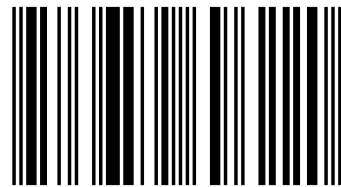


This book represents the second selection of the best management studies published in Romania between 2013 and 2014, realised by Romanian Scientific Management Society, where 41 professors from 9 universities contributed. The studies are focused on subjects of great interest based on theory and practice in the field of organisation management: methods and modern systems of management, selection and training managers, kaizen management, innovation management, quality management, risk management, management performance evaluation, professionalizing management and others.



Ovidiu NICOLESCU managerial personality nationally and internationally reputed, professor, researcher, publicist, manager. Constantin OPREAN professor, researcher, inventor, recognised nationally and internationally, ULBS President. Mihail TITU professor, researcher, inventor, recognised nationally and internationally, PATLIB Centre Sibiu Manager.



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Ovidiu Nicolescu (Ed.)
Constantin Oprean (Ed.)
Mihail Aurel Titu (Ed.)

The Best Romanian Management Studies 2013-2014

LAP **LAMBERT**
Academic Publishing

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ROMANIAN SCIENTIFIC MANAGEMENT SOCIETY

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The Best Romanian Management Studies 2013-2014

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Foreword

According to the tradition, Romanian Scientific Management Society (RSMS) – after publishing Management Dictionary (2011), four books of "Romanian Management Assessment" - 2010, 2011, 2012, 2013, (2014), "The Best Romanian Management Studies in 2011-2012" (2013), yearly scientific Management Works -1990, 2013 (2014) - has prepared a new volume "The Best Management Studies 2013-2014. This book represents a step ahead in the endeavours of the most elitist Romanian management organization – RSMS – to contribute to the development of the management in Romania.

The main objectives taken into consideration by RSMS editing this book are the followings:

- to select and publish the best Romanian studies achieved in Romania in the last two years, 2013 and 2014, mainly by RSMS members,
- to disseminate these studies in the international and national management literature,
- to accelerate the development of the management science art, education in Romania,
- to amplify the prestige of Romanian management and RSMS.

The 20 studies included in the book there are quite diversified, both as type of the organization - enterprises, branches or fields – and as nature of topics. Naturally, the majority of studies are focused on the company management – large or SME – dealing with very up-to-date problems – management professionalization, performance measurement, clusters, social organizations, management educational training, corporate social responsibilities a.s.o. Other set of studies refers to the management of the important branches of the society or economy – research-development, education, health or distribution. There are also studies dealing with the national management or Romanian management in the international context.

Some of the best management Romanian specialists have provided studies for this book. All local branches of RSMS have been involved in the achievement of the book – Cluj, Sibiu, Timișoara and Bucharest. There are 41 authors participating from 9 universities: Bucharest University of Economic Studies,

Lucian Blaga University of Sibiu, Babes-Bolyai University of Cluj, West University of Timișoara, University Valahia of Targoviste, Technical University of Cluj, Spiru Haret University of Brasov, Petrosani University and Constantin Brancoveanu University of Pitesti.

Of course, we do not pretend that these studies represent the best production of the the Romanian management research. The studies selection – as any selection – it is to a certain measure - subjective. In our opinion, is very important to have for, the second time, a set of good management studies elaborated in the main universities of Romania, where is achieved management research, in order to be disseminated in the international literature.

Without any doubt, this book despite the efforts of authors and coordinators could be improved in many ways. We expect the management specialists suggestions and comments, from Romania and other countries. They shall be useful in the next future, taking into account that, according to the RSMS strategy, at every two years the society will publish in an international publishing house a selection of the best Romanian studies.

We want to thank to the RSMS for the scientific and financial support in order to achieved the book and to the authors for their competent efforts and contributions.

Prof. Sc.D., Ovidiu NICOLESCU

President of Romanian Scientific Management Society

PROFESSIONALISATION OF THE BUSINESS MANAGEMENT IN ROMANIA

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Abstract

The paper is based on the 5 yearly evaluations of the Romanian management, using the extensive empirical research. We have formulated 9 directions of the management professionalisation : improving of the business ethics and developing corporate governance, enhancing professionalism of the Romanian managers, implementing by managers of the systemic management, focusing the management on the investment relaunch, increasing innovation in all national economy components, reducing bureaucracy in the public administration, development of the knowledge based management, using the management, training, mentoring and consulting at all levels of the economy.

Keywords: *management, business management, management professionalisation, manager, management system, management performance, knowledge based management.*

Jel Classification: L10, L60, L80.

1. Introduction

The management represents according to many specialists - starting with Peter Drucker (¹) - one of the most important vector of the economic growth.

The famous North-American economist Domar has demonstrated that the quality of the management has been the most important vector, which contributed during the years 1846-1957 to the becoming of USA the first world economic power.

The quality and the effectiveness of management are essential for each country.

Taken into consideration these elements **Romanian Scientific Management Society** has realized during the last five years an annual evaluation of the management practices in Romania^{3, 4, 5, 6, 8}. Analysis was carried out at three levels:

- national level,
- enterprise level
- management training and consulting providers level.

In order to have a realistic and comprehensive information in each year we have achieved two large empirical investigations using questionnaires:

- investigation at the enterprise level, interviewing each year more than 1500 managers and entrepreneurs who constitute a representative sample for Romanian companies.
- investigation at the level of management university professors, trainers and consultants, obtaining annually between 300 and 550 questionnaires which represent a representative sample for Romanian management services providers.

Based on these information and knowledge and using other analysis regarding the Romanian and European Union management and economy (^{7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18}) we have formulated a set of **recommendations** regarding what should be done in order to increase the degree of the national management professionalization and its impact on the economic growth of the national economy.

2. Improving of the business ethics and developing corporate governance

Corruption is in Romania, according to a report published by the European Union, a systemic problem, although certain progress was made in the past few years.

In order to diminish this phenomenon which have serious negative consequences for economic and social development, it is recommended that set up at national level of a "task force" from the representatives of the relevant political parties, social partners and civil society representatives, in order to develop and monitor the implementation of a national policy for economic

crime prevention, with an emphasis on corruption and promotion of ethical management.

An essential element should be the developing and improving of the ethics code for the politicians in order to eradicate and prevent the situations when many former high-ranking officials have been convicted of serious facts of white-collar crimes.

A particular attention should also be given to promote ethics across the enterprises, the most effective way, representing the implementation of the corporate governance. For this advocates and positions of Romania lagging behind in international hierarchy of the two ethics indicators - the efficacy of corporate boards and ethics conduct in business (see table no. 1) contained in Global Competitiveness Report 2012 - 2013 carried out by the World Bank. Romania ranks in these rankings position 118 at first indicator referred to and, respectively, 126 in the second indicator, from 144 countries analyzed.

With a view to substantial and rapid improvement in this respect it is recommended - as stated in the report of the Council of foreign investors to Romania² a set of measures, among which we mention: improving legal and management code of the state-run companies; redesigning public procurement of goods and services, based on corporate governance; developing a close cooperation between the government and the private sector, in order to maintain high standards of integrity, and in particular in the management of contracts and the VAT; designing a system of incentives for businesses, by encouraging them to report internal incidents of corruption.

Table 1. Indicators of ethic for European Union countries

No.	Corporate boards effectiveness		Business ethics conduct	
	Country	Place	Place	Country
1	Sweden	6	2	Finland
2	Finland	9	4	Denmark
3	Netherlands	10	6	Netherlands
4	Denmark	12	8	Sweden
5	Great Britain	15	10	Luxembourg
6	Luxembourg	16	12	Great Britain
7	Germany	17	14	Germany
8	Austria	18	18	Austria

No.	Corporate boards effectiveness		Business ethics conduct	
	Country	Place	Place	Country
9	Belgium	20	20	Belgium
10	France	21	21	Ireland
11	Lithuania	34	23	France
12	Ireland	40	31	Estonia
13	Estonia	43	40	Spain
14	Czech Republic	64	41	Portugal
15	Slovakia	71	42	Malta
16	Poland	80	45	Cyprus
17	Malta	84	52	Slovenia
18	Latvia	86	53	Poland
19	Hungary	94	62	Lithuania
20	Portugal	101	65	Latvia
21	Spain	103	90	Italy
22	Romania	118	98	Hungary
23	Slovenia	122	107	Bulgaria
24	Greece	131	115	Czech Republic
25	Bulgaria	132	116	Slovakia
26	Italy	134	126	Romania
27	Cyprus	139	130	Greece

3. Enhancing professionalism of the romanian managers

The quality and performance of management in each country depend decisively on the professionalism exerted by the managers and specialists in management. This is why the number one priority in any country that wants to be competitive must be ensuring a body of managers and specialists trained at the level of the highest requirements and international practice. Of course, neither Romania can be waived such an approach if it wants to have a sustainable development.

The main ways of action which we suggest are the following:

- Elaboration and implementation of a program for the evaluation of managers in the state and public sector, differentiated according to ministries. This program should set out current stage of preparation, the main strengths and weaknesses and to make recommendations on the basis of types of program required and the procedures, methods of preparation performance nationally and on a European scale;

- Elaboration, by appealing to employers' Confederations and trade unions confederation, national representative of the business assessment similar to the private sector, in particular for SMEs;
- Setting the national priorities for managerial professionalization for different categories of managers and specialists, the main types of training programs;
- Inclusion in the priorities, the axes, sub axes of programs 2014 - 2020 for Romania, of the elements of training determined as necessary for the professionalization of the managers and specialists in Romania;
- Using the European funds unused from the period 2007 - 2013 and to those allocated to the period 2014 to 2020, mainly POSDRU, which are intended for development of human resources - to run urgent programs in the years 2014 to 2016 for the professionalization of the managers.

4. Implementing by managers of the systemic management

Taking the steps to increase the quality of managers and specialists in management should be reflected in changing their decisions, actions and content. The performance of managerial practice demonstrates that the management of any system, in order to ensure functionality, efficiency and effectiveness - must include managerial functions:

- the first functional forecasting, by which are determined the main objectives of the organization and its components, should be always prevision the resources and the main means to achieve them. Prevision consists of prognosis and plans, on various intervals (as a general rule, 5 years - 1 month) which take the form of strategies and policies, programs, projects, etc.
- organization, the second function, shall ensure that and demarcation of work processes and their components (movements, time, operations, works, tasks, etc.), as well as grouping them on jobs departments, a.s.o. and assigning them to staff according to certain managerial, economic, technical, social and environmental criteria, with a view to achieving the organization objectives.
- coordination, the following managerial function, involves harmonizing the decisions, actions and behaviors of the organization staff based on

prevision and the system organizational framework set out above. Coordination must be based on an intense and effective communication.

- whereas any system means in the first place people, it is necessary an intense motivation. By appealing to incentives under their various forms - interests, needs, expectations, etc. - mobilize the human resource is to participate intensively in the establishment and the achievement of the objectives.
- control-assessment function whose aim is to measure the results obtained - economic, technical, social, environmental, etc. -, to compare with the objectives, standards, rules, etc., identifying any deviations and causes generators. Control-evaluation strengthens the individual and social responsibility and ensures the components necessary for the realization of the correction, and further improvements.

The five functions managerial, indispensable for carrying out a performing management, in any system, needs to be tackled and exercised in their close interdependence, in order to increase the organization functionality and performance.

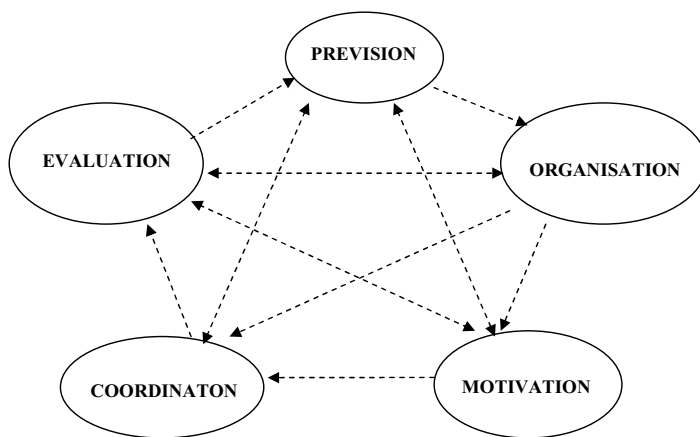


Figure 1. Interdependent exercise of the managerial functions

The holistic approaches and implementation of the management functions are the irreplaceable foundation of the achievement of performance in any system - micro, mezo, macro and international. We emphasize these aspects as managers

and specialists in the economy should be able to understand that is not sufficient exercise of one or more managerial functions this generates both directly and indirectly - by affecting the other components of management - major problems in organization driven and poor performance.

5. Focusing the management on the investment relaunch

For the normal operation of any system and - in particular - for its development the investments are absolutely necessary. In Romania, at the national level, in the last few years investment, both by the state and public and private ones, it has decreased substantially. Thus, in 2013, net investments in economy have dropped by 9.3 percent, to 15.3 billion Euros. The investment potential of the majority of companies is low, due to their low capitalization and poor performance. As can be seen in Figure no. 2, in 2013, 273.000 of firms had a value less than 10,000 euros each, 162,455 having value of only 1,000 Euros.

Under these conditions, the re-launching of massive investments in the economy must represent a major priority. Of course the national level represents the major area where the investments should be relaunched in Romania.

Among the main ways that can and should be used for this purpose we mention:

- Diversification of services offered by the National Guarantee Fund (NGFSMEs) for SMEs and Romanian Counter-Guarantee Fund, with a view to assisting recovery procurement for SMEs. At present, NGFSMEs guarantees for about 1.4 billion Euros and it guarantees for another 2.5 billion euros through the modernizing of services
- Gradual taxation of the small and middle-sized companies newly established - exemption from tax in the first year,
- Use of part of the resources POSDRU for financing to microenterprises, like in other countries, such as Italy or Greece.

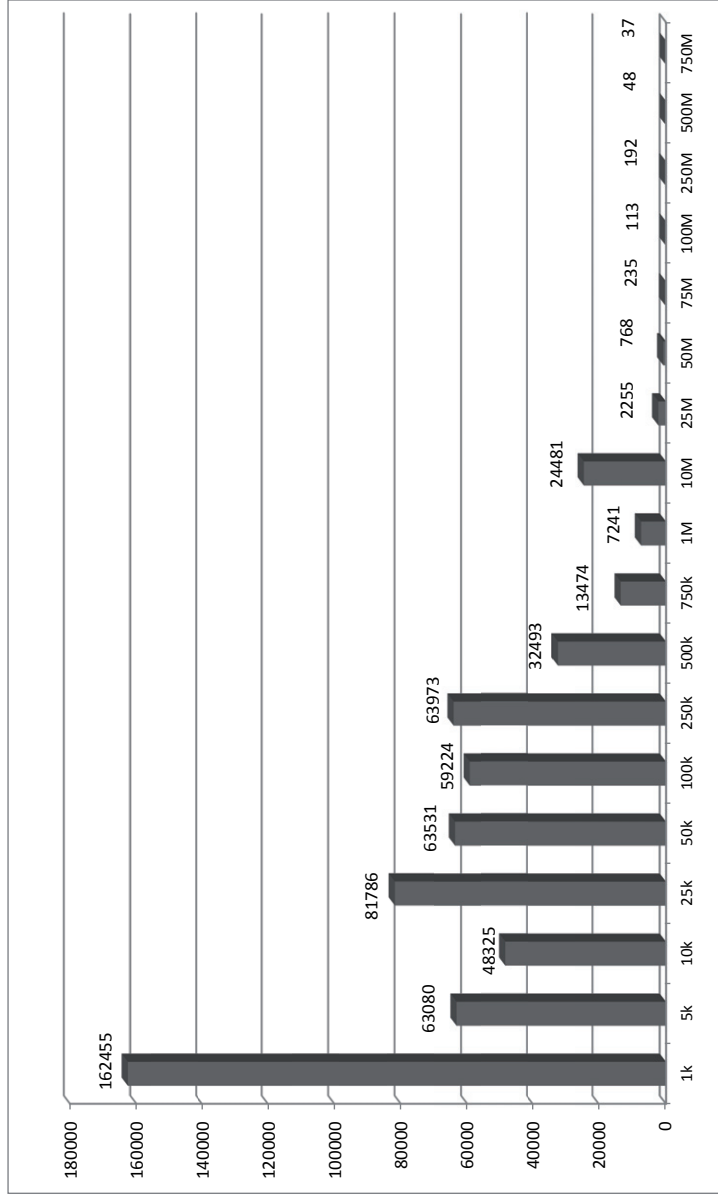


Figure 2. The number of companies owned by groups of value (euro) 2013

- Regulation of the special incentives to the creation of new jobs by reducing social charges and taxes in the first three years
- Changing of the Government Decree no. 85/2008 on boosting investment, approved by Law No 78/2009 with new provisions, according to the employers' confederations proposals and analyses
- Improvement legal framework on state aid schemes, with changing the eligibility criteria to make them fully accessible to SMEs
- Proactive measures to encourage investments, such as the exemption of tax on unfinished buildings, which will be completed in the following year, a.s.o.

On a more general level it is necessary to operate and to improve the country rating, which, according to the financial assessment Agency Fitch Ratings was, at the end of the year 2013, the BBB minus" rating.

6. Increasing innovation in all national economy components

The transition to the knowledge-based economy has an essential ingredient is stepping up production and marketing of new products and services, which incorporates valuable knowledge capable of generate competitive advantages. Accelerating of the Romania's construction of the knowledge-based economy, shall involve the amplification of the innovation processes. From the innovation point of view Romania it is placed in the last group of countries in the European Union (see figure no. 3).

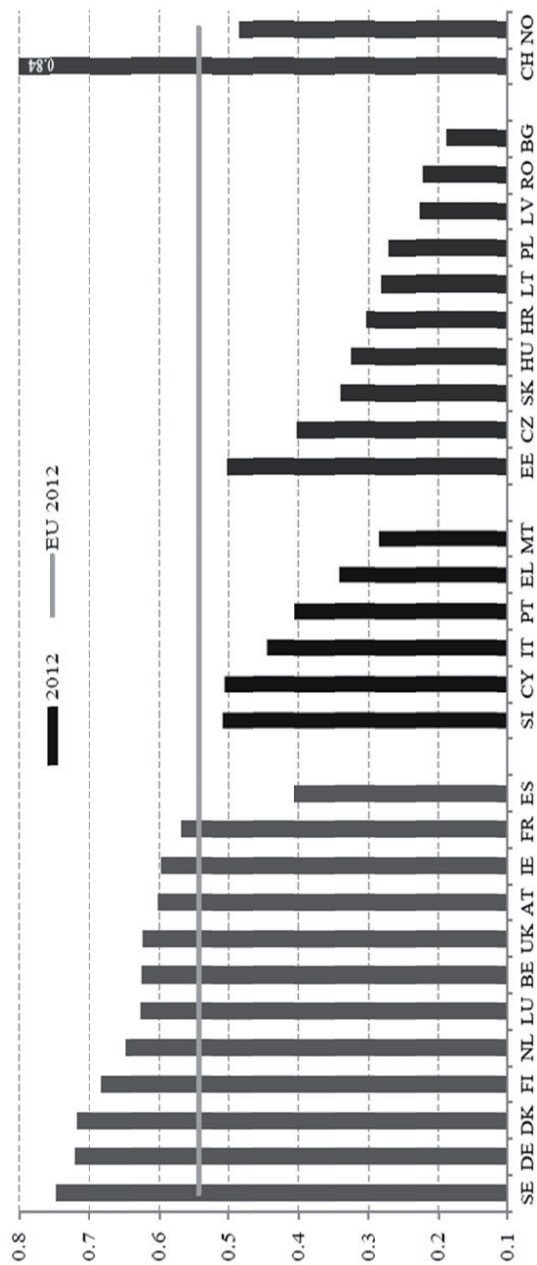


Figure 3. The current innovation in the countries of the European Union
(0 = the weakest / 1 = best possible performance)

The main measures that can enhance innovation in Romania, as resulted from analyzes specialists SAMRO and entrepreneurs are the following:

- Increasing the percentage of the gross domestic product allocated for research and development activities, whereas in present Romania allocation is among the lowest percentage from the state budget
- allocation and management of the amounts from state budgets on the basis of projects,
- Creation of a national bank of knowledge to incorporate the results of all the research and development projects financed from Romanian state funds, which are to be made available to all interested parties in a free of charge for use in domestic economy
- Organization of a national "task force" in charge of ensuring the participation of the universities, research centers and establishments in the EU Framework Program 8 (2014 to 2020),
- Reorganize the National Office for Inventions and Brands, with a view to providing faster services and reduced costs, which would contribute to the diminishing of numbers of patents, from Romanians in Hungary, Bulgaria and other countries, where the conditions are much better.
- Setting up poles of innovation excellence in great university centers in Romania - as provided by the strategy for research and development of Romania for the period 2007 - 2013 - where to use in conditions similar to those in the European Union, in order to attract the best creative graduates of higher education.
- Design and implementation of a special program for the financing of innovative start-up, with funds from the European Union.
- Setting up national venture capital, according to European Union recommendations, which would facilitate valorization of the inventions with a high degree of originality.

7. Reducing bureaucracy in the public administration

Bureaucracy * is maintained for years as one of the most frequent and intense difficulties faced by firms and citizens of Romania. According to the 1858 entrepreneurs interviewed in the year 2013, bureaucracy ranks six among the

main threads for their companies. The analyzes conducted, especially by the specialists of the National Council of Private Small and Medium Enterprises from Romania (NCPSMEs) - have revealed possibilities for its reduction.

- a) Carrying-out of the complete inventory of the licenses, notices, licenses and permits for economic operators and its yearly updating.
- b) Carrying out a profound reform of the authorization system for companies acting for :
 - Elimination of permits, notices, licenses and permits which are not mandatory according to acquis and European practices in the countries of the European Union
 - Elimination of bureaucratic procedures, simplifying procedures and deployment of uniform procedures for obtaining authorizations in all Romanian counties
 - Generalization procedure of tacit approval for obtaining permits, notices, licenses and permits necessary for enterprises
 - Lowering the time required for the issue of permits, notices, licenses and permits necessary for enterprises in a such way that the longest period the largest to be 15 days (instead of 90 days)
 - Reduction of taxes for the issue of permits, notices, licenses and permits necessary for companies.
- c) Increase transparency and efficiency of the enterprises authorization systems.

Among the methods which can be used for this purpose we mention that most important:

- Carrying-out of a specialized site, under the patronage of Romania's Government, where to be published all the information necessary to obtain all permits, notices, licenses and permits necessary for the companies
- Mandatory publication on the web page of each public authorities and on the site special dedicated of the :
 - Procedures for obtaining the permits, notices, license SIO activity permits necessary for the enterprises
 - Documents needed to be completed
 - Fees payable
 - The deadlines for public authorities feed-back

- Implementation of an electronic system for filing on-line the applications relating to the obtaining of permits, notices, licenses and permits necessary for the conduct of business of economic operators
- d) Achievement of a special inventory of parafiscal fees, taxes a.s.o.
- e) Diminution and simplification of the fiscal declarations system, in the present Romania has one of the most complex and costly fiscal declaration system in Europe. We propose the reduction at maximum 150 fiscal declarations in 2015, taking into consideration that in 2013 there were 276 fiscal declarations.

8. Development of the knowledge based management

“Smart economy”, or knowledge based economy requires a new type of management at national, sectoral, territorial and company level:

- knowledge based management its implementation is essential for the economy and the society performance.

In Romania the following organizations and bodies could contribute to the knowledge based management development:

- Ministries, through the development and coordination of special programs, by attracting the European funds for their financing, similar homologous ministries in the countries of the European Union
- County Councils and - for larger cities - municipal, which provides strategies and approve the local development projects,
- Regional development agencies, which, on the basis of analyzes and strategies carried out, can easily identified opportunities for developing poles of excellence, clusters, business incubators and may propose appropriate types of financing by the regional management development programs with financing from the European Union
- The leaderships of universities and faculties, in particular with technical and economic profile, which, by strategy, management mechanisms, scientific and economic, by assessment systems and motivation of human resources, can boost knowledge based management
- Management of companies – large, medium and small – by adopting specific knowledge based strategies, implementing new management systems and methods and developing knowledge based human resources.

9. Using the management, training, mentoring and consulting at all levels of the economy

Any performance of management process can be achieved performance without extensive. On the basis of this presumption, we recommend the following guidelines for action in the national economy:

- Continuing and intensifying managerial training for all managers and specialists who work in the structures government, parliament, in all local and central administration. The steps have already been taken by the formation and the development of training institutions like National Institute for administration which must continue with the use and exploiting the potential already available.
- Enhancing management consulting in all society components. The best practices demonstrates huge advantages, in various forms - advice, mentorat, tutoring or consultancy itself : quick knowledge acquisition in the organizations, in particular of the new knowledge; provisions of knowledge in a pragmatic form, taking in to consideration the nature and the methods of the problems faced by the organization; getting valuable assistance in real time to solve the problems; increasing the credibility of the management solutions which shall be implemented in the organization; decrease the individual and organizational resistance to change; accelerating the modernization 'de facto' of the organizations and the achievement of high performance.
- In the conditions of the transition to the knowledge-based economy consultancy becomes one of the essential ingredients to ensure performance and sustainability organizations in any field.

Of course, there are other ways to develop professional management in Romania. The ways shortly presented in this paper represent – in our opinion – priorities in order to build on short time performant management in Romanian society and economy.

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PERFORMANCE MANAGEMENT SYSTEMS IN ROMANIAN ORGANIZATIONS

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Abstract

The paper offers visibility into the application of Performance Management Systems in Romania's organisations and perspectives for developing productivity and competitiveness. Through addressing some of the aspects identified with this study, Romanian organizations can develop their Business Process Management, Performance Management Systems and/or Business Performance Management in order to enhance their effectiveness in attaining their goals and objectives.

Keywords: *business process management, business performance management, performance management systems, performance measurements.*

JEL Classification: L10, L15, L60, L80, M10, O30.

1. Introduction

Business processes are the means by which an organization utilises its resources, in a safe, repeatable and consistent way in order to achieve its objectives (Zairi, 1997). The business process represents the set of activities that enable conversion of inputs into outputs that are of value to the customer (Hammer et Champy, 1993), processes are the approach by which an organization develops value for its customers (Davenport, 1992). Business Process Management is defined by Hammer et Champy (1993) as an approach through which organizations optimize their business in order to reduce costs,

improve quality, reduce turn-around-times, improve agility and increase flexibility.

To what extend Romanian Organizations have a Business Process mindset ? the extent business processes are effective and automated ? Whether Performance Management Systems are developed and structured in making use of business process measurements?

We have aimed to obtain relevant answers for the questions arised above by following a quantitative research on various panels and discussion forums that are opened for Romanian professionals. We consider that answers for these questions are important in order to clarify the perception that professionals, within Romanian organisations, have with regards to Business Process Management and Performance Management Systems ; to what extent romanian organisations follow a consistent approach towards Business Process Management and Performance Management Systems.

The research comes to address an important area of focus for Management, the effectiveness of business process management and performance management systems, has an original character, theme being relevant and of present-day interest.

2. Performance management systems and business process management

Business Process Management has noticed a positive development within the past decade (Harmon et Wolf, 2014), however organisations need extensive focus on developing and following a BPM strategy, plan their improvement activities, make use of consultants, improvement methodologies and toolkit, IT infrastructure and change management. Performance Management is considered to be either a component of Business Process Management (Balaban et al., 2011) or identified as Business Performance Measurement (BPM) (Kellen, 2003).

Armstrong et Baron (2000) define Performance Management as an HR Management process, that focuses on improved performance at individual, team, department, organization level. Lebas (1995) considers that performance should be defined by management and the Performance Management Systems should follow the necessary measurements that reflect performance and is for Performance Management Systems to follow a holistic approach (Ferreira et

Otley, 2009). Folan et Browne (2005) believe that a Performance Management System should pass through 4 phases in order to attain performance : recommendation, framework, system and organizational performance.

Performance Management is highly important for an organization and Performance Measurements are an enabler for Performance Management (Amaratunga et Baldry, 2002), while dashboards represent an instrument of Performance Management that is assisting the decisionmaking process through its functional and visual components (Yigitbasioglu et Velcu, 2012). Gruman et Saks (2011) propose that Performance Management Systems should target mainly the improvement of employee motivation, commenting that performance will likewise improve as when utilising an empirical approach. Pulakos et O'Leary (2011) stress on the importance of communication and manager-employee relationship, rather than on the administrative and technical aspects pertaining to the Performance Management Systems.

Based on a survey carried out within 102 organisations, De Leeuw et van den Berg (2010), highlight the fact that the application of Performance Management practices enables improved organisational performance. Wong et al. (2013) highlights the importance of IT and organisational culture in enabling organizational performance through Business Process Management. Dinwoodie et al. (2014) are also encompassing on the importance of the organizational culture in attaining the strategic objectives of the organization, the link between leadership, strategy, execution and performance.

Performance Management Systems should be adapted by global corporations and consider also local cultural requirements (Claus et Hand, 2009). Fein et al. (2010) identify some significant differences depending on age and sex, on leadership preferences of romanian managers.

3. Business process management and performance management systems in romanian organisations

With this research we are tracking how Romanian Organisations are perceiving Business Process Management, depth of application and understanding, whether Business Processes are documented, standardised, automated, measured and to what extent such measurements constitute the basis for an effective Performance Management System.

The overview presented herewith, summarises the data gathered following a quantitative research that was conducted in the summer of 2014, based on the information provided by 68 respondents – business professionals that are active on the business networking platform - LinkedIn. All respondents were requested to follow 13 questions/statements that are meant to provide insights on demographics of the respondents and perception of respondents towards Business Process Management and Performance Management Systems.

Table 1. Survey questions centered on demographics

Survey Item	Question
1	What is the Country where you work?
2	M/F ?
3	What is the business sector of your Organisation ?
4	What is the size of your Organisation ?

Source : made by authors

First 4 questions come to assess demographics like the country where the respondent works, in what business sector he/she is active and the size of the organisation.

Following the answers that were obtained for the first question, only 85% of the respondents (58) confirmed that they are active and working in Romania, hence we have considered just the answers from these respondents for all the further analysis that was performed.

Table 2. Countries where the respondents work

Country	No	%
Romania	58	85%
Western Europe	4	6%
US	4	6%
India	1	1%
Eastern Europe	1	1%
Grand Total	68	100%

Source : made by authors

Most of the respondents work in Banking and Financial Services, 31 respondents (53%) out of 58 respondents that work in Romania. For the other business sectors, given the limited number of respondents, we must consider

that the obtained answers and analysed results might not provide an accurate representation of the respective industry.

Table 3. Business sector of the Organisation

Business Sector	No	%
Banking, Financial Services	31	53%
Pharma, Life Sciences & Health		
Care	5	9%
Energy, Oil and Gas	5	9%
Consumer Packaged Goods	4	7%
Retail & Hospitality	3	5%
Transportation & Logistics	3	5%
Telecom	2	3%
Others	2	3%
Entertainment, Media &		
Publishing	1	2%
Public Sector	1	2%
Manufacturing/Industrial Products	1	2%
Grand Total	58	100%

Source : made by authors

The organisations that are active in the Banking and Financial Services business sector that are referenced in this survey, are all large organisations with more than 250 employees, likewise organisation in Energy, Oil and Gas, Entertainment, Media & Publishing, Manufacturing/Industrial Products, Telecom. Considering the feed-back received on this question we can hence state that this quantitative research was performed mainly within large organisations (78%), with a minority contribution from medium organisations (22%) and no coverage of small organisations with less than 50 employees.

Table 4. Business sector and size of the Organisation

Size of the Organisation	>250	>50	Grand Total
Banking, Financial Services	100%	0%	100%
Consumer Packaged Goods	25%	75%	100%
Energy, Oil and Gas	100%	0%	100%
Entertainment, Media & Publishing	100%	0%	100%
Manufacturing/Industrial Products	100%	0%	100%
Others	50%	50%	100%
Pharma, Life Sciences & Health Care	20%	80%	100%
Public Sector	100%	0%	100%
Retail & Hospitality	0%	100%	100%
Telecom	100%	0%	100%
Transportation & Logistics	33%	67%	100%
Grand Total	78%	22%	100%

Source : made by authors

The questionnaires included a series of statements with the purpose of evaluating the depth of application of Business Process Management and Performance Management Systems within each organisation, respondents being asked to share feed-back by making a selection from 1 to 5 in order to express their agreement or disagreement with the relevant statements.

Table 5. Selection options for each statement

Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
1	2	3	4	5

Source : made by authors

There are 9 statements that have the purpose to quantify the extent business processes within the surveyed organisations are documented, standardised, effective, IT enabled, measured and whether these measures are enabling an effective Performance Management System.

Table 6. Survey Statements

Survey Item	Statement
5	Business Processes are Documented
6	Business Processes are Standard
7	Business Processes are effective
9	Business Processes are IT enabled
8	Business Processes are Measured
10	Management use Process Measurements
11	Process Measurements are linked with Organisational Goals
12	Process Measurements are linked with Employee Performance
13	Performance Management System reflects the Performance of the Employee

Source : made by authors

In the survey results we analyse the average of the selections made for each statement per Business Sector and Number of Employees of the organisations where the respondents are active. Only the selections made by the respondents working in Romania are considered in the survey results.

Respondents active within Banking and Financial Services strongly agree that Business Processes are Documented within their organisations while for the other business sectors there seems to be little awareness whether Business Processes are documented or not. Organisations that are committed towards a business process centric approach have a sustainable system for managing business process documentation and not just ad hoc initiatives for building process documentation during a re-engineering event or while pursuing an ISO certification.

Table 7. Business Processes are Documented

	Number of Employees		Grand Total
	>250	>50	
Banking, Financial Services	4.7		4.7
Public Sector	4.0		4.0
Telecom	3.5		3.5
Energy, Oil and Gas	3.0		3.0
Manufacturing/Industrial Products	3.0		3.0
Entertainment, Media & Publishing	3.0		3.0
Consumer Packaged Goods	4.0	2.0	2.5
Others	3.0	2.0	2.5
Pharma, Life Sciences & Health			
Care	3.0	2.3	2.4
Retail & Hospitality		2.0	2.0
Transportation & Logistics	2.0	1.5	1.7
Grand Total	4.2	2.0	3.7

Source : made by authors

Business Processes are highly standardized within Banking, Financial Services and Telecom and although such organisations are complex (>250 employees), business processes are being kept under management without significant process deviations across the covered geography or various business divisions of the organization.

Table 8. Business Processes are Standardised

	Number of Employees		Grand Total
	>250	>50	
Banking, Financial Services	4.6		4.6
Telecom	4.5		4.5
Public Sector	4.0		4.0
Manufacturing/Industrial Products	3.0		3.0
Others	3.0	2.0	2.5
Pharma, Life Sciences & Health			
Care	3.0	2.3	2.4
Consumer Packaged Goods	4.0	1.3	2.0
Energy, Oil and Gas	1.8		1.8
Transportation & Logistics	2.0	1.5	1.7
Retail & Hospitality		1.3	1.3
Entertainment, Media & Publishing	1.0		1.0
Grand Total	4.0	1.7	3.5

Source : made by authors

Business Processes are seen being effective within Banking, Financial Services and Telecom, however we notice a drop in the result averages as compared with the previous statements suggesting a lower number of respondents that strongly agree and acknowledge the effectiveness of internal business processes for attaining organisational goals and objectives. This is highlighting the opportunity for continuous improvement and enhancing business processes in order to become more effective.

Table 9. Business Processes are effective

	Number of Employees		Grand Total
	>250	>50	
Telecom	4.0		4.0
Banking, Financial Services	3.6		3.6
Public Sector	3.0		3.0
Entertainment, Media & Publishing	3.0		3.0
Retail & Hospitality		2.3	2.3
Consumer Packaged Goods	3.0	2.0	2.3
Pharma, Life Sciences & Health			
Care	4.0	1.8	2.2
Energy, Oil and Gas	2.0		2.0
Manufacturing/Industrial Products	2.0		2.0
Transportation & Logistics	2.0	1.5	1.7
Others	1.0	2.0	1.5
Grand Total	3.3	1.9	3.0

Source : made by authors

Business Processes within Banking, Financial Services and Telecom are IT enabled and automated, and likewise for large organisations (>250 employees) we can observe a consistent agreement as opposed to the disagreement that is noticed for medium sized organisations. This statement is covering the whole IT architecture from hardware infrastructure (servers, computers, etc.) to software products (simple software packages, complex ERP solutions, etc.).

Table 10. Business Processes are IT enabled/Automated

	Number of Employees		Grand Total
	>250	>50	
Banking, Financial Services	4.2		4.2
Telecom	4.0		4.0
Public Sector	3.0		3.0
Consumer Packaged Goods	3.0	1.7	2.0
Pharma, Life Sciences & Health Care	4.0	1.5	2.0
Manufacturing/Industrial Products	2.0		2.0
Energy, Oil and Gas	1.8		1.8
Transportation & Logistics	2.0	1.5	1.7
Others	1.0	2.0	1.5
Retail & Hospitality		1.3	1.3
Entertainment, Media & Publishing	1.0		1.0
Grand Total	3.6	1.5	3.1

Source : made by authors

Business Processes within Banking, Financial Services and Telecom are measured while for the other business sectors and especially for medium organisation, a similar approach is not observed. For most of the surveyed organisations we can notice that performance indicators are tracking performance mainly at functional level and do not necessarily have a end-to-end perspective on the real performance of the business process.

Table 11. Business Processes are Measured

	Number of Employees		Grand Total
	>250	>50	
Banking, Financial Services	4.3		4.3
Telecom	4.0		4.0
Public Sector	3.0		3.0
Energy, Oil and Gas	2.4		2.4
Consumer Packaged Goods	3.0	1.7	2.0
Pharma, Life Sciences & Health Care	4.0	1.5	2.0
Manufacturing/Industrial Products	2.0		2.0
Transportation & Logistics	2.0	1.5	1.7
Others	1.0	2.0	1.5
Retail & Hospitality		1.3	1.3
Entertainment, Media & Publishing	1.0		1.0
Grand Total	3.8	1.5	3.3

Source : made by authors

Where Business Processes are measured, the resulting measurements are being used by Management in order to control performance and fundament relevant decisions. We notice and extensive use of the Process Measurements within the Banking and Financial Service sector.

Table 12. Management use Business Processes Measurements

	Number of Employees		Grand Total
	>250	>50	
Banking, Financial Services	4.2		4.2
Telecom	4.0		4.0
Public Sector	3.0		3.0
Energy, Oil and Gas	2.2		2.2
Consumer Packaged Goods	3.0	1.7	2.0
Pharma, Life Sciences & Health Care	4.0	1.5	2.0
Manufacturing/Industrial Products	2.0		2.0
Transportation & Logistics	2.0	1.5	1.7
Others	1.0	2.0	1.5
Retail & Hospitality		1.3	1.3
Entertainment, Media & Publishing	1.0		1.0
Grand Total	3.7	1.5	3.2

Source : made by authors

We notice a drop in averages when respondents were asked to provide feed-back on whether business process measurements are linked to the organisational goals, suggesting the fact that not all process measurements are deriving from the organisational goals.

