

BUDGET FUNDING VS. PRIVATE FUNDING FOR RESEARCH ACTIVITIES. CASE STUDY

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Abstract: Funding for research activities has always been insufficient and the results of this activity could not be fully transposed into a profit generating economic activity. Budget funding is usually allocated for scientific research, while private funding is specific for experimental research. Despite the emergence of the economic crisis in the second half of 2008, budget funding has been allocated for research activities, although their value has decreased. The economic impact on private funding for research activities is presented in the final part of the study.

Keywords: financing, budget, private sources, research activity, economic impact.

1. Introduction

Research activity has been present in human lives since the earliest times. As men wanted to satisfy all their needs and to keep improving their lives, they became increasingly curious about all that surrounded them. This curiosity pushed them towards a deeper knowledge of animals, vegetation, etc., and in time this knowledge became focused on specific fields and became scientific knowledge.

To increase their level of knowledge, humans had to enrich their information by tapping into all sources of knowledge, and for that they even had to produce new information, which were the foundation of other knowledge, etc. All these were the foundation of scientific research, a field which today is considered in some states one of the driving points of economy.

2. Research Methodology

For achieving the objectives of our study, we used elements of both qualitative and quantitative research. Document analysis is, eminently, the foundation of qualitative scientific approach and allowed us to explore the information on the methodology of funding the research. The case study presented in the paper and the processing of the data obtained from the content analysis of the documents allowed the interference of elements of qualitative and quantitative research. The validation of our scientific approach through the two research methods represents our vision concerning the methods and sources of financing for research activities.

If the case study encompasses all available data and with their help we examined one or more issued in a complete and organized fashion, including all their main aspects, the content analysis is a quantitative research technique which allows the classification of information and materials concerning the subject of the case study. [1]

3. Financing the research activity

Our study is based in the sources of financing for research in Romania. Therefore, after 1989, the research activity has always been underfinanced. Even when larger amounts of money have been awarded, budget revisions took this money away to be used in other fields.

Table 1 presents the situation of GDP allocation for research in 2006-2010, period for which we shall also analyze the financing for research at the Babeș Bolyai University in Cluj-Napoca, hereinafter called UBB.

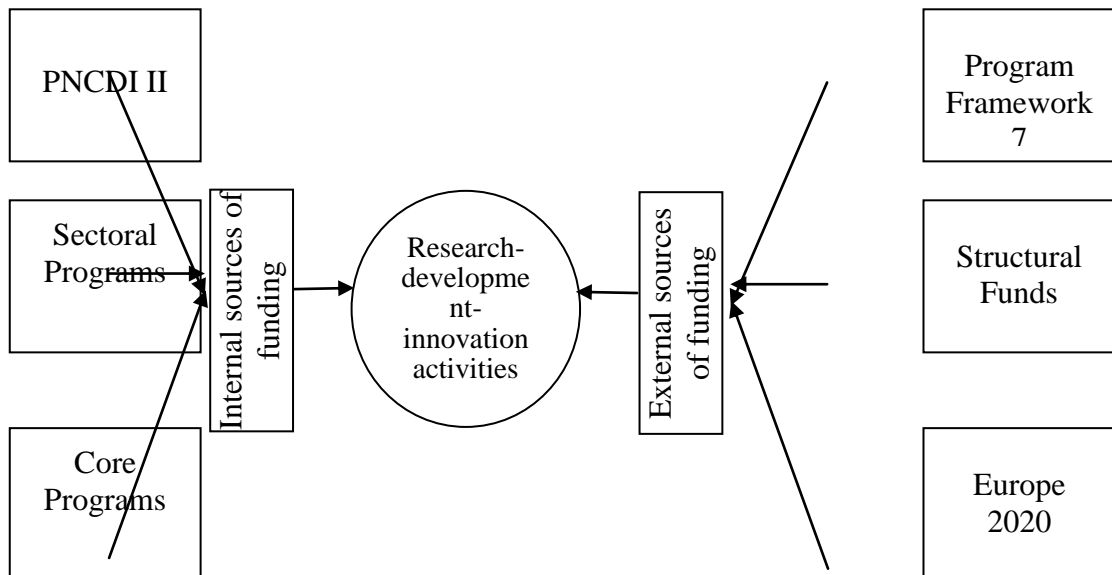
Table 1. Funds allocated for research in 2006-2010

Year	2006	2007	2008	2009	2010	2011
% GDP	0,46	0,52	0,5	0,4	0,4	0,4
Expenses (million lei)	1.11	1.62	2.3	1.6	1.5	1.5

(Source: Authors’ data processing from Romania’s Statistical Yearbook)

As mentioned before, the financing for research-developing activities is made by funds allocated from the state budget through programs. Thus, figure 1 exemplifies the current financing programs for Romania’s research activities, programs UBB used for financing.

