <https://www.worldbank.org/en/country/romania/overview#1>
4. <https://www.worldbank.org/en/country/romania/publication/romania-catching-up-regions>
- 5.



Source: <https://www.analizeeconomice.ro/2022/02/topul-judetelor-dupa-numarul-de.html>

Note: This paper is work in progress, more information and data will be added for the next submissions.

Sources

1. <https://www.trade.gov/country-commercial-guides/romania-market-overview#:~:text=The%20economy%20of%20Romania%20is,adjusted%20by%20purchasing%20power%20parity>
2. [https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20\(18%25\).&text=in%202013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%202013%20month%20low,below%20market%20forecasts%20of%2011.5%25.](https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20(18%25).&text=in%202013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%202013%20month%20low,below%20market%20forecasts%20of%2011.5%25.)
3. <https://www.worldbank.org/en/country/romania/overview#1>
4. <https://www.worldbank.org/en/country/romania/publication/romania-catching-up-regions>
- 5.

Assignment 05

Name _____

Career field _____

Country _____

Instructions: Use critical thinking, data, and academic articles to present two extreme solutions to addressing your assigned issue. One solution should be a market response, and the other should be the government response. Identify the advantages and disadvantages of each approach. Conclude with an informed stance, and provide a full list of properly cited sources. (Use your favorite browser to find a citation machine. Use your industry's standards for proper citation format.)

Ethical Business Practices (Last names begin with A-D)

Managers might engage in unethical behavior such as bribery, corruption, or fraud, which can have severe negative impacts on stakeholders and society. This can be motivated by personal gain or pressure to meet financial targets, disregarding the long-term reputation and sustainability of the company.

Governance and Board Independence (Last names begin with F-M)

Managers may resist or manipulate efforts to improve governance practices, such as the composition of the board of directors or the establishment of independent oversight committees. This can hinder transparency, accountability, and effective decision-making within the company.

Stakeholder Engagement (Last names begin with N-Z)

Managers might fail to adequately consider and engage with stakeholders beyond shareholders, such as employees, customers, communities, and the environment. This can lead to decisions that prioritize short-term financial gains while ignoring the broader social and environmental impacts of the company's operations.

With the help of Commercial Society (2020), do the following in your assigned area.

1. Analyze the role of trust, agency, and bystanders in a business situation connected to your assigned topic.
2. Evaluate the consequences of having or not having each concept in these situations, and identify strategies for promoting trust, empowering agency, and facilitating intervention on behalf of the bystander in your assigned situation.
3. Identify the advantages and disadvantages of the effectiveness associated with (i) government determined and (ii) market-based solutions. Next week, prepare to take the corporate possibilities.

Sources

1. <https://www.trade.gov/country-commercial-guides/romania-market-overview#:~:text=The%20economy%20of%20Romania%20is,adjusted%20by%20purchasing%20power%20parity>
2. [https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20\(18%25\).&text=in%2013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25](https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20(18%25).&text=in%2013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25)
3. <https://www.worldbank.org/en/country/romania/overview#1>
4. <https://www.worldbank.org/en/country/romania/publication/romania-catching-up-regions>
- 5.

4. Propose an integrated solution to promote trust, empower agency, and facilitate bystander intervention in a range of settings.

Sources

1. <https://www.trade.gov/country-commercial-guides/romania-market-overview#:~:text=The%20economy%20of%20Romania%20is,adjusted%20by%20purchasing%20power%20parity>
2. [https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20\(18%25\).&text=in%2013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25](https://tradingeconomics.com/romania/inflation-cpi#:~:text=In%20Romania%2C%20the%20main%20components,%2C%20and%20Services%20(18%25).&text=in%2013%20Months-,Romania's%20annual%20inflation%20rate%20slowed%20to%20a%2013%20month%20low,below%20market%20forecasts%20of%2011.5%25).
3. <https://www.worldbank.org/en/country/romania/overview#1>
4. <https://www.worldbank.org/en/country/romania/publication/romania-catching-up-regions>
- 5.