Table 13. Business Process Measurements
are derived from the Organisational Goals

	Number of Employees		Grand Total
	>250	>50	
Telecom	3.5		3.5
Banking, Financial Services	3.5		3.5
Entertainment, Media & Publishing	3.0		3.0
Pharma, Life Sciences & Health Care	3.0	2.5	2.6
Energy, Oil and Gas	2.4		2.4
Public Sector	2.0		2.0
Consumer Packaged Goods	2.0	2.0	2.0
Manufacturing/Industrial Products	2.0		2.0
Transportation & Logistics	2.0	1.5	1.7
Others	1.0	2.0	1.5
Retail & Hospitality		1.3	1.3
Grand Total	3.1	1.9	2.9

Source : made by authors

We can notice that process measurements are linked to Employee Performance and enable the appraisal process especially within Banking, Financial Services and Telecom.

Table 14. Business Process Measurements
are linked to Employee Performance

	Number of Employees		Grand Total
	>250	>50	
Telecom	4.0		4.0
Banking, Financial Services	3.9		3.9
Public Sector	3.0		3.0
Entertainment, Media & Publishing	3.0		3.0
Pharma, Life Sciences & Health Care	4.0	2.3	2.6
Retail & Hospitality		2.3	2.3
Consumer Packaged Goods	3.0	2.0	2.3
Energy, Oil and Gas	2.2		2.2
Manufacturing/Industrial Products	2.0		2.0
Transportation & Logistics	2.0	1.5	1.7
Others	1.0	2.0	1.5
Grand Total	3.5	2.1	3.2

Source : made by authors

Performance Management Systems aren't considered to be effective in reflecting the performance of the employee executing the business processes either due to missing measurements or the incorrect interpretation of the business process measurements that are available.

Table 15. The Performance Management System reflects the Performance of the Employee executing Business Processes.

	Number of Employees		Grand Total
	>250	>50	
Banking, Financial Services	3.3		3.3
Telecom	3.0		3.0
Entertainment, Media & Publishing	3.0		3.0
Public Sector	2.0		2.0
Consumer Packaged Goods	2.0	2.0	2.0
Manufacturing/Industrial Products	2.0		2.0
Pharma, Life Sciences & Health Care	3.0	1.3	1.6
Energy, Oil and Gas	1.6		1.6
Others	1.0	2.0	1.5
Transportation & Logistics	2.0	1.0	1.3
Retail & Hospitality		1.3	1.3
Grand Total	2.9	1.5	2.6

Source : made by authors

Performance Management Systems are more developed in Banking, Financial Services in contrast to other Romanian business sectors and this is enabled by performance measurements that are derived from Business Process Management. The Performance Management Systems in Romanian organisations aren't viewed being effective, reflecting with accuracy or not the performance of the business process and whether this performance is in line with organisational goals.

4. Conclusions

Except for organisations within Banking and Financial Services, Business Process Management isn't developed accross Romanian organisations and likewise we haven't noticed an extensive usage of Performance Management Systems. Within Banking and Financial Services we can notice the consistent

application of Business Process Management together with Performance Management Systems that are addressing business process and organisational performance.

Medium sized organisations are acknowledged to display a lower level of proliferation concerning Business Process Management than large organisations. The present research is limited and additional validation is required in order to sustain the results exposed on the use of Performance Management Systems and the application of Business Process Management within Romanian organisations.

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RESEARCH ON THE CURRENT LEVEL OF KNOWLEDGE REGARDING THE CLUSTER CONCEPT IN ROMANIAN COMPANIES

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Abstract

The main goals of this article are: to present the current level of knowledge on the cluster concept in the Romanian companies, and based on the main results of the research, to formulate a series of conclusions, which will highlight what needs to be done for a smoother implementation of clusters in Romania and also act as a starting point for future related researches.

The current research will act as a foundation for the creation of a guide for cluster implementation in Romania. The main contribution is the highlighting of the effects of existence/non-existence of clusters on the Romanian companies and on the overall Romanian economy.

After the documentation-learning phase of the research, a questionnaire based study was created and used to collect the necessary data regarding the current level of knowledge/implementation of the cluster concept in the Romanian companies, in order to validate or invalidate the formulated hypotheses. The main results and conclusions are current and relevant, and paint a concrete and accurate picture on what Romanian companies think/know about clusters.

Keywords: *cluster, economic growth, innovation, knowledge, regional development.*

Jel Classification: D83, O32, O 47, R58.

1. Introduction

When talking about clusters a large variety of definitions appear, which acts as valuable testament to the concept's complexity.

However it is a known fact, supported by many specialists and practitioners that clusters can be seen as "tools" which countries can use to boost regional and national development, to increase the success of companies (especially SMEs), to promote and grow innovation, to increase productivity and to impel economic growth and competitiveness.

Central and eastern European countries have gone through changes of a politic and economic nature (liberalization of trade, privatization of industries), which has made it more difficult for the economies to catch up to the more advanced economies of the world. In this context, companies, and especially SMEs are the ones that need to do their best in terms of being increasingly more competitive and productive on the national and international markets, since they are the main sources of GDP.

Romania is a country which is currently undergoing development, in the effort of catching up to the more advanced economies. According to the European Cluster Observatory (ECO), the number of clusters in Romania, compared to other more advanced countries in the European Union, is relatively small and the strength of the cluster portfolio is weaker, only few of the Romanian existent clusters having the maximum rating (three stars, according to the ECO rating system).

The further implementation and development of clusters in Romania can and will generate a series of beneficial effects, both upon economic agents and the national economy, among we can mention economic growth of firms and regions (by grouping in clusters, firms will be more productive and their annual turnover will grow and so will the amount of tax money that they pay to the state budget, resulting in the increase of the GDP), regional development (by increasing the productivity of the region, the government will have more interest in developing the infrastructure of the region) and the standard of living of the population (due to the fact that clusters have a great impact on the productivity of firms, one of its effects being the increase of wages that results in higher income and greater well-being of the employees).

2. Literature review

Before explaining the methods used in the following research, the article continues with a literature review, for a better understanding of the cluster concept, in relation to other concepts, such as: economic growth, competition, innovation, regional development, knowledge management and economy, and so on.

In the Romanian specialized literature the concept of firm clusters is not widely spread, only a few authors have written about the subject. In contrast, the international specialized literature covers this concept thoroughly, many authors (starting from Alfred Marshall – who wrote about industrial districts, which are the precursors of clusters, to Michael E. Porter who is considered to be the “father” of clusters) wrote and are writing about clusters and the benefits that they bring to member firms and to the regions that they belong to. That being said, this section is dedicated to the explanation and detailing of the cluster concept and the phenomenon which surround it.

Although there are many opinions and definitions on clusters, most opinions reflect the idea that clusters have a direct impact, which cannot be neglected, on competitiveness, economic growth and regional development.

As stated above, the person who introduced the cluster concept, more exactly the concept of business cluster was Michael E. Porter, but many say that the concept began to take shape since Alfred Marshall’s (1890) book “Principles of Economics”, in which he made reference to industrial districts. Alfred Marshall already in 1890 realized that specialized companies tended to be concentrated in what he called “industrial districts” (Vesa, 2005).

“The concept of cluster mirrors in many ways ideas contained in a wider set of literatures. Dating back to Marshall’s (1890) work on industrial districts and more recently, through studies of what have been called learning regions and innovative milieu (Asheim, 1996; Malmberg and Maskell, 2002), emphasis has been placed on the importance of geographically distinctive arrangements of firms in one industry for knowledge production and circulation. This has become especially important in light of recent debates about the knowledge economy and the need for cities and regions to be globally competitive centers of innovation”. (Eds. Gregory, R., Pratt, & Watts, 2011)

In 2006, in his article called “Clusterul de firme”, Popa (2006) wrote that a cluster is a network of companies that uses all forms of knowledge sharing and exchange. The cluster represents a mechanism which correlates the component firms at a high level, making them act as an integrated system, cumulating at a superior level both the advantages of complementarities and diversities, and the intense overlapping of the involved activities, that are similar to a great extent to those of a big organization.

Clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. Clusters promote both competition and cooperation. (Porter, 1998)

Another definition of clusters, according to Preissl and Solimene (2003), is that a cluster is a set of interdependent organizations that contribute to the realization of innovation in an economic sector or industry.

According to the Organization for Economic Co-operation and development (2010) clusters are generally understood to be geographic concentrations of inter-connected firms and related actors (specialized service providers, universities, etc.).

Simmie and Sennett (1999) define an innovative cluster as “a large number or interconnected industrial and/or service companies having a high degree of collaboration, typically through a supply chain, and operating under the same market conditions”.

According to the European Commission (2012), given the fact that in the meantime many definitions of clusters have emerged, the common element in most cluster definitions is the aspect of concentrating one or more sectors within a given region as well as the emphasis on networking, competition and cooperation between companies and institutions.

Although, despite the fact that the heart of every cluster is composed of firms that cooperate between themselves and with other institutions (research centers, universities, etc.) – this being the basic definition of a network of firms, a clear distinction between clusters and networks must be made, because they are two separate concepts.

“The full range of cluster definitions falls, more or less, under two main lines of conception. The first one turns around Porter’s works and the many authors that,

broadly speaking, follow his approach. The second line, which is clearly more heterogeneous, is in tune with the OECD approach and/or follows “reticular” conceptions of clusters [...] Industry cluster have become an important instrument of economic development policy. Hundreds of cluster initiatives have been identified in countries around the world. Scholars have developed methods of identifying clusters, and practitioners have gathered in a variety of venues to discuss strategies for implementing cluster initiatives.” (Eds. Laperche, Sommers, & Uzunidis, 2010)

The importance of the clusters and their impact on economies, according to Reiner (2009), has made cluster development to emerge as a legitimate instrument of economic policy – the economic potential of clusters receiving attention from policy-makers at all political levels throughout Europe and all over the world.

“Clusters allow enterprises to thrive under conditions of increasingly global competition. By clustering together, firms can achieve economies of scale and scope and lower their transaction costs due to geographical proximity and increased interaction often based on trust. Industry concentrations can lead to the appearance of localization economies reducing costs through the availability of specialized labor and business services, public sector investments aimed at satisfying particular industry needs, as well as financial markets geared towards satisfying cluster firms’ demands.” (Mohring, 2006)

Clusters can have several benefits for SMEs (as cluster members, they benefit from the know-how transfer, an improved learning process and a more efficient knowledge sharing, all leading to innovation) and also they can generate business innovation and competitiveness.

“The flexibility that SMEs sustain within a cluster together with the benefits they gain by communicating and co-operating with numerous companies and institutions within the cluster provides them with the capacity and flexibility to act rapidly to a new opportunity and implement innovations more quickly. Moreover, a company’s close links and geographical proximity with its suppliers and customers can secure delivery, technical and service support and efficient and effective co-ordination of activities, thus enhancing the innovation process.” (Piperopoulos, 2012)

According to Porter (2008), a cluster in which many participants compete globally is healthier because this not only opens up more growth opportunities but enriches knowledge and stimulates ideas.

The four elements of the diamond Porter developed are the firm's structure, strategy and rivalry, the demand conditions, the related and supporting industries and the factor conditions. "With increasing empirical research, Porter extended the diamond to include government, institutions, i.e. organizations for collaboration, and attitudes toward the economy (Porter, et al., 2002)." In his cluster theory, Porter aims to provide a microeconomic explanation of the competitive advantage of nations, regions, clusters and firms, focusing on structural characteristics. (Rottmer, 2011)

In 1998, Porter wrote that clusters constitute one facet of the diamond (related and supporting industries), but they are best seen as a manifestation of the interactions among all four facets. Clusters affect competition in three broad ways: first, by increasing the productivity of constituent firms or industries; second, by increasing their capacity for innovation and thus for productivity growth; and third by stimulating new business formation that supports innovation and expands the cluster.

3. Research methodology – motivation, objectives and hypotheses

As noted previously, clusters are an important source of economic development. Therefore both public authorities and companies collaborating with various research centers should show greater interest in finding an optimal solution for the formation of clusters, perhaps by locating industries that are more likely to succeed, or areas where the development of new clusters can bring more benefits to the entire country as a whole. Therefore, it was necessary to conduct a research of the cluster phenomenon in Romania, to better highlight the current state of knowledge of this concept among local companies and the potential benefits and advantages observed among existing clusters.

Before choosing the research topic a prior information and documentation stage was necessary, in which, among others, the importance and practical/theoretical relevance of the research theme was taken into account. After the research topic was chosen, a sketch of the research project was made.

Given the characteristics of all types of researches (exploratory, descriptive and explanatory), the explanatory research method was used to achieve the research, which results and conclusions will be succinctly presented, further, within this article, that is the "Current level of knowledge/implementation of the concept of clusters in Romanian companies". This research represents the basis for an implementation guide of clusters in Romania.

The research was conducted by compiling a data collection instrument (a questionnaire - based survey), defining the sample (not very great due to material and time limits), data collection and statistical processing. The statistical results were confronted with the established hypotheses, which in turn have been validated / invalidated.

In order to collect such statistical data as well as more detailed information on the current level of knowledge / implementation of the concept of cluster in the Romanian firms, it was decided to use a mixed research method. The research process included several steps, having a sequential structure, namely: quantitative data collection - was done by sending the questionnaire (Appendix) to a number of companies, by e-mail (resulting in a total of 100 participating companies), and the second stage involved a group interview with 11 managers of companies from the Bucharest-Ilfov development region, which took place during a project event at the Bucharest University of Economic Studies, in 2013. The qualitative part of this research helped to better understand the studied phenomenon, and the difficulties with which the managers are faced with regarding this issue, through discussions within the group interview, which was based on the same questionnaire used to collect the quantitative data in the first step.

The two surveys were created and merged within a single questionnaire, called the "Current level of knowledge / implementation of the concept of cluster in the Romanian companies", which was applied to the same sample, composed of a select number of companies in Romania.

The questionnaire consists of 28 questions that were especially formulated to get answers that will help validate / invalidate the hypotheses for each of the two investigations, and is divided into two parts, namely:

Part I. Identification data (composed of 11 questions) - reveals information on the characteristics of the respondents and of the sample

Part II. Current level of knowledge / implementation of the concept of cluster in the Romanian companies (consisting of 17 questions)

The fundamental objectives of the research itself, carried out are listed below, namely:

1. Making a selective scientific research on the current state of knowledge on the concept of cluster in the Romanian firms and on the main advantages and benefits of clusters in Romania, from the existing clusters (a survey based questionnaire);
2. Using the observations made from the global cluster analysis and from the research results made in Romania to outline a model for implementation of clusters in Romania, as well as highlighting the relevance of such a project;
3. Presenting a series of conclusions, opinions and personal contributions, based on appropriate scientific substantiations.

The research hypotheses were formulated, based on the objectives previously established, and were divided from the point of view of the two surveys, merged within a single questionnaire - which includes 28 questions.

Investigation 1: Current level of knowledge of the concept of cluster in Romanian companies

Hypothesis 1: Companies in Romania are familiar with the concept of cluster;

Hypothesis 2: Managers of Romanian companies know the benefits generated by cluster membership;

Hypothesis 3: The number of Romanian companies belonging to a cluster is low;

Hypothesis 4: The degree of openness of Romanian companies to the idea of clusters is high.

Investigation 2 - Advantages / disadvantages and difficulties regarding clusters in Romania

Hypothesis 1: Romanian companies, which are members of a cluster, enjoy real advantages;

Hypothesis 2: The disadvantages of belonging to a cluster are negligible compared to the arising benefits;

Hypothesis 3: The Romanian business environment is favorable for the support and development of clusters;

Hypothesis 4: Romanian companies consider that the state has created a favorable legal framework for clusters.

Hypothesis 5: Managers of Romanian companies are facing with difficulties in establishing and developing clusters.

4. Main results of the research

Interpretation of the results obtained from the distribution of the questionnaire and tabulation of responses intends to follow the same structure as the questionnaire itself (Appendix), namely the division into two parts: Part I (Identification) - which contains information on the characteristics of respondents (managerial position/execution position of the selected companies that have decided to participate in the research by completing the questionnaire) and on the characteristics of the investigated sample (companies selected for the investigations) - and Part II (the current level of knowledge / implementation of the concept of cluster in Romanian companies) - refers to the actual interpretation of the research results - the results on the current level of knowledge of the concept of cluster in Romanian companies, on the one hand, and on the opportunities / threats and advantages / disadvantages identified by both respondents belonging to a company that is a cluster member in Romania, as well as those who belong to companies that are not members of an existing cluster in Romania.

This article section includes some of the main results from the undertaken research, based on the questions and answers from Part II of the questionnaire (Current level of knowledge / implementation of the concept of cluster in Romanian companies).

The respondents which participated in the research can be divided into several categories depending on a number of characteristics (position occupied in the company, the last form of education, profession, management studies, age, sex), following the results of the questionnaire distribution and its completion by the respondents - respectively of the two parts of the questionnaire and of the 28 questions.

The research sample consists of a total of 111 companies in Romania, which is representative for the declared and proposed objectives of the research and due to the fact that companies are part of a variety of development regions, industries, they are of different sizes, have different ages and different legal forms.

The results obtained in the second part of the questionnaire reflects, in addition to the current level of knowledge on the concept of cluster by respondents, a range of information and opinions on this concept, and also other relevant information about companies which are members of a cluster, the interest of firms that do not belong to a cluster on this concept, and so on, each question bringing a plus in the creation of a more complete picture of the concept of cluster in Romania.

Next will follow the results obtained by analyzing the answers given by respondents in eight of the 28 questions of the questionnaire (questions 12, 14, 15, 17, 22, 26, 27, 28 - which will be listed below, along with the answers - in a table equivalent to each question).

When asked to indicate if they have heard of the concept of cluster (Question 12), 63.96% of respondents said yes, while 35.14% said that they had not heard of this concept, one respondent did not answer this question. Respondents who said that they heard of the concept of cluster were also asked to specify the sources of information. It appears that the sources of information are varied, 46.43% of respondents said they had heard of the concept of cluster from the internet, and the remaining 53.57% specified a different source of information: various sources, cluster membership, from customers, specialty literature, from government organizations, from mass-media, from European projects, from seminars / conferences and from studies.

When they were asked if they belong to a cluster (Question 14) only 15 respondents answered affirmatively (approximately 13% of the investigated companies). This highlights the fact that clusters are not a very widely spread in Romania.

Regarding the extent to which the companies which are not members of a cluster are interested in this concept (Question 15 - If your company is not a member of a cluster, specify the extent to which the company is interested in this concept), 10.41% are interested to a very high extent, 17.70% of the

companies are interested to a high extent, 32.29% showed a medium interest in the concept, 25% show little interest and 11.45% are not at all interested in this concept, while 3 respondents have avoided this question (3.12%). For this question, it must be specified that the companies which are members of a cluster (15 in number) were excluded, the respondents which represented these companies not having to answer the question. This suggests that most companies are interested in the concept of cluster, the percentage of firms that are not at all interested in this concept is very low (11.45%).

In terms of the ranking of recognized advantages of cluster membership (Question 17), 84.68% of the respondents gave a score according to importance of the advantages. In terms of the order of the considered importance, the advantages are: 1st place - Increased potential for obtaining competitive advantage in terms of complementarities of goods and services and synergy between companies, 2nd place - Economic Growth, 3rd place - Improving resources, capacities and reducing costs for member companies, 4th place - Innovation, 5th place - Regional development.

Regarding the association of enterprises in the form of networks of companies and clusters (Question 22), 73.87% of respondents believe it is important, 16.22% do not consider it as important, and 9.91% have avoided this question. The percentage of respondents, which believe that the association of enterprises as networks of firms and clusters is important, denotes the responsiveness of companies towards this concept.

In terms of the strategies and policies for clusters in Romania (Question 26) , 0.90 % of the companies consider them very good, 9.01 % consider them good, 19.82 % consider them mediocre, 7.21 % consider them bad, 3.60 % consider them very bad, and the vast majority of firms (57.66 %) do not know what to say about this subject. The conclusion that can be drawn is that respondents do not know or are not informed about the legislative efforts undertaken by the Romanian Government and Parliament for the creation and development of clusters (approximately 60% of respondents), and most of those who do know, believe that the strategies and policies for cluster are mediocre, poor or very poor (30% of respondents). This also underlines the fact that the government, through the development agencies does not apply coherent programs of information on all the advantages and disadvantages, as well as additional opportunities cluster membership can generate.

Regarding the respondents' opinion on the state's interest in finding optimal solutions for cluster formation (Question 27), 6.30% of the companies believe that the state is interested to a high or very high extent, while 12.61% think that the state has a medium interest, while the perception of the majority (of those who know the state's efforts to form clusters - excluding those who said they did not know - 42.34%, or did not answer this question - 1.80%) is that the state has a small and very small interest in finding optimal solutions for cluster formation (about 66%).

At the last question of the questionnaire (Question 28) respondents were asked to check the box which contained the element which they considered to be the main impediments to the creation and development of clusters. Each of the main impediments identified in the creation and development of clusters in the opinion of the analyzed companies received a percentage - which must be analyzed in relation to the total number of respondents: the legislative framework (29.73%), business environment (33.33%), field of activity (8.11%), lack of knowledge regarding the concept (63.96%), resistance to change (38.74%), infrastructure (9.91%), lack of specialists in the field (24.32%), insufficient information about the implementation / development of clusters (50.45%). It appears that among the most recognized impediments to the creation and development of clusters, from the most important impediment to the least important impediment we find: 1st – lack of knowledge regarding the concept, 2nd - insufficient information regarding the implementation / development of clusters, 3rd - resistance to change, 4th place – business environment, 5th - the legislative framework, 6th - lack of skilled professionals, 7th - infrastructure and last, 8th place - the industry (field of activity).

One of the most important results of a cluster is the creation of innovation, this being tightly related to the strength of the cluster portfolio of a country. The more clusters a country has, the greater its innovative potential is, but it must be kept in mind that not only the number of clusters is important but also the specialization and the size of a cluster.

One useful tool for measuring a country's innovative potential is the number of patents per million inhabitants. Data from 2012, provided by the European Cluster Observatory, indicates that Germany, who has the most powerful industry in Europe, and who also has the biggest number of three star clusters,

has 780 patents per million inhabitants. On the other hand, Romania only has 4 patents per million inhabitants.

This fact is correlated to the very small number of clusters, almost all of them not being fully developed, and this represents a weakness of the Romanian economy, given the fact that clusters are the most important producers of innovation, but it can also be viewed as an opportunity, because through cluster development and creation, Romania can achieve the objectives set by the 2020 European Strategy.

Another field in which Romania lags, compared to other European countries, is the employment rate of the population. In 2011, Romania had an employment rate of 58.8%, which is significantly lower than Austria (71.1%), Netherlands (almost 75%) and Switzerland (78.6%), all of these European Union members having strong cluster portfolios. The low employment rate in Romania can be considered a threat, which adds to the gap between the Romanian economy and other, more advanced, EU economies.

Cluster creation and development can help improve this weak point by creating jobs and added value (one of the criteria of awarding one cluster star, by the European Cluster Observatory, being the size of the cluster - number of employees; for example, in France there is a financial services cluster that has more than 340,000 employees).

Another weak point of the Romanian economy, is the percentage of the GDP that is allocated to research & development activities (0.22% in 2011), which is much smaller than the one in Denmark (1.9%) for example. The 2020 European Strategy states that Romania must allocate 2% of the GDP to research & development activities by 2020, and one of the ways this can be achieved is through clusters. By creating and developing them, more research & development activities will be funded, both from private and public funds, and so, the innovative potential of Romania will increase.

5. Conclusions

First of all, the research results highlighted the fact that, even though the majority of respondents have heard of the concept of cluster – the source varying from the internet to seminars and conferences, not many of them were able to identify the advantages that clusters have at a macroeconomic level

(regional development, increased regional competitiveness, etc.), focusing only on the advantages that cluster membership bring to their companies.

Another conclusion, which can be drawn from the research, is that not many organizations are a part of a cluster. This can be for various reasons, from not fully understanding the concept – with all the advantages, disadvantages and efforts needed to be undertaken for the creation and development of clusters, to insufficient efforts from the government and other public authorities to create and promote viable cluster policies and strategies and a legal framework that support firms in their attempt to associate in order to create a cluster. Another thing that must be taken into consideration is the fact that the majority of the respondents weren't up to date with the public authorities' current efforts to support cluster creation and development.

As previously stated, the level of funding for research and development activities in Romania is very low when compared to other, more advanced, economies from the European Union. One major drawback of this situation is that the innovational potential of companies in Romania is low as well. This is a problem because innovations, when correctly capitalized, bring a large added value. Given the fact that a cluster is an engine of innovation, it can be concluded that its advantages on both member entities and overall economy must not be neglected, and all involved institutions and companies must intensify their efforts towards the creation and development of clusters, in order to gain sustainable competitive advantages on both national and international markets.

Another conclusion resulted from the high percentage of respondents (73.87%), which believe that the association of enterprises in the form of firm networks and clusters is important, is that Romanian companies are open-minded and responsive to these concepts.

Cluster creation and development could solve an important number of weaknesses of the Romanian economy amongst which: innovational potential of companies, the share of GDP that is allocated to research and development activities, employment rate, disparities between the Romanian economy and the more advanced economies in the European Union, infrastructure, standard of living and much more.

However, when talking about cluster creation, all involved parties (companies, public institutions, universities, etc.) must be open-minded, less resistant to change and last but not least they must be willing to trust each other, given the fact that trust between members, is the solid foundation on which a cluster is built upon.

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Appendix

QUESTIONNAIRE ***CURRENT LEVEL OF KNOWLEDGE/IMPLEMENTATION OF THE*** ***CONCEPT OF CLUSTERS IN ROMANIAN COMPANIES***

Part I. IDENTIFICATION DATA

1. Your position in the company is:

Managerial	
Execution	

2. Please specify the last form of education graduated:

High school	
Post-secondary education	
Undergraduate education	
Masters	
Doctoral studies	

3. Your profession is:

economist	
engineer	
doctor	
Other (please specify)	

4. Please indicate if you have completed management studies or have attended courses/seminars/training programs in management:

Yes	
No	

5. Your age is:

under 25	
between 26-35	
between 36-45	
between 46-55	
over 56	

6. Please select the category you belong to:

Male	
Female	

7. From the size point of view, your company belongs to which one of the following categories:

microenterprises (1-9 employees)	
Small firms (10-49 employees)	
Medium sized companies (50-249 employees)	
Large firms (over 250 employees)	

8. In terms of the firm age, please select the appropriate category:

Less than 1 year	
between 1-3 years	
between 4-8 years	
over 8 years	

9. Please state the activity domain of the company:

--

10. The legal form of the organization you represent is:

Family business	
Microenterprise	
S.R.L	
S.A	
P.F.A.	
Other option (please specify)	

11. Please select the development region your company belongs to:

Bucharest-Ilfov	
North-West	
South-West Oltenia	
Center	
North-East	
South-East	
South Muntenia	
West	

Part II. CURRENT LEVEL OF KNOWLEDGE/IMPLEMENTATION OF THE CONCEPT OF CLUSTER IN THE ROMANIAN COMPANIES

12. Have you heard of the cluster concept*?

Yes (please specify the information source)	
No	

13. To what extent are you familiar with concept of cluster?

Very familiarized	
Quite familiarized	
Familiarized	
A little familiarized	
Not at all familiarized	

14. Is your company currently a member of a cluster?

Yes	
No	

* A business cluster is a geographic concentration of interconnected companies, suppliers and related institutions, in a particular domain. "Inside the clusters can be found government bodies and universities, vocational training providers and employers that provide specialized training, education, information, research and technical support." (Porter 1999)

15. If your company is not a member of a cluster, please specify the extent to which your company is interested in the concept:

Very high	
High	
Medium	
Low	
At all	

16. To what extent are you aware of the advantages derived from cluster membership?

I know very well the advantages	
I know quite well the advantages	
I know the advantages to some extent	
I don't know the advantages	
I don't know the advantages	

17. Please give a score from 1 to 5 (1 least important, 5 the most important) to each of the following recognized advantages of cluster membership:

Economic growth	
Innovation	
Regional development	
Improving resource capacity and reducing component costs for businesses	
Increasing the potential for obtaining competitive advantage in term of complementarity of goods and services and the synergy between companies	
Another advantage not found above (please mention it)	

18. In your opinion, can cluster membership generate additional business opportunities?

Yes	
No	
I don't know	

19. In the case your company is a cluster member, do you consider that it benefits from the advantages generated from the membership?

Yes (please provide all the major benefits experienced)	
No	

20. To what extent are you aware of the disadvantages derived from cluster membership, if any?

I know very well the disadvantages	
I know quite well the disadvantages	
I know the disadvantages to some extent	
I don't know the disadvantages	
I don't know the disadvantages	

21. If you believe that cluster membership has any disadvantages, please indicate the main perceived disadvantages:

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22. Do you consider the association of enterprises in the form of business networks and clusters to be important?

Yes	
No	

23. Do you collaborate/have you collaborated with other companies/universities/research and development institutes from the same region?

Yes	
No	

24. Please select the types of action carried out in collaboration with other companies/universities/research and development institutions:

Training	
Innovation	
Research-development	
Know-how transfer	
Marketing	
Other (Please specify)	

25. Do you consider the Romanian business environment to be favorable to the support and development of clusters?

To a very great extent	
To a great extent	
To some extent	
To a small extent	
To a very small extent	
I don't know	

26. From your knowledge, cluster strategies and policies in Romania are:

Very good	
Good	
Mediocre	
Bad	
Very bad	
I don't know	

27. To what extent do you consider that the state has an interest in finding optimal solutions for cluster formation?

To a very great extent	
To a great extent	
To some extent	
To a small extent	
To a very small extent	
I don't know	

28. What would you consider as the main impediments to the creation and development of clusters?

Legislative framework	
Business environment	
Field of activity	
Lack of knowledge regarding the concept	
Resistance to change	
Infrastructure	
Lack of specialists in the field	
Insufficient information about the implementation/development of clusters	
Other	
I don't know	

Comments: (If you want to mention any other information you consider relevant, on the subject of the questionnaire, please use the box below)

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Thank you very much for taking the time to complete the questionnaire and for your contribution made to the research!

THE EVOLUTION OF THE KAIZEN MANAGEMENT IN THE ECONOMIC AND SOCIAL ENVIRONMENT OF ROMANIA – OBSTACLES, SOLUTIONS, IMPACT

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Abstract

KAIZEN Management means evolution under innovative form supported by a frame solid enough to face changes but at the same time, flexible enough to adapt rapidly thus obtaining competitive advantage. In the Kaizen Management customer, company, employees, the natural environment and society are equally important. That is way Kaizen Management offers a managerial model in which internal demands (of the company, employees and management) and external (of customers, suppliers, partners, etc.) are met by means of the techniques and practices used, supported by employees from all levels. According to Professor Masaaki Imai, the founding father of the KAIZEN Management, the model has a universal character being able to be applied in any country and company, regardless of its field of activity. In the context presented, this paper follows the evolution of the KAIZEN Management in Romania from both an economic and social point of view. After introducing the main theoretical notions related to the KAIZEN concept and its development at global level, the apperance and propagation frame of the model in the companies in Romania, explaining the main obstacles met during implementation and the solutions necessary to overcome the obstacles, will be analysed.

Keywords: KAIZEN, KAIZEN history, KAIZEN values, KAIZEN scope, KAIZEN benefits, KAIZEN promotion, the 5S technique, KAIZEN techniques and practices, KAIZEN implementation, obstacles and solutions in KAIZEN implementation, KAIZEN Social[®], KAIZEN provisions.

JEL classification: L 26, M 11, M 210, I 250, L 80.

1. Introduction

The present paper approaches a field to which the interest of practitioners has increased constantly since it appeared and developed in the 1950s-1990s and up to the present. Created based on the evolution of the quality concept and in the favourable context of the appearance and development of organizational culture, national culture and intercultural management concepts, currently, KAIZEN Management is considered to be the most performing management system in the world.

Masaaki Imai, the founding father of the KAIZEN management system is convinced that, in order to survive in a more and more competitive world, companies must adopt an approach of continuous improvement without resisting changes. According to him, 90% of corporate problems can be solved by using common sense and improving quality while reducing costs by eliminating losses is the only option for survival [33]. Currently, companies in over 37 countries on four continents have implemented KAIZEN techniques and practices under the guidance of consultants of the KAIZEN Global Institute, opened under the guidance of Masaaki Imai.

In the KAIZEN philosophy it is considered that the success factor of the evolution through KAIZEN is maintaining harmony [16] both in the work environment and in the personal life, because KAIZEN is a philosophy that aims at improving all environments it comes into contact with. When applied at the work place, the KAIZEN management system aims at the continuous improvement of the work place, equipment, products and services offered through a practical approach of problems with the help of the entire staff [6]. This is exactly why the concept is found in a continuous inter-connection with the term '*gemba*' (the real working place) and '*muda*' (loss/rebut). *Gemba* represents the place where value is added, on the one hand through a good maintenance of equipment, and on the other hand, by eliminating loss of any kind.

However, the question is, if indeed, a management style which resulted by combining Japanese culture and practices can be implemented anywhere on the Globe, regardless of the national and organizational culture of the company. Another question is, whether this type of management and life philosophy is able to be understood, embraced and spread by people outside Japan so that the economic and social environment they are part of knows an improvement in

quality. In the context presented, this paper follows the evolution of the KAIZEN concept in Romania, from both an economic and social perspective. Its purpose is clarifying the most significant aspects related to the appearance and development of the KAIZEN concept, presenting the values and principles it is built on and the benefits obtained by using it as both a management system and life philosophy. More so, the most common obstacles encountered in the implementation of the KAIZEN system in organizations will be presented together with suggestions for solving problems in such a manner that future managers interested in adopting the system in their own companies will have a general framework of the potential challenges they might face. The last part of the article will be based on presenting the six KAIZEN Social[®] actions [36] developed at national level up to the present moment along with the impact generated by them. However, for the beginning, a presentation of the most significant theoretical aspects related to the KAIZEN concepts is necessary.

2. What does ‘KAIZEN’ mean?

KAIZEN” (改善) is a Japanese term of Buddhist origin made out of two characters: KAI (‘change’, ‘continuous’, ‘ocean’) and ZEN (‘good’, ‘improvement’, ‘wisdom’, ‘harmony’). In other words, *KAIZEN means continuous improvement*. Although it is known more as a management system, the KAIZEN concept represents a philosophy in itself, a lifestyle, a state of mind and an attitude model because of the principles it is built on and the values it promotes. Amongst the most important *values* of the KAIZEN concept one can mention:

- Improvement with small steps, day after day, through consistency of each and all environments we come into contact with;
- Maintaining balance and harmony in all aspects of our life;
- The care towards the surrounding environment;
- The respect toward the intelligence and creativity of the human;
- Making value of the human potential by active involvement;
- Learning by participation and communication;
- Focusing on ‘here’ and ‘now’;
- Getting rid of the fixed, conventional and limitative ideas;
- Using the infinite potential of KAIZEN ideas.

2.1 Short history of the KAIZEN concept

The development of the KAIZEN concept, as managerial concept of quality improvement was the follow up of three historical and socio-cultural conditions:

- the Confucius culture and its focus placed on the correct fulfilment of all tasks, based on a profound respect towards the social conditions and the preference for collectivism;
- the devastating impact of World War II;
- The radical Japanese unionism that has determined management to communicate more efficient with the workers [3].

After World War II, most Japanese companies were forced to literally start from scratch. Each day brought new challenges for both management and workers. Faced with several difficulties and low financial resources, but also under the pressure to stay on the market, management turned its attention toward the potential of the people. Working together, by selecting the improvement projects, understanding the situation, data analysis, implementing the counteraction, confirmation of the effect, standardizing the process, each day meant progress.

Among the first companies that have implemented the quality improvement model was *Toyota Motor Company*. Also, connected to the company name is the *JIT (Just-in-time) system*, together with the fluent production system or the *kanban* system, which developed until it became known under the name *Toyota Production System (TPS)* [18].

It was also beneficial the fact that different tools that helped raise the notoriety of the KAIZEN concept, were developed in Japan at the end of the 1950s and the beginning of the 1960s by experts such as W.E. Deming and J.M. Juran. From that point, the evolution of the KAIZEN management unfolded in close connection with the quality management concept, process in which many experts in the field of quality management attended to. Along Deming and Juran, previously mentioned, Philip B. Crosby, Armand V. Feigenbaum, Walter Shewhart, Kaoru Ishikawa, Genichi Taguchi and John M. Groocock can also be mentioned [30]. After the fusion of the ideas of these quality gurus KAIZEN techniques and practices have been created, strategically considered in order to be implemented anywhere in the world, regardless of the culture of the country or of the company in which they end up working.

More so, most quality systems and tools that are widely used today have been developed in Japan and constitute quality improvements over the control of the statistical quality and the control of the total quality of the 1960s [7].

However, the KAIZEN management, as self-standing management system, is the registered mark of Professor *Masaaki Imai*. Known as the ‘LEAN Guru’ and the father of continuous improvement Masaaki Imai (b. 1930, Tokyo), specialist of international reputation acknowledged in the field of management and leader of spreading the KAIZEN philosophy all over the world, registered the term KAIZEN management in 1986.

Presently, Masaaki Imai is international lecturer, consultant (ex-CEO of the Cambridge International consultancy firm) and founding president of the Global KAIZEN Institute with its headquarters in Switzerland and with other 5 branches in the United State of America, 21 in 18 European countries and 11 in the Asia-Pacific area [23].

2.2 Types of KAIZEN – their scope and obtained benefits

What recommends the KAIZEN concept as a life philosophy and management system is its general purpose to bring improvements in all aspects of life, starting with the personal level (*KAIZEN Individual*), continuing with the group level (*KAIZEN focusing on Groups*) and (*KAIZEN Management*) and finishing with the social level and the natural environment (*KAIZEN Social*[®]).

2.2.1 KAIZEN Individual

At company level, *KAIZEN Individual* manifest itself under the form of suggestions [6].

Teian, also known as the *suggestion system*, is a system that gathers, analyses and applies the suggestions of employees related to quality improvement.

Its scope is to develop self-discipline and the KAIZEN focused thinking without expecting economic benefits from every suggestion.

The benefits of using the *teian* system are motivating and involving employees in the continuous improvement, creating habits out of bringing on-the-spot suggestions and to seek solutions, high moral and, last but not least, personal improvement of the employee [6].

At organizational level, *teian* refers to the improvement of all elements involved in the creation and delivery process of goods and services. Practically, with *teian* all employees are involved, regardless of the level or expertise, in improving the quality of the working environment, delivered products and services. Suggestions can be brought at any time. According to the applicability of the suggestions, results can be seen immediately or gradually, over a longer period of time.

When suggestions are applicable, added value is generated. More so, improving activities and standardizing the processes, losses are minimized. As a consequence, both employees and company have to win.

Considering that it is about a dynamic system, the manner in which the *teian* is represented can be different from one company to another, according to the best way and the way desired by the collectivity to manage the system. It can be a board where suggestions are gathered, where an evolution of the suggestions brought and their *feedback* can be observed (accepted ideas, rejected ideas), an online platform, and a data base in a shared file or any other option. What is important is to find the most efficient, creative, stimulating manner supported by the community so that ideas can be gathered, verified and easily implemented and enthusiasm to be employed.