Figure 1. Sources of budget financing for research activities

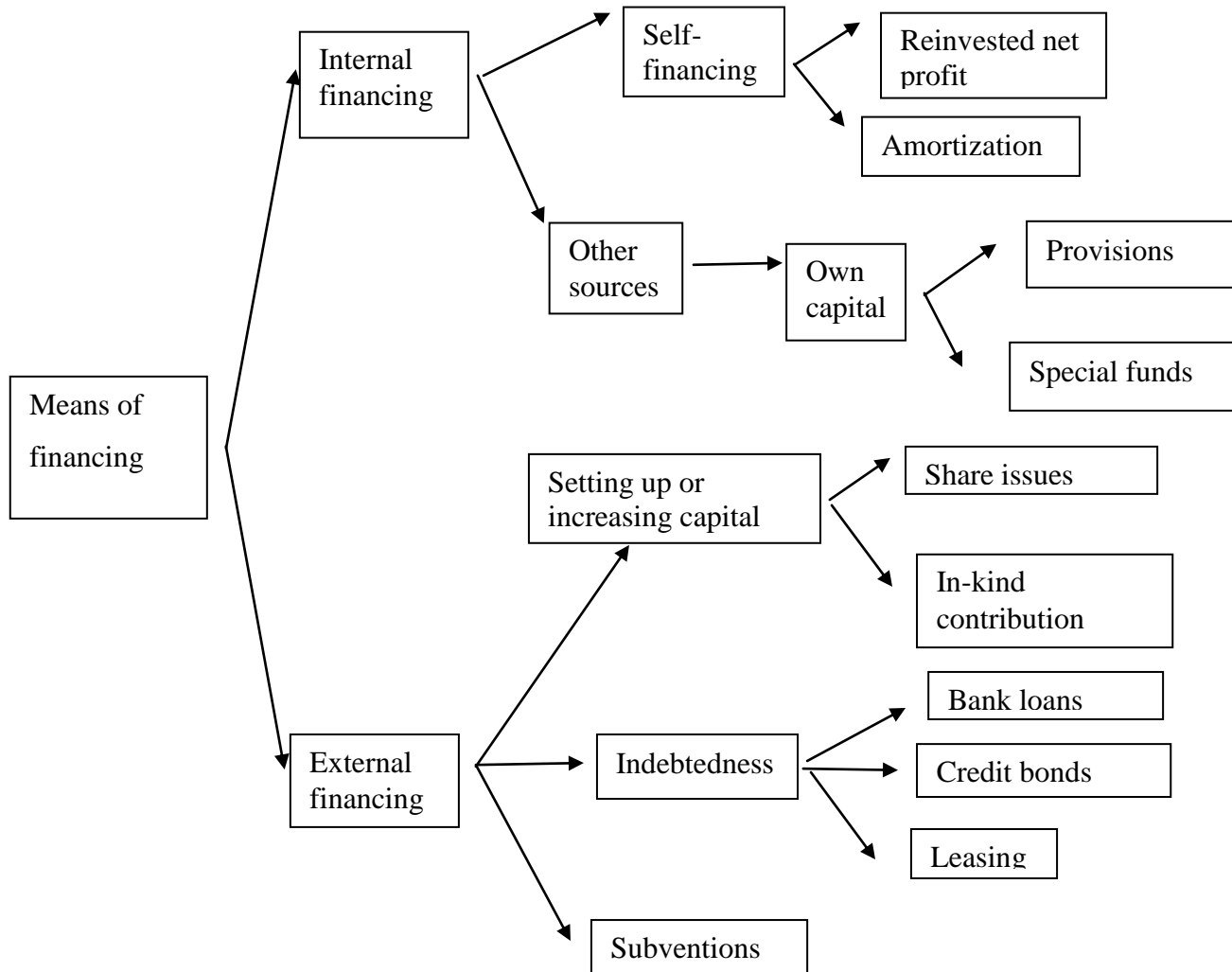


(Source: Authors’ data processing)