In short, each person from within the organization has the right to express a point of view regarding to what one believes can be improved and how it can be improved. Even more so when the benefits are felt by all parties involved: company, employee, client, suppliers and partners.

At personal level *KAIZEN Individual* implies activities that have the role to develop the individual potential.

Its scope is to improve the quality of personal and professional life.

Some examples of areas in which *KAIZEN Individual* can be applied are: improving abilities and professional skills, resources management, managing personal space after the 5S method, developing relationships with those around and the attitude toward the natural environment, nutrition, practicing sports and/or meditation, etc. As far as applying the KAIZEN concept at individual level, the area with development potential can be decided only by the individual, based on his/her needs and interests.

2.2.2 KAIZEN focusing on Groups

The KAIZEN working groups are represented by the *quality circles* (*Quality Circles - QC*).

Its scope is to solve the quality problems, but also problems connected to costs, security and productivity [6].

The quality circles represent study groups made out of a small number of employees (fewer than 10 members) that voluntarily unfold continuous improvement activities.

Practically, it functions as follows: when problems occur in the working areas, *gemba* being one of them, the cycle *standardize-do-check-act* (SDCA) is implemented in order to standardize the problematic process. After the process becomes stable and the workers already work according to set and implemented standards, for the improvement of standards the cycle *plan-do-check-act* (PDCA) is used. In both cycles the stage “act” aims at standardizing the activity [6].

The drawing below shows the manner in which improvements are registered in a company between the SDCA and PDCA cycles.

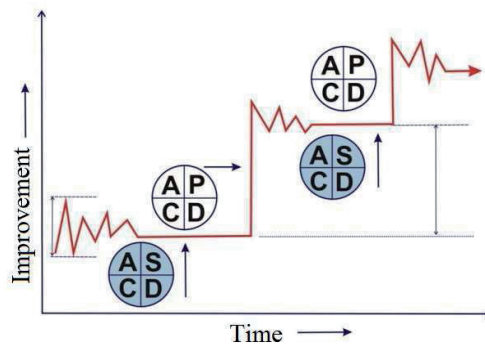


Figure 1. How improvements are registered from the SDCA cycle to the PDCA CYCLE

Source: Masaaki, Imai, *Gemba KAIZEN – a practical approach of management with low costs*, FINMEDIA Publishing house, IIIrd edition, 2006, p. 55.

The benefits of applying KAIZEN focused on groups are reciprocal education, self-development, and high moral, learning by participation, quality control and improving productivity [6].

2.2.3 KAIZEN Management

The general scope of the KAIZEN management is aimed at two directions: *keeping processes and products and services quality and their continuous improvement*. Keeping refers to the activities that are in accordance with the technological, managerial and functioning standards, as well as complying with them through training and discipline. Improvement refers to optimizing standards in order to eliminate losses of any kind [6].

As opposed to the European and American management styles, focused on innovation through significant costs, KAIZEN management promotes the continuous improvement in '*small steps*', day after day, with minimal investments, the entire activity being done by active participation of all employees in the improvement process. According to Professor's Masaaki Imai plastic formulation '*one step forward made by o hundred people is more valuable than a hundred steps made forward by their leader*' [7]. Based on a solid structure, with very clear principles, the KAIZEN management system represents the perfect balance between adaptability, continuous improvement through change and reliability

The benefits obtained by using the KAIZEN management system are increasing productivity, eliminating losses, decreasing the general production and services costs, reducing the productive threshold, sustainable improvement of quality, of the delivery deadlines and of the working conditions, motivation and involvement of employees in the continuous improvement of the company's performance, ensuring discipline and standardization [6].

On a tough competitive market as is for example, that of the European Union, the benefits of the KAIZEN management offer a significant competitive advantage [17]. That is why, due to these benefits, the KAIZEN management is considered one of the most viable alternatives of our days under the conditions of the labour market's development and the competitiveness at national and world level.

2.3 Methods, practices and techniques of KAIZEN management

KAIZEN is an umbrella concept that covers most of the Japanese practices that have acquired fame all over the world [7]. The scope of these techniques,

practices and methods is to improve the people and the work relationships, the work environment, productivity and the total quality of products and services.

The main techniques and practices used in implementing and supporting the management system in companies are the following:

Techniques for making the production processes more efficient:

- **CWQM (TQM) – Total Quality Management:** keeps under control quality starting with identifying the quality demands of consumers and ends only after the product has reached the consumer and the consumer is satisfied;
- **TFM – Total Flow Management:** visualizes, measures and analyses the performance of the material flow of a process [34];
- **TPM- Total Productive Maintenance:** maximizes the efficiency of the equipment during its entire working life;
- **VSM – Value Stream Mapping:** reduces losses with production and diminishes the price asked by the buyer [35];
- **TSM – Total Service Management:** follows client satisfaction by continuously improving the employees [8].

Techniques for organizing the work space and reducing losses or defects;

- **The 3M** – eliminating *muda* (loss), *mura* (irregularity) and *muri* (stress, difficulty)
- **Eliminating the 7 classes of *muda*** (losses) – over-production, stock, defects, wasted movement, processing, waiting and transport;
- **The 3K** – eliminating *ken* (dangerous), *kitanai* (dirty) and *kitsui* (stressful);
- **The 5S method** – a method of maintaining and improving the work place in 5 steps: *seiri* (sorting), *seiton* (systematization), *seiso* (clean), *seiketsu* (standardization) and *shitsuke* (support);
- **Visual management** – a rapid method to supply clear and precise information to all employees, at the same time, through a simple visualization; it also helps at identifying abnormalities through graphs,

photos and drawings, maintenance plans, performance indicators, panels, markings, indicators, intermittent lights etc. [14];

- **Kanban** – label attached to a product lot or pieces from the production line with delivery instructions in requested quantities, at the requested term and with the adequate resources;

- **Poka-Yoke** – eliminating defects at manual operations by using the configuration rules and the simple surveillance equipment of the error sources [1];

Tools for identifying the problem causes and their analysis:

- **Analysis 5 “Why?”**

- **4W1H Method:** “What?”, “When?”, “Who?”, “How much?”

- **The 7 classical tools** – Pareto diagram, the cause-effect diagram, the histogram, the inspection chart, the correlation chart, data representation and follow-up chart;

- **The 7 modern tools** – the affinities diagram, the relations diagram, the tree chart, the matrices, the arrow diagram, the action decision diagram (PDPC) and factorial analysis.

Employee motivation methods:

- **Teian:** the suggestion system.

3. The evolution of the KAIZEN concept in Romania. Contribution

The premises of opening the Romanian business environment toward the KAIZEN management system originated in 1989. The bureaucratic type of culture highly political up to the fall of the communism regime has been gradually replaced by the entrepreneurial type of culture within the private capital firms founded after creating the free market mechanisms in Romania.

Together with this change the shaping of values preoccupied with setting realistic objectives and creating pragmatic action strategies that will generate performance and quality products and services began, also taking into consideration the care for the environment [5]. This change determined more and more Romanian employees to leave the traditional bureaucratic institutions, inertial and resistant to change, in order to work in entrepreneurial organizations

focused on accomplishments, prosperity, significance and vision. More so, although the entrepreneurs did not have the knowledge and necessary abilities to create a new coherent strategic perspective or dynamic adaptation to the external environment, they compensated through enthusiasm and commitment, both being primal features for the KAIZEN leaders. These complex transformations have developed based on a social fund focused on promoting constructive values in which the employees knew the significance of belonging to a certain organization, the purpose and direction of the activity they rendered [5].

Also, upon creating the conditions necessary for the appearance and development of the KAIZEN management nationally, an important role belonged to the quality management. In the last 15 years, bodies such as The Romanian Society for Quality Insurance (S.R.A.C), The Romanian Movement for Quality (A.R.C), The Romanian Foundation for Promoting Quality and The “J.M. Juran” Romanian Award for Quality Foundation have offered o strong support in shaping the mentality focused on quality and performance.

More so, in 2004, due to the Romanian market’s necessity to solve its main problems regarding the EU’s requirements, namely product quality, process efficiency and work process responsibility, the KAIZEN Institute Romania was founded (IKaR) as a branch of the Global KAIZEN Institue. Having the support of Professor Masaaki Imai, the spread of the KAIZEN management in the Romanian business environment intensified.

Presently, at national level there are 4 main bodies that support the promotion of KAIZEN management and quality to the benefit of legal and private individuals: *The Clean Up Association Japan* in collaboration with *KAIZEN Institute Romania*, *KAIZEN Manager Club* (in which are currently present the first 15 most advanced national companies in applying KAIZEN management [24]) and *Romania AOTS Alumni Society* (The Japanese Management Association in Romania). These bodies continuously help with promoting the Japanese culture in the Romanian space through the activities they undertake in the collaboration with the local authorities and through personal example offered to the Romanian business environment.

3.1 Romanian companies with KAIZEN management system

In a wide sense, the implementation of KAIZEN techniques and principles in Romania has as purpose the development of the performance culture on all

levels of the organization by involving the entire staff and training the Romanian companies to become competitive on the world market.

The main national companies that function based on the KAIZEN management system's techniques and practices unfold their activity in the following fields:

- **the automotive industry:** *Takata Romania, Hirschmann Automotive România, BOS Automotive, Compa S.A., Star Transmission Cugir, Pirelli Romania [9], Johnson Controls;*
- **the transportation industry:** *Bucharest Airports [21], Signus RO Distribution, The Damen Dockyard Galați;*
- **the bank system:** *Transylvania Bank;*
- **the design and architecture services:** *The National Land Register Agency, Architect Services, Cambric Consulting;*
- **the public services in the County Councils:** *Argeș City Council, Bucharest City Hall;*
- **production:** *10th Bearing Plant, Arctic Targoviste, Aromet, Assa Abloy România, Bega Electromotor, Contor Zenner, Grup Romet, Hidroelectrica, RAAL, Romstal, Swedwood Romania, SAFT Power Systems, Stabilus Romania, Sunimprof Rottaprint;*
- **the food industry:** *Biborțeni, Murfatlar Romania, Nestle Romania, Romdrinks Eurotrade [22], Supremia Grup, Tuborg.*
- **the tobacco industry:** *Japan Tobacco International (JTI).*

3.2 Implementing the KAIZEN management in the Romanian companies - obstacles

In the obstacles chapter in the path of quality improvement and increasing the company's profitability through the KAIZEN management system, the mentalities "this will work just fine" and the staff's resistance to change [31] due to the mistrust in the KAIZEN management system are placed on top of the list.

Yet the root cause for the occurrence and propagation of these difficulties is the lack of clear and concise information regarding the concept. This aspect is also confirmed by those responsible with implementing the KAIZEN management in

the Romanian companies. The lack of clarity determines the occurrence of the concept that cultural differences are the ones that actually make the implementation of the system be unsuccessful. Regarding this aspect some clarifications are necessary. Specialists of the multicultural management, such as N. J. Adler and T. Preckel, have shown that cultural ignorance is both a matter of perception as well as mentality [19]. In other words, it's not the cultural differences themselves that determine the positive or negative results, but the approach of this cultural diversity.

Wrongly managed, the cultural differences can determine the appearance of some difficulties regarding the communication of different meanings to which cultures give to some words and expressions, difficulties regarding work collaboration as a consequence of different work styles from one culture to another and difficulties in obtaining consensus or related to establishing a managerial policy that will be understood and accepted by everyone [18].

Another disadvantage of ignoring the cultural differences determines the usage of management approaches and methods considered universally available, without considering employee behaviours belonging to different cultures and without aggregating necessary changes in the work practices. And this is where most problems occur with which the KAIZEN management implementation team deals with. The Romanian business environment expects a perfect recipe, standardized up to detail, as a managerial pattern that one can apply and that will show results in a short period of time and with minimum effort. Yet such a mentality does not bring results on short term and even less on long term.

Without a long term consistent investment in the human capital and without the development of an environment in which employees are trained, respected, appreciated for what they are and what they can offer, encouraged to bring their input, ensured that this will not have a negative impact on their position in the company and rewarded based on the results they bring, the operational and financial performances aimed at by applying the KAIZEN strategy cannot be reached. This happens because the employee does not believe in a system which, although seems to be built for him, in fact, follows its own purpose. And he believes even less in a system delivered as an obligation and less as a group of improvement solutions of his and the company's situation. Therefore, he will act accordingly.

When the KAIZEN management system is applied without being fully understood, clearly conveyed and supported accordingly, the results obtained are for weaker compared to the expected ones. Therefore, again, one turns to the mentality “this will work just as fine” and the mistrust in the KAIZEN management system thus confirming the initial misconceptions.

3.3 Implementation of the KAIZEN management in Romanian companies – recommendations and solutions

There are solutions to overcome each obstacle presented before. For most of them, change is the best engine. However, we are talking more about a change in the paradigms of thinking and less of one that annuls the individual identity and suppresses the potential of the human capital. The occurrence and development of uncertainty, of risk and obstacles previously mentioned [15] only appear when the potential of change of bringing improvements in the total quality is not fully understood and exploited. Change is considered by both theorists and specialists in the field of management, an essential characteristic of the XXI century and that is why special attention deserves to be given to the development of this phenomenon in the Romanian companies as well, regardless of the type of management that management prefers to implement.

For starters, it is necessary to start from the premise that change addresses all components of the micro and macro-environment. In this context, diversity is a benefit of change when it is exploited. According to Peter Ducker, considered by The Economist “*the biggest thinker which the science of management has ever created [13]*”, the management of the future will be built on the concept that companies, regardless of their size, need to be led as “transnational” businesses, because the competition they will have to face will be Global. In his vision, the strategies thought at global level need to be able to integrate the best elements existing on the market, regardless if they originate from New Zealand, Finland, Turkey, America or Japan [2].

Second, if we consider the argument that “*there is no better culture that produces good management, but only good management, suitable to the proposed culture*”, it is understandable why when wanting to reproduce success, it is not the management system that needs to be reproduced, but to create management systems adapted to the management [11].

A type of inter-cultural management, like the KAIZEN management system, is efficient in Romania only when it considers elements of the “general intercultural management” and adapts them to the Romanian reality and work ethics [11]. And considering this, it is already confirmed that the KAIZEN management system applied in the companies from Romania is adapted to the particularities of the Romanian market and the Romanian work style.

As a consequence, ***the first recommendation*** to increase the speed of change of the staffs’ mentality, to reduce the resistance to change and to use accordingly the cultural diversity is *organizing seminars and courses destined to instruct top management and mid management*. This stage is indispensable for building the competences and credibility of management in order to send accordingly the vision of the KAIZEN management to the company’s employees but also to acquire the ability to make the necessary adaptations. And here we do not refer only to the theoretical aspect. It is vital for management to be able to manage both employees and the activities supported by the employees. And even more, to convey the behavioural models expected from the employees. When management expects commitment, results, adherence to the organizational culture values and the newly implemented management system without giving a personal example of supporting the desired model, employees’ attitude is in accordance with the delivered behaviour.

It is to remember that the management system is never better than it is possible to be in the management’s vision. That is why it is necessary for managers to be the first to sustain and promote the KAIZEN management system amongst the other employees, regardless of the level, by daily behaviour models in accordance with the KAIZEN values. Otherwise, beside the risk of conveying a wrong message of conduct, there is also the risk that the employees interested in getting involved, of developing and sustaining the system, to feel unsupported, that their input is not valued or even worse, to be discouraged in their initiative, as an effect losing their interest.

Each person has an unlimited potential that can be engaged, encouraged and determined to be developed to the benefit of all parties involved. That is why it is the responsibility of each manager to instruct and to help the people they are working with to understand the new changes, their necessity, the goal the company is reaching for as well as the manner in which the scope will be attained by their individual participation. In this way, the burden of changing the

management system and the implementation of the new working style are divided between all employees of the company, which makes for the success rates to increase exponentially and the possibility of exhaustion and demobilisation of a small team to decrease.

We can consider that managers have the duty to inspire the people they are working with, to consolidate their trust in the capacity to make decisions that are in accordance with the company's vision and to help them to permanently develop their abilities and necessary competences.

When improvement projects start being according to tasks, and not functions, people with different levels of training and independent perspective end up completing each other and working together faster at accomplishing the improvement projects. And when people come to realize that they are part of an environment that cares for them, they start benefiting from its advantages. By improving people, the total quality brought to the products and services offered by the company also increases.

That is why, bringing the company up to a very high level through the KAIZEN management is possible only through a foundation in which each manager offers a valid model of conduct, encourages individual initiatives, develops professional skills and creates an environment in which the potential of the people the manager works with, is continuously stimulated [12].

The second recommendation aims the re-positioning regarding the concept of "cultural diversity" and encouraging its usage for the advantages it can offer.

The company's management needs to send to its employees the idea that the cultural differences are an inexhaustible source of improvements and in no way a barrier in the way of development. Just some of the benefits offered by cultural diversity are:

- Enlarging the horizon of work knowledge and experience;
- Multiple interpretations for reaching the management objectives;
- Openness toward new ideas;
- The capacity to work better with foreign clients;
- Better understanding of the cultural, economic and judicial environment of the foreign countries [19].

All these advantages bring significant improvements to the quality of the products and services rendered. More so, one will understand that, including in

the cases in which organizational cultural incompatibilities are identified, they can be unified by organizing the management focused on planning, organization, motivation and reward. To these, the approach of an internal communication style focused on collaboration and transparency, both vertically and horizontally, is also added.

The third recommendation aims the improvement of communication and facilitating the *know-how* transfer within the organization.

First of all, we need to start from the premise that the best way of keeping the experience and know-how gathered by the company, as well as to communicate internally between the departments and externally with third parties in an efficient manner is by drawing up standards regarding the manner in which employees work, accompanied by their implementation, compliance and improvement.

We mention that standardization represents the integrant part of quality assurance being, together with applying the 5S method, elimination of *muda* (losses) and the visual management, the basis for the implementation of the KAIZEN management system.

About standards it is considered that they represent “*the best, easiest and surest manner of working*” [6]. In practice, standards represent written documents that communicate in a simple, clear manner, understandable by all, the manner in which one works. In order to facilitate the understanding they may contain images, pictures or charts [6]; everything that is considered to be of help, quicker, in complying with some logical steps, to reach the best results in the shortest time and with the minimum of resources.

Through them, the practices developed in companies during the years due to the abilities and skills of the human capital can be harmonized, preserved, and then constantly improved with the opportunity of new experiences and new knowledge and methods brought by the employees.

On the one hand, one can say that standards offer to new employees the chance not to make the same mistakes and not to use the same volume of resources, among which we also mention time, in the attempt to perfect the most efficient and productive manner of achieving the daily tasks.

Even more, based on the standards one can identify more easily the causes and effects of some events, so that, if needed, prevention means for problems to re-

occur can be applied and to minimize their effects [6]. Additionally, through standardization one reaches a more efficient control of the process by all employees so that errors are as low as possible and client satisfaction high.

Last but not least, we mention that through standards one ensures the basis for communication between levels and departments, maintenance, meaning first keeping then continuous improvement based on the analysis of audits and diagnosis [6].

To improve internal communication and to understand the concept of “*team work*”, one can also use the following institutional communication systems:

- *Inter-personal channels*: gatherings of the inter-department teams, team problem solving, meetings, telephone conversations; business lunches, events, conferences or social gatherings;
- *Printed channels*: e-mail, bulletins, reports, letters, leaflets, memos, plant publishing, internal magazine, guides of the organization;
- *Non-circulated visual channels*: panels, posters, images or photos with succinct explanations, advisory board, banners, and electronic tables.

And regarding facilitating the know-how transfer in the entire organization the following solutions are recommended:

- Training upon hiring and periodic re-trainings;
- Information through visual management;
- Workshops and audits;
- Operative meetings of 5-15 minutes (daily) and weekly meetings on area;
- Maintenance of activities;
- *Benchmarking* activities.

The forth recommendation refers to making the potential offered by the *teian* and 5S system known. As it was previously mentioned, the advantages of implementing these two practices and their support are multiple: employees' motivation, increasing satisfaction and the feeling of belonging to a group, increasing productivity [27] and capacity, improving the work environment and, in fact, supporting the entire management system.

The management of one of the companies with the best KAIZEN management system in Romania considers that employees are capable of supporting any type

of system, regardless how it is called and where it comes from, as long as they feel protected, respected, their suggestions are heard and they also have to win from it all.

Increased productivity and capacity are a reflection of the work environment. In a work environment in which order and cleanliness are maintained and improved, the 5S method becomes a manner to relieve the employee of stress and waste of time. Additionally, it offers the possibility for defects and problems to be identified early on, so that the situation is managed efficiently before it amplifies. Last but not least, in the work environments in which one operates machines the 5S method also helps to prevent accidents. That is why we can assert that the 5S method is more than cleanliness. It is the care for one's own welfare. From the care reflected on oneself, the benefits also fall on the colleagues and work methods, quality of the products and services company and, last but not least, on the client and end consumer.

Mr. Hidesaburo Kagiya, the founding president of the *Clean Up Japan* association and the president of the *Yellow Hat* with 560 branches in Japan and 20 abroad, states that implementing the 5S method can transform the company in a family. From the experience gathered in 60 years of activity in the business environment and just as many years of caring for the environment and order, he understood that the company environment cannot be enjoyable and productive when the employees are not happy [4].

Related to this statement some additions are required. The unity mentality and "*the company as a family*" are far from being concepts invented by the Japanese and aspects that are specific to national culture. Regardless of the country, culture, ethnicity or level of education, people share a common and natural need to belong to a group and significance. More than that, people have been genetically designed for millions of years to actively participate and to bring their input in improving the environment they are part of and the quality of the life they live. Just because the obsolete management systems have reduced the man to a tool, then replaced him with machines, diminishing his importance, does not mean that the instinctual needs of people have changed. Such aspects were also considered by the KAIZEN philosophy transformation in a management system.

Currently, in Romania too, one can talk about the transformation of the company in a "*big family*" [11]. According to Gh. Gh. Ionescu and A. Toma

“amongst the new values that gain land are: decrease of state dependability, complying with the market demands, capacity, professionalism, partnership participations, compromise, negotiation, accepting the possibility of unemployment and requalification”[10]. Additionally, organizations’ management start putting more and more emphasis on values and behaviours such as *“solidarity”, “team work”, “loyalty toward the company”* using the organizational rituals as tool for creating or consolidating these values and behaviours.

That is why the KAIZEN management system, applied in Romania and anywhere else on the Globe, does not aim at transforming the employees into Japanese and even less, in mere tools in order to achieve their goals. What it is aimed at is continuous improvement, with small steps of everything that can be improved, as much as it can be improved and everywhere it can be improved. One aims to train the body alongside the mind and spirit; an optimization of the work place and its transformation in a place where the employee can feel at ease, working happily; an involvement in identifying the simplest and most efficient solutions and a development and refinement of ideas and suggestions through collaboration and team work. It is a potential found in all employees, regardless of level or training. And a form of making everyone responsible for the quality they offer to the people they work with, the environment where they work, the products and services they develop.

The reason why the above recommendations are worth considering are connected to the fact that after analysing the main companies in Romania that have implemented the KAIZEN management system, it was identified that once the practices, work techniques and scope were explained, the employees end up sharing the organizational culture of the company and to support the system, as long they are supported by management.

The employees of the companies with a KAIZEN management system consider that the biggest change that the system brings into the company is the openness of the company towards the new, highlighting the importance of team work and of stimulating imagination, long term planning and practicing some common sense rules which require the commitment of everyone, regardless of the level.

In general terms, it has been noted that implementing the KAIZEN techniques requires a period of at least 6 months in order to ensure stability and the continuation of activities.

Applying the desired techniques and practices is possible as long as the training, implementation support and commitment are promoted, done and controlled in an efficient manner. Again, the level of interest and awareness of management, the management model it offers and the extent to which employees support it, matters.

4. Conclusions

KAIZEN is a Japanese philosophy, which focuses on continuous improvement in all aspects of life. Applied in the business environment, the KAIZEN management system follows the constant improvement of the organization, starting with the staff, continuing with the processes and closing with the products and post-sales services. The system involves employees on all levels, regardless of the level of training or their status and implies small improvements, brought day after day, with costs as small as possible. Also, the KAIZEN management system also applies in the relation with the suppliers, clients and investors, partners, NGOs, local community, authorities, government and other parties involved.

Implemented for the first time in some Japanese companies, amongst which Toyota, immediately after World War II, KAIZEN management spread rapidly in companies all around the world, after 1986 when Professor Masaaki Imai, the father of continuous improvement, founded the KAIZEN Institute Global. Through its 37 branches in Europe, America and Asia, companies from all around the world had and have the chance to implement some of the most efficient work techniques and practices at world level.

What makes the difference between the KAIZEN management and other American and European management systems focused more on development through innovation and high costs is the fact that the entire system is based on an interdependency of the staff who ends up working as a team for reaching the same goal. Aside from the fact that this aspects transforms it in the most humane management system on the market, it facilitates the improvement of all elements involved in the creation and delivery process of goods and services, through costs as low as possible. The employees from the companies with a KAIZEN management system work in clean spaces, neat and kept at certain standards that they constantly improve (5S), follow daily the elimination of all types of *muda* (losses), they are helped in the communication and decision making process by

the visual management and standardization, they are cherished for the work they do and the suggestions are taken into consideration (*teian*) generating added value, as a consequence, both them and the company are winning. More so, according to the company profile and the activity object, there are numerous other KAIZEN techniques and practices developed in order to support the processes control (TPM, TFM, VSM, SMED etc.). However, it is important to mention that the KAIZEN system does not replace nor does it exclude innovation. It only looks for the most efficient mechanisms of using and maximizing its benefits when it comes to progress.

The evolution of the KAIZEN management in Romania was in tight connection with that of the quality management. Through bodies such as The Romanian Society for Ensuring Quality (S.R.A.C.), The Romanian Movement for Quality (M.R.C), The Romanian Association for Quality (A.R.C), The Romanian Foundation for Promoting Quality and The Romanian Quality Award Foundation “J.M. Juran”, the basis for developing an economic environment focused on excellency was created. The KAIZEN Institute Romania also participated at this evolution, which from 2004 offers consultancy, training and projects in order to improve the economic and social environment in Romania.

Regarding implementation and functionality of the KAIZEN management in the Romanian organizations, an aspect that is worth mentioning is the fact that it is possible and more and more spread. Everything starts in the mentality. As long as their interest, openness and the cultural diversity is seen as an advantage, through proper training, practice and personal example, the necessary expertise for implementing and supporting the system in any company and in any field can be learned.

The most known obstacles in implementing the KAIZEN system “*resistance to change*” and “*mistrust in the reliability of the KAIZEN management system*” are favoured mainly by the lack of clear information. This aspect can be controlled through a better training of those responsible with implementing and supporting the system and a more efficient conveyance of knowledge amongst the colleagues they work with. Additionally, the manner of conduct offered by management and the extent to which they support the development of their second in command, step by step, in a productive climate, also represents a basis for ensuring the implementation of the KAIZEN management system in companies.

At social level, in order to change mentalities and improve the society by means of the KAIZEN Social projects, the increase of the concept's visibility at national level is necessary.

Regarding the evolution of the KAIZEN concept at national level, it is appreciated that it will have an ascendant direction, ending up being found both in organizations and in the daily life of the employees and of those interested in continuous improvement. The key to the evolution of the KAIZEN concept lies in sending on a large scale, the simplicity on which the management system is built on. And the simplicity lies in the nature of the KAIZEN concept of being a life style, and not just a manner of working.

In conclusion through sustained effort and involvement, it is only a matter of time before results occur. Starting today and continuing day after day to improve something with ourselves, we ensure through the activities we undertake and ourselves a better future for us and future generations.

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IMPLEMENTATION OF AN INTEGRATED RISK MANAGEMENT FRAMEWORK: A MULTICRITERIA APPROACH FOR ROMANIAN SMEs

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Abstract

Small and medium sized enterprises (SMEs) are an important part of the world economy and the organizations need for security is growing. SMEs traditionally find it more difficult to implement complex management systems than their larger counterparts because often have major problems with limited resources, limited knowledge and limited technical capabilities.

The paper has a dual focus. Firstly, it aims to evaluate the factors that are important for the implementation of an integrated risk management framework in small and medium enterprises from Romania. The motivation is the fact that decision to implement a such framework is a difficult one, is costly and is based on a lot of criteria. Secondly, it evaluates the weights assigned to the decision criteria on the basis of the opinion of experts from SMEs and using a multicriteria decision-making method (Analytic Hierarchy Process).

Keywords: *integrated risk management, multicriteria approach, Romania, small and medium enterprise (SMEs.)*

JEL Classification: C69, M19.

1. Introduction

The efforts to introduce the risk management in organizations have increased over past decade and have been intensified by two characteristics of economic environment.

On the one hand there was an increase in the complexity of risk, which is explained by the acceleration of the technological progress, of the activities' dimension and interdependency, as well as of the social transformations. On the other side the organizations need for security is growing.

In its simplest formulation, risk management is a systematic approach to risk within an organization and has different meanings, depending on the unit of analysis and the field of activity (Ciocoiu, 2008).

The global financial crisis that began in 2007 generated the opportunity to evaluate and improve risk management practices in organizations (Grant, 2011).

The publication of ISO 31000: 2009 *Risk management - Principles and guidelines* and of ISO Guide 73:2009 *Risk management -Vocabulary* has contributed to a unified approach to the concepts of risk and risk management across the world.

ISO Guide 73:2009 defines risk management as *coordinated activities to direct and control an organization with regard to risk*. This definition has been taken up by most guidelines and risk management methodologies emerged in recent years all over the world.

Organizations have long practiced various parts of risk management. Corporate management of the various types of risk was carried out by category, in *silo*. Identifying and prioritizing risks, treating risks by transfer, through insurance or other financial products, has also been common practice, as has contingency planning and crisis management. What has changed, beginning with 1999-2000, is treating the vast variety of risks in a holistic manner and elevating risk management to a senior management responsibility.

This relatively new concept is called *Integrated Risk Management (IRM)*, *Entreprise Risk Management (ERM)*, or *Enterprise Wide Risk Management (EWRM)*.

Motivations for integration of risk management consist in pace of change induced by globalization, regulations in various fields, growing expectations of shareholders, new technology, etc.

Integrated Risk Management is an explicit and systematic approach to managing all the risks from an organization-wide perspective. IRM supposes that the risk management system should be integrated in the organisation's management system. This one should use working instruments, communication channels, and specific procedures adapted and correlated with the rest of the elements of the organization's management system (Ciocoiu and Dobrea, 2010).

Managing risk in an integrated way can mean everything from using financial instruments to managing specific financial exposures, from effectively responding to rapid changes in the organizational environment to reacting to natural disasters and political instability or other changes (Graham, nd).

Hillson (2006) mentions that IRM is a framework for organizational success because it addresses risks across a variety of levels in the organization, including strategy and tactics, and covering both opportunity and threat.

In 2004, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued the *Enterprise Risk Management (ERM) – Integrated Framework* to explain risk management, how to perform it, and how to implement it.

Under enterprise risk management, as defined by COSO (2004), the process is integrated, risk is also viewed as a positive (recognizing that successful companies must take on risks when seizing opportunities), proactive behavior is expected, and the risk management activity is strategic (or value-based), broadly focused and process-driven.

In recent years, the researchers have passed from an approach based on a negative view of risk to one where risk is seen both as a threat and as an opportunity.

Experts and practitioners in the field of risk management continue to have different views on the incorporation of two issues - threats and opportunities - in defining risk, but the orientation toward the inclusion of opportunity is becoming more evident due to the advantages it present.

David Hillson, a British specialist recognized for his contributions in the field of risk management, said the use of the word "risk" only in a negative sense is somewhat incorrect because changing the meaning of the ancient word (risk comes from Latin where *resicare* = to dare). On the other hand, would be a waste if management teams who are already trained to manage threats should not be used at the same time to identify and manage opportunities (Hillson, 2001; Hillson and Hulett, 2004).

Speaking about inclusion of the opportunities in an integrated risk management system, Hillson (2006) mentions other important benefits. Thus, using the system to manage both threats and opportunities it is possible to reduce the number of processes required. Limited resources can be used effectively by

combining common activities such as planning of identification, assessment and response.

Thinking in terms of opportunity encourages teams to seek new ways of working in order to create benefits, value and savings. People enjoy finding ways to work faster / cheaper / smarter.

A structured process will find and capture more opportunities than would be found by chance. In turn, the captured opportunities will create additional benefits and savings that can offset the impact of unmanaged threats. The positive effects of identified opportunities will maximize the likelihood of achieving the established objectives.

Acceptance of opportunity based approach is important for decision to implement an integrated management framework in a company.

IRM (respectively, ERM) represents a significant evolution compared to previous approaches of risk management for many reasons (AIRMIC, ALARM and IRM, 2010; COSO, 2004; Stulz and Nocco, 2006; Graham, nd):

- treats risk both as a threat and as an opportunity;
- risk management is systematically oriented to all activities within the organization;
- identifies and manages multiple risks and cross-enterprise;
- the risk is quantified to better inform decision-making;
- risk management is part of the strategic planning and budgeting;
- takes into account the organization and its member's attitude towards risk;
- uses different types of risk management strategies and allocate responsibilities regarding risk management.

2. Drivers and barriers for integrated risk management

There are a number of factors that should be considered when designing and planning an IRM framework.

First of all, there is a greater recognition of the increasing number, the variety, and the interaction of risks facing organizations. Hazard risks have been actively managed for a long time. Financial risks have grown in importance over the past number of years, especially in the last five years. New risks emerge with the changing business environment. The awareness of operational and strategic risks has increased due to many cases of organizations destroyed by failure of control

mechanisms or by insufficient understanding of the dynamics of their business. The accelerating pace of business, globalization, the financial crisis, all contribute to the growing number and complexity of risks and to the greater responsibility for managing risks on an enterprise-wide scale.

Standardization in risk management represents another important factor for IRM. The international community has developed a great number of documents in some way related to the standardization of risk management. These standards cover the general guidance for risk management, the terminology, requirements and tools.

The International Organization for Standardization (ISO), together with the International Electrotechnical Commission (IEC) are the leading organizations in the development of international standards (Avanesov, 2009).

The standard ISO 73:2009 provides general definitions of terms related to risk management. It aims to encourage a consistent approach to the terms and description of activities related to risk management. Its revision and publication in the same year with ISO 31000:2009 "Risk management - Principles and guidelines" contributed to further integration of risk management practices.

According to ISO Guide 73:2009 the risk represents "effect of uncertainty on objectives". The guide also states that the effect may be positive, negative or a deviation from the expected result, and that risk is often described by an event, a change in circumstances or a consequence. The objectives could be varied (financial, health, security, environmental etc.) and at different levels (strategic, organizational, project or process level).

The defensive posture towards risks is associated nowadays with the recognition of the opportunistic side and the value-creating potential of risk. While avoidance or minimization remains legitimate strategies for dealing with certain risks, by certain organizations at certain times, there is also the opportunity to swap, keep, and actively pursue other risks because of confidence in the organization's special ability to exploit those risks.

Another important factor for IRM is the growing tendency to quantify risks. Advances in technology and expertise have made quantification easier, even for the infrequent, unpredictable risks that historically have been difficult to quantify (Ciocoiu, 2008).

Ludwig (2012) notes that in the last generation of risk management interpretation of quantitative results became more important, and a better balance between purely qualitative and purely quantitative approaches was demanded.

AIRMIC, ALARM and IRM (2010) consider that an important factor in planning and implementing of an ERM initiative is represented by the details of the risk architecture, strategy and protocols that should be recorded in a risk management policy for the organization.

Even if the implementation of risk management practices has not progressed uniformly within different industries and different organizations, the general evolution toward integrated risk management can be characterized by a number of *driving forces*.

Successful implementation of integrated risk management depends on various factors, one of the most important being considered the *culture and risk awareness within the organization*.

In February 2007, the Economist Intelligence Unit has surveyed 218 managers from around the world about their approach on risk management and the main challenges and opportunities related to this function of management. Respondents came from diverse industries and geographical regions such as Asia, Australia, North America and Western Europe. All respondents have influence or responsibilities regarding strategic decisions on the risk management in their companies and about 65% are top managers or executives. At the question regarding the most important element contributing to the success of risk management in their organization, executives have positioned a strong culture and awareness of risk within the organization in the first position, followed by clearly defined risk attitude.

Most experts (Hillson, 1997; Artto and Hawk, 1999) agree that one of the most significant critical success factor influencing effective risk management implementation is the one most often lacking, an appropriate and mature risk culture.

The impact of *increased regulation* is having a significant effect on risk management, according to Ludwig (2012). A single risk system provides the consistent methodology that enterprise steering requires, as well as the transparency that regulators demand.

Partly due to known errors from part of corporate risk management, specialists, consumers, rating agencies, investors and others specialized organizations insist that top management to take greater responsibility in terms of risks. The efforts materialized in recent years in various forms, from adopting a set of principles governing the application of risk management at the enterprise's level to implement integrated risk management systems tailored to the firm. Based on this assumptions, *stakeholders pressure* can be considered an important driver for the implementation of IRM framework.

Companies are aware that, outside these systematized pressures, there are the shareholders and owners desire to have stable and predictable earnings, this representing one of the key objectives of IRM in many organizations.

Implementing a sound and effective risk management framework is a way to increase the organization's value and to reduce the risk of investment for shareholders, according to Bartram (2001). An integrated risk management should contribute to improving the image and reputation of the organization.

According the EIU (2007) study the most important internal and external drivers to strengthen risk management in the organisation are: greater commitment from the board to risk issues, greater complexity of the value chain, respectively increased focus from regulators, demands for investors for greater disclosure and accountability, and macroeconomic volatility.

Organization's external environment is recognized as an external driver for IRM implementation. The results of a study conducted by Yaraghi and Langhe (2011) confirm the common belief that the organizations with a higher level of uncertainty in their products and production system will be more attracted to risk management system. The results also prove that the high level of competition and roughness of the environment that the company play an important role in a company's decision upon starting an risk management system.

Business type is another critical success factor for risk management systems. As an organization's size increases, the scope of events threatening it is likely to differ in nature, timing, and extent. In addition to having a greater need for more effective enterprise-wide risk management techniques, larger entities may have greater ability to implement IRM due to greater resources. In fact, Colquitt, Hoyt and Lee (1999) found that large firms are more likely to adopt integrated

risk management processes than smaller firms. Also, firms in sectors that traditionally are recognized affinity for risk management will be more attracted by the implementation of an integrated system.

The evolution from the traditional risk management model to IRM is not easy. A number of *barriers* can be identified regarding the implementation of successful integrated risk management systems.

Despite the acknowledgement that investment in the risk management systems has increased in recent years, the *availability of time and resources* is recognized as being the biggest barrier (EIU, 2007).

Another reason for not implementing a risk management integrated framework is *lack of support and commitment from executive management*. The management team's lack of interest in matter of implementing an integrated risk management system is caused by the difficulty of measure its performance, respectively the measure in which it can be proved that the benefits of using the system justifies the implementing costs.

Walker, Shenkir, and Barton (2002) note than an ERM initiative cannot succeed without strong support in the organization from senior management, and many studies (e.g., Ivancevich, Hermanson and Smith, 1998; EIU, 2007) have found that top management support is crucial to the success of a variety of initiatives.

The *lack of competence and education about risk management* could contribute to the failure of the IRM implementation.

Changes instituted by implementing IRM could generate some defensive behaviours of the firm departments trying to protect its "territory". A successful approach is one which coordinates all departments, recognize the need for training, but admits initiative, flexibility and autonomy from them. According Coccia (2005), communication and the promotion of behavioral changes throughout an organization are the key success factors for ERM.

McDonald (2004) identifies, based on a survey results, the most important success factors in ERM: clearly defined risk appetite articulated through limits and monitoring procedures, involvement of managerial board, centralized ERM organizations, proper communication and instilling risk into the culture of business.

The organizations which intend to implement an integrated risk management framework have to treat the implementation as a project itself that need clearly defined objectives, success criteria, time echelons and adequate resources, as well as monitoring and control during the implementation period. Before everything, a strong motivation for the implementation is necessary, based on the expected performance evaluation and *perceived usefulness* of the IRM system.

In addition, it is necessary to bring to the attention of all those involved in implementation of the objectives and content of IRM framework, consulting them on how to implement the framework and training them to be updated with the latest advancements in risk management that is evolving extremely rapidly.

3. Methodology of research

3.1 Objective of research

The study aims to evaluate the factors that are important for the decision to implement an integrated risk management framework in small and medium enterprises from Romania.

Lack of discipline in the risk management has been an important factor behind the financial crisis. In Romania, companies allocate resources to the management of risk are those in the banking, IT, and authorities subordinate to the Government. Unfortunately, organizations in other areas of activity, such as construction companies or NGOs, and especially SMEs, do not consider the allocation of resources to the area of risk management as a necessity.

IRM driving force factors were selected from literature review and interviews with key experts and managers from 7 small and medium enterprises from manufacturing industry.

The respondents were asked to rank the assessment criteria (driving forces) according to their importance by a series of pairwise comparisons.

Choosing the sample of firms in manufacturing industry is justified by existence of a large number of SMEs operating in this area.

3.2 Method of research

The decision to implement an integrated risk management framework into a SME is a difficult one because is based on a lot of criteria. The various criteria used for evaluation of risk management systems use a multitude of measurement units. So, it is very difficult to express them all in a single unit. A possible solution to this problem is Analytic Hierarchy Process method (AHP), a method largely used in economic research. It will not replace the decision-making process itself but it will generate information needed to make the decision and will present it in a structured way. The critical component of such decision-making is what the weights ought to be for the different decision criteria.

Since a decision-maker bases judgments on knowledge and experience and then makes decisions accordingly, the AHP approach agrees well with the behavior of a decision-maker. The analytic hierarchy process (AHP) method was developed by T. Saaty in 1970 and is one of the best known and most widely used multi criteria approaches. It is a hierarchy process to solve complex problems involving multiple attributes by constructing the problem into the goal, criteria/attribute and alternatives for decision maker.

This method is based on pair-wise comparison between criteria and alternatives. AHP solicits expert's judgment. During the process, each expert is required to make judgments on their relative importance in relation to the element at the higher level with reference to a 9-point scale (Table 1) (Lee and Chan, 2008; Saaty and Vargas, 2001). The AHP model would proceed with comparative questions, such as "From the owners/management point of view; which is more important?".

However, the AHP method systematically reduces built in bias and renders good estimates for the weights and the scores.

Table 1. Scoring scale for criteria comparison

Intensity	Evaluation	Explication
1	Equal importance	The specified criteria contribute equally to objective
3	Weakly importance	A criterion is slightly favoured compared with other
5	Essentially importance	A criterion is clearly dominates the other in importance
7	Very strongly importance	A criterion is strongly favoured compared with other
9	Absolutely importance	A criterion is unquestionably more important than other
2, 4, 6, 8	Intermediate values	When compromise is giving between two adjacent judgments

In order to ascertain that the experts are consistent in rating the relative importance of the criteria the AHP method requires measuring the consistency ratio (C.R.). A judgment is only considered acceptable when C.R. is of 0.10 or less. If the C.R. value cannot pass such acceptable level, it is certain that the experts make judgments arbitrarily or mistakenly and then they have to do it again (Lee and Chan, 2008).

The individual expert comparison is combined group wise using the geometric mean method (GMM) (Aczel and Saaty, 1983). In the geometric mean method, the group judgment for the pairwise comparison is obtained by taking the geometric mean of the individual judgments. GMM is particularly suitable for aggregating group preference especially where conflicting responses could arise.

AHP has been applied in a large number of practical applications, mainly in economics and conflict resolution, for solving social, governmental and corporate decision problems. Additional researches were done regarding the development of hybrid methods that incorporate heuristic optimization techniques, combination of AHP with SWOT analysis or fuzzy methods, expansion of AHP with statistical method.

There are also relevant applications of AHP related to risk management in business and projects (eg. Dawotola, van Gelder and Vrijling, 2010; Dey, 2001; Dey, 2002; Mustafa and Al-Bajar, 1991; Vrijling, et al. 2004).

3.3 Development of the model

The generic model used to evaluate the decision to implement an integrated risk management framework in SMEs include 2 groups of criteria (external and internal drivers) and 9 criterions. This model is shown in Figure 1.

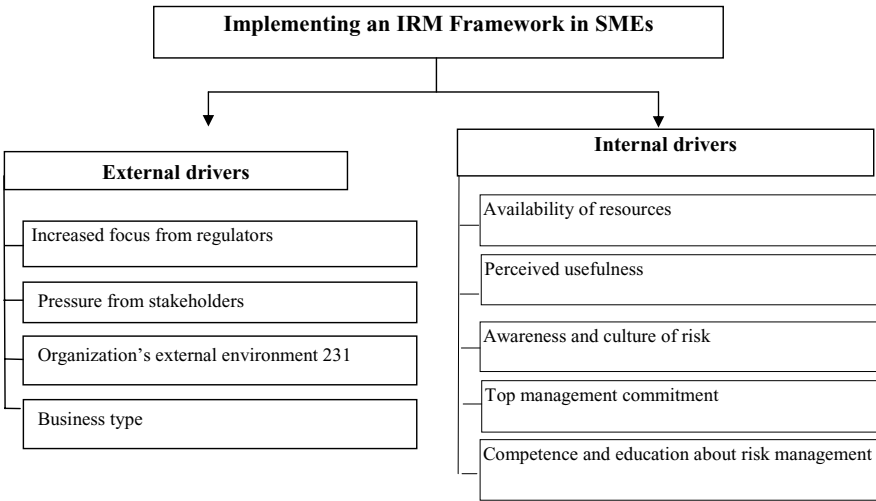


Figure 1. The hierarchic structure of the decision

Basically, the levels of the hierarchy relate to the flow of decisions. The top element of the hierarchy is the overall goal for the decision model. The hierarchy decomposes to more specific attributes until a level of manageable decision criteria is met. The hierarchy is a type of system where one group of entities influences another set of entities. In the hierarchy shown, the overall goal is to evaluate the implementation of the integrated risk management framework.

Under this we would determine the importance or influence of group of criteria in the decision. Next we would determine for each group of factors the importance of the each criterion.

4. Results

The aim of the model is to build a tool to help decision makers from the SMEs in the assessment phase of IRM framework implementation. Taking into account the criteria presented in the previous chapter, was designed the structure of the model and then was calculated the weight of each criterion using Expert Choice 2000 software (produced by Expert Choice Inc.).

The experts from SMEs have done the evaluation of the criteria. The values calculated for the weight of each criterion is shown in Figure 2.

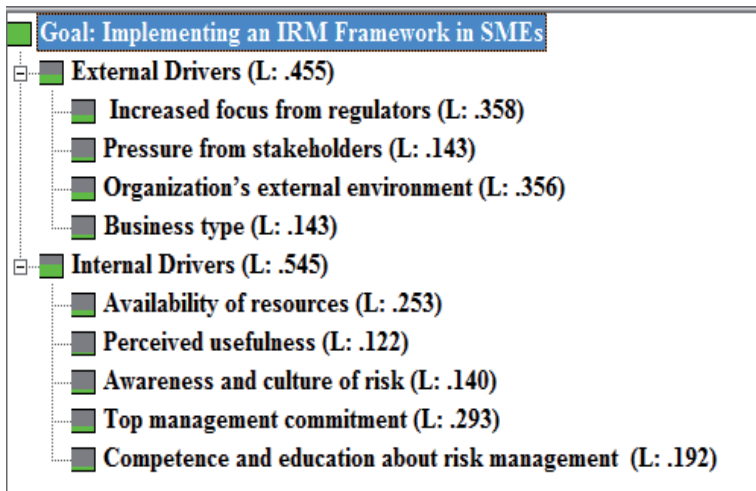


Figure 2. The summary results

The AHP analysis led to the following ranking of the evaluation criteria: 45.5% external drivers and 54.5% internal drivers.

In the group of external drivers the first positions are occupied by increased focus from regulators (35.8%), and organisation's external environment (35.6%), followed by pressure from stakeholders and business type with the same weight (14.3%).

In the group of internal drivers, the most important factor from the point of view of interviewed experts is the top management commitment (29.3%), followed by availability of resources (25.3%), competence and education about risk management (19.2%) awareness and culture of risk (14 %) and perceived usefulness (12.2%).

In the hierarchy of global importance, relative to the overall objective, the ranking of criteria is presented in figure 3. Top management commitment is the first criteria, followed by availability of resources and increased focus from regulators. In the last position is observed the business type.

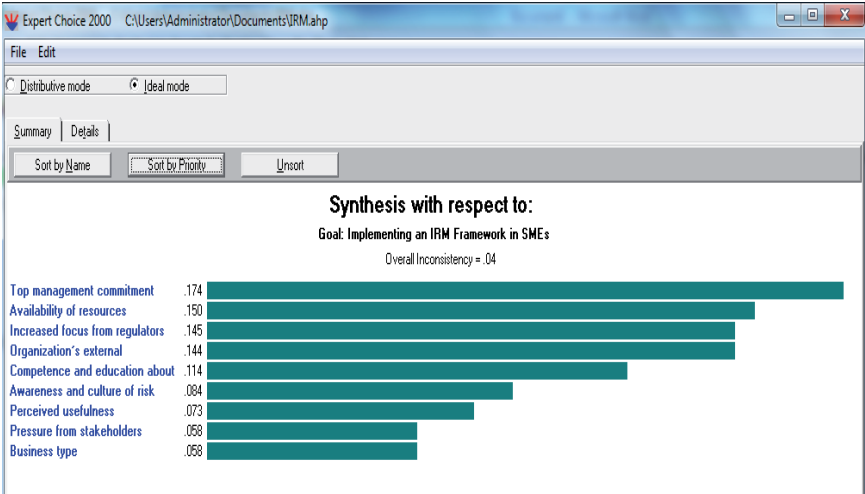


Figure 3. Synthesis with respect to goal

Analysis can be extended based on sensitivity graphs generated by Expert Choice 2000. Sensitivity analysis examines the sensitivity of the results to changes in the priorities of the criteria. This is a particularly important aspect of an AHP problem analysis, since results are based on subjective expert assessments.

Gradient Sensitivity Analysis (GSA) of Expert Choice, represents the variation of criteria ranking to changes in external drivers criterion (Bahouth, 1993). It illustrates that if the increased focus from regulations, (which is 35.8%), decrease to 17%, the criteria top management commitment ranks first (figure 4).

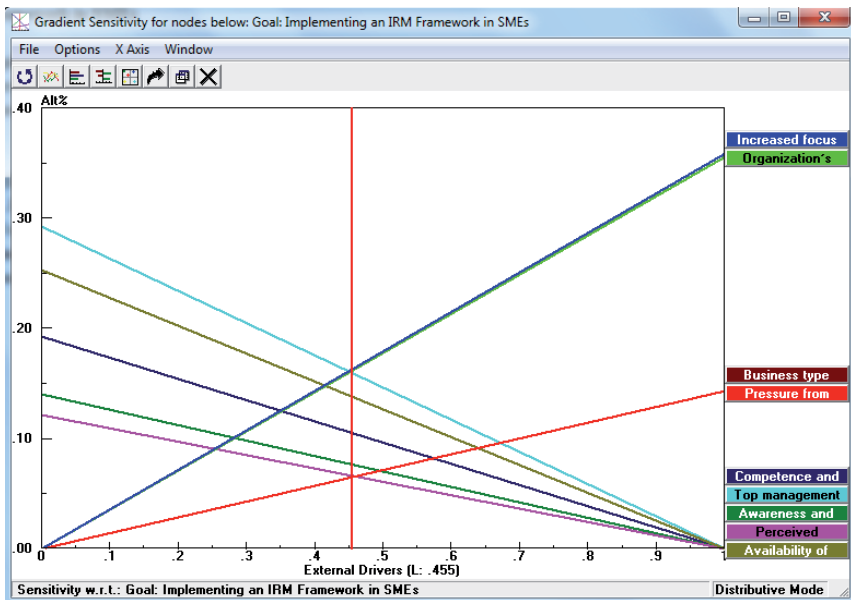


Figure 4. Gradient Sensitivity

The proposed model can help the decision makers to gain a deeper understanding of the key factors involved in the implementation of integrated risk management framework in the SMEs. In addition, allowed the experts to get an insight on the necessary framework for the integration of different risk management practices.

5. Conclusions

The issues of proactive management practices implementation have attracted the interest of researchers since 1990s, and many researches in this area have evolved.

The main contribution of the study is the identification of the important criteria for IRM implementation in the SMEs. The decision to implement an integrated approach of risk management is a difficult one because is based on a lot of criteria. Therefore, the study aims was to use the AHP approach to identify and assess the factors that influence Romanian SMEs to introduce integrated risk management frameworks.

The second contribution is a development of a multi-criteria decision model for evaluation and selection which can be used by SMEs in order to evaluate different alternatives to implement risk management practices.

For Romanian SMEs, internal criteria have a high weight in the decision to implement IRM. Decision is strongly influenced by increased focus from regulators and how much managers and business owners are committed to the implementation of IRM than by internal capabilities or perceived usefulness or risk management.

There were several ways we could use the information from the rankings. The most natural one would be to choose those actions that contribute the greatest relative weight to the overall objective.

Although the AHP provides a clear rationale with respect to IRM Framework implementation in Romanian SMEs companies, the main limitation that should be kept in mind when interpreting the findings of this study refers to the fact that the resultant ranking of criteria cannot be tested for statistical significance.

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SOCIAL ECONOMY ORGANIZATIONS AS A PUBLIC MANAGEMENT MAJOR EMERGING TOPIC IN ROMANIA

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Abstract

Social economy organizations are becoming more and more prominent social and economic actors in today's world. As a specific case, following the collapse of the communist regime in 1989, the social economy re-emerged in Romania showing impressive dynamics: more than 60.000 organizations are registered in Romania today, with almost 40.000 active organizations. Besides the important volume of volunteer work, whose value is difficult to assess in monetary terms, the social economy sector in Romania is an important employer, providing a large number of jobs.

SEO turn critical societal problems into opportunities by actively involving the community actors. The social economy organizations are agile, creative and collaborative, and can work across sectorial, jurisdictional and disciplinary barriers to employ effective strategies that make transformational change possible. They, also, provide important services to help meet the needs of the citizens. They work hard to make the communities a better place by providing quality research, policy advice and front line services on everything from health care to housing to education, the environment and the economy. In other words, a country benefits doubly from social economy organizations: through both social and economic contributions that affect us all.

These are the reasons to consider social economy organizations in many West European countries as a major emerging topic for a public policy approach on social economy. In Romania, the coagulation and development of the "social enterprise" phenomenon, corroborated with an increase of the visibility of

social economy organizations as public policy subjects, prompts the need for an analysis of the public management of this field.

The capital questions to be explored are: what types of social economy organizations are operating in Romania? Which are the scale and challenges of these organizations? What is the public management perspective on these organizations?

The research methodology includes: documentation (desk and field research), data analysis, and analysis of documents and materials.

Keywords: *public management, public policy, social economy, social enterprise, social economy organizations.*

JEL Classification: L31, L38.

1. Public management and social economy organizations

At a time when public and private organizations at all levels are expected to do more with less, effective and efficient management of the resources available within the society is essential. In this respect, throughout the world, continuous improvement and structural reform are recurring themes for governments. These require the knowledge and skills to understand, manage and adapt to complex challenges in a large diversity of societal fields. Global moves towards competitive, flexible and managerial models of public administration force political leaders and managers to face major challenges such as sophisticated regulation of private organizations, managing contracted services and active engagement with citizens.

New public management shows that government is mirroring private-sector management in some important ways. As such, there are management theories and tools appropriate in both, public and in private domains, in order to maximize efficiency and effectiveness when using public resources to solve societal problems. The public management deal with critical issues and organizations that directly and obviously affects the quality of life in a country. In this respect, the public management field of study builds directly on the public policy and governance perspectives and examines the workings of the public sector and policy making systems. This field explores the dynamics between governments and emerging issues that affect the society and, thus, the

government, public sector management strategies, government accountability frameworks, as well as issues such as public policy design and implementation, and relationships with stakeholders, including various types of private organizations. Among them, the social economy organizations.

During the last years, both scholars and practitioners show an increasing interest towards a number of interconnected concepts which intrinsically include two apparently contradictory dimensions: social and commercial. In the international academic debate a discussion evolved around the most visible of them, the social entrepreneurship, social enterprise and social economy concepts.

After more than thirty years of their emergence, it is a confusing list of socioeconomic and legal interpretations of these concepts that are used either synonymously or differently. And because concepts implies root metaphors used in different cultures and disciplines (economics, philosophy, sociology, et al.) to describe in a specific way the reality, the concepts are not value-free. Presumption is that scholars and legislators are familiar with the different ways that various disciplines define such concepts. However, fact is that a plurality of overlapping interpretations of the concept with blurry boundaries generates some potential dangers as far as it concerns the public management theory and practice, especially when it comes to legal and fiscal regulations.

As a terminological clarification, within this paper, we consider “enterprise” and “organization” as synonyms.

1.1 The social economy concept

Generally, when the economic growth declines, new social forces emerge, reinventing solidarity in production relations, in order to respond to the failures of formal distribution mechanisms (Moulaert and Ailenei, 2005). In this respect, in an attempt to provide appropriate solutions to human needs when the disturbed market or the less flexible state system fail to satisfy them, different initiatives and forms of the social economy, with a considerable impact, emerged during the last two centuries. For instance, according to Monzon Campos (1997), at the end of the 19th century were established the „pillars of the social economy”: associations, cooperatives and mutual support companies, which represent, since then, „the core of the social economy”. Therefore, different scholars reported the existence of a link between the socio-economic crises and the emergence of different social economy organizations.

Despite the fact that the purpose of all economic activity is the satisfaction of human needs, nor the market or the public sector is able to satisfy them completely (Weisbrod, 1988), especially when the potential beneficiaries are made of vulnerable groups.

Actually, all these social needs represents „the sphere of action of the Social Economy” (Monzon and Chaves, 2008). On one hand, these needs can be satisfied by the market, through a commercial business, and this is how almost all the mutual societies and cooperatives get most of their resources. On the other hand, such needs can also be satisfied by non-market services developed by associations and foundations, almost all of which usually get the majority of their resources from donations, membership fees, subsidies, et al. From a structural perspective, the Social Economy is made of two major sub-sectors: (1) the commercial market or business sub-sector and (2) the noncommercial market or the non –business sub-sector (Monzon and Chaves, 2008).

All economic and social sectors are encompassed by the concept of social economy. It includes usually associations, foundations, cooperative enterprises, and mutual societies (Lukkarinen, 2005). The social economy is populated with „people-centered organizations and enterprises companies, owned and run by the members on the basis of their needs”, their aims being socially, democratically, and solidarity based. These are civic values and such approach transcends the logic of profit-maximization, more important being the valorization of social, cultural and environmental resources.

There are many definitions of the social economy concept in the literature. We found that some of the most visible are related to the organizations belonging to the social economy and not to their activities (e.g., 1998 European conference on social economy, CIRIEC - International Centre of Research and Information on the Public, Social and Cooperative Economy, Social Economy Charter). In these respect, we propose the next working definition: *social economy is made of the totality of processes of production, distribution, and consumption developed by the totality of private organizations with the explicit aim to create social value, regardless of the commercial or noncommercial nature of their activities.* We emphasize the fact that “social need” concerns the society at large.

Social economy organizations (SEO) are the organizations populating the social economy.

From a statistical perspective, considering both, their number and their socio-economic impact, the largest category of social economy organizations is made of nonprofit nongovernmental organizations (usually called NGOs), here being included both, associations (i.e. organizations built on persons) and foundations (i.e. organizations built on patrimony) (Bibu et al., 2012).

Concerning the relation between social enterprise concept and the social economy organizations, from a theoretical perspective and based on different criteria, as we will present further down, *social enterprises are identified as either part of, either the integral totality of the social economy organizations.*

1.2 The social value concept

As far as it concerns the “social value” concept, not at all surprisingly, there is no unanimously accepted definition. In a common understanding social value is perceived as being opposed to “individual value” (Dees, 1998) and implies expectations concerning the generation of „social, economic and community development” (Reis, 1999). In other words, social value implies to produce „social change” (Mair and Marti, 2006) through complete or partial satisfaction of the „social need” (ibid.). Sometimes is described as „social good” (Cukier et. al., 2011) or „collective good” (Murphy and Coombes, 2009).

In our view, *social value represents a positive output of solving social needs.*

According to Baker et al. (2005), social value is of subjective nature and vary a lot based the context.

In a more restrictive approach, in the case of a specific group, the social value is made of principles and standards of human interaction which are considered by the members as being valuable, important or relevant for the group (www.education.com, 2012).

1.3 The social enterprise concept

Apparently, Peter Drucker (1979) was the first author who coined the term ‘social enterprise’ while advocating ethical responsibilities of corporations (Trivedi, 2010).

As far as it concerns the definition of the social enterprise (SE) and the position of the concept related to the totality of social economy organizations, in the literature one may find a variety of standpoints based on different criteria: (I)

development of commercial activities, (II) existence of paid staff, (III) profit sharing limitation, (IV) noncommercial incomes limitation, (V) existence of a collective property, and (VI) existence of a collective leadership.

Regarding the first criterion, namely the development of commercial activities, there are two approaches: first, a restrictive one, e.g., Finland, Ireland, U.K. (according to Defourny and Nyssens, 2010), considering as social enterprises only the organizations developing commercial activities (exclusively or complementary to noncommercial activities) and second, an inclusive one, integrating, also, the organizations with only noncommercial activities in the totality of the social economy organizations.

In other words, in the restrictive approach, among the social economy organizations, only those developing commercial activities (noncommercial activities not excluded) are considered to be social enterprises. For operational reasons, the percentage of the commercial activities incomes within the total incomes of the organization is used by the law as a criterion to determine if an organization fits the “social enterprise” label. Its value may vary from country to country (for instance, in U.K. is 50 %). Question is why, in the case of two organizations with identical goals, identical activities, addressing identical target groups, one would be considered as social enterprise only based on the commercial relations between the organization and its beneficiaries (philanthropic relations not excluded), while the other organization is not qualifying as a social enterprise based on the fact that it develops only philanthropic relations with its beneficiaries.

A similar perspective, implying, also, a restrictive approach (e.g., CIRIEC, EMES) and an inclusive one, may be built considering as a criterion the existence of paid staff operating an organization. And, again, question is why, in the case of two organizations with identical goals, identical activities, addressing identical target groups, one would be considered as social enterprise based on the existence of paid staff (volunteers not excluded), while the other organization is not qualifying as a social enterprise based on the fact that it develops activities with volunteers only.

A similar perspective, implying, also, a restrictive approach and an inclusive one, may be built considering as a criterion the existence of the limitation of the profit sharing when it comes to incomes from commercial activities. In the same manner, question is why, in the case of two organizations with identical goals,

identical activities, addressing identical target groups, when it comes to incomes from commercial activities, one would be considered as social enterprise based on certain value of the profit sharing limitation (e.g. 50 % in U.K.), while the other organization is not qualifying as a social enterprise because over passing the profit sharing limitation (with 1 %, for instance).

Similar perspectives, implying, also, a restrictive approach and an inclusive one, may be build considering other above mentioned criteria. Similar questions could, also, be raised.

2. The landscape of social economy organizations in Romania

2.1 The general context concerning the social economy in Romania

Organizations operating in Romania under de concept of social economy can be found from the 19th century. The tradition was “unfortunately interrupted by the communist period, which affected the essence of volunteering and cooperative movement, and created in this way some barriers that we need to face and to struggle to overcome them even nowadays” (Vamesu and Barna, 2012). In 1895, the first Romanian association of cooperatives was one of the founders of the International Cooperative Alliance, which still exists today.

From a structural perspective, the typology of social economy organizations operating in Romania includes: (I) NGOs or nonprofit nongovernmental organizations (associations and foundations), (II) cooperatives (agricultural, crafts and consumer cooperatives) and (III) mutual organizations (credit unions of employees and pensioners). The conclusion is that the typology is similar to the European Union, so Romanian SEO organizations are in the main stream.

The largest majority of social economy organizations in Romania were established as traditional organizational forms (associations, cooperatives, credit unions), long before any discussion on social economy/enterprise to start in the country. The discussion being so recent, only a small number of newly established organizations would call themselves social enterprises. Usually, they are incorporated and operate as association. Even fewer of the formerly established organizations would call themselves nowadays social enterprises.

Analysing the organisational types/labels which have been related to, discussed or defined within the national literature on ‘social economy organizations’ in Romania, a list of organizational denominations was identified: (a) associations,

(b) foundations, (c) nongovernmental nonprofit organization, (d) commercial enterprise, (e) mixt socio-economic structures, (f) cooperatives, (g) mutuals (Credit Unions in Romania), (h) “law protected units” (workshops for persons with disabilities).

Currently, there is a debate about the classification of various organizational forms as social enterprises. For instance, one of the question to be answered is: are all associations and foundations to be considered social enterprises or just associations and foundations that are explicitly and continuously developing, good production/sales business operations, services should be considered?

The debate is intensified by the process of developing a legal framework in the field of social economy in Romania.

In order for one to get a better understanding of the discussion going on in Romania about the social enterprise, there are couple of factors to be mentioned: (a) the use of the expression „social economy”, per se, and the whole discussion about it is very recent (couple of years), (b) the pressure for a law (and a legal definition) on social economy comes, first of all, from the community of practitioners and secondly from the academic community dealing with social assistance/services, (c) the majority of the persons involved in drafting the law share a rather narrow perspective on social economy/enterprises focusing on vulnerable groups, and (d) there is no consistent academic debate on the social economy/enterprise concepts in the country.

Analysing couple of the most relevant definitions of social enterprise in the Romanian literature, one may conclude that minimum requirements (threshold criteria) that define a social enterprise in Romania (as a conceptual approach) are: (I) the social purpose (benefiting community) and (II) the commercial nature of (at least part of) the activities (prevalent approach, but not general).

Meantime, from the national perspective, Romanian cooperatives and mutuals could be considered boundary cases/ grey areas while, in most cases, they do not have a clear social focused organizational statement (in most cases, they do not have it at all).

2.2 The scale of the social economy organizations in Romania

According to latest available data (Barna, 2014), in 2012, the social economy organizations in Romania included a total of 38.665 active organizations (value

based on a fiscal perspective), achieving annual incomes of EUR 2.263.931,33 (so that the Gross Added Value of the social economy in the national economy was of 2 %) and employing a total of 113.733 people, equivalent to 1.9 % of total employed population.

As shown in the table below, the main indicators show an upward trend of the social economy organizations during the last years.

Table 1. Evolution of the social economy organizations indicators in Romania - 2010 – 2012 (source: Barna, 2014, own calculation)

	2.010	2.011	2012
No. active organizations	31.322	34.536	38.665
Fixed assets (1.000 EUR)	2.354.539	2.602.840	2.678.860,36
Revenues (1.000 EUR)	1.833.096	2.204.894	2.263.931,33
No. of employees	100.591	108.145	113.733

The main indicators describing the actors of the social economy in Romania in 2012 are summarized in the table below (Barna, 2014).

Table 2. Indicators of social economy organizations in Romania in 2012 (source: Barna, 2014, own calculation)

2012	No of active org.	Fixed assets (1.000 EUR)	Revenues (1.000 EUR)	No. of Employees	Member (1.000)
Associations and foundations	33.670,00	1.614.344,63	1.736.156,57	76.902,00	-
Cooperatives, out of which:	2.228,00	251.789,52	395.659,18	31.428,00	n.a.
craft/worker cooperatives	846,00	134.404,95	161.244,14	22.082,00	n.a.
Consumer cooperatives	940,00	59.492,52	128.206,44	7.050,00	n.a.
Credit cooperatives	86,00	19.368,74	35.059,09	2.049,00	n.a.
Agricultural cooperatives	356,00	38.523,31	71.149,51	247,00	n.a.
Credit unions, out of which:	2.767,00	812.726,21	132.115,58	5.403,00	3.028,00
Credit unions of Pensioners	198,00	172.418,32	35.852,94	2.240,00	1811
Credit unions of Employees	2.569,00	640.307,90	96.262,64	3.163,00	1217
Total	38.665,00	2.678.860,36	2.263.931,33	113.733,00	

As shown in the table above, in Romania, associations represent 85% of the total forms of social economy, thus being the most popular organizational form of private nonprofit organizations. Basically, the growth rate of social economy sector, in terms of number of organizations, is mostly due to new entrances of associations.

It should be added that only a small part of the associations are statistically visible, because nearly two thirds of them fail to submit balance sheet at the end of the fiscal year.

2.3 Characteristics of the Romanian social economy sector

a) The start up process of the social economy organizations in Romania

The largest majority of social economy organizations in Romania were established as traditional organizational forms (associations, cooperatives, credit unions), long before any discussion on social economy/enterprise to start in the country.

Under the circumstances, the discussion about "births" and "exits" for social economy organizations is reduced to the patterns and determinants defining the traditional organizational forms (associations, cooperatives, credit unions) social economy organizations are operating under in Romania. This is why little is to say about patterns and determinants defining the organizations newly established as social enterprises.

b) Governance of the Romanian social economy organizations

A large majority of the social economy organizations do have a common ownership made of people without material interest in the organizations (i.e. members in the case of associations and credit unions). The situation is different in the case of cooperatives.

Concerning the ownership status of organisations operating as social economy organizations, in most of the cases they are completely independent. Access to a large amount of project funding (through European structural funds) generated the possibility for a small number of organizations to establish a number of social enterprises per project. In most of the cases, the parent organisation is an association (NGO).

Compared to the total number of Romanian social economy organizations, there are rare cases of organizations operating as wholly-owned subsidiary/ trading arm of another organisation. In most of the cases they are incorporated as commercial enterprises established by an association or foundation.

As far as it concerns the governance patterns, in most of the cases stakeholders (especially workers, customers, members) are informally involved in the decision-making associated with the organisation. Meantime, there are a lot of cases where decisions are made by the management and the board.

c) Financing social enterprises in Romania

A market for financing social enterprises in Romania is underdeveloped. The key source of funding so far has been the EU funds with the ESF-funded 2007-2013 Operational Programme for Human Resources Development incorporating the Social Economy Development priority line (Priority 6.1). This source provided grants for projects aiming to support the establishment, development and operation of social enterprises.

No information has been identified on any investment funds specialising in the social economy sphere.

In 2013, an oil and gas company Petrom in cooperation with NESsT, an international organization specializing in the development of social enterprises inter alia in Central and Eastern Europe set up a competition for best social enterprise start-up ideas with the total budget of EUR 350,000 .

Other institutions and initiatives supporting and promoting social entrepreneurship do not provide direct financing to social enterprises.

d) Work employment within the Romanian social economy sector

As presented above, in 2012, social economy organizations employed a total of 113.733 people, equivalent to 1.9 % of total employed population. Considering the average number of employees per organization, cooperatives and pensioners unions mainly fall into the category of small and medium-sized enterprises, while most of Associations and Foundations have a micro-enterprise character, the typical situation being of 2-4 employees. To be noted that more than two thirds of Associations and Foundations did not report employees at the end of 2012, the same proportion being found otherwise in the other years (Barna, 2014).

d) Representation and infrastructure of the Romanian social economy organizations

There are very few networks of social economy organizations. In most of the cases they were created not to fulfil a common need, but rather as a top-down process. They are the products of a few European funded projects. Basically, within given projects not only that a small number of social enterprises were established, but the parent organization also connected them as a network. Yet, there are no reports on the sustainability of such networks.

A similar situation is to be reported concerning the support centers for social enterprises.

There are no organisations promoting, certifying and awarding social business labels or social reporting systems. Generally, there are very few structures aiming to generate awareness and acknowledge the social value of the products, services or ways of production of social economy organizations.

f) The main challenges for the Romanian social economy organizations

We consider that the main challenges for the Romanian social economy organizations are: (1) weak managerial culture and competencies (in the sector, as in the professional environment, either public or private), (2) lack of (dedicated) funding, (3) weak support infrastructure (very few support centers), (4) little academic interest (in terms of organizations, disciplines, programs, events and publications), (5) lack of public knowledge on the subject, (6) no consistent public policy on social economy organizations (as a coherent set of public policy instruments), and (7) restrictive attempt to regulate the social enterprise as an legal-organizational form.

3. The public management approach on social economy organizations in Romania

Social economy organizations are becoming more and more prominent social and economic actors in today's world. As a specific case, following the collapse of the communist regime in 1989, the social economy re-emerged in Romania showing impressive dynamics: more than 60.000 organizations are registered in Romania today, with almost 40.000 active organizations. Like in other post-socialist countries in the region, this is the result of relatively recent social coagulation processes taking place in the complex environment of an emerging civil society, which is filling the space between the market and the state. Besides the important volume of volunteer work, whose value is difficult to assess in monetary terms, the social economy sector in Romania is an important employer, providing a large number of jobs.

SEO turn critical societal problems into opportunities by actively involving the community actors. The social economy organizations are agile, creative and collaborative, and can work across sectorial, jurisdictional and disciplinary barriers to employ effective strategies that make transformational change

possible. They, also, provide important services to help meet the needs of the citizens. They work hard to make the communities a better place by providing quality research, policy advice and front line services on everything from health care to housing to education, the environment and the economy. In other words, a country benefits doubly from social economy organizations: through both social and economic contributions that affect us all.

In the U.S.A., social enterprise represents the organizational category with the highest growing (Austin et al. 2006). This could be one of the reasons, among others, generating such an increased interest for social performance, development of the stakeholder approach, spread of the concept of Corporate Social Responsibility, e.a. In the same respect, business schools and universities across the world are nowadays operating a diversity of educational programs (undergraduate, postgraduate and doctoral studies) on social entrepreneurship and social enterprise (Hulgard, 2010).

These are the reasons to consider social economy organizations in many West European countries as an important topic for a public policy approach on social economy.

However, in Romania, from a public management perspective, it would be overrated discussing about a public policy, per se, on social economy organizations. For a start, a discussion on a public policy on traditional organizational forms of social economy (i.e. associations, foundations, cooperatives, credit unions) that are operating in Romania would lack consistency. Although the Government has shown some interest in the non-governmental sector over the last 20 years, a brief overview of the main landmarks of public policy on the sector indicates that Romania is still in a transitional and institutional building phase. For instance, the reports in this field show that there are several public policy tools for the Romanian NGOs (legal regulations, funding mechanisms etc.); still, all these were created at different moments in time and without bringing them under a common vision and purpose, which led to lack of consistency in these public policy approaches.

a) Governmental bodies dealing with social economy organizations and their eco-system

Relevant authorities designing and enforcing legal regulations affecting social economy organizations in Romania are: the Ministry of Public Finance,

National Tax Administration Agency, the National House of Pensions and Other Social Insurance Rights (C.N.P.A.S.), the National Health Insurance Agency (C.N.A.S.), the National Agency for Employment (A.N.O.F.M.), the Labour Inspection. As one can notice, no central public institution responsible with trade or small and medium size enterprises is involved with social economy organizations.

As far as it concerns the social enterprise, the most visible organizational form being a subject for public discussion in Romania, it is the Ministry of Labour the only public institution involved. More precisely, the General Directory for Social Assistance, Ministry of Labour, Family and Social Protection (<http://www.mmuncii.ro/nou/index.php/ro/#>). Probably, the most successful initiative of the ministry was the introduction of the "social entrepreneur" as a professional occupation in the National Professional Occupation index (while economic entrepreneur is not. There is no public discussion about the social intrapreneur).

In order to get a public input in the process of defining the Romania's priorities concerning the budgetary planning for 2014-2020 European funds, a consultative committee on social economy was set up within one of the technical committees the Ministry of Labour is working with.

From a public management perspective, the above described institutional structure reflects the government's only interest in the SEO as social policy actors. Despite the figures showing their relevant role in the national economy, the dimension of their economic activity is not reflected at all in the structure of the central public administration. This situation is, also, mirrored by the legal framework on SEO.

b) The legal framework on social economy organizations

The legal framework is considered as one of the strongest public policy instruments. From a public management perspective, there is no law on social enterprises in Romania. However, each organizational form (associations, foundations, cooperatives, mutuals) is regulated by one law (or more than one in the case of cooperatives and mutuals).

A Romanian specific case of legal form for social enterprise is the one of the organizations, private or public, which develop workshops for persons with disabilities as "law protected units". The workshops may operate as independent

legal entities or internal structures, as long they satisfy the condition of at least 30 % of the personal being long term contracted persons with disabilities (art. 5/29/ Law no. 448/2006)

In 2011, the Ministry of Labour drafted a law on social economy. Faced with a strong opposition coming mainly from social services providing organizations, the most active category of NGO promoting the social enterprise concept, the ministry was forced to step back and public discussions on the content took place from time to time (without a clear discussion frame). Recently, a high representative of the ministry publicly declared that the law, with some content modifications (not publicly available nowadays), will be adopted in 2014.

A Romanian specific case of legal form for social enterprise is the one of the organizations, private or public, which develop workshops for persons with disabilities as “law protected units”. The workshops may operate as independent legal entities or internal structures, as long they satisfy the condition of at least 30 % of the personal being long term contracted persons with disabilities (art. 5/29/ Law no. 448/2006).

c) The public procurement as a funding source for SEO in Romania

From a public management perspective, public procurement is the most relevant public policy instrument the government can use as a funding source for SEO. In Romania, Autoritatea Națională pentru Reglementarea și Monitorizarea Achizițiilor Publice, ANRAP (National Authority for the Regulation and Monitoring of Public Procurement) is the institution responsible for managing the public procurement system.

Consiliul Național de Soluționare a Contestațiilor, CNSC (National Council for Resolving Complaints) is the administrative-jurisdictional body competent to resolve complaints relating to the procedure for awarding public procurement contracts.

The Ministry of Public Finance is responsible for verifying all procedural aspects relating to the process for awarding public procurement contracts.

The public procurement system in Romania is similar to those in other EU member states. Besides Government Emergency Ordinance (G.E.O.) 34/2006, which sits at the core of the public procurement system in Romania, its enforcement norms and the secondary legislation are also important.

Public procurement contracts are: (1) works contracts, which focus on the execution/design/carrying out of construction works; (2) supply contracts, which focus on the supply of one or more products by means of purchase, rental or leasing; (3) service contracts, which focus on the provision of one or more services.