“Internal sources” represent the sources allocated from the Romanian Government while, “external sources” represent the sources outside Romania, from the European Union, basically sources of funding from Europe’s “Government”. [2]

Figure 2 synthesizes private sources of funding for research, which could be both internal or endogenous sources and external or exogenous sources:

Figure 2. Private sources of funding for research activities



(Source: Authors’ data processing)

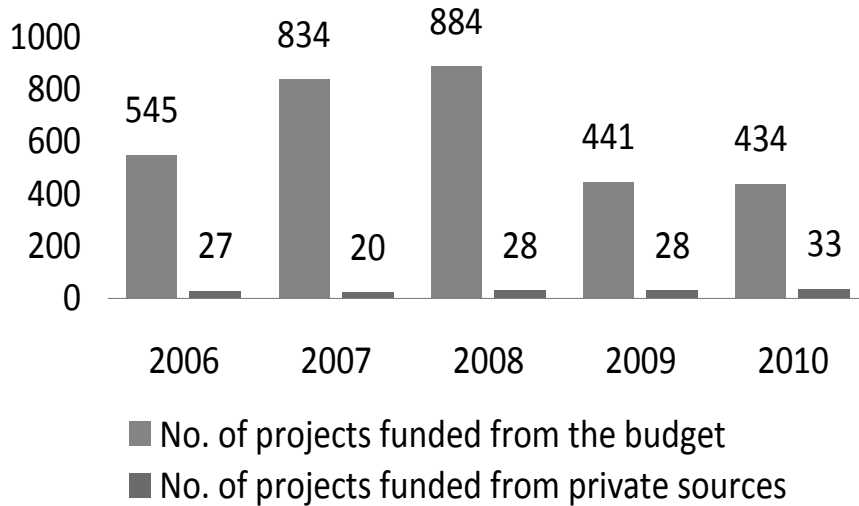
4. Case Study: Babeş Bolyai University in Cluj-Napoca

In the analyzed period, 2006-2010, UBB faculties have participated to research projects both as project holders and as partners.

This period has not been chosen randomly, as in the second half of 2008, the effects of the economic crisis have begun to affect Romania, as can be seen in the GDP allocations for research activities (table 1).

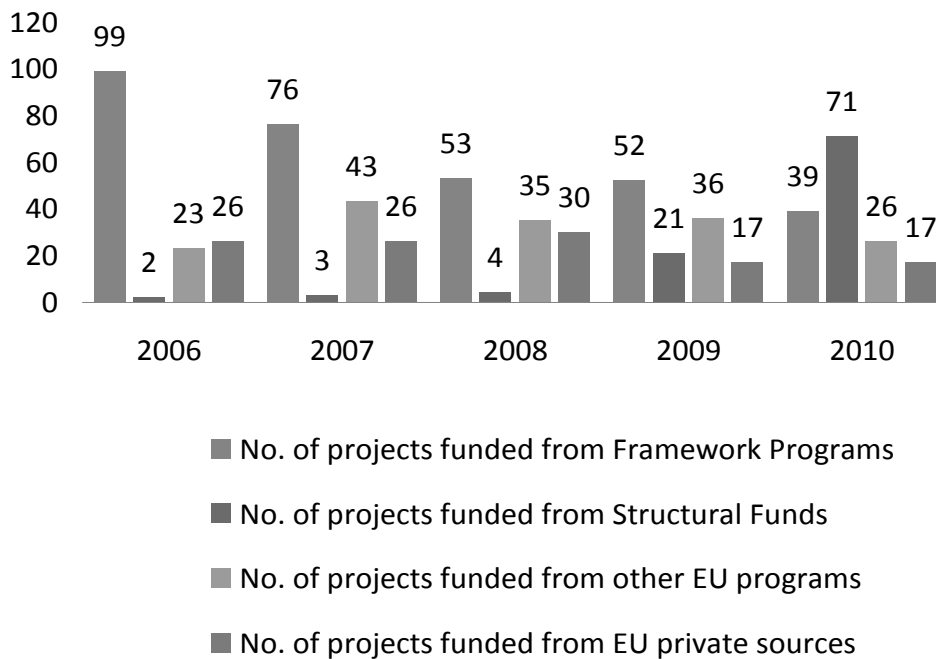
Budget funding for research activities has been done through CEEEX, PNCDI II programs, through sectoral programs and grants, as well as trough Structural Funds, Framework Programs 6 and 7 and other research programs funded by the European Union. All these can be found in figures 3 and 4.