According to Vass (2010), an expert in the field, the national legislation in terms of public procurement is intricate and quite unstable. There are many pieces of law having changed successively in the last couple of years in order not only to comply with the EU norms, but also to remedy deficiencies in the system. So the essential prerequisite for taking part in award procedures organized by contracting authorities in Romania is to possess good knowledge of the legislation in force when the procedure is organized.

Any economic operator that wishes to participate in public procurement procedures via electronic means, must register with the Electronic Public Procurement System (SEAP). Otherwise, any tenders submitted will not be considered. Details regarding SEAP registration and participation in procedures for the award of public procurement contracts are available on the SEAP website.

The procedures for the award of public procurement contracts are: open bid, restricted bid, competitive dialogue, negotiation with or without prior publication of a contract notice, request for tenders and design contest.

The most frequently used procedures are the open bid and the request for tenders.

It should, also, be mentioned that the bureaucracy can reach very high levels; one need to have a lot of patience and strength as tenders might reach thousands of pages of certificates, notices, declarations, tables and forms, which might need to be submitted in three to seven copies and which, on top of it, need to be signed and stamped on every page.

Secondly, the competition is fierce. Public contracts have always allured private companies. Given the economic crisis, these contracts have become the only means to survive for companies in certain areas, such as constructions. The competition is harsh, the fight for public money is thud, while the rate of disputes has skyrocketed, courts became overwhelmed and projects got delayed

sine die. This is because challenges have turned into a common practice, and there are few procedures that are not challenged.

4. Conclusions

As contradictory as they seem, “social economy and commercial economy emerge not as opposite poles to each other but as parts of a continuous spectrum”. From this perspective, the study of the social economy implies “studying the commercial aspects of the socially-dominated economy and also the social elements of the commercially-dominated economy”. Such conclusions appear to be in conflict with most of the definitions political bodies and scholars are using [Westlund, 2003]. Meantime, they are in line with the one saying that everything is related to each other and all the distinctions are only analytical [Muukkonen, 2009].

Crossing knowledge boundaries determines the development of science and society. Such crossing of boundaries strengthened civil society studies through the time the sub-discipline has existed. The research field has accommodated scholars from different mainstream disciplines and has thus gained a much wider perspective of society than what is possible only inside one discipline [Muukkonen, 2009].

We can deal the contradictory definitions of social enterprise in two ways. In the restrictive approach, we can try to find what different concepts have in common. In practice, this leaves only a short list of organizations as a core of the social economy sector. It will leave outside majority of the organizations that may be studied under the concept presented above. In an integrative approach, we accept organizations that have some elements in common with the others.

From a structural perspective, the typology of social economy organizations operating in Romania includes: (I) NGOs or nonprofit nongovernmental organizations (associations and foundations), (II) cooperatives (agricultural, crafts and consumer cooperatives) and (III) mutual organizations (credit unions of employees and pensioners). The conclusion is that the typology is similar to the European Union, so Romanian SEO organizations are in the main stream. As presented in the text above, the main indicators show an upward trend of the social economy organizations during the last years.

Our opinion is that the main challenges for the Romanian social economy organizations are: (1) weak managerial culture and competencies (in the sector, as in the professional environment, either public or private), (2) lack of (dedicated) funding, (3) weak support infrastructure (very few support centers), (4) little academic interest (in terms of organizations, disciplines, programs, events and publications), (5) lack of public knowledge on the subject, (6) no public policy on social economy organizations (as a coherent set of public policy instruments), and (7) a restrictive attempt to regulate the social enterprise as a legal-organizational form.

In many West European countries, social economy organizations are considered as an important topic for a public policy approach on social economy. By contrary, in Romania, from a public management perspective, it would be overrated discussing about a public policy, per se, on social economy organizations.

Our paper contributions are the following: first, clarifying the rational connections between social economy organizations and the social enterprise concept; second, inclusive working definition was elaborated for the social economy concept; third, the specific organizational forms of the social economy organizations in Romania were identified together with the scale and challenges of those organizational forms; fourth, the real challenges for a systematic approach of public management to the field of SEOs in Romania have been listed.

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ROMANIAN MANAGERIAL TRAINING IN 2013

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Abstract

The item will present some relevant aspects regarding managerial training in Romania, resulted mainly from an extensive empirical research made in 2013. The investigation has been conducted on a sample of 2106 professors, researchers, consultants, managers, specialists and entrepreneurs, considered representative at national level. The main issues approached in this work are: providers of managerial training in Romania, the intensity of the training in Romanian enterprises, comparative evaluation of managerial training in Romania and European Union and main contextual opportunities and threats encountered in the domain of managerial training in Romania

Keywords: *training, managerial, comparative approach, evaluation, managers, education, universities, specialists, professors, SMEs, European Union, opportunities, threats.*

JEL Classification: L26, L33, M53, N30.

1. Providers of managerial training in Romania

Training for managers in Romania is ensured mainly by the following categories of entities:

- Universities, in their great majority, are organizations with tradition in Romania, and in the context we mention their faculties, and are involved in initial and continuing training (bachelor's programs, master's programs, doctoral/postdoctoral schools, postgraduate courses of training and specialization);
- The training centers subordinated to some ministries or large organizations;
- Postacademic schools of business, both Romanian and the representatives of educational organizations from abroad;

- Private training companies/ centers, which are involved in rendering operational programs for training/ specialization of short duration, focused on specific problems faced by managers/organizations;
- Foundations and associations, frequently set up with international funding, which provide services placed in terms of quality, as a rule, under the other providers of training.

The providers of training in the large cities, with scientific, educational and wider economic potential, offer in the vast majority of cases, superior service from all points of view, compared with organizations from other areas of the country.

2. The intensity of the training in Romanian enterprises

Taking into account that small and medium-sized businesses are the most important and numerous echelon of businesses in Romania, with the largest contribution to GDP, securing employment, generating revenues to the state budget, etc. the emphasizing of **significant aspects of the training in micro, small and medium-sized firms** is particularly relevant. In this respect we are referred to as the average number of working days per employee dedicated for training, financial support for staff training and the percentage of employees who have benefited from the training, having regard to the results of a thorough investigation on the basis of questionnaire conducted in 2013.

With respect to the average number of working days per employee for training in 2012/ 2013, we have found:

- 80,13% of organizations have not taken into account in the training activities for the human resources.
- 31,26% of companies have allotted to staff between 1 and 5 days of training;
- 3,61% of companies have been allocated on average 6 to 10 days;
- 0,91% of firms have indicated above 10 days training per employee.

We observe that only 16,87% from SMEs have invested in training of their employees, which can lead us to the conclusion that has been granted a reduced alertness to the development employees' skills, both because of the lowest economic power of small and medium-sized enterprises, general feature for this sector of companies, especially if we are referring to micro-enterprises, as well as to the fact that most businesses have been going through a difficult period

after the deep economic recession in Romania and in other countries of the world in the past few years.

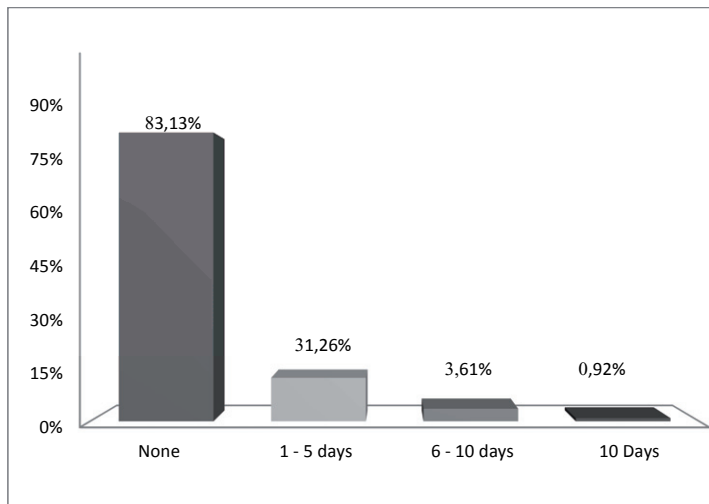


Figure 1. The average number of working days per employee dedicated for training within SMEs

If we classify the companies on the **basis of the age**, we notice that

- the young companies have dedicated in the smallest extent for staff training, registering the lowest percentage of the SMEs that allotted 1-5 days (8,03%) and 6-10 days (2,41%), as well as the highest proportion of economic units which have not been invested in the improvement human resources (88,55%).
- the companies which are more than 15 years old have the highest percentage of companies which allocated for training 1-5 days (15,62%), 6-10 days (5,07%) and more than 10 days (1,42%), but have also the smallest percentage of firms which have not provided any day for the training of the employees (77,89%).
- SMEs of 10 to 15 years old are not recorded economic units which have intended for staff training over 10 days.

Details are given in the table 1.

Table 1

The correlation between the age of firms and the average number of days per employee dedicated to training

No.	Average number of working days dedicated to training in SMEs	Age of SMEs			
		Less than 5 years	5-10 years	10-15 years	Over 15 years
1.	None	88,55 %	83,89 %	80,92 %	77,89 %
2.	1-5 days	8,03 %	12,13 %	14,89 %	15,62 %
3.	6-10 days	2,41 %	3,16%	4,20%	5,07 %
4.	10 days	1,00%	0,83 %	0,00 %	1,42 %

According to size of companies (table 2), it is to be noted that:

- the percentages of employers which do not invest in training increases with decreasing the size of organizations, and frequencies of firms which allocated to training 1-5 days and 6-10 days per employee grow proportionally to the size of the enterprises;
- as regards the companies which allocate more than 10 days of training for each employee, small firms have the highest weight (2,25%), and micro enterprises record the smallest percentage (0,66%).
- it stands out that most micro enterprises are not specifically concerned with the professional training of employees and that almost half of medium-sized enterprises allocated on average at least a day per employee for training and continuous development.

Table 2

The correlation between the size firms and average number of working days per employee dedicated to training

No.	Average number of working days dedicated to training in SMEs	The size of firms		
		Micro	Small	Medium
1.	None	86,47 %	71,54 %	53,03 %
2.	1-5 days	10,18 %	20,22 %	30,30 %
3.	6-10 days	2,69 %	5,99 %	15,15 %
4.	10 days	0,66 %	2,25 %	1,52 %

Grouping SMEs after **performances in the year 2012 to 2011** reveals that the entities with better results reported higher percentages of companies that assigned to 1-5 days (19,35%), 6-10 days (9,68%) and over 10 days for the professional training of the employees (3,23%), and the organizations with weak achievements hold the highest proportion of companies which do not have dedicated any day for the training of the employees (86,86%). Additional information is presented in table 3.

Table 3

The correlation between companies' performance in 2012 compared to 2011 and the average number of working days per employee dedicated to training

No.	Average number of working days dedicated to training in SMEs	Company's performance in 2012 compared with 2011				
		Much more better	Better	Identical	Lower	Worse
1.	None	67,74 %	74,82 %	84,94 %	86,86 %	82,93 %
2.	1-5 days	19,35 %	17,60 %	11,12 %	9,92 %	15,85 %
3.	6-10 days	9,68 %	6,60 %	2,70 %	2,95 %	1,22 %
4.	10 days	3,23 %	0,98 %	1,24 %	0,27 %	0,00 %

If we are referring to **the financial support for the training of employees in SMEs**, we notice that the **average percentage allocated to training from the turnover is 0,64% per firm*** which indicates that a part of Romanian entrepreneurs/managers are aware of the importance of the training, thing that has become mandatory in the view of sustainable development of activities.

Framing firms on the basis of the **age, size, legal form, field, education of the entrepreneurs and performance in 2012 compared with 2011** submits that the **average percentage of turnover** dedicated to staff training records a higher magnitude among the companies which are more than 15 years old (0,88%), firms from the Western region (2,69%), medium-sized enterprises (1,75%), joint stock companies (3,92%) organizations in the industry (1,19%), and entities which have recorded superior performance in the course of the year 2012 in comparison with the year 2011 (1,42%).

* The percentage refers only to firms which had financed training for their employees.

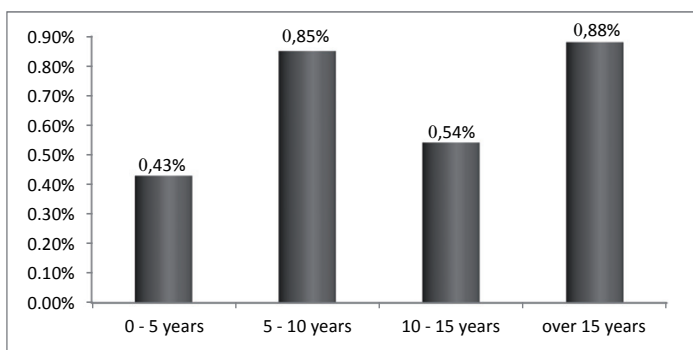


Figure 2. The differentiation between the average percentage of turnover allocated to employee training, on the basis of the age of SMEs

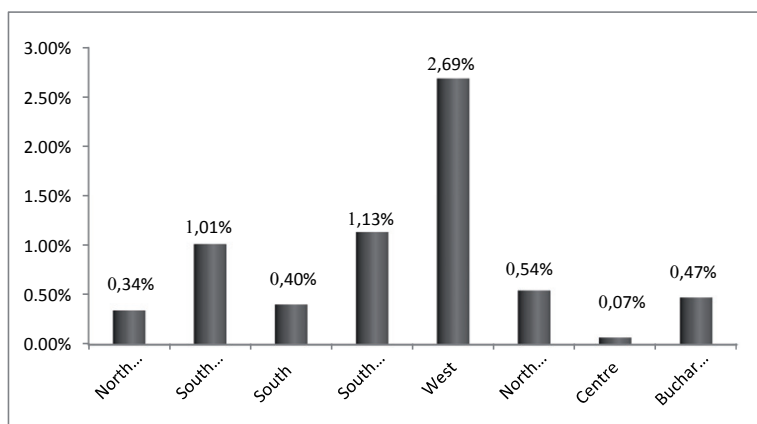


Figure 3. The differentiation between the average percentage of turnover allocated to employee training, depending on the regions of development of which SMEs are part

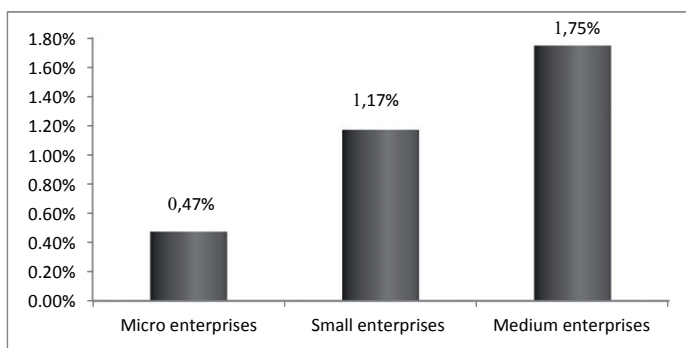


Figure 4. The differentiation between the average percentage of turnover allocated to employee training, depending on the size of firms

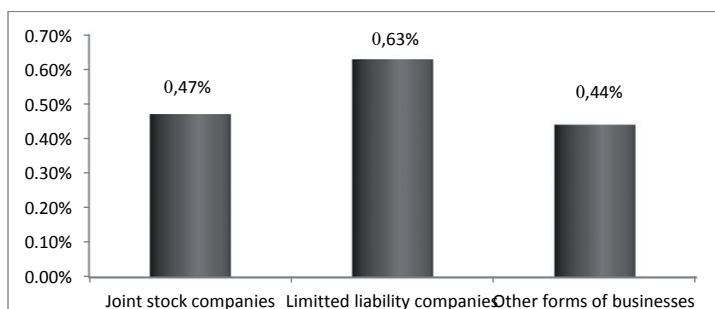


Figure 5. The differentiation between the average percentage of turnover allocated to employee training, depending on the organization form of SMEs

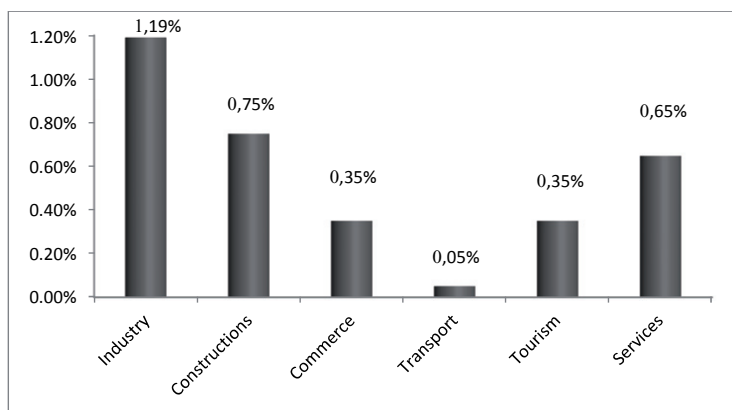


Figure 6. The differentiation between the average percentage of turnover allocated to employee training, depending on the activity area of the company

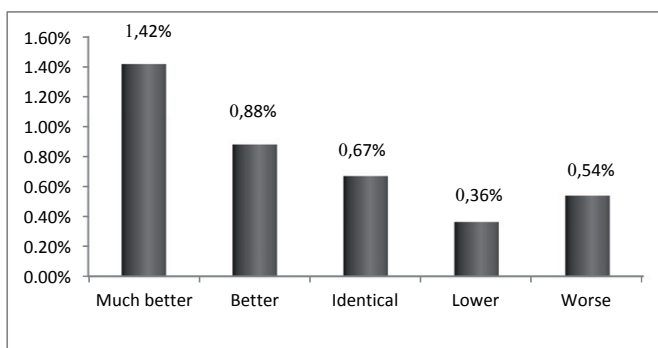


Figure 7. The differentiation between the average percentage of turnover allocated to employee training, depending on company performance in 2012 compared with 2011

Another special relevant indicator of the frequency of training activities in Romanian SMEs is the percentage of employees who have participated in training programs. **The average percentage of employees that have benefited of training** is 9,55% showing that such activities are relatively low, taking in account the rapid rate in which the knowledge must be upgraded, in accordance with the transition to the knowledge-based economy and the internationalization of activities.

If we are to analyze SMEs according to **age, regional distribution, size, legal form, branch of activity and performance in 2012 compared with 2011**, it is to be noted that the highest levels of **average percentage of employees trained** are recorded in organizations which are older than 15 years (11,52%), firms from West region (32,61%), medium-sized enterprises (30,03%), joint stock companies (15,65%), units in the industry (15,11%) and companies which have obtained better results in 2012 compared with 2011 (13,03%). Additional information is presented in figures 8 to 13.

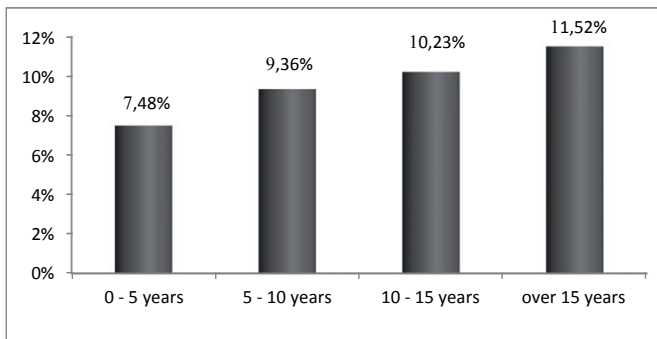


Figure 8. The differentiation of the average percentage of the employees who have benefited of training, on the basis of the age of SMEs

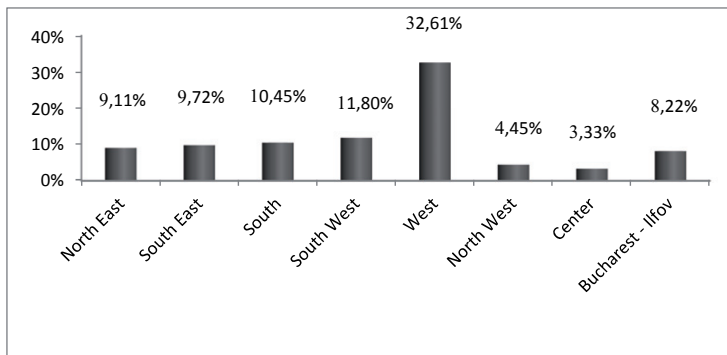


Figure 9. The differentiation of the average percentage of the employees who have benefited of training, in accordance with the regions of the development to which SMEs belong

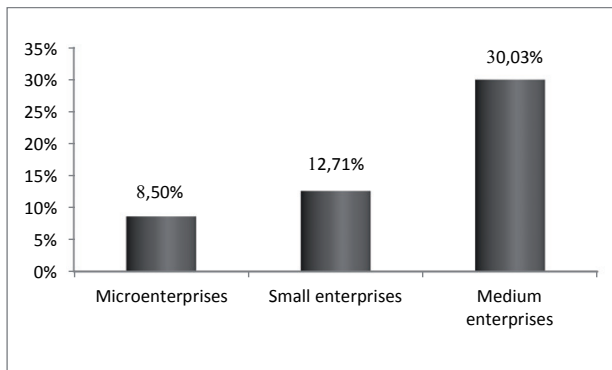


Figure 10. The differentiation of the average percentage of the employees who have benefited of training, depending on the size firms

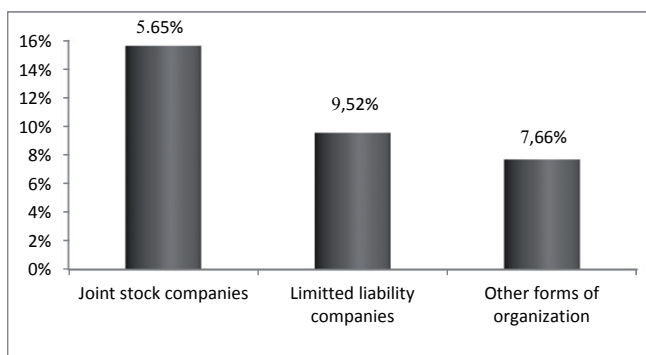


Figure 11. The differentiation of the average percentage of the employees who have benefited of training, depending on companies' legal form of organization

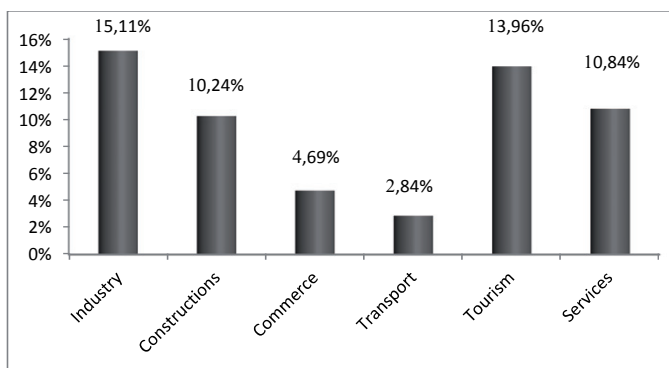


Figure 12. The differentiation of the average percentage of the employees who have benefited of training, depending on the area of activity

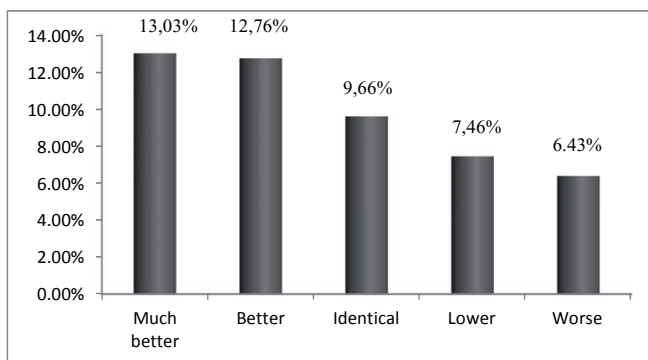


Figure 13. The differentiation of the average percentage of the employees who have benefited of training, depending on companies performance in 2012 compared with 2011

It should be stressed that the low-interest for managerial training activities in Romania is due, not only to the economic potential of many businesses, burdened by the recession, credit, taxes and fees, contributions, etc., and the "extraeconomic" problems which they face - bureaucracy, legislative instability/ inconsistency, excessive controls, and so forth - but also the **attitude of some entrepreneurs - managers**, which are not aware of the importance of professional training and consider that they don't need new managerial knowledge and skills. There are frequent situations in which favorable evolution of their own business, especially at the start, inoculates the idea that entrepreneurs can be successful without investments in education, and by default, in the absence or "timidity" of undertakings to professionalizing the management.

3. Comparative approach of managerial training in Romania and E.U.

Having in regard that the higher education is the leading provider of training in Romania, a particular importance is the **assessing the quality of managerial development and training activities performed by Romanian universities compared to the training practiced in the European Union**. The investigation on the basis of questionnaire carried out in the autumn of 2013 reveals the **following significant aspects**:

- more than half of the respondents are of the opinion that management training of Romanian academic institutions is lower than the one supplied in E.U.
- approximately 2/5 of the persons questioned consider that the managerial training offered by higher education in Romania is the same or better as compared with that of the European Union
- state universities with technical or economic profile provide superior service in terms of quality compared with the private institutions of higher education
- 22,13% of the respondents consider that training offered by the public universities with economic profile from Romania is more competitive than training provided in E.U.
- the managers and specialists register a higher proportion (53,33%) of the persons who consider that the managerial training provided by the higher education in Romania is weaker than training provided at the E.U.

- among the professors, researchers and consultants in management assess more frequently that the managerial training provided by Romanian universities is about the same (25,69%) and superior (18,35%) against the European level
- the proportions of the respondents who have not evaluated the quality managerial training are higher among managers and specialists (between 8,15% and 17,91%), than at the level of academics, researchers, consultants (between 4,59% and 16,67%).

Additional information in figure14, table 4 and table 5.

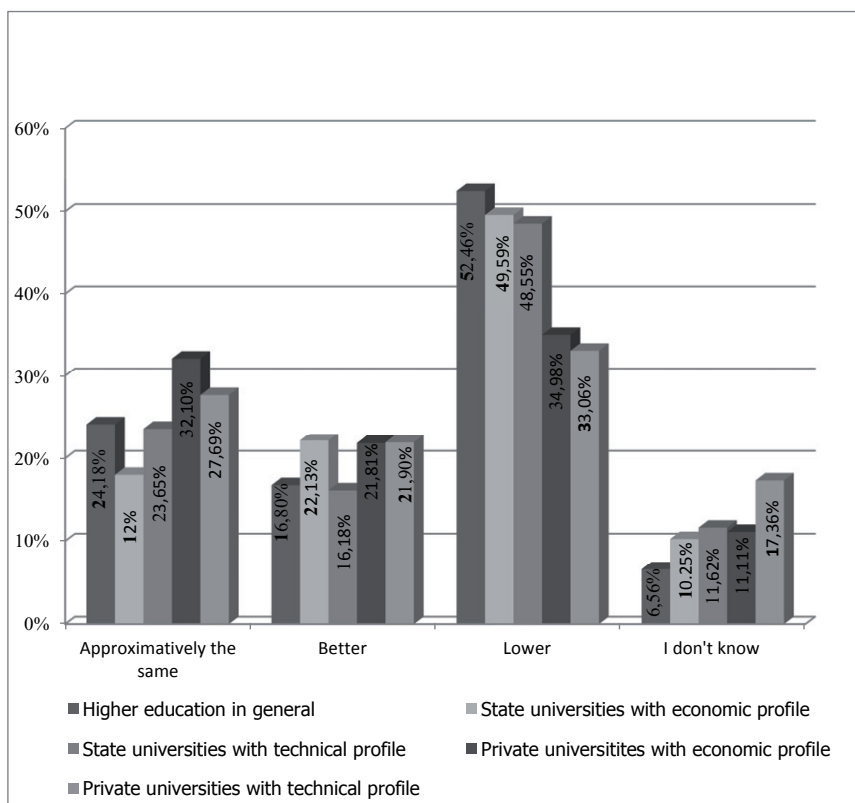


Figure 14. The comparative assessment of managerial training supplied by universities in Romania compared to the one in the European Union

Table 4

The assessment of professors, researchers and consultants in management of the quality of managerial training from the Romanian universities, compared with that of the European Union.

No.	The quality of the managerial training in Romania compared with that of E.U.	Approximately the same	Better	Lower	I don't know
1.	In higher education in general	25,69%	18,35%	51,38%	4,59%
2.	In state universities with economic profile	22,02%	22,94%	48,62%	6,42%
3.	In state universities with technical profile	24,07%	16,67%	48,15%	11,11%
4.	In private universities with economic profile	40,37%	27,52%	24,77%	7,34%
5.	In private universities with technical profile	34,26%	25,93%	23,15%	16,67%

Table 5

The assessment of managers and specialists of the managerial training quality from the Romanian universities, compared with that of the European Union

No.	The quality of the managerial training in Romania compared with that of E.U.	Approximately the same	Better	Lower	I don't know
1.	In higher education in general	22,96%	15,56%	53,33%	8,15%
2.	In state universities with economic profile	14,81%	21,48%	50,37%	13,33%
3.	In state universities with technical profile	23,31%	15,79%	48,87%	12,03%
4.	In private universities with economic profile	25,37%	17,16%	43,28%	14,18%
5.	In private universities with technical profile	22,39%	18,66%	41,04%	17,91%

The analysis of the perceptions with regard to the quality of the managerial training **on the basis of the age on respondents** (see table 6), discloses a differentiation:

- the persons who have more than 60 years record the highest proportions of respondents who think that higher education in Romania, both as a whole, as well as at the level of the state and private universities, with economic and technical profile, provide better services of management training than those existing in E.U.;

the young people up to 30 years reported a lower percentage of respondents (9,52%) who consider that Romanian university education provides higher managerial training in quality as the one in the European Union;

- the respondents of 41-50 years have the highest percentage (24,66%) of those who opined that the training in the state universities with economic profile is located approximately the same level as the training in the European Union;
- those who are aged between 31 and 40 years old estimated more frequently that the private institutions of higher education with economic and technical profile in Romania are inferior than providers of European managerial training;
- the respondents over 60 years reported lower percentages (between 0 - 7,41%) of those who can't or don't want to make assessments with regard to the quality of the training services provided in Romania and the European Union.

Table 6

Comparative assessment of the managerial training provided by universities in Romania and that of the European Union on the basis of the respondents' age

No.	Respondents' age	The quality of the managerial training in Romania compared with that of E.U.	Approximately the same	Better	Lower	I don't know
1.	Less than 30 years	In higher education in general	28,57%	9,52%	47,62%	14,29%
		In state universities with economic profile	19,05%	19,05%	52,38%	9,52%
		In state universities with technical profile	23,81%	19,05%	52,38%	4,76%
		In private universities with economic profile	19,05%	33,33%	33,33%	14,29%
		In private universities with technical profile	9,52%	33,33%	42,86%	14,29%
2.	3 - 40 years	In higher education in general	16,42%	19,40%	58,21%	5,97%
		In state universities with economic profile	10,45%	26,87%	49,25%	13,43%
		In state universities with technical profile	18,18%	21,21%	42,42%	18,18%
		In private universities with economic profile	16,42%	20,90%	49,25%	13,43%
		In private universities with technical profile	10,61%	16,67%	43,94%	28,79%
3.	41 - 50 years	In higher education in general	30,14%	12,33%	52,05%	5,48%
		In state universities with economic profile	24,66%	20,55%	43,84%	10,96%
		In state universities with technical profile	29,17%	9,72%	52,78%	8,33%
		In private universities with economic profile	43,06%	12,50%	33,33%	11,11%
		In private universities with technical profile	42,47%	16,44%	28,77%	12,33%
4.	51 - 60 years	In higher education in general	22,45%	18,37%	48,98%	10,20%
		In state universities with economic profile	20,41%	18,37%	48,98%	12,24%

No.	Respondents' age	The quality of the managerial training in Romania compared with that of E.U.	Approximately the same	Better	Lower	I don't know
		In state universities with technical profile	30,61%	12,24%	44,90%	12,24%
		In private universities with economic profile	42,86%	20,41%	28,57%	8,16%
		In private universities with technical profile	36,73%	20,41%	28,57%	14,29%
5.	More than 60 years	In higher education in general	28,57%	28,57%	42,86%	0,00%
		In state universities with economic profile	17,86%	28,57%	53,57%	0,00%
		In state universities with technical profile	11,11%	29,63%	55,56%	3,70%
		In private universities with economic profile	35,71%	42,86%	17,86%	3,57%
		In private universities with technical profile	25,93%	44,44%	22,22%	7,41%

Grouping the assessments relating to the services provided by Romanian universities **according to the gender of the investigated persons**, we highlight the following:

- female respondents appreciate more often that the quality of the managerial training provided by higher education in general and state and private economical universities is better in Romania than E.U.
- men recorded higher percentages of persons agreeing that the managerial training in Romanian universities is lower than that of E.U., both in general and at the level of state and private institutions with economic and technical profile
- male respondents estimate more frequently that the training provided by higher education institutions from Romania in general, is approximately the same with that one from European Union;
- women registered higher percentages of respondents that have not assessed the quality of managerial training in Romania and E.U.

Details are given in the table 7.

Table 7

Comparative assessment of the managerial training provided by universities in Romania and that of the European Union on the basis of respondents' gender

No.	Gender of respondents	The quality of the managerial training in Romania compared with that of E.U.	Approximately the same	Better	Lower	I don't know
1.	Female	In higher education in general	19,70%	21,21%	51,52%	7,58%
		In state universities with economic profile	21,21%	27,27%	40,91%	10,61%
		In state universities with technical profile	27,69%	13,85%	40,00%	18,46%
		In private universities with economic profile	27,27%	25,76%	34,85%	12,12%
		In private universities with technical profile	31,82%	19,70%	28,79%	19,70%
2.	Male	In higher education in general	25,84%	15,17%	52,81%	6,18%
		In state universities with economic profile	16,85%	20,22%	52,81%	10,11%
		In state universities with technical profile	22,16%	17,05%	51,70%	9,09%
		In private universities with economic profile	33,90%	20,34%	35,03%	10,73%
		In private universities with technical profile	26,14 %	22,73 %	34,66 %	16,48 %

The information given above is of such a nature as to trigger the alarm in connection with the activities performed by the universities in Romania. **The main failures** of managerial education in Romania relate to:

- preponderant theoretical elements in the framework of the programs of training.
- insufficient pragmatic dimension of the training, applications, case studies, simulations, etc. which reflect real-life management practices in Romania and abroad;
- the only partial adaptation of the educational offer of the universities/colleges the requirements of the labor markets. In this respect, we highlight that the transition to the educational system imposed by the 'Bologna process' and by default reduction of the license degree time, diminished the time allotted to specialized subjects and practical activities;
- the discrepancy between the relatively high tariffs charged by the suppliers of managerial training and the low economic power of the population;
- the insufficient motivation of the teaching staff and auxiliary from the state universities, has had and will have an unfavourable impact on the quality of the future managerial knowledge of the professionals;
- the existence of training programs within the framework of which those trained focus on obtaining a document of study, to maintain the position or promote to a managerial position, and not on the training and professional improvement.

Countering these negative aspects could generate in the medium and long term the reducing/ eliminating of the discrepancies of qualitative nature of managerial training offered by the Romanian university education system and training in the field of management at the European Union level.

4. Conclusions

The dynamism and resilience of the managerial training providers, as well as of all economic operators, are affected considerably by the context in which they operate. Identifying the opportunities and contextual threats related to managerial training in Romania, has the role to determine recalibrations of the

activities of operators from this branch, with positive effects on their functionality and competitiveness.

The most important **opportunities** occurring within the domain of managerial training in Romania and which can generate an ascending evolution in this field are:

- Significant progress in the domain of managerial theory, which takes the form of some theoretic-methodological elements well conceived and adapted to the national specificities:
 - completing a set of general and specific methodologies, design, redesign and functional maintenance management systems
 - improvement from the methodological point of view of management tools which should be used by the organizations in Romania - the management on the basis of the profit centers, management by projects, management by objectives, scoreboard, the diagnosis, etc.
 - conceptual clarifications in the field of the management, with a view to supporting pragmatic demarches of public and private organizations
 - outline of concepts, principles, models, methods, techniques, etc. specific to economy, organization, and knowledge-based management adapted to the context from Romania
 - the development of case studies, simulations, standards and other methodological elements with high degree of utility for managers
- There is a substantial number of private, state, joint and public entities managed unprofessional, needing managerial modernizations/improvements at the organizational /individuals level, which constitute potential consumers of the services of training
- Diversification and adaptation of supply of the best providers of managerial training to the variety of sectoral, cultural, organizational contexts etc., with a direct impact on improving image relating to these services and pacing extension of professional approaches in the other service providers from this field

- Increase of the number of trainers that concurrently use conventional, active and mixed methods for training, which ensures combination between transmission of knowledge to those trained and the development of their capacity to implement them and on modeling of behavior, situation of such a nature as to lead to increasing satisfaction of the beneficiaries and by default, the increase in demand for training in Romania
- Enhance knowledge revolution and speeding up the process of transition from classic economy to the knowledge-based activities which require the reconfiguration of organizations at all levels, starting with the management, which demands professional interventions of the providers of managerial training
- Significant financial resources that can be allocated by the European Union in order to implement the entrepreneurial-managerial training programs and for the Member States
- Existing of a necessary legal framework to achieve partnerships between the entities in the public sector and the private organizations, which can provide a human, material, financial, etc. superior support for quantitative and qualitative amplification of managerial training
- Completing during the year 2012 of the "The methodological framework for the organization and carrying out of postgraduation programs for training and continuous professional development" on the basis of which it can be operationalized the managerial training programs
- The evaluation of the universities in Romania after European criteria and their classification into the three categories of institutions (advanced research and education, education, and scientific research and centered on education), which has positive effects from multiple points of view
- Increase of the international mobility frequency of Romanian trainers and by default, intensifying the exchanges of managerial know-how and increasing the rhythm of the update of the information/knowledge with regard to the developments in the field of management, training, the business environment, etc. in E.U. and other countries

The main **threats** faced by the managerial training in Romania are:

- The existence of unprofessional companies, which provide training of poor quality, adversely affecting the reputation/ image of this sector of activity and confidence of the potential consumers of such services
- The decreasing of financial potential of many companies and public institutions, which are the result of crisis/ recession, will diminish the demand for managerial training in the forthcoming period
- Insufficient involvement of the state in (co)financing of training activities for the development of SMEs, although many of them feel the lack these services
- Awareness to a limited extent by some entrepreneurs of the positive impact of the managerial training on performance
- The possibility of diminishing the degree of attractiveness of graduation programs, due to the regulations which provide for the release at graduation of a certificate testifying the professional competence, regardless of the type and duration of the program and the number of transferable credits obtained
- Relatively low degree of financial, spiritual and moral motivation of the teaching and research personnel within the institutions of higher education generates, not rarely, departures of some specialists from the system, in particular for young persons, a situation that has a negative impact on the training activities and scientific research, especially in the medium and long term
- Insufficient concern of domestic organizations offering managerial training for creation of a brand in their field of activity, which adversely affects the growth potential in the long term, due to the fact that many companies, especially multinational companies, prefer to appeal foreign specialized organizations which have notoriety

We need to underline the fact that that, only through the efforts of managerial training providers to adapt to the contextual developments, respectively their attempts to valorify the existing opportunities and counter the threats which manifest in the field, can be assured qualitative and quantitative consistent increasing of the services offered by them, and thus the developments on multiple levels of training in the field of management in Romania, which have the potential to directly and substantially influence the performance at micro, mezo and macroeconomic level.

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STUDY ON COMMUNICATION COMPETENCY REQUIREMENTS IN RECRUITING ROMANIAN MANAGERS AND EMPLOYEES

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Abstract

In the last decades there was an obvious tendency of enhancing the global concerns to identify and define individual and organizational core competencies needed for developing the XXI century society. Generally, these refer to a combination of knowledge, skills and behaviors essential for all the people, which are not specific to a certain activity field but have a heavily impact on successful performance on the job. The review of international literature allowed us to observe that communication is a basic component both of the competency-based models, and of main employability skills required for employees worldwide, as revealed by recent surveys on practical state in the field. Given this international background we attempt to present a national perspective on communication competency requirements considered for recruiting Romanian managers and employees, based on a study of the job announcements posted online by one of the main recruitment websites in our country.

Keywords: *key competencies, competency-based models, communication competency, employability skills.*

JEL Classification: F66, J2, J24, J62, O15.

1. Introduction

We live in a globally, highly interconnected and rapidly changing world, which provides people more opportunities of information, educational and occupational mobility, but also new individual and collective challenges.

For instance, there is now almost unlimited access to a huge volume of information available on web, but we can take advantage of this only if we know how to do it. Hence we must be able to use specific devices, to filter and process a lot of information (often in foreign language), while keeping the pace with rapid changes in information and communications technology (ICT).

In a similar way, there are many possibilities to study and work anywhere in the world, but this depends heavily on individual capability of adapting to new contexts. Given the current uncertainty of the labor market, appears the need to be flexible, that means "to expect the unexpected, to stay employable, to reskill and retrain, to leave familiar work environments and to get acquainted with new tasks" (Humburg, Van der Velden & Verhagen, 2013, p. 112).

Thus, a major challenge facing nowadays many people around the world is to meet increasingly demanding requirements of employers, which in turn are driven by new rules of global competition, new societal values and expectations (mainly related to sustainable development of human society).

Consequently, individual competencies strictly necessary under these conditions (core competencies) become more complex. Even the term of competence, itself, acquires new meanings, referring not only to specialized knowledge and skills but also to the ability to meet complex requirements by mobilizing psychosocial resources (including aptitudes and attitudes) in a particular context. This implies that once acquired such core competencies, they can be exercised in various fields and in various organizations, and should be developed throughout life.

Hence in the present socio-economic context, achieving personal development goals becomes increasingly dependent on such individual key competencies, and in close relation with professional and social inclusion. On the other hand, reaching collective development goals (of the society) depend on how these competencies actually exist and are managed not only at individual level, but also at organizational level (OECD, 2005). From this perspective, the organizational competencies can be viewed as resultant of effective mobilizing and capitalizing on individual competencies of an organization's human resources in order to achieve the goals of the organization, of

its members and stakeholders, and society as a whole. By default, because setting organizational objectives and mobilizing resources to their achievement are assigned as basic tasks of management, the need and essential contribution of managerial competency becomes obvious at this organizational level (see figure 1).

Therefore, the key competencies should be acknowledged and addressed on three levels: individual, organizational and managerial.

Our documentary research on this line revealed that international concerns to identify and define the key competencies needed for developing the XXI century society seem to develop concertedly during the last decade.

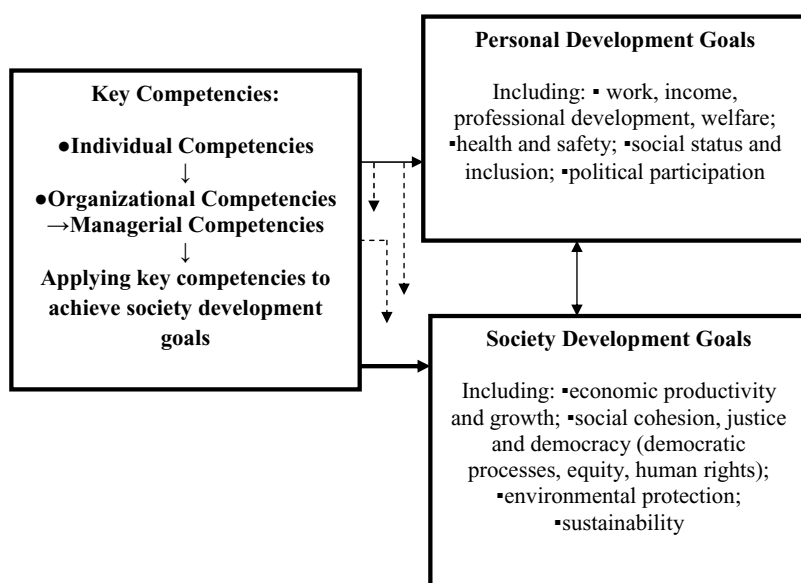


Figure 1. Relationship Key Competencies – Individual & Societal Goals
(source: Băleanu, 2012, p.3)

Socio-economic entities/organizations worldwide representative such as European Union (EU), Organisation for Economic Co-operation and Development (OECD) and the United Nations (UN) have mandated strategic research projects and surveys covering their member states, or national subsidiaries - in the UN case. Consequently, were built conceptual models/frameworks of reference to facilitate common understanding and concerted action about what means, which are and how could be acquired the key competencies. Also, relevant international professional

associations with interest in management fields have developed their own competency-based models to be used in practice as standards for professionals in the field. To exemplify just a few, we can mention Society for Human Resource Management (SHRM), Project Management Institute (PMI), and International Project Management Association (IPMA). Furthermore, use of competency-based interviews seems to become a basic practice in Human Resource Management (HRM) and there are a growing number of periodical surveys/reports on employability skills required by employers in different countries and regions of the world, including EU (Lowden et. al., 2011; CCCE, 2014; ManpowerGroup, 2013; UKCES, 2009, 2014).

Analyzing before mentioned competency models and reports about employability skills, we remarked that all these have a basic component with refer to communication (in terms of competence, or skills). It's also important to mention here that conceptual approaches of communicative competence as well as its contemporary strategic dimension are closely related to developments in the communication sciences field, covering interpersonal, organizational, managerial and intercultural communication issues (Rickheit, Strohner & Vorwerg, 2008; Zerfass et. al., 2011, 2012, 2013; ECOPSI, 2012). In other words, main international competency-based approaches highlight that communication is considered a key competency at individual, organizational and managerial level, and one of the most required employability skills in today's society.

Against this international background is justified our interest to explore the national perspective, i.e. how communication competence is reflected by requirements of Romania employers, based on a study of job announcements posted online through a representative recruiting site for our country. Accordingly, after a brief overview of conceptual approaches and models selected as framework of reference, our paper presents a synthesis of the study results. Finally are discussed main findings, practical and managerial implications.

2. Competency-based models and the communication competence

► *EU model: The key competences for lifelong learning. European reference framework*

The European reference framework (adopted in Romania too) defines competence as "a combination of knowledge, skills and attitudes appropriate to the context", specifying that "key competences are those which all individuals need for personal

fulfillment and development, active citizenship, social inclusion and employment" (EC, 2007, p. 3). Based on this conception, are set out the following eight key competencies, considered all equally important: (1) *Communication in the mother tongue*; (2) *Communication in foreign languages*; (3) Mathematical competence and basic competences in science and technology; (4) Digital competence; (5) Learning to learn; (6) Social and civic competences; (7) Sense of initiative and entrepreneurship; (8) Cultural awareness and expression. Each competency is described by indicative benchmarks for the defining elements (knowledge, skills, and attitudes), in the way presented in table 1 with refer to communication in the mother tongue.

Table 1. Competency elements of communication in mother tongue (extracted examples)

Knowledge	Skills	Attitudes
Appropriate use of vocabulary, functional grammar and the functions of language	Ability to communicate both orally and in writing in various situations, to monitor and adapt the own message depending on situation	Adopting a positive attitude towards communication in the mother tongue including openness to critical constructive dialogue and interest in interaction with others
Awareness of the main types of verbal interaction, literary and non-literary texts, different styles and registers of language, communication contexts, etc.	Ability to search for, collect and process information, to use supports, to formulate and express arguments in a convincing way appropriate to the context	Awareness of the impact of language on others and the need to understand and use language in a positive and socially responsible manner.

► *OECD model (De SeCo Project): Key competencies for a successful life and a well-functioning society*

The DeSeCo Project was mandated by OECD aiming to bring together a wide range of experts and stakeholders across member countries in order to produce a coherent and widely shared view about which are the key competencies necessary for the modern world (OECD, 2005).

The key competencies are designated by the concept of transversal competencies that allow individuals to adapt to a world characterized by change, complexity and interdependence. These are more than just knowledge, skills and attitudes related to a particular field/context, and they meet the following conditions:

- (a) Are important for all the people;
- (b) Are applicable in many areas of life and bring advantages within a wide range of contexts;
- (c) Are contributors to valued outcomes for the individuals and society (measurable economic and social benefits).

This approach implies that each individual must be able not only to capitalize on its potential in self-interest, but also to respect the others, and contribute in the building and development of a sustainable, democratic and equitable society.

The conceptual framework integrates three broad categories of such competencies having three components each, as follows:

- (1) Using tools interactively:
 - A. ability to use language, symbols and texts - *communication competence*;
 - B. ability to use knowledge and information;
 - C. ability to use technology.
- (2) Interacting in heterogeneous groups:
 - A. ability to relate well to others;
 - B. ability to co-operate, work in teams;
 - C. ability to manage and resolve conflicts).
- (3) Acting autonomously:
 - A. ability to act within the big picture;
 - B. ability to form and conduct life plans and personal projects;
 - C. ability to defend and assert own rights, interests, limits and needs.

Thus, some components of a key competency are likely to be inter-related with components of the others. “For example, the ability to communicate effectively is a competency that may draw on an individual’s knowledge of language, practical IT skills and attitudes towards those with whom he or she is communicating” (OECD, 2005, p. 4).

► *UN model (United Nations Competencies for the Future)*

The basic idea of UN model is that for building an organization's human resources capacity for the future "it is important to define organizational core competencies—the combination of skills, attributes and behaviours which are essential for all staff—as well as the additional managerial competencies required by all those who manage others" (UN, 2000, p.4).

Thus the model integrates the three core values of Organization, with eight core competencies and six managerial competencies (figure 2).

Obviously, the eight core competencies are required implicitly for all managers/supervisors which must have in addition the six competencies considered essential for managerial work. Because the competencies "relate more to what a person does, than what a person knows, they are observable" and accordingly may be described by "behavioural indicators - actions or behaviours that exemplify the competency in practice" (UN, 2000, p. 14). For instance, communication competence of a person is described by behavioral indicators such as: speaks and writes clearly and effectively; listens to others, correctly interprets their messages and responds appropriately; asks questions and gives answers to clarify; shows interest for two-way communication; adapts the language, tone, style and format of the message to match the interlocutors; demonstrates openness in sharing information and keeping people informed. In a similar way, leadership competence of a manager is described by indicators like: serves as a role model that other people want to follow; drives for change and improvement; does not accept the status quo; shows the courage to make unpopular decisions.

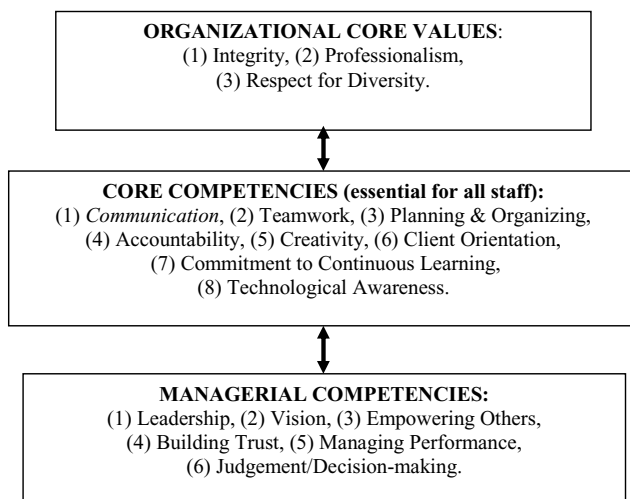


Figure 2. Synthetic illustration of UN model – Organization core competencies
(Source: Băleanu, 2012, p. 9; Irimie, 2013, p. 710)

► *Model developed by Society for Human Resource Management: Elements for HR succes. SHRM's Competency Model for HR*

According this model the competencies are defined as "individual characteristics, including knowledge, skills, abilities, self-image, traits, mindsets, feelings, and ways of thinking, which, when used with the appropriate roles, achieve a desired result" (SHRM, 2012, p. 5). The model includes one technical competency (Human Resource Expertise) and eight behavioral competencies, reflecting the way through which an HR professional leverages its own technical competence: Relationship Management; Consultation; Organizational Leadership and Navigation; Communication; Global and Cultural Effectiveness; Ethical Practice; Critical Evaluation; Business Acumen. For each competency is provided an overall definition, sub-competencies associated, behaviors demonstrated by individuals highest in proficiency on that competency, and behavioral standards in which an HR professional at the relevant career stage should engage to be successful.

► *Competency models developed by International Project Management Association (IPMA) and Project Management Institute (PMI)*

If it's quite clearly that SHRM model was conceived especially for HR professionals, also clear should be that these two models are built for defining the PM competence,

as well as own standards used in assessing and certificating the professionals in the PM field.

IPMA model termed Competence Baseline defines competence as “the demonstrated ability to apply knowledge and/or skills, and where relevant, demonstrated personal attributes” (IPMA, 2006, p. 3). It comprises three competence ranges of PM as follows:

(1) Technical competences - fundamental elements of competence covering the PM content, also called "solid elements". Here are described 20 such elements, including *communication* competence justified by the fact that "effective communication is vital to the success of projects, programmes and portfolios" (IPMA, 2006, p.76).

(2) Behavioural competences - 15 elements related to the personal relationships between the individuals and groups managed in the projects, programmes and portfolios.

(3) Contextual competences - 11 elements related to the interactions of the project team within the project context and with the organization.

PMI model is described in terms of technical, interpersonal, and conceptual skills that effective project managers must acquire in a balanced manner, enabling them analyze various project contexts and interact properly. Within this model, *communication* appears as one of the 11 most important interpersonal skills, being "one of the single biggest reasons for project success or failure. Effective communication within the project team and between the project manager, team members, and all external stakeholders is essential. Openness in communication is a gateway to teamwork and high performance. It improves relationships among project team members and creates mutual trust" (PMI, 2013, p. 515).

The list of competency-based models and approaches developed as international frameworks of reference could be continued with many others, but we consider that were presented enough arguments to prove that communication became really a key competence at individual, organizational, and managerial level. In the following sections we attempt to present and discuss the national perspective on the subject.

3. Methodology of study

Our study on employers' requirements in Romania from the perspective of communication competence has focused on the job announcements posted online

during the first five months of the year (January-May) by one of the most important Romanian recruitment sites - BestJobs (www.bestjobs.ro).

The research area was determined considering the available time, and the easy access to data offered by the online recruitment sites, out of which we chosen BestJobs (due to its leading position as pioneer in the online recruitment and career management within national labor market).

Sample size ($N = 790$ job announcements) was result of randomly sampling, with a time benchmark fixed to the middle of the month (the 15th day of the month). Thus after a first scanning of all the job announcements posted at 15th day of the first five months (in total number of 799), were removed the insignificant ones (duplicates, announcements without specified number of jobs, etc.), being thus validated 790 announcements (monthly samples size: $N_1 = 43$; $N_2 = 228$; $N_3 = 268$; $N_4 = 210$; $N_5 = 41$).

The study was developed on two analytical levels:

- A first level of analysis where we have followed general aspects related to the form of the job announcements posted (general descriptive statistics);
- A second level of analysis where we used the content analysis method, for studying each of the job announcements from the perspective of requirements related to communication competence, centralized and grouped based on usual statistical methods using certain relevant criteria such as types of jobs (execution / management), occupational fields, locations / areas of recruiting, and work regime.

As concerning the procedure of data collecting and processing, we firstly created a general data base where have been downloaded all job announcements posted on the 15th of each month. The data thus collected were checked (to validate them) and then were processed by centralizing, grouping and analyzing them according to the purposes intended for the aforementioned analytical levels.

To analyze the job announcements from the perspective of communication competence requirements, were considered its meanings within the reference models presented in the previous section of the paper. So, using content analysis as basic investigation method, statistical processing and analysis of the job announcements were carried out relative to the following findings related to the models relevant to the national context and analytical purpose:

- Within the EU model, communication competence refers to all the aspects of communication both in the mother tongue and in foreign languages, including the ability to express and interpret thoughts, feelings and facts in orally and written form (listening, speaking, reading and writing), the ability to interact linguistically in an appropriate manner and in a variety of socio-cultural contexts, mediation and negotiation skills, intercultural understanding, etc.

- Within the UN model, communication competence is one of the eight core competencies considered important for all staff of the organization, regardless of the job or hierarchical level, i.e. both for the execution and management positions.

Considering this, the content analysis took into account both the linguistic elements (the language used for writing the job announcements and explicit requirements of knowledge and language skills), and elements of job description explicitly or implicitly associated with communication competence (e.g. requirement to be communicative, to have negotiation skills, etc.)

4. Main results of the study

► At the first level we analyzed the overall structure of job announcements, by:

→ Language of writing the announcements - in Romanian (RO) or in English (EN)

→ Communication transparency - if the sources of announcements (employer / recruitment agency) are specified, or unspecified.

The structure of the job announcements grouped by language indicates that more than three quarters are in Romanian (78%), while regarding the second aspect considered, the prevalent announcements are those with specified source (representing 81.39% of total) with monthly distribution as shown in the Figure 3.

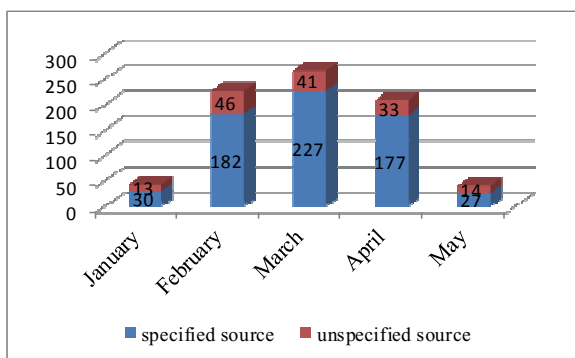


Figure 3. Distribution of the job announcements with/without specified source

As general observation from the primary analysis of how the jobs are termed within announcements, we must mention the high diversity of terms used and the implicit difficulty of grouping the jobs into occupational categories according to the Classification of Occupations in Romania (COR). Therefore, to facilitate the content analysis we regrouped the jobs from the analyzed sample into 18 occupational fields, considering the categories on BestJobs site (occupation / department and area of activity).

► Thus the content analysis was conducted in a coherent way on each of the five samples for the months January to May. The results obtained in this first step were subsequently statistical processed and analyzed for the whole sample of 790 announcements, being centralized and grouped by the types of jobs (execution / management), locations / areas of recruitment, work regime and occupational fields. The main results of these analyses are briefly presented in the follows.

→ From a total number of 2506 jobs (resulted by summing the jobs number at the whole sample of 790 announcements) only 208 refer to management-related positions (8.3%), reflecting a clear prevalence of the execution positions, with monthly frequency distribution presented in the Figure 4.

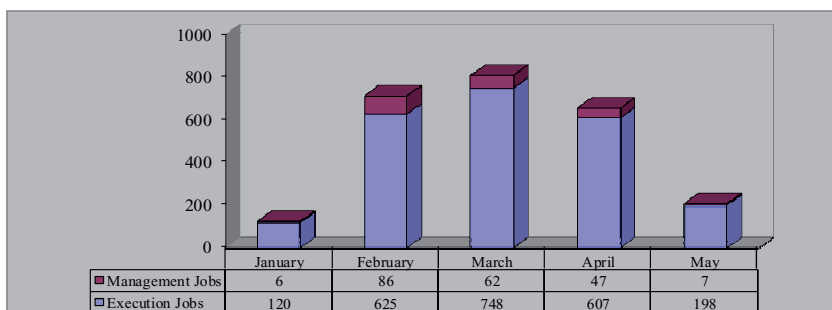


Figure 4. Number of jobs grouped by category – execution / management

→At the whole sample, more than half of announcements includes requirements related to communication competence (435 announcements, i.e. 55.06% of the total), but the content analysis highlights significant differences when the announcements are grouped by category of jobs. Thus, the announcements with communication competency requirements represent 69.7% of total those referring to management positions and only 39.1% of total those referring to execution positions (Figure 5 and Figure 6).

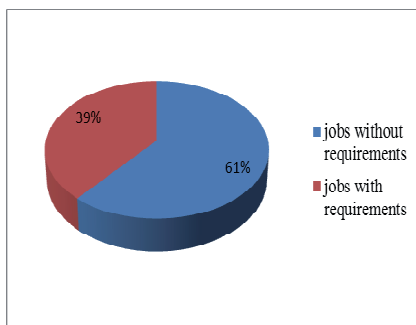


Figure 5. Share of execution jobs communication competency requirements

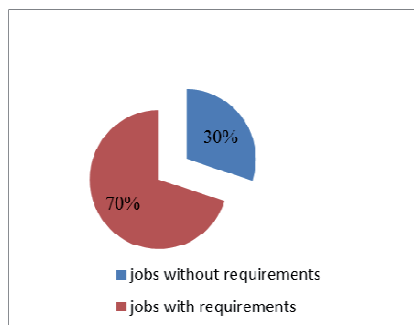


Figure 6. Share of management jobs with communication competency requirements

A quite similar situation occurs also when comparing the announcements grouped by language. From this perspective, percentage of announcements in English having such requirements is almost double compared to those in Romanian (88.6% and respective 45.5%). It must mention that most announcements in English originate

from the large recruitment agencies and companies (especially joint ventures and multinationals).

→Content analysis of the job announcements centralized and grouped by their location highlights the predominance of those located in the capital city - Bucharest (almost 31% of the total). Besides this, the main locations of the jobs established under Pareto principle (for which the cumulative percentage of the jobs number is about 80% of the total) are shown in the Figure 7.

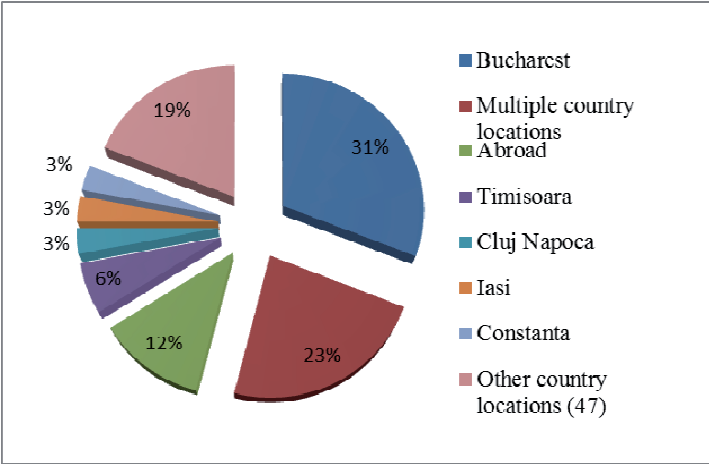


Figure 7. The main locations of the jobs targeted in announcements

As it can see, besides the jobs located in Bucharest, other four cities appear as major recruiting pools within the country: Timisoara (cumulating over 6% of total jobs number), Cluj-Napoca, Iasi and Constanta (in this order, each with about 3%). Excluding these five urban pools, the most jobs are those with multiple locations within the country (meaning employers recruiting for the same job but for many different national subsidiaries). The rest of domestic jobs are spread in other 47 locations (the "many and small" category, according Pareto principle) while a most significant number of jobs are abroad (over 12% of the total). Content analysis of the announcements recruiting for abroad highlights that nearly 80% of jobs are located in European countries, most of them in Spain (75); Germany and the UK (each 43); Italy (20); France (11); Denmark, Ireland and Poland (each 10). The other non-European countries are (in order of the jobs number): Japan (50), China (10), the USA and Australia (one job each). The occupational fields with most jobs (which summing 86.4% of total jobs abroad) are: Health/Care (81 jobs, out of which 71 for

medics and 10 for nannies/baby sitters, mainly located in Germany, UK, France, Denmark and Ireland); Agriculture (75 jobs for agricultural workers in Spain); Entertainment/Hostess (60 jobs for night club hostess, out of which 50 in Japan and 10 in Italy); Hotels and Restaurants (25 jobs, mostly located in the UK and Greece, for positions of chefs, waiters, bartenders, maids and receptionists); ITC (22 jobs out of which 10 in Poland, five in Germany and one each in Australia, Bulgaria, Czech Republic, France, Luxembourg, Portugal and Slovakia).

→Centralized results of the content analysis performed on each monthly sample of announcements grouped by work regime indicates prevalence of those for full-time jobs, but also a relative significant number of project-based jobs (Figure 8).

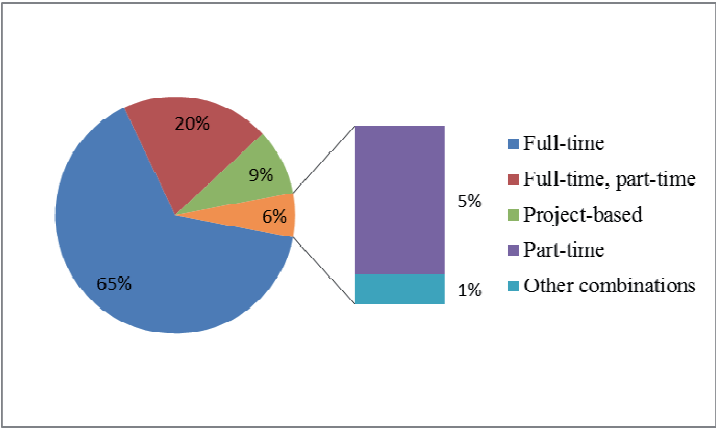


Figure 8. Structure of the jobs grouped by work regime

→As resulted from centralized grouping of the jobs by occupational fields, almost a quarter of the total number of jobs targeted by the analyzed announcements are in the Sales field (23.86%). The situation is quite similar in terms of execution jobs, i.e. 24.33% of the total number of execution jobs (559 positions) are in Sales, but differs in the case of management jobs which are mainly concentrated within Marketing, Advertising/Media, Public Relations (PR) field (63 positions, representing 30.29% of the total management jobs). Between the top ten occupational fields cumulating most jobs are found seven fields which also appear in the similar top of management jobs. The other three occupational fields which appear only in the top ten for management jobs are: Human Resources (HR) entering directly the third position in top, Engineering/Industry/Manufacturing and managerial Consultancy, Project Management (Figure 9 and Figure 10).

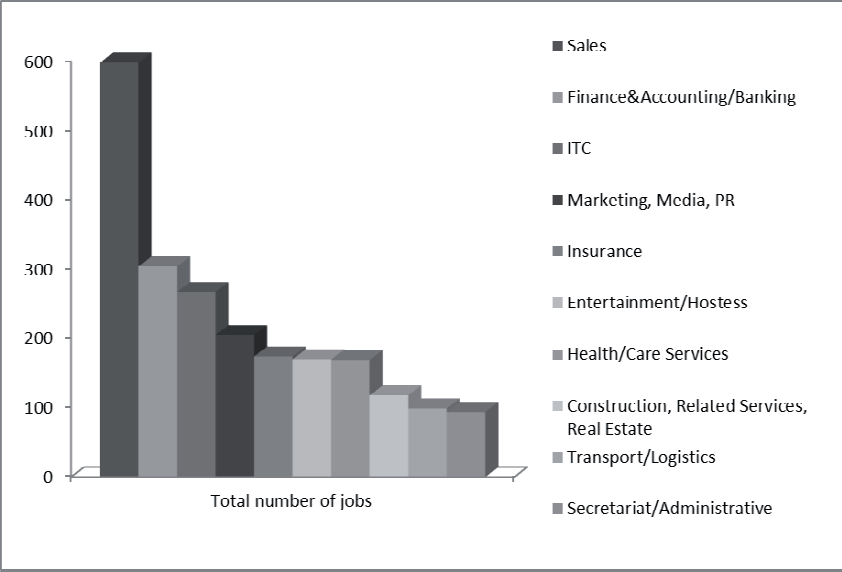


Figure 9. Top 10 – occupational fields with the most jobs

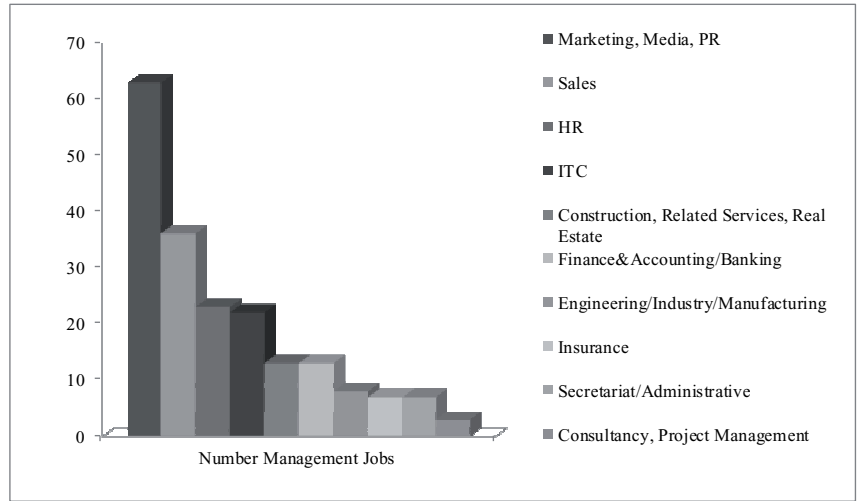


Figure 10. Top 10 – occupational fields with most management jobs

In a similar way we performed a top ten of the occupational fields with the most job announcements comprising communication competency requirements. Somewhat expected, first positions of this top correspond with the fields where communication competence is by tradition considered essential for performing the specific tasks, as is the case in Sales, Telecommunications, or Marketing, Media, PR (Figure 11).

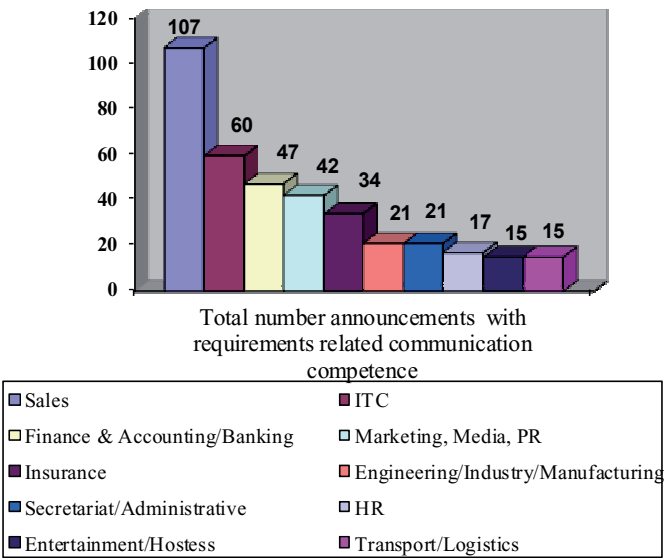


Figure 11. Top 10 – occupational fields with most job announcements comprising communication competency requirements

5. Overall conclusions and managerial implications

The findings of our documentary research related to competency-based approaches within international literature, as well as the study within national context focused on communication competency, have theoretical and practical relevance for organizations management in general, and for HRM and the labor market in Romania in particular. Main overall conclusions and managerial implications supporting this statement are discussed below, together with some additional arguments revealed by previous works and studies on the topic.

► Usefulness of studying competencies rather than roles within contemporary organizations becomes apparent if we consider that while "... roles outline tasks and responsibilities in the job description, in today’s dynamic workplace these same roles are likely to change frequently. In contrast, competencies are the

underlying foundational abilities that are integral to successfully carrying out the tasks and responsibilities, and thus remain a stable blueprint for practice over time” (Jeffrey & Brunton, 2011, p. 60). This is shown by enhancing conceptual and practical approaches which emphasize the strong interdependence between organizational performance and competency, as resultant of key competencies of employees and managers. So, the only observable and measurable indicators of the competency are those behaviors reflecting how the knowledge and skills are actually used to successfully perform individual and collective tasks in order to achieve organizational goals.

► The practical relevance of competency-based models and approaches is particularly highlighted by international evolutions of HRM practices related to employment decisions, with impact on labor market. A handy argument is that "...competencies form a common language for describing how people perform in different situations. Every job can be described in terms of key competencies. This means that competencies can be used for all forms of assessment, including appraisals, training needs analysis and, of course, selection." (Barclay Simpson, 2005, p. 2). Thus, the main tools for recruitment and selection (i.e. job description and candidates' interviews) are ever more based on competency and include the so-called "soft" or employability skills that actually are elements of the key competencies generally required by employers. But the applicability of competency-based approaches does not reduce (and, as such, should not be limited) to just those HRM practices. As exemplified concretely by UN model, practical use of competencies can and should be extended also in: (1) staff development (by developing programs to support and explain the various means available for developing and strengthening of key competencies); (2) career planning (by using competencies as reference base for identifying individual and organizational needs and for career development planning); (3) staff assessment and motivation (by developing competency-based performance standards, assessing individual performance in relation to them and establishing, on this basis, the most appropriate ways to motivate all the staff).

► Communication is a basic element of the key competencies identified by the main models, approaches and frameworks of reference with international and national relevance, as well as one of the employability skills most required nowadays. Moreover, recent surveys in the field show that various communication skills are constantly present in skill shortages invoked by

employers in different countries of the world. For instance, the last report of the UK Commission for Employment and Skills (UKCES, 2014, p. 31) specifies that results of survey in 2013 have "a broadly similar pattern to 2011 although there has been an increase in the proportion of skill-shortage vacancies resulting from a lack of communication skills, particularly oral communication (41 per cent, up from 37 per cent in 2011)". Comparable findings are also mentioned by a US survey, as follows: "When it comes to the skills most needed by employers, job candidates are lacking most in written and oral communication skills, adaptability and managing multiple priorities, and making decisions and problem solving" (Maguire Associates Inc., 2012, p. 12).

► As concerning Romania, we can't refer to comparative recent data since it seems to be no national surveys on employability skills conducted during the last two-three years (no public available information on web related to such surveys). Yet a prospective study conducted in the past by National Scientific Research Institute for Labor and Social Protection (Pîrciog, Ciucă & Blaga, 2006) highlighted that general evolution during economic transition and reforms for EU integration have led to major structural changes in national occupations system and labor market. One of these refer to changes of the labor content for most occupations especially related to the key competencies required, emphasizing specifically that competencies of PC working, problem solving, resource management and communication have increasing importance for all occupations and economic sectors in our country. Also the study included a national survey on 1100 employers, revealing lack of communication skills as one of their main motives of dissatisfaction with the new employees. Among the other major structural changes identified by the same study related to the labor market in our country we could mention as well:

- Emergence and expansion of new occupations, specialized recruitment companies and job sites;
- Visible inconsistencies between demand and supply of workforce;
- Higher unemployment and implicit decrease of occupation rate on domestic market, in parallel with increasing migration for employment abroad.

The last mentioned issues reflect significant imbalances of the national labor market representing serious threats in the 2020 perspective, as shown within the national strategy for HR development - SIDRU (MLFSP, 2009). More

specifically, this document calls attention that since Romania could not reached its economic maturity until the beginning of the global crisis, if economic downturn will continue to affect the mature markets of the EU then labor market imbalances will further enhance (especially those generated by the migration for employment abroad), making more difficult to offset the effects of recession.

Against this general background our study provides some useful insights into how things evolved until now related to the employability skills, specifically in terms of communication competency requirements. Thus, since such requirements appear in more than half of a relative significant number of recent job announcements (about 55 percent of 790 announcements analyzed), we could consider this a sign of aligning with the international evolutions of employment practices before mentioned.

On the other hand, the content analysis and subsequent statistical processing have revealed that these announcements cover a total number of 2506 jobs, over 92 percent being execution jobs. But the announcements with communication competency requirements represent only about 39 percent of those referring to execution jobs, comparative with almost 70 percent in the case of those for management positions. In addition, we found that most jobs with such requirements are in occupational fields where communication competency is by tradition considered as essential for successfully performing the specific tasks (i.e. in Sales, Telecommunications, or Marketing, Media, PR). Also significant is that over 12 percent of the total number of jobs refers to employment abroad - mostly in European countries - and all are execution jobs (what could mean that migration for working abroad still threaten the balance of national labor market).

These findings show that quite many jobs, especially of execution, were described by employers without including requirements related to communication skills. Two main reasons could explain missing of such requirements: either the employers expect to be implicitly understood (referring to a key competency essential for any job), or they still think actually that these are necessary only for some jobs. But, this rationale becomes questionable if we consider the communication skills shortage invoked by employers as a main motive of their dissatisfaction with new employees (as it has shown above). Thus it could discuss if the candidates can really understand the employers expectations when these are not expressed by clear requirements stated in the content of job announcements. And eventually this depends on communication

skills of HR professionals and managers responsible for the job description underlying recruitment process.

To conclude, our findings suggest some apparent progress within national context but also the need for enhancing awareness of Romania employees and employers about employability skills. In the first, this requires managers able to effectively manage the potential of human resources and understand the importance of communication for better use of this potential, as well as for sustainable performance of organizations (Câdea & Câdea, 2014).

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TIME BASED ORGANIZATIONAL PERFORMANCE – THE ALTERNATIVE OF THE CONTEMPORARY MANAGEMENT

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Abstract

*Time is one of the fundamental ingredients that imprints on every single human activity. The feeling that at the organizational and personal level speed has become an essential notion, is more and more significant and it is accompanied by the sensation of an acute lack of time. For this reason, the challenges of current management are related to these extremely important problems and the idea of achieving the organizational performance that is centered around time seems to be an extremely serious alternative. The imprint of time can be found in all the organization systems and that is why this process of seeing time as a capability has as a final goal a redesign of the organization, a reanalysis of the strategies and a reinterpretation of the global vision regarding the way in which management is achieved. The time implications related to management are extremely diverse and the nuances in which the managerial approach can be analyzed are surprisingly diverse. The cultural reporting to time, cyclic or linear, its impact on the actual development of the activity, monochronic or polychronic, the programming, the synchronizing and the allocation of the activities from the perspective of time are just a few of the challenges of the concept of time based competition. In these lines we will find just a few of these problems and will try to argue the importance of setting time as a central pylon in forming strategies and in insuring the competitive advantage. The time oriented organizations evaluate their success on the trinome **time – value – performance**, redesigning their flows and processes for shortening the cycles and they base their competitiveness on the speed and efficiency with which they satisfy the needs and requirements of the clients. An essential element in this context is the fact that an organization which desires to ensure fast answers for consumers, needs to start by creating fast and quality answers inside the organization, among its employees, among its functions and among the processes that generate, in the end, value.*

Keywords: *time, management, temporal synchronization, managerial improvisation, strategy.*

JEL Classification: A14, D9, J22, L2, M1, Z13.