Figure 3. The number of research programs funded from internal sources



(Source: Authors' data processing from www.chestionar.uefiscdi.ro)

Figure 4. The number of research programs funded from external sources



(Source: Authors' data processing from www.chestionar.uefiscdi.ro)

The value of the funding for research activities from all above mentioned sources is presented in table 2:

Table 2. The value of the funding for research in 2006-2010

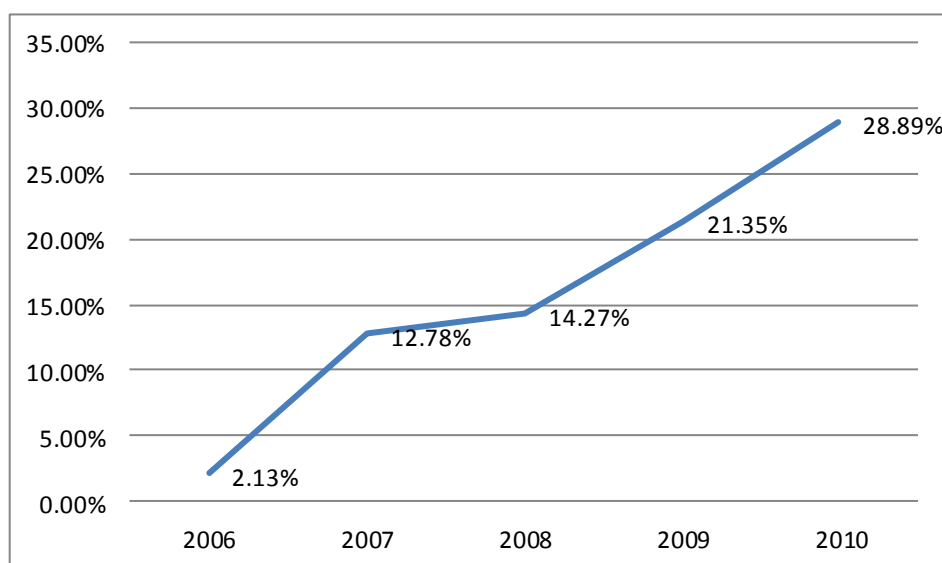
(thousand Lei)

Year	2006	2007	2008	2009	2010
Budged Funding	647	1.529	7.338	6.267	1.510
Funding from Structural Funds	0	0	.350	.182	6.480
Funding from Framework Programs	13	.670	.137	.708	.562
Private Funding	73	.013	.790	1.985	1.753
TOTAL	633	9.212	1.615	6.142	5.305

(Source: Authors' data processing from www.chestionar.uefiscdi.ro)

The share of private funding in the total value of funding is presented in figure 5:

Figure 5. The share of private funding in the total value of funding

(Source: Authors' data processing from www.chestionar.uefiscdi.ro)

We need to take note of the fact that, from year to year, the share of private funding for research activities has increased, leading us to believe that in time this share will rise to 50%, so that the funding for research activities will be mostly covered by the budget.

Private funding also has a strong impact on the members of research teams, as they have the opportunity to get in touch with the needs of the economy and to seek to focus on experimental research. We must not omit the fact that the implementation of the results from these research programs could generate an increase in work places, so they also have an important social effect.

Also, research projects with private EU economic entities highlight the appreciation Romanian specialists enjoy in the EU for their research activities and this can entail both the

return of Romanian specialists to our country and the migration of foreign specialists to Romania.

5. Conclusions

With the emergence of the global economic crisis in the second half of 2008, budget allocations for research funding fell, yet UBB managed to get over it and managed to fund their research activities both by accessing funds from European programs (Framework Programs, structural funds, other European funding programs), by concluding contracts with private EU entities and also by concluding contracts with Romanian private entities. [3]

Through research projects and contracts with Romanian economic institution they seek to finance experimental research and to implement its results into the economy in order to generate economical benefits which, in turn, can fund other research projects.

Budget funding is mostly used for scientific research, but this most not be considered to be concluded once the final results are obtained. They only seek, as a momentary achievement task, to complete the initial objectives of the research. These results can be used in an instantly applicative “practical” sense, or in a “theoretical” sense. In the latter situation, they will constitute the “premises” for future research e. [4]

Bibliographic references

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*** Romania’s Statistical Yearbook 2006

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