1. Introduction

The concept of time management has been extending gradually to all the functions within de firm, becoming a real managerial style called Time-Based Management (TBM) – management based on time (Stalk Jr. G., Hout T. M. – Competing Against Time, 1990). Nevertheless, time management has a longer history, the first studies in the field of time being initiated by Frederick Taylor (Taylor F. – The Principles of Scientific Management, 1911).

Time, reported to any measurement system is limited and even though one can not give it a general precise value, it can be evaluated as a cost element. That is why it is really important that organizations and people can properly manage time as efficiently and effectively as possible in order to reach the established fundamental objectives. Thus, many organizations, realizing the major importance of it, *see time as a key success factor*, emphasizing the competitive advantage that can be won, being faster than competitors through:

- Increasing the speed of decision taking;
- Reducing the time for research and development of the new products;
- Shortening the operational cycle (including the productive one).

When it comes to reducing costs, a value that can be associated with saved time can be considered. The products and services delivered in time can represent a crucial factor for supporting the competitive advantages with significant positive results related to the financial benefits. That is why time can be considered an added value element in the process of delivering goods in time to customers.

In order to create competitive advantages in an environment characterized by rapid changes as the one today, firms need to show a *special ability of quickly understanding the changes from the external economical environment* and to quickly adapt their internal resources in order to cope with this challenge.

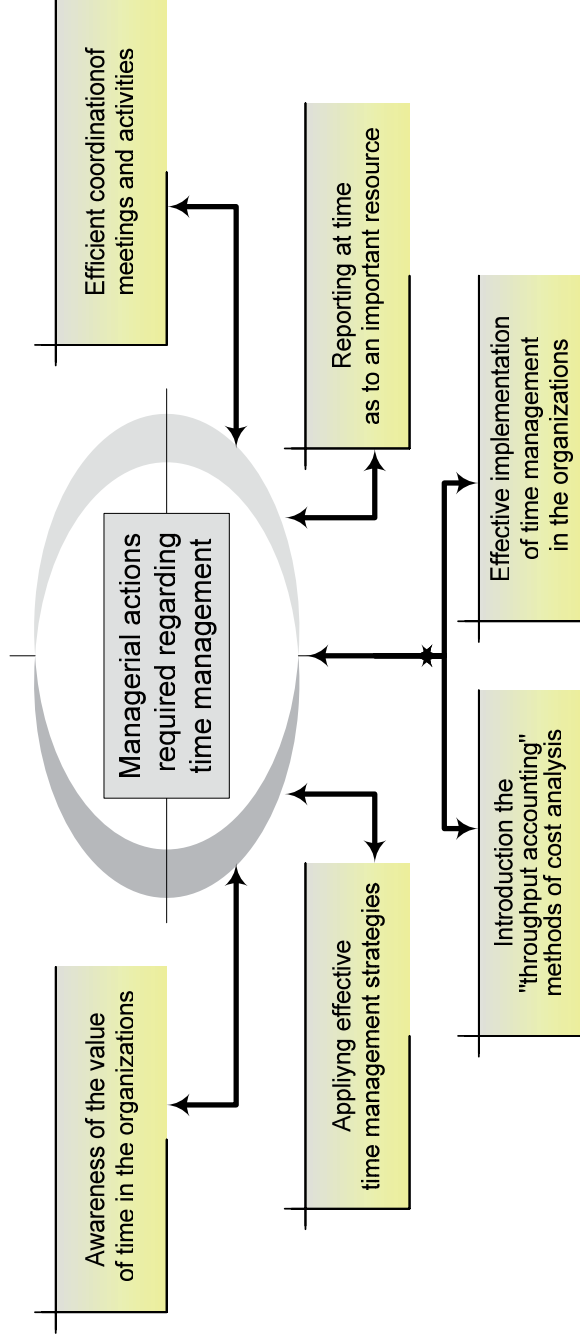


Figure 1. Managerial actions necessary for proper time management among organizations

2. Organizational approaches of time

2.1 Linear and cyclic time

The debate between the advocates of linear time and / or cyclic time is probably one of the most discussed matters of organizational research based on time. The central point of this debate is the fact that the linear perception of time dominates the managerial culture of western countries and its implications are responsible for the fundamental presumptions regarding work and life (Katz R. – *Time and work: Toward an integrative perspective*, 1980).

The concept of time has its origins in the natural principles, starting from the perpetual loop in which everything follows the route birth, life and death and in which man lives in a cycle made of its day activity and sleep. The cyclic time encompasses the social activities that are produced in rhythmical templates.

One can talk about a linear time concept that is opposed the general cycle of time (Hassard J. – *The sociology of time*, 1990). The linear concept of time is really often encountered inside organizations. For instance, it is very important to calculate the required time to reach certain goals or complete projects or the time required for launching a new product. The technological breakthroughs in the field of manufacturing and production have majorly contributed to this perception that ties time to success and industrial development.

2.2 The measurable time and event type of time

The measurable time (the time related to the clock – TC) started to clarify its meaning when the human species evolved from goods production for its personal purposes to the trade of goods and services, but much more noticeable when the cooperation for obtaining common results started. When the interactions between groups developed, they triggered the growth of the need related to managing certain different activities and the one related to the attitude towards using time.

Measurable time reported to the clock or other measurement tools (TC), is the approach in which the passing of the time is perceived as a flux of „equal, cumulated units, that have a non-value acceptance by large populations, geographically dispersed, open to an unlimited extension, without a particular preoccupation towards the past, present or future” (Bluedorn A. C., Denhardt R. B. – *Time and organizations*, 1988).

Events reported time (TE) is perceived as the apparition of some „events with a purpose, including those events that are related to seasonal variations” (Bluedorn A. C., Denhardt R. B., 1998).

3. Time based management reported to the different approaches of time

3.1 Management based on linear time

Starting with perceiving time as being a linear phenomenon in which the past never repeats itself and is always different from the future, one can expect that organizational planning to be preoccupied with one of the following two tasks:

- if the organization believes that, generally speaking, the future has a continuous bond to the past, the organizational planners will occupy their time with finding the best method of extrapolating the past forms in the future ones;
- if the organization believes that the bond between the past and the future is a discontinuous one, the planners will focus on preparing the organization for future situations.

Regardless of how continuous or discontinuous the bond between the past and future is, planners with a linear vision of time use in a limited manner the past, starting with the idea that the past will never repeat itself. Most times, the past is just a quantitative entrance for analyzing time series (continuity between the past and the future) or as a quality related entrance for the visionary creation of strategy (discontinuity between the past and the future). That is why managers are called to „adapt the future to the present” (Kavanagh D., Araujo, L. – *Chronigami: Folding and unfolding time*, 1995), they having to decide, in present time, how to allocate current resources and how to anticipate future situations so that when these situations appear, the organization is capable of responding promptly and safely.

This behavior has the past as one of the most important enemies because the past can blind the firm in the present and it can blind it in its habitual routines, leaving it incapable in the face of an always threatening environment. So, it can be said that, when an organization favors actions as opposed to reflection, most times it also perceives time as a linear phenomenon.

3.2 Management based on cyclic time

In the cyclical vision of time, the past is seen as repeating itself again and again, as a pattern that shapes the present and the future. The organizational planners invest time for detecting past routines and actions schemes that are necessary for the given circumstances. The environment is perceived as if it would rotate around a set of socially built stages (e.g. business cycles) and for every stage the organization needs to create an identical routine action, cycle after cycle.

In this „adjustment” manner, organizational learning is preoccupied with the explanation of the past. Anyway, here the past is not utilized as an entrance for electing new routines and behaviors, but in return the „old” routines and behaviors are done in a cyclic way. In this context, the organization competency is defined as being the ability of recognizing the past in the present, because to plan means harmonizing „then” with „now”.

With this approach, organizations are preoccupied with utilizing plans for two tasks:

- a) to extrapolate the future based on the past;
- b) to detect which of the actions and routines are necessary for coping with present and future circumstances.

The environment is therefore perceived as rotating around a set of pre established stages and the organization is seen as executing actions extremely similar as every stage emerges, cycle after cycle (Clark P., 1978). This perspective emphasizes the arguments of those who claim that the organizational processes can be planned because every scenario of these processes is very similar to past ones. From this point of view, a cyclic perception over time is more probable to appear in the planning oriented organization, and these tend to see this process as a way to successfully cope with present and future challenges based on their past knowledge. Managers are mostly occupied with „adjusting the past to the present”, creating plans that use routines which have worked in the past for solving the problems with which the organization is dealing with at the present time. This approach considers the past as one of the most important treasures because it throws a light on current events in a way that helps the organization to decide what to do, because the present is mostly the result of the past. So, when an organization favors reflection as opposite to action, most of the times it perceives time as a cyclic event.

3.3 Management based on measurable time

The management based on time which is reported to measurable time is preoccupied with the active planning and executing certain strategic actions. The management based on measurable time is the management oriented to shaping the competitive environment. For this managerial approach, it is fundamental to make an analysis that shows the fact that change is caused usually by temporal „changes” and not by current problems (Tyre M. J., Perlow L., Staudenmayer N., Wasson C., 1996). In a complementary mode, a study made by Gersick on group behavior and on deadlines, shows that reported to the passing of measurable time is responsible for a behavior change from a more reflective behavior to one that is more active (Gersick C. G. J., 1991).

This type of measurable time (clock time) seems to play three different managerial roles (Crossan Mary, Pina E Cunha M., Vera D., Da Cunha J. V., 2003):

1. *It is a switch for change, influencing the behavior of the ones that implement these changes, so that deadlines are met;*
2. *It acts as a coordination mechanism for change. Reporting to measurable time creates a common agenda for change and so, it supports programming activities and maximizing their synchronization* (Hedberg B. L. T., Nystrom P. C., Starbuck, W. H., 1976);
3. *Measurable time is a source of change, offering the members of the organization the temporal space that they need in order to reflect and come to conclusions regarding this change* (Tyre M. J., Perlow L., Staudenmayer N., Wasson C., 1996). Planning is supposed to activate the coordination through dictating the rhythm of the organization based on explaining the major cycles of its change (Eisenhardt K. M., Brown S. L., 1998).

It can be said that the *measurable time is a tool less robust in turbulent environments as opposed to calmer environments*. Its nature, as a homogenous system of perceiving time (the temporal units are all equal and there is no break between them), keeps it from offering the required variety that the complex environments ask from their members.

All characteristics previously mentioned of measurable time make it more favorable to use in the organizations that favor reflection instead of action, due

to the role that this approach of time plays in the planning of the resources. *The perception upon time could be used as an additional mechanism of coordination which integrates the effort of the individuals in reaching the objectives of the organization.*

3.4 Management based on event type time

The management that is based on time and is reported to event type time performs an organizational management with a special emphasis on flexibility, with the purpose of responding to some changes or some internal or external events and last but not the least, maintaining and supporting the competitive position that the organization currently occupies. This perspective of management can be both reactive and proactive (Smircich L., Stubbart C., 1985).

*The most performant firms are the ones that were capable of getting synchronized with the rhythm of the phenomenon's that depend on their activity and to do this with an unbiased vision upon the adequate speed that needs to be used. The managers that accept this type of understanding time encourage the members of the organization to take into consideration the relevant rhythms (Clark, 1990) and to incorporate these rhythms while acting upon their temporal structures through action, reaction and progression (Orlikowski and Yates, 1998). This type of management is therefore reactive due to the high receptivity to environment changes. In light of these things, it is not a surprising the fact that „event type time” emphasizes the biggest concerns shared by practitioners and researchers due to the expansion of the perception that the new competitive realities force the organizations to a continuous changing and adjusting process. Event type time is a more robust model for leading organizations in turbulent environments because it constitutes a heterogeneous perception of time which means that it's passing „is based on events of whose apparition is more similar to the irregular formation of clouds than the regular mechanism of a clock” (Clark P. – *Chronological codes and organizational analysis*, 1990). Due to these reasons, it can be said that *in an organization which favors actions as opposed to reflection most members have an „event type” perception upon time.**

4. Time Based Management and improvisation in organizations

4.1 Management based on linear – cyclic time and organizational improvisation

Firms, especially those from the turbulent environments, deal with coexistent requests from linear time as well as the cyclic one. This affirmation is related to the description of Adam (Adam B. – *Time and social theory*, 1990) regarding the modalities of treating and approaching the past, the present and the future in the time field literature: *"it seems that there is an unilateral agreement according to the fact that human time needs to fundamentally include the past, present and future dimensions. In order to live as a human being, this involves the interactions of memory, perception, anticipation and desire...The future that he is waiting passes through the present that he is living, and through the past that he remembers."*

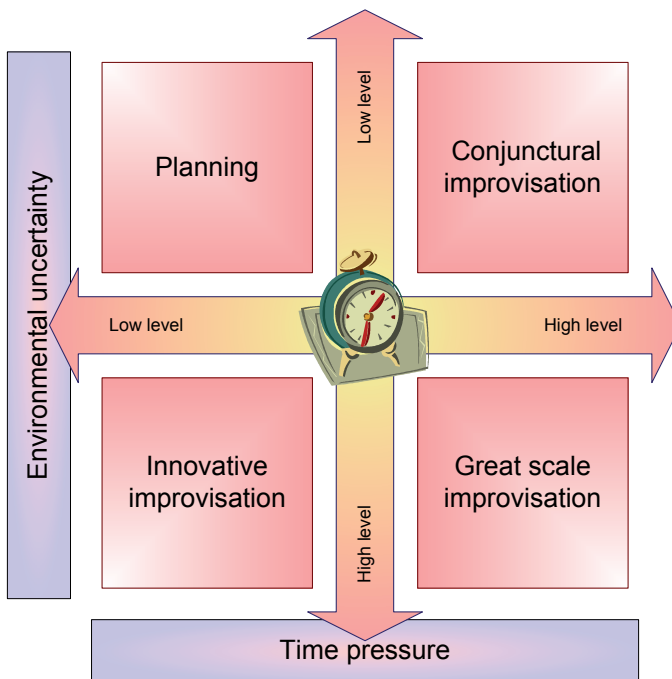


Figure 2. Planning and organizational improvisation in the conditions of temporal and uncertainty pressure of the environment

Source: after Crossan M., Pina E Cunha M., Vera D., Da Cunha J. V, *Time and Organizational Improvisation*, 2003

Management based on linear-cyclic time is made out of folding the past and the future in the present. Based on this action, a synthesis between cyclic and linear time will have the present as a main element. The managerial improvisations help with synthesizing linear and cyclic time because this represents a process in which the past and the future are glued together in order to become a profound experience of the present. The specific mechanisms that allow the creation of an improvised process which will integrate the linear and cyclic perspective of time depend on subsequent elements of the improvisation made of:

- a few rules and a basic action plan that merge the future with the present;
- creativity and experience, which get the past in the present.

In a certain way, in the context of time and / or uncertainty pressure (fig. 2), *planning in a linear-cyclic perspective of time means creating some “minimal plans” which, instead of describing the rigid courses of actions, should offer the members of the organization the required minimal structure for coordination and would allow therefore a high degree of flexibility* (Weick K. E. – *Sensemaking in organizations*, 1995). Thus, according to the established limits of minimal parameters, individuals should be free to operate, innovate and improvise as necessary, in order to reach the desired objectives within the organization.

4.2 Management based on measurable – event type time and organizational improvisation

Another approach of time based management can be realized through the synthesis of paradigms reported to the other two approaches of time, previously described, the measurable and the event type ones. This therefore results in a combination that can be named as the management that is based on measurable (clock) – event time (M-ET). Therefore management based on M-ET can be defined as a management that is centered on a „*manipulative flexibility*” which is responsible for the changes in the environment, with the purpose of giving a shape to this environment.

Organizations, especially those who are part of a dynamic environment are dealing with coexistent requests of measurable (clock) time and event type time. In a research project, of the computer industry, Brown and Eisenhardt (1997)

have concluded that the ordinary transitions and deadlines based on the calendar (e.g. the launching of a new product every two years) have allowed the realization in good time and with more success of certain innovations, than in the case of utilizing those methods based just on events (e.g. the launching of a new product as an answer to a move of a competition or a continuously rising trend of technology). Therefore, they have gotten to the conclusion that a combined approach is more efficient and have suggested the fact that the managerial improvisations are an important factor in adapting the organizational rhythm to maximizing performance. They have argued the fact that „*introducing improvisations in real time in the organizational settings, have allowed enough movement space for that the intermediary deadlines that are based on the calendar (measurable – clock time) to be established, with the purpose to win the required flexibility for a fast and in time reaction (event type time)*”.

Some managerial studies have looked the new products development processes from the point of view of improvisation (Miner A., Bassoff P., Moorman C., 2001) and have proved that improvisation can be used efficiently in order to ensure that the unforeseen events are treated (Management on Event Type Time) so that deadlines are met (Management on Measurable Time) and to ensure profitability.

In the context of the planning managerial function, it can be affirmed that the synthesis between the two managerial approaches of time, reported to the measurable time and to the event type time, is reached through improvisational processes that allow individuals to creatively coordinate their actions with the purpose to simultaneously realizing the adjustment to unpredicted events and the optimal management of activities in order to meet deadlines.

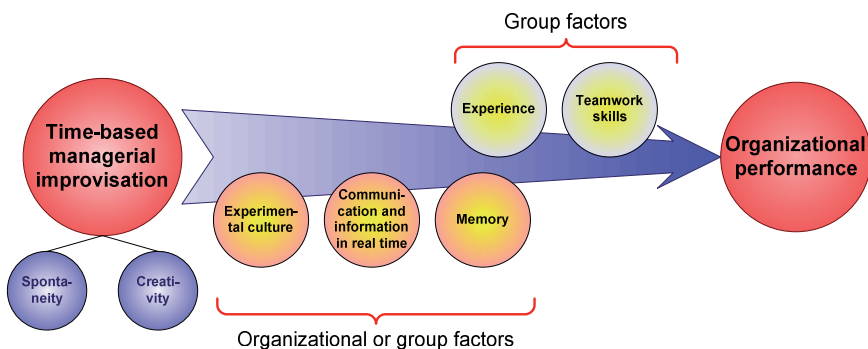


Figure 3. Factors that influence the efficiency of time management, of improvisation and organization performances.

Source: after Crossan M., Pina E Cunha M., Vera D., Da Cunha J. V, *Time and Organizational Improvisation*, 2003

Generally, it can be said that an organization will have more success while coordinating the event type time – ET (unexpected events) and the measurable time – MT (deadlines) through managerial improvisations fast implemented (fig. 3) if they fit in the following views:

- it has a more developed organizational culture and with a higher level of experience;
- there is a higher level of information and communication available in real time inside it;
- there is a higher level of organizational memory available.

In large organizations there is an increased pressure for the need of synchronization, which is a temporal feature, previously highlighted, of the diverse activities related to the business process, this leading to a functional specialization. All these lead to the necessity of a spatial and temporal coordination of activities, within and between the diverse functions and levels of an organization. Since coordination is based on planning, *precise scheduling of time becomes necessary to allow obtaining a satisfactory level of predictability.* This is how in an industrial-type society, Time Shift is the main planning tool.

Keeping count that there is an inconsistency between individuals' preferences and the needs of a company, Ancona (2001) suggests the need of a "**temporal leadership**", in which the "teams exert a temporal leadership while engaging the

organization in technological and competitive cycles, in management over multiple periods of time, and in creating a temporal architecture for their organizations". So, giving a meaning to the elements and temporal influences on the organization, *leadership can be capable of setting the context and guide the organization towards a more integrated and flexible approach of time*, time orientation being more malleable. This is why it can be stated that the agility and the adaptation of the organization are in direct relation with the speed in which its components adjust their schedule to temporal changes and with the flexibility level in their temporal orientation.

Organizational improvisation is, in both cases, a way of obtaining a synthesis between measurable time management and the one based on the event time and, also, assures obtaining the highest level of elasticity related to a temporal reference of an organization. As a matter of fact, the two integrating alternatives of these time approaches, allow the accomplishment of a "repertoire of chronological codes that mix homogeneous chronological codes with heterogeneous chronological codes, which is essential for long-term survival, especially to assure effective innovation" (Clark P., 1990).

5. Time based strategies

The research of strategy can be a potential contribution to time research. This potential can be detected in recent attempts of integrating contradictory elements, that are part of the latest debate on modern strategic thinking topic.

If organizational design schools and organizational learning ones can be integrated, if there is *possible a synthesis between incremental and punctual strategies* and, if external demands can be integrated along with internal ones, then a possible synthesis can be accomplished between cyclic time and linear one, between measurable time and the event one and between the internal rhythm and the external one (Pina E Cunha M. – *Organizational Time: A Dialectical View*, 2003).

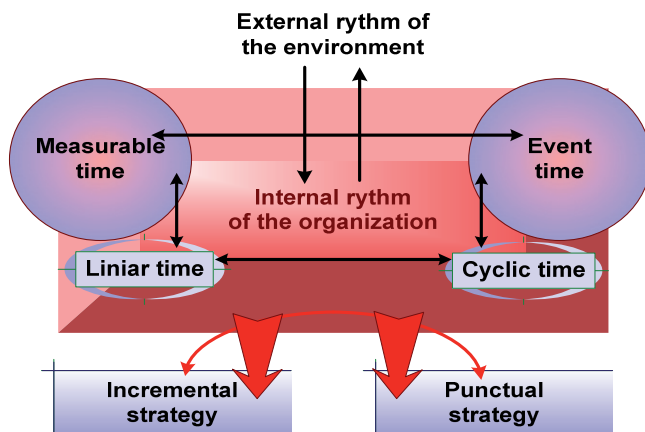


Figure 4. The synthesis between incremental strategy and the punctual one can achieve a bridge between the different perspectives over time

When organizations have a dependent attitude on the business environment, the action-type strategy is favored than the one based on reflection. This means that, if these have an independent approach to the environment, they will probably favor reflection and action planning. In the end, if they have an interrelation with the environment, they will count more on a synthesis between planning and action.

*Organizations that favor action rather than reflection tend to count more on the event time to be able to face programming issues and to use "incorporation" to synchronize with the environment and maintain a linear optics of time. Instead, organizations that favor reflection tend to count more on real time for programming issues, to impose their (internal) rhythm over the environment and have a cyclic perspective over time. So we can say that, organizations that try to find a synthesis between planning and action tend to resolve their programming issues using "measurable-event" time and through synchronizing internal rhythms with external ones, having a spiral perception over time (a combination between cyclic and linear time). This statement can rely on a time definition, which is perceived as being "a symbol for a triadic relationship between two or more constants and a third dimension of the conscience that relates with the two constants" (Kavanagh D., Araujo L. – *Chronigami: Folding and unfolding time*, 1995).*

Organizations face three major time-related problems: scheduling, synchronization and allocation (Hassard J. – Images of time in work and organization, 1996).

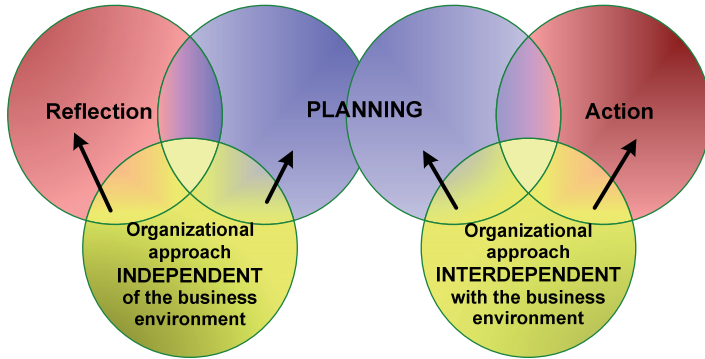


Figure 5. Types of strategies based on the relation the organization has with the business environment

Source: after Miricescu Dan, 2008, p. 256

Scheduling issues can be resolved based on a "measurable" time perception or on "event time". Synchronization issues can be resolved with the help of internal or external rhythm. Allocation decisions can be approached through cyclic or linear perceptions over time. Each of the three opposite approaches can be integrated in a synthesis that fits the best those circumstances where both action and reflection are favored. Scheduling issues can be approached either through a time perception resulted from occurrence of important events (event time) or through a time perception resulted from passing standard temporary units (measurable time).

Synchronization problem is related to the choice of reference systems for aligning the rhythm of elements part of an organization. These elements are either, following the internal rhythm of the organization, or following dominant rhythms from the business environment. Constant changes, turbulent markets and increased competition have increased the legitimacy of the solution that sustains *timing (synchronization) the organization elements with its internal rhythm*. Actually, both academic environment and business environment highlight the necessity for *the organization to synchronize its internal processes*

to maximize speed for survival in this business environment (Stalk G., Hout T. M., 1990).

The main objective does not consist just in adjusting the company's rhythm to the one of the environment, but also to overcome that rhythm in order to assure a competitive advantage. Thus, *constraints referring to the organization's rhythm are mainly internal* and, in most cases, *independent from the environment*. This point of view is based on the assumption that the organization can deliberately coordinate different rhythms of each component and integrate them in a general effort of increasing speed. *When an organization favors reflection in spite of action, internal rhythms are its main synchronization source*.

More important than the planning process to increase speed within an organization, is its rhythm adjustment with the relevant rhythms from the environment. Administrative innovations that were implemented in a way that respects relevant internal and external rhythms have had a bigger success than the ones that were implemented in a different manner. So, factors that determine the pace of the organization are in general external and they come from the business environment. This perspective implies the fact that an organization can use the strategy based on action in order to adopt within its interior, the environmental pace in which this evolves, integrating its internal paces to adjust them with certain temporal circumstances in the industry they form part of.

If we take into account reality and time as being a social construction (Berger P., Luckmann T. – *The social construction of reality: A treatise in the sociology of knowledge*, 1967) and these paces as activated phenomena, then the integration among approaches such as “faster is better” and “incorporation”, seems more functional.

The integration of action and reflection allows respecting the pace of the main stakeholders and the paces of the environment without changing the internal pace of the organization. The process that makes this possible is obtaining an answer in real time (improvisation), when a phase difference, cycle or pace between the organization and the environment demands a change in the current temporal structure of the organization (Orlikowski W.J., Yates J. – *It's about time: An enacted view of time in organizations*, 1998).

Improvisation seems to allow the organization to reach high levels of speed through gaining some advantages in relation to external paces either by modifying these paces. In these conditions, the management role changes, to increase speed or to synchronize the organization with the environment, to promote selective social building of the relationship between time indicators and the passage of time, allowing the convergence of action and reflection of external and internal rhythms to be integrated to the benefit of the organization.

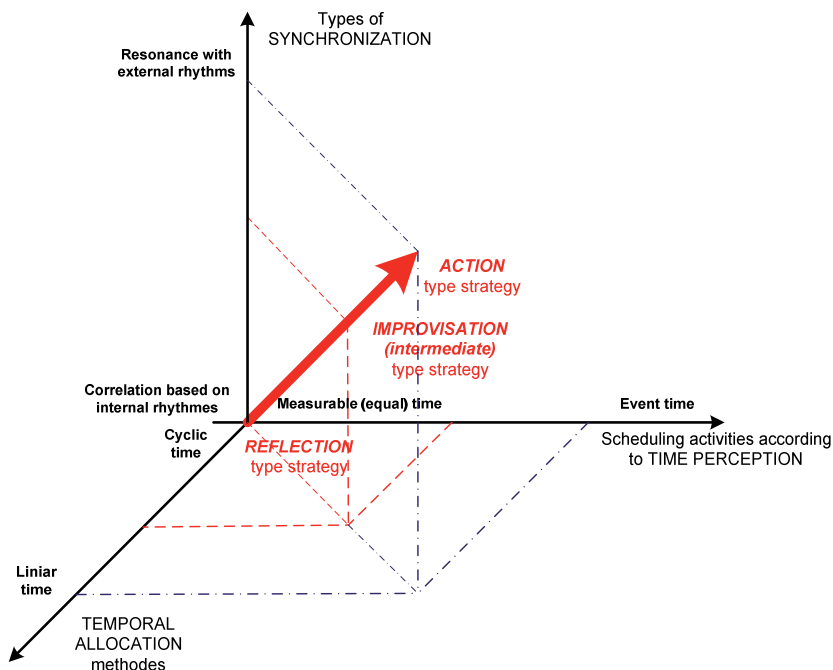


Figure 6. Linking modern organizations' strategy with different perceptions over time

Source: Miricescu Dan, 2008, p268

When reflection and action converge, event and equal time, internal pace and external one, along with the cyclic and linear time converge as well in this manner:

- convergence between event time and measurable time is obtained by *planning*, with the purpose of overcoming unpredictable events to respect measurable time and the deadlines that aim that time and by using those deadlines to respond to unpredictable events.

- convergence between external and internal paces is obtained by *planning*, for resolving the paces differences between organization and the environment, without fully “incorporate” (embed) one in to each other.
- convergence between cyclic and linear perspectives over time is obtained by considering passed rhythms as being the “pilings” through which the organization can develop when it adapts to discontinuous changes.

Strategy and time are tightly related. This means that matching the organization with the environment can be endangered if the strategy is suitable for resolving major challenges imposed by the environment, but the company's perspective over time based decisions does not sustain this strategy.

6. Conclusions

Taking into account the elements presented earlier, we attempted to determine some specific aspects in Romanian management, in relation with different types of time and its implications over organizational management. This analysis is extracted from two sets of questionnaires addressed to some business managers from Romania which aim at determining several aspects regarding the relationship between time and organizations and the different aspects regarding strategic planning and its adaptation to the turbulent business environment.

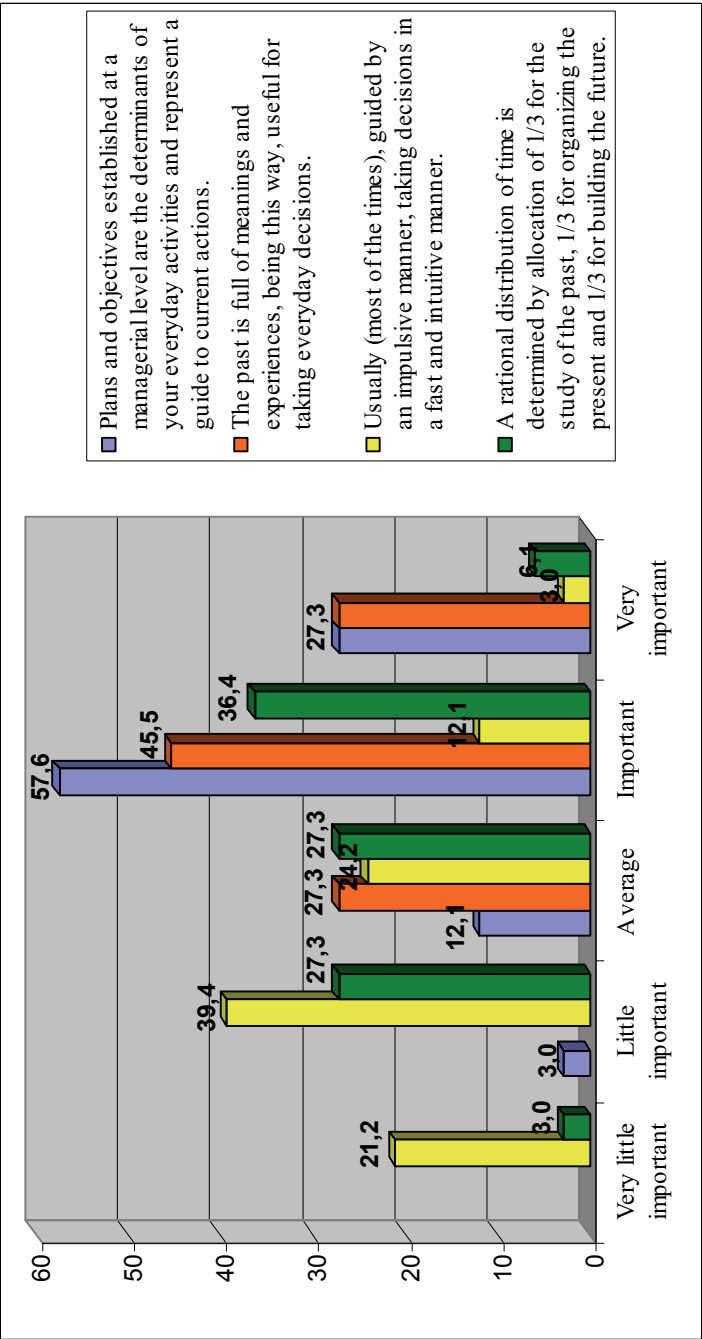


Figure 7. Reporting Romanian managers to time

A first analysis is considering reporting business managers in Romania to the three temporal pointers: past, present and future.

Time has to be regarded from a tridimensional perspective: past, present and future. If a manager is preoccupied only about past and present, then he stand with his back to the future and this is why, in the managerial process, at least a third part of time has to be allocated to each. Even so, a rational distribution of time determined by allocating a third of the time for studying past, a third for organizing present and a third for building future, does not record at this question than the votes of 42.5% of respondents to the important and highly important chapter on the rating scale.

Temporal horizon can be defined as the distance in the future to which the decision factor is reported when assessing the consequences of a proposed action. The most important step in developing a right orientation of time planning is the one in which the existence of the concept is acknowledged, admitting that this temporal horizon is a controllable element by the decisive factor and which has a substantial impact over the decision's quality. Based on this awareness the necessary temporal horizon can be assigned to the diverse types of decisions from every department within the organization. An evaluation of the matching degree of the managerial horizon's orientation with the time planning demands and temporal horizon, can prove the need of reorganization of decisional responsibilities, the need to facilitate and encourage exchanging information before taking a decision between different employees categories and in the same time, the necessity of temporal perspective reorientation to the decision-making factor to complete temporal considerations required by the decisional problem.

Orientation towards the <i>future</i>	Plans and objectives established at a managerial level are the determinants of your everyday activities and represent a guide to current actions.	84.9%
Orientation towards the <i>past</i>	The past is full of meanings and experiences, being this way, useful for taking everyday decisions.	72.8%
Orientation towards the <i>present</i>	Usually (most of the times), guided by an impulsive manner, taking decisions in a fast and intuitive manner.	15.1%

Based on the results obtained at this question, we can state the fact that the dominant tendency among questioned managers is an orientation towards the future (84.9%), a conclusion that is in agreement with the specialty literature observations (especially those of T.L. Cottle), which states that the main orientation that managers have is towards the future, but the main planning horizon, in time, is from 1 up to 3 years, almost the same with Das's statements, which mentioned that planning horizon is in average of 2.85 years, inferior to the traditional period of time existing in the specialty literature of 5 years.

Orientation towards the past that states the fact that *"the past is full of meaning and experiences, being this way, useful for taking everyday decisions"*, meets a significant percentage of almost 73%, because many strategic decisions are based on the past, which represents a reference and stability element, and financial-economic analysis offers past evolution data that can represent a base for future extrapolations.

It is important to note the fact that in the moment when *"organizations develop temporal identifiable cultures, an important factor in achieving satisfaction and the organizational commitment is represented by the congruence between organizational temporal culture and the individual temporal orientation of each member"*.

Another important aspect referring to what has been presented so far, is considering the foundation of strategic planning within Romanian business organizations and their reactivity to the turbulent business environment, to identify time typology taken into consideration at determining the strategy and the type of rhythm implemented in the organization (dependent or independent from the environmental events).

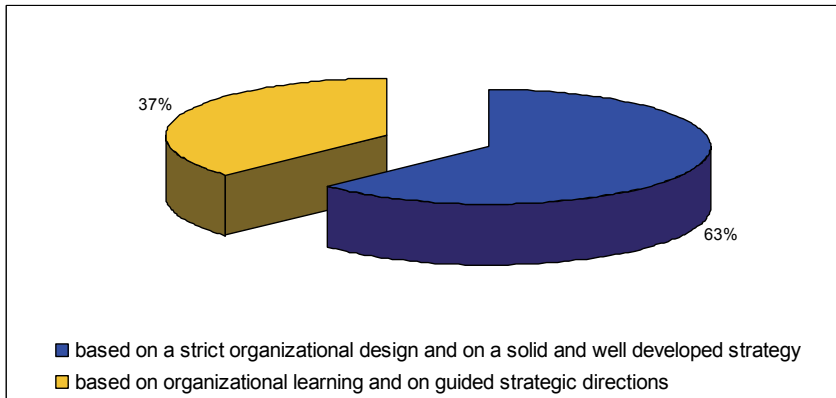


Figure 8. Foundation of the organization strategic planning

Based on the data collected (fig. 8), it shows that 63% of respondents state that strategic planning of an organization from which they belong is *based on a strict organizational design and on a solid and well developed strategy*, from which we can conclude that this questioned managerial segment applies a “planning” strategy based most of the times on measurable and regular time to face scheduling, imposing in the same time, their own rhythm over the environment based on cyclic time. On the other hand, 37% of the respondents, a significant percentage, states that organizational strategic planning is based *on organizational learning and on guided strategic directions*, an element that implies the fact that these organizations have general evolution highlights in time and in order to achieve these, they take into account the elements regarding organizational improvisation. The management of these organizations is based on a combined approach of “measurable-event” time to face imposed schedules, synchronizing in the same time with the business environment by combining internal and external rhythms, seeing time in general as being a spiral with repeatability of past events, but on other plans and coordinates.

Taking into account the second question’s analysis on this topic, we can affirm the fact that temporal orientations of questioned managers are not very clear, here percentages are reversed compared to the previous, the ones that think the organization has to keep count of the elements and the business environment, are the most. Thus, being questioned about how they consider this strategic planning should be done, a percentage of 53% resulted of those who affirm that this should be *directly dependent on the business environment and adapted to it*

(fig. 9), and 47% state that it should be *independent from the business environment*.

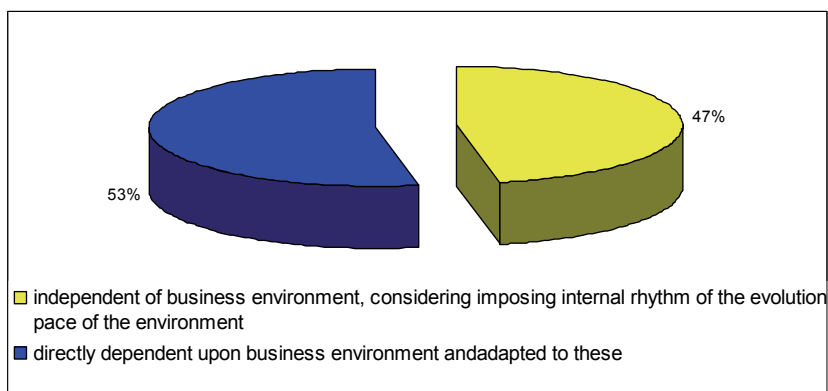


Figure 9. Dependence vs. independence of strategic planning to the business environment

Highlighting the way of addressing questions, capture respondents and post them in a totally different time frame, with reactive manifestations and a focus on timing (synchronization) elements. This perspective suggests that, as we showed earlier, the fact that these organizations can use action strategy to adopt within the environmental rhythm in which it evolves, integrating its internal rhythm to adjust them with certain temporal circumstances from the industry they belong. Thus, when an organization favors action rather than reflection, its main synchronizing sources are represented by the rhythms of the business environment.

We put these mismatch elements on the fact that cultural Romanian managerial elements are still lagging and the existing differences at organizational managerial levels between desire and willingness are still quite high. This means that in order to respect certain management customs, the desire to implement clear coordinates and strategic plans, precisely and rigorously accomplished, exists, but the managerial practice and the connections of an organization with the business environment requires in time, folding its temporal rhythms to stay on a roll and to be able to be connected to market trends. Here is where management art interferes and where the moment in which strategic plan becomes a reference part, but certain strategic passages are accomplished by adopting on the spot solutions, which assure in the end, the accomplishment of

the initial proposed performances. Here is where managerial organizational improvisation interferes, that folds certain organization rhythms over certain market or business environment rhythms, and *leadership has a very important role here*, that seeks solutions and to motivate personnel, *triggering change when necessary*. All this balance between classic and rigid strategic designing and organizational improvisation is also like a balance between playing a classical piece just like it was “planned” initially or singing a jazz theme that has just one melody, certain passages being left to interpreters’ inspiration of the moment that adapts to how perceptive the audience is.

As a corollary of the above, the following it can be stated:

- “Action” based strategies rely on event time in order to face schedules, they use incorporation to synchronize with the business environment and they are based on linear time.
- “Planning” strategies use measurable and regulated time to face schedules; they impose their own rhythm over the environment and they count on cyclic time.
- “Improvisation” strategies use “measurable-event” time to face schedules, they synchronize with the environment by combining internal and external rhythms and they regard time as being a spiral.

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QUO VADIS, MANAGEMENT? XXIst CENTURY STUDIES IN HIGH EDUCATION INSTITUTIONS CAPABILITIES MANAGEMENT

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Abstract

This paper provides a contribution to the development of management taking the unexplored road into capabilities management in High Education Institutions.

The idea is that of separating the educational point of view upon management from the economic one, or the intrinsic values of life from the extrinsic, instrumental ones, human resources from capabilities.

From its early ages, management was viewed as a discipline studying and providing definitions regarding the efforts made by and for the people in order to achieve fixed goals and objectives in an efficient and effective way, most of the time related to income and profit. Management, as it was studied up to now, dealt with human, financial, technological and natural resources.

Our study emphasizes the strong potential of management when considering capabilities as the main tool management uses. Thus, the functions of management are turned into forecasting, planning, organizing, commanding, coordinating, controlling capabilities.

Leaving Henry Fayol, Adam Smith, Peter Drucker we guide our discourse towards Amartya Sen's approach on people and capabilities, a theory within the liberal school of thinking in political philosophy, and their role in establishing the well-being and freedom of people through education, in influencing social change and their indirect role in influencing economic production¹ and transforming management into a discipline that manages and deals with human capabilities and functionings, with accent on high education institution capabilities management.

¹ Sen, A., *Development as Freedom*, Random House, USA, 1999, pp. 296-297

Keywords: *capability, management, education, meta-capabilities.*

JEL Classification: I240, I250.

1. General framework of management in the XXIst century

The XXIst century began as a mix and mingles of sciences, arts, cultures and societies, a trans disciplinary approach so that researches have agreed that these can also be applied in management and thought about it in an open relationship with other social science disciplines such as economics, psychology or sociology.

The Harvard Business Publication called *Working Knowledge* provided a top of the most important ideas and developments that influenced management at the beginning of the 21st century, such as: Globalization (increasing interconnectedness, accelerated by technology), Technology (information technology, technology-driven businesses), Sustainability and Corporate Social Responsibility, Study of Psychology (cognition, motivation, behavior and performance as pillars of organizational management, psychological theories and researches as integrated into business academics and management practice), the rise of Business Ecosystems.²

The future of management research lies in the combination of new ideas, approaches, disciplines and technologies.

2. Critical approach: Why waste time judging human resources and not developing capabilities in HEIs?

Amartya Sen and Martha Nussbaum are the creators of the capabilities approach to human well-being. Rawls philosophy³ represents the basis of their scientific discourses, concentrated on what human beings *can do*, instead of *on what they have*.

² [online] <http://www.ibtimes.com/5-most-prominent-management-trends-21st-century-271373>, *The 5 Most Prominent Management Trends of the 21st century* [accessed July 2014]

³ Pattanaik, Prasanta K., *Some Nonwelfaristic Issues in Welfare Economics*, B. Dutta (Eds.), *Welfare Economics*, Oxford University Press, Delhi, 1994, pp. 197-244

Moving the discussion away from utility towards capabilities allowed them to distinguish *means* (money) from *ends* (well-being or freedom)⁴.

Rawls⁵ started his analysis of social wellbeing debating *social primary goods that rational humans need or desire*, and *negative freedoms*, while Sen⁶ and Nussbaum further added *positive freedoms* as well, like *freedom from being constrained by poverty or a lack of education*.

The concept of capability was for the first time used in 1980 in *Equality of What?*, while Sen was trying to explain the relation between how people can obtain both income and well-being, focusing on what people were able to do and not on what people could do with the earned income.

As viewed by researchers, capabilities are the abilities to do certain things or to achieve a desired state of being – what we can do, what we are capable of doing and what we are actually doing. Moving further and connecting capabilities with high education management, capabilities represent the opportunity a person can receive and the ability to generate valuable outcomes, not necessarily speaking about financial ones.

Capabilities provide a person with the power of obtaining a desire, be it an idea, project, action and use it in the desired way, becoming the person ones desires to be.

Capabilities provide a person the possibility of using goods in ways that are useful. Sen uses a special term called *functionings* that consist of *beings* and *doings*⁷. He thus discusses the capabilities that a person actually uses or participates in. Capabilities represent, in fact, a full set of functionings that are specific for each person and refer to the reflection of the freedom to achieve valuable functionings⁸.

⁴ [online] <http://www.jstor.org/discover/10.2307/191970?uid=3738920&uid=2134&uid=2&uid=70&uid=4&sid=21104664109857> [accessed August 2014] - Crocker, D., A., *Functioning and capability: the Foundations of Sen's and Nussbaum's Development, Political Theory*, Sage Publications, Inc., Vol. 20, No. 4, Nov., 1992, pp. 584-612

⁵ Rawls, J., *A Theory of Justice*, Harvard University Press, U.S.A., 1971, pp. 24

⁶ Sen, A., *On Ethics and Economic*, Basil Blackwell, Oxford, 1987

⁷ [online] <http://www.amazon.com/Inequality-Reexamined-Amartya-Sen/dp/0674452569> [accessed July 2014], Sen, A., *Inequality reexamined*, New York Oxford New York: Russel Sage Foundation, Clarendon Press, Oxford University Press, 1992

⁸ Idem 6

Volkert⁹ introduced some basic capabilities in the absence of which a person can reach the *absolute poverty line*: budget standard, social integration and fundamental education and argues in favour of those not monetarily measurable. Eiffe¹⁰ approaches the term of *meta capabilities* that expresses the combination of various capabilities within one specific sphere and provides aggregated information about the capability-sets contained, as expressed in Figure 1.

Eiffe mentioned the fact that each meta-capability comprises features of potentials, which should be separately operationalized, for they have special sub-capabilities.

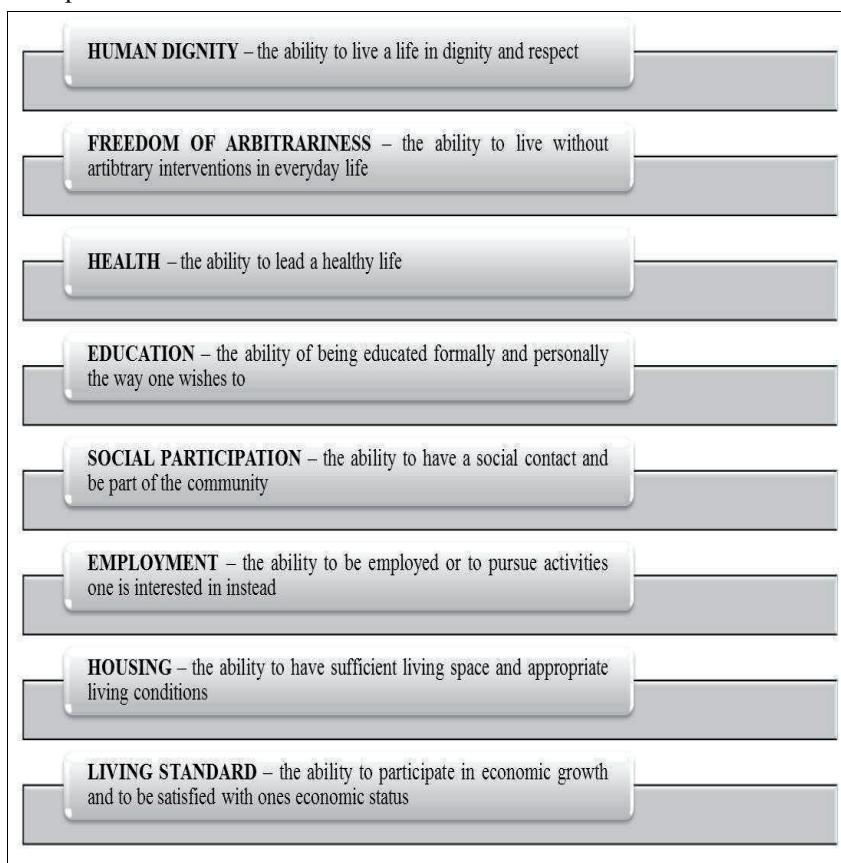


Figure 1. Meta-Capabilities (adapted after Eiffe, F., F.)

⁹ Volkert, J., *European Union Poverty Assessment: A Capability Perspective*, Journal of Human Development, 2006, pp. 359-383

¹⁰ Eiffe, F., F., *A Capability Approach for the European Union*, Institut für Sozial Politik, Wirtschafts Universität, Wien, 2008

Nussbaum¹¹ proposed a list of ten capabilities: life; bodily health; bodily integrity; senses, imagination, and thought; emotions; practical reason; affiliation; other species; play; control over one's environment.

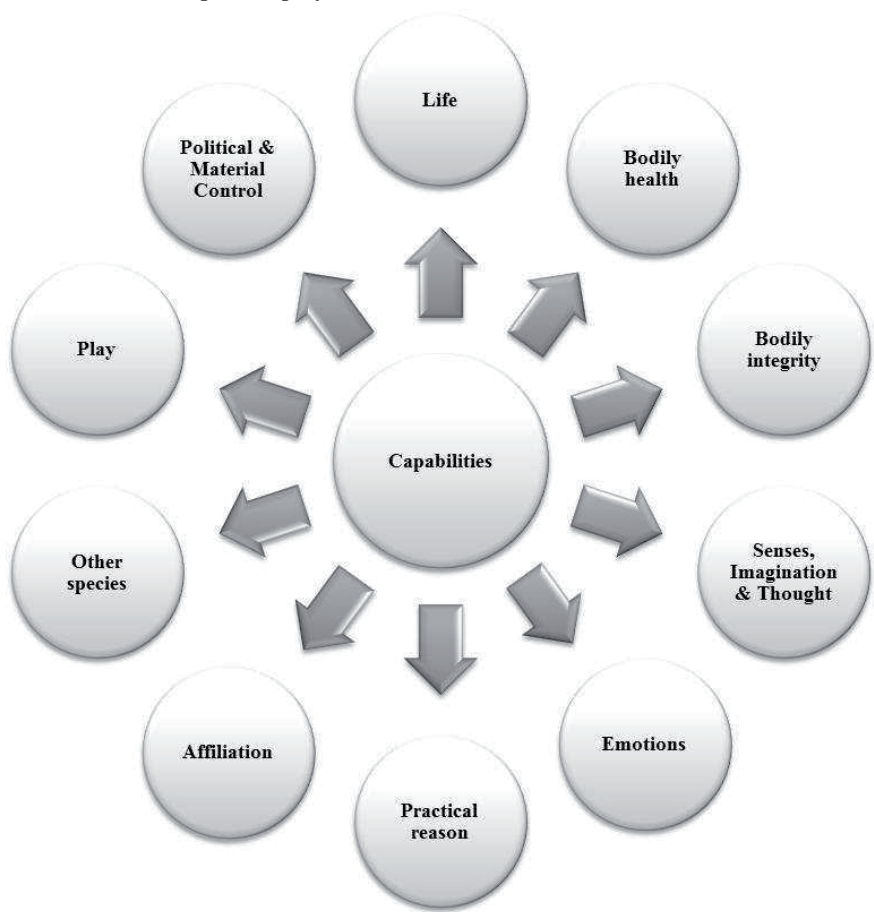


Figure 2. Capability approach
Source: (adapted after Nussbaum, M.)

¹¹ [online] http://genderbudgeting.files.wordpress.com/2012/12/nussbaum_women_capability_approach2000.pdf [accessed August 2014], Nussbaum, M., *Women and human development: the capability approach*, Cambridge University Press, New York, 2000, pp. 78-79

3. Why waste time judging human resources and not developing capabilities in HEIs?

Universities and high education institutions play the major role among all the other XXIst century institutions as knowledge creators and innovative products or public and private services providers, involving in the process researchers, students, technologists, business and economy representatives and community, too. Universities, thus, act as both social and economic developers, as valuable assets for their region especially for their world class capability, comprising the university as an organization made of administrative and academic staff, students and graduates, strongly interconnected and connected with the business and community environment.

High Education Institutions are marked by a set of major global developments such as: expansion, differentiation, greater flexibility, quality orientation and standardization. As there is no international model for universities or for their management, depending only on their degree of autonomy, researches nowadays must evaluate HEIs according to their impact on people's present and future capabilities. Financial resources or human resources are no longer valid indicators for the quality of a university.

Human resources are considered to have an indirect role in influencing the economic productions. Human capabilities are seen by Sen as holding key roles in three major directions¹²:

- Directly influencing a person's well-being and freedom;
- Indirectly affecting social change;
- Indirectly modifying economic production.

Modern researchers place education in the center of Sen's *beings and doings*, as expressed in Figure 3:

¹² Sen, A., *Development as Freedom*, Oxford University Press, Oxford, 1999, pp. 296-297

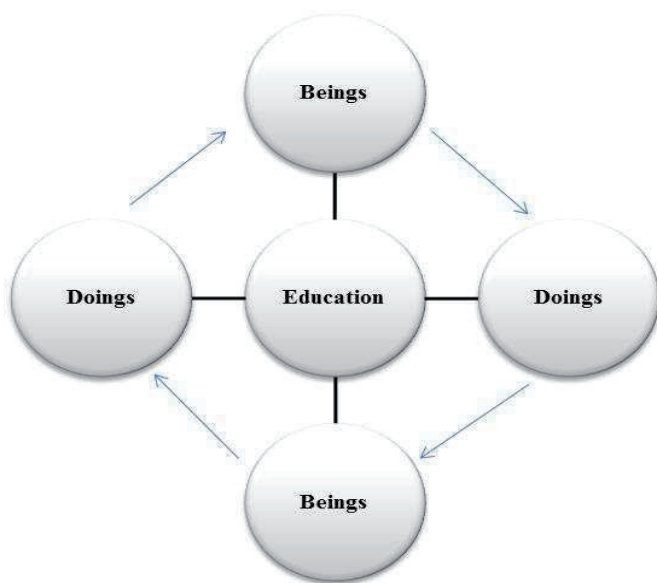


Figure 3. Education and Capabilities

Educational policies are considered to be successful only when they have enhanced people's capabilities as mention in the 2002 UNESCO Report on Education for All, if all people have a right to education, and if its impact upon people's capabilities is intrinsically part of our notion of development, it follows that the provision of a basic level of education for all people must be made universal. The case is clear and uncompromising: countries' development strategies cannot be judged successful without Education for All (EFA)¹³.

In this report it was empirically shown that development occurs when people are more able to achieve what makes their lives valuable. Education counts as a valuable being or doing, as an end of development¹⁴.

The most valued among capabilities is the access to an education.

4. Quo Vadis, Management? Capability Management in HEIs

This scientific paper aims at a capability approach that does not take into consideration monetary issues, emphasizing the social policy perspective,

¹³ [online] <http://unesdoc.unesco.org/images/0012/001290/129053e.pdf> [accessed May 2014] UNESCO-EFA Global Monitoring Report, *Is the World on Track*, 2002, pp. 31-35

¹⁴ Idem 12

debating on developing a capability management for high education institutions, such as universities, with strong accent upon education as a capability that provides well-being and freedom.

This current of capability and capability management in education received attention on both a theoretical and practical level only in recent studies so that this approach is clearly one of the first attempts in this research field.

Capabilities management, as expressed in Figure 4, means to deal with human beings and with their personal chronological development, avoiding the expression human resources, as it is used in economy. Differentiation must be done between functionings as the state of being and resources as utility generator and inputs for production.

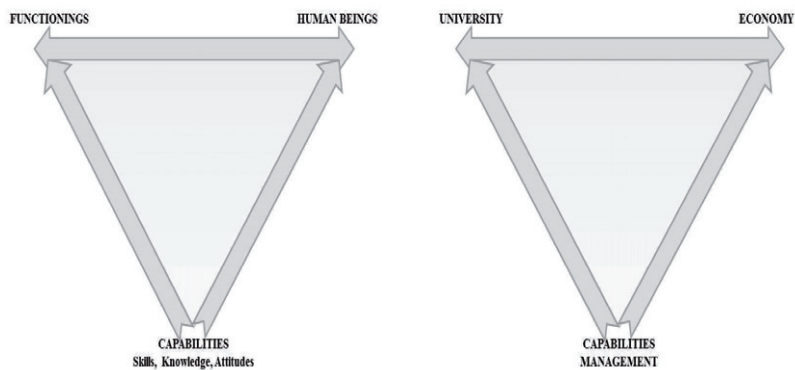


Figure 4. Social perspective on Capabilities and Capabilities Management

Source: own source

Coventry University in UK developed a booklet¹⁵ with useful information regarding university capabilities as part of the Development and Performance Review process or DPR and in accordance to the Mission Statement and Values. According to this short guide, the main university capabilities are considered to be: leadership, team working, customer service and quality, creativity and innovation, business development. They strictly refer to the capabilities required for each type of role a person has inside the university. The responsibility for accomplishing and embedding these capabilities is given to the academics in their teaching and learning activities.

¹⁵ [online] <http://hrweb.coventry.ac.uk/documents/CapabilitiesGuide.pdf> [accessed August 2014], University of Coventry, UK

Other researchers at Taylor’s University in Malaysia developed an area of eight main capabilities that regard their graduates, as can be seen in Table no. 1.

Table 1.The 8 Taylor’s Graduate Capabilities

Type of Capability	Content
Discipline Specific Knowledge	Able to put theories into practice Understand ethical issues in the context of the field of study
Lifelong Learning	Learn independently Locate, extract, synthesize and utilize information effectively
Thinking and Problem Solving Skills	Think critically and creatively Define and analyze problems to arrive at effective solutions
Communication Skills	Communicate appropriately in various settings and modes
Interpersonal Skills	Understand team dynamics and mobilize the power of teams Understand and assume leadership
Intrapersonal Skills	Manage oneself and be self-reliant Reflect on one’s actions and learning
Citizenship and Global Perspectives	Be aware of and form opinions from diverse perspectives Understand the value of civic responsibility and community engagement
Digital Literacy	Effective use of ICT and related technologies

Source: adapted after Taylor University Booklet, Malaysia

Universities are playing a key role in shaping a regional smart strategy thanks to their knowledge assets, capabilities and competencies.

Comprising all these theories, our research developed an original expanded model that takes into consideration three types of capabilities that can be found in a university / HEI – Figure 5:

- University capabilities – referring to all the capabilities a university has as organization;
- Staff capabilities – combining both academic and administrative capabilities;

- Students & Graduates capabilities – regarding all the core knowledge, skills, abilities and qualities students develop and acquire at the university no matter their program of study.

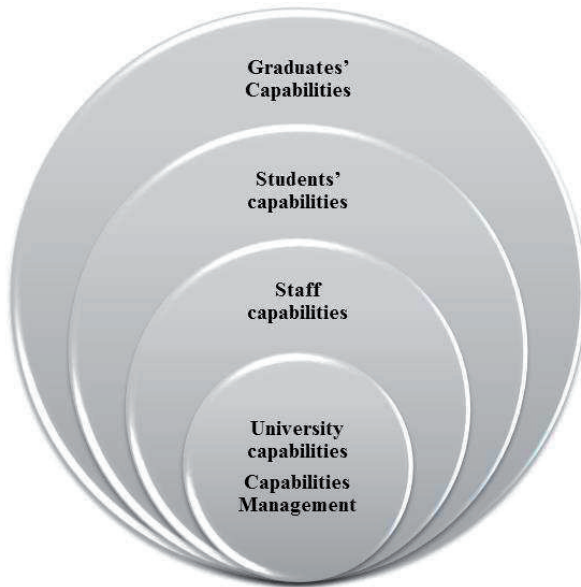


Figure 5. Types of University Capabilities

Source: own source

5. Expanding capabilities through freedom of education

Following Sen's approach to capabilities and their connection to management using tools from economics and philosophy, the scientific discourse leads us towards the concept of capability as the individual freedom of deciding on what kind of life he/she wants to live¹⁶ in a strong connection and interdependence to the level of education.

Our approach is innovative because it caught Sen's ideas of capabilities in a strong relationship to education, as determinant of a good living, emphasis being made upon university education as the highest level.

Such an attempt is relatively new because it tries to answer the question on *How can Sen's capability approach become an operational concept in high education management?*

¹⁶ Dreze, J , Sen, A., *Economic Development and Social Opportunity* – Oxford University Press, Oxford, India, 1995

Researchers have proved that education is the fundamental capability standing at the basis of all the other present or future capabilities. The expansion of capabilities entailed by education extends to choices of occupations and certain levels of social and political participation. [...] These considerations lead to an understanding of education as fundamental capability, which includes basic capabilities, in terms of those enabling beings and doings that are fundamental in meeting the basic need to be educated but equally foundational to the promotion and expansion of higher, more complex capabilities¹⁷.

Education gains its importance because, as Sen from a social point of view stated, Smith and Adams from economic points of view confirmed, it reduces poverty and makes easier the road towards employment and finding jobs, provides economic development, improves people's chances to a healthy life. Education is the key link between human's social and economic needs as mentioned in the last EFA Global Monitoring Report on *Teaching and Learning – Achieving Quality for All*, (2013/2014)¹⁸.

A capability approach might assume that education is the process of developing capabilities as well as a process which decides whether individuals have to remain in or are able to move beyond their sense of place.

Martha Nussbaum states in 2003 that an approach on education should be concerned with the capabilities of each and every individual with focus on what people can do and be, rather than being exclusively directed towards their mental states or the assets they have at their disposal¹⁹.

Some other researchers in the field of capability in education considered that education is not a simple or basic capability, but an input or personal conversion factor, as Robeyns calls it²⁰, making at the same time the distinction between goods and services (economic point of view) and functionings and capabilities.

In fact capability inputs are conditions of possibilities for individuals to both develop and accomplish their capabilities. Robeyns mentions that for each

¹⁷ Terzi, L., *On Education as a Basic Capability. Paper at the 4th International Conference on the Capability Approach: Enhancing Human Security*, University of Pavia, 2004, cited in Capabilities and Education Hans-Uwe Otto and Holger Ziegler, University of Bielefeld and University of Münster, [online] <http://www.socwork.net/sws/article/view/158/549> [accessed July 2014]

¹⁸ [online] <http://unesdoc.unesco.org/images/0022/002256/225660e.pdf>, UNESCO – EFA Global Monitoring Report on *Teaching and Learning – Achieving Quality for All*, (2013/2014) [accessed July 2014], pp. 170-171

¹⁹ Nussbaum, M., Cultivating Humanity in Legal Education. *The University of Chicago Law Review*, Vol. 70, No. 1, Centennial Tribute Essays, 2003, pp. 265-279]

²⁰ Robeyns, I., *The Capability approach and welfare policies*, Journal of Human Development, Routledge Taylor & Francis Group, Volume 6, No. 1, March, 2005

capability, it is important to ask which the most important capability inputs are, and how we can change them.²¹

Brighouse and Unterhalter²² propose a model to capture the different values of education. Following their model, education has three fields of action, all connected to freedom:

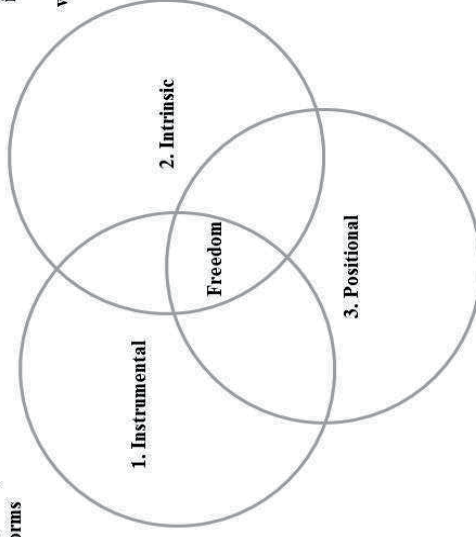
- instrumental value;
- intrinsic value;
- positional value.

The model emphasizes that through education people can and foresees will achieve development.

²¹ Idem 20

²² Brighouse, H., Unterhalter, E., *Education for Primary Goods or for Capabilities?* in Brighouse, H., Robeyns, I., (eds), *Measuring Justice. Primary Goods and Capabilities*. Cambridge, Cambridge University Press. Bryman, A. *Social Research Methods*. Third Edition. Oxford University Press, 2006

1.
Helps secure work at a certain level and political and social participation in certain forms
2.
Refers to the benefits a person gets from education which are not merely instrumental. An educated person might have a better mental life, regardless of whether education helps her gain or keep employment.



3.
Depends on how successful a person has been in relation with the others: the context surrounding a person – the location and reputation of the school, the level and motivation of the teacher and inequality on the basis of gender or race

Figure 6. Values of education

Source: adapted after Brighouse & Unterhalter (2006)

6. Conclusions

This capability approach on education and capability management in universities doesn't replace human capital and human resources approaches; on the contrary, it completes it and brings a new modern perspective on the effect of high education on people's well-being and freedom.

This empirical research represents a challenge to other researchers, students, scholars or any reader interested in developing conceptual and theoretical aspects on capabilities in universities and capability management, taking into account its interdisciplinary character.

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RESEARCH REGARDING MARKETING PERFORMANCE MEASUREMENT IN COMPANIES FROM THE NATIONAL TOP OF COMPANIES IN ROMANIA

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Abstract

In the context of an increasing pressure faced by marketing managers to prove that marketing contributes to business performance, this paper aims to present some coordinates of a research that targeted to investigate the marketing measurement practices used by companies included in the National Top of Companies from Romania. 153 companies from this top took part in the research. Eight distinct dimensions of marketing performance were considered – market, brands, customers, financial performance and the individual performance of each of the four elements of the marketing mix – and the article explores how important do the respondents consider to be the assessment of each of these dimensions of marketing performance, for which of the dimensions do their companies have better assessment abilities and how they self-assess their companies' own current level of performance, both globally and for each dimension.

Keywords: *marketing performance measurement, marketing performance indicators, National Top of Companies from Romania.*

JEL classification: M31.

1. Literature review

The topic of marketing performance measurement has received considerable attention in recent years, as both academics and practitioners started emphasizing that marketing has to prove its contribution to organizational performance.

IBM's recent report on global chief marketing officers (2011), which is probably the largest study of this type ever conducted, as it comprises more than 1700 chief marketing officers from organizations from 64 countries and 19 industries, showed that capturing value and measurement of marketing's contribution to business in relevant and quantifiable terms represents a key area in which improvement is needed, as more than half of the investigated CMOs do not feel sufficiently prepared for providing this type of measures.

Acknowledging the increasing pressure faced by marketers to prove that marketing matters, during the last decade the Marketing Science Institute has raised different aspects of marketing accountability and marketing performance measurement to the status of research priorities (Sava, Bacali and Trif, 2012). One of the Institute's most recent research priorities for 2014-2016 focuses on the measurement and communication of the value of marketing activities and investments, a research priority that includes topics of interest like the combination of metrics that should be used to measure different marketing activities (Marketing Science Institute, 2014).

Marketing performance has a multidimensional nature and therefore its measurement should not be restricted to only one performance area. The marketing literature is very generous concerning the existence of different models of marketing performance assessment, based on distinct dimensions. Two recent proposals are those belonging to Gama (2011), whose model for the evaluation of marketing performance is based on five distinct dimensions – marketing culture, marketing capabilities, marketing processes, market performance and financial performance, and to Frösén et al. (2013) respectively, who propose nine distinct dimensions of marketing performance – brand equity, market position, financial position, long-term firm value, innovation, customer feedback, customer equity, channel activity and sales processes. However, although the considered marketing performance dimensions may vary from one model to another, probably the most significant idea that emerges from the literature review is that of marketing performance measurement being multidimensional.

Deciding on what dimensions of marketing performance should be assessed is extremely important, but the assessment abilities of this performance are of great importance as well. Following the investigation of various high-tech companies from both USA and Europe, some researchers concluded that the

marketing performance measurement ability has a significant positive impact not only on firm performance, but as well on the chief executive officers' satisfaction with marketing (O'Sullivan and Abela, 2007; O'Sullivan, Abela and Hutchinson, 2009).

2. Research methodology

As marketing performance is not one-dimensional, following the literature review this paper identifies and focuses on eight distinct dimensions of marketing performance: market performance, brand performance, customer performance, marketing's financial performance and the individual performance of each of the 4Ps of the marketing mix – product, price, placement and communication-promotion.

A survey was conducted among the companies included in the National Top of Companies from Romania, an annual hierarchy developed by the Chamber of Commerce and Industry in Romania that includes the companies with best performance in Romania.

The specific objectives of the research that underline the information presented in this paper were to identify the respondents' perception regarding the importance levels assigned in their companies to the measurement of the overall marketing performance and of each of the eight dimensions of marketing performance, the abilities existent in their companies for assessing the overall marketing performance and the specific abilities for assessing each dimension of marketing performance, and the firm's current overall marketing performance and the individual performance levels of each of the eight dimensions of marketing performance. It was also intended to identify the existence of relationships between the overall importance level assigned to marketing performance measurement in the company and the importance levels attached to assessing each of the eight dimensions of marketing performance, between the company's overall ability of marketing performance assessment and the specific abilities of assessing each of the eight dimensions of marketing performance and between the company's current overall marketing performance and the current performance levels of each of the eight dimensions of marketing performance.

The research instrument used in the research was a questionnaire that was sent through e-mail to the established sample of companies, which was composed of all the companies included in the Top (2143 companies). The importance

attached by the respondents to marketing performance assessment, both the overall importance and the individual importance level of each dimension of marketing performance, was measured on a five-point scale anchored by *not at all important* and *very important*. The respondents' self-assessment regarding their companies' abilities of marketing performance assessment and the current level of company's performance, both globally and for each dimension of marketing performance taken into consideration, were captured on five-point scales, anchored by *very weak* and *very good*. The respondents were also asked to assign levels of importance to various marketing metrics that can be used for the assessment of each dimension of marketing performance that was considered, but the corresponding results are not subject of this paper.

153 valid questionnaires were collected and used for data analysis, using the Statistical Package for Social Sciences (SPSS). The results are representative only at the level of the respondent companies. Some results of this research – those related to the assessment of market performance – were previously disseminated in Bacali and Sava (2013) and Sava and Bacali (2013) respectively.

The distribution of the sample composed of the 153 companies according to criteria like company's size, main field of activity and Romania's region of development where the company is based is presented in Table 1. It can be noted that this sample is dominated by small (28.8% of the sample) and medium (26.8%) enterprises, by companies activating in the industry field (40.5%) and by companies based in the Bucharest-Ilfov development region of Romania (40.5% of the sample).

Table 1. Distribution of the sample of respondent companies

By size	N (%) of sample)	By main field of activity	N (%) of sample)	By development region	N (%) of sample)
Micro-enterprises	15 (9.8)	Research, development and high-tech	13 (8.5)	North-East	10 (6.5)
Small enterprises	44 (28.8)	Industry	62 (40.5)	South-East	11 (7.2)
Medium enterprises	41 (26.8)	Agriculture, fishery	5 (3.3)	South Muntenia	7 (4.6)
Large enterprises	35 (22.9)	Building	7 (4.6)	South-West	2
Very large enterprises	18 (11.8)	Services	45 (29.4)	Oltenia	(1.3)
		Commerce, tourism	21 (13.7)	West	9 (5.9)
				North-West	18 (11.8)
				Center	34 (22.2)
				Bucharest-Ilfov	62 (40.5)
Total	153 (100%)		153 (100%)		153 (100%)

3. Analysis and results

According to Table 2, a first result indicates that most of the respondents, almost half of the entire sample (48.4%), consider that it is important to assess marketing performance, while for other 25.5% of the respondents this type of assessment is very important. 13.1% of the respondents assigned an average importance to marketing performance assessment, while in the opinion of other 6.6% of the respondents this assessment is of little importance or not important at all.

Table 3 presents the answers provided by respondents at the question that asked them to evaluate how good is their company's ability of assessing its overall marketing performance. The largest part of the respondents (41.8%) believed that their companies have good abilities of marketing performance assessment. The second largest share, of 22.9%, belongs to the respondents who considered the ability of evaluating marketing performance as being average. The

percentage of respondents that believe that their ability is very good (15.7%) equals the cumulated percentage of those that evaluate this ability as weak (12.4) and very weak (3.3).

As it can be noted from Table 4, more than half of the respondents (52.9%) consider that the current level of their companies' overall marketing performance is good, while a quarter (25.5%) of the respondents assess this performance as being at an average level. Only 9.2% of the respondents reported a very good overall marketing performance of the companies for which they work.

Table 2. Opinion of the respondents regarding the importance of overall marketing performance assessment

The overall marketing performance assessment is:	Frequency	Percent
Very important	39	25.5
Important	74	48.4
Average importance	20	13.1
Of little importance	7	4.6
Not at all important	3	2.0
Total	143	93.5
No answer	10	6.5
Total	153	100.0

Table 3. Opinion of the respondents regarding the ability for assessing the overall marketing performance

The ability for assessing the overall marketing performance is:	Frequency	Percent
Very good	24	15.7
Good	64	41.8
Average	35	22.9
Weak	19	12.4
Very weak	5	3.3
Total	147	96.1
No answer	6	3.9
Total	153	100.0

Table 4. Opinion of the respondents regarding the current level of the overall marketing performance

The current level of the overall marketing performance is:	Frequency	Percent
Very good	14	9.2
Good	81	52.9
Average	39	25.5
Weak	12	7.8
Very weak	4	2.6
Total	150	98.0
No answer	3	2.0
Total	153	100.0

Table 5. Opinion of the respondents regarding the importance of assessing the dimensions of marketing performance, ability of assessing the dimensions and company's current performance level for each dimension

Dimensions of marketing performance	% of respondents that believe it is very important to assess the performance of the dimension	% of respondents that believe the company has a very good ability for assessing the dimension	% of respondents who assess the current dimension's performance as very good
Market	54.9	28.8	17.0
Brand	38.6	14.4	14.4
Customer	47.1	28.8	21.6
Financial	35.9	18.3	13.7
Product	37.3	23.5	19.0
Price	45.8	25.5	24.8
Placement	30.7	20.3	15.0
Communication-promotion	35.3	19.0	18.3

According to the results presented in table 5, the dimensions of marketing performance whose assessment is perceived as the most important by the respondents are market performance, as 54.9% of the respondents considered that it is very important to assess this dimension, customer performance (47.1%) and price performance (45.8%). These three dimensions of marketing performance are the same ones as those for which the respondents considered

their companies possess the best assessment abilities, with 28.8% of the respondents considering that their companies have very good abilities for assessing market performance and customer performance respectively and 25.5% of the respondents performing the same evaluation for the price performance assessment ability. However, according to the percentage of respondents that assessed each dimension’s current performance as very good, the dimensions for which the best performance levels are recorded are price performance (24.8%), customer performance (21.6%) and product performance (19%).

The first relationship whose existence we intended to test was the one between the overall importance of marketing performance assessment and the importance levels assigned to the assessment of each of the eight dimensions of marketing performance. For testing this relationship, stepwise multiple linear regression was used, where the overall importance of marketing performance measurement was considered the dependent variable of the model, while the individual levels of importance assigned to the assessment of each of the eight dimensions of marketing performance were the independent variables (Table 6).

Table 6. Stepwise multiple linear regression of the predictors of the overall importance of marketing performance assessment

Model statistics				
R^2			.540	
Adjusted R^2			.526	
F statistic			39.35	
d.f.			4,134	
p value			<0.001	
Final predictors	Unstandardized coefficients (B)	Standardized coefficients (Beta)	t	Sig.
Importance of assessing marketing’s financial performance	0.262	0.281	2.957	0.004
Importance of assessing customer performance	0.234	0.218	2.764	0.007
Importance of assessing communication-promotion performance	0.186	0.221	2.690	0.008
Importance of assessing market performance	0.164	0.170	2.168	0.032

A statistically significant linear relationship was identified between the overall importance of marketing performance assessment and four predictor variables – importance of marketing’s financial performance assessment, importance of customer performance assessment, importance of communication-promotion performance assessment and importance of market performance assessment ($F_{4,134}=39.35$, $p<0.001$). The value obtained for R^2_{adj} was 0.526, meaning that 52.6% of the dependent variable’s variance can be explained by the simultaneous contribution of the four predictor variables. The importance levels assigned to the assessment of the other four dimensions of marketing performance – brand, product, price and placement – did not result as being significant predictor variables and therefore were not included in the regression model.

The multiple linear regression equation between the overall importance of assessing the company’s marketing performance (OIAMP) and the four predictor variables – importance of assessing marketing’s financial performance (IAMFP), importance of assessing customer performance (IACP), importance of assessing communication-promotion performance (IACPP) and importance of assessing market performance (IAMP) – can be written in one of the following two forms, classic or standardized.

$$OIAMP = 0.448 + 0.262 * IAMFP + 0.234 * IACP + 0.186 * IACPP + 0.164 * IAMP \quad (1)$$

$$Z_{OIAMP} = 0.281 * IAMFP + 0.218 * IACP + 0.221 * IACPP + 0.170 * IAMP \quad (2)$$

It can therefore be stated that assigning a higher level of overall importance to marketing performance assessment is positively associated with increasing levels of importance assigned to the assessment of marketing’s financial performance, customer performance, communication-promotion performance and market performance.

Next it was intended to determine if there exists a relationship between respondents’ opinion regarding the overall ability of measuring marketing performance and the abilities of assessing each of the eight dimensions of marketing performance. The first variable included in the model was the ability of assessing marketing’s financial performance, which explained 63.6% of the dependent variable’s variance ($R^2_{adj}=0.636$). The second variable included in the

model was company’s ability of assessing communication-promotion performance, this variable explaining an additional share of 6.9% of the dependent variable’s variance (R^2 change=0.069). The last variable included in the model was the ability of customer performance assessment and with the inclusion of this variable, the final regression model was obtained, according to which the simultaneous contribution of these three variables explains 71.8% of the variance of company’s ability for assessing the overall marketing performance (R^2_{adj} =0.718).

The existence of a relationship between company’s overall ability of assessing marketing performance and the abilities of assessing marketing’s financial performance, communication-promotion performance and customer performance was noted ($F_{3,140}=122.21, p<0.001$). The assessment abilities of the other five dimensions of marketing performance were not considered significant predictor variables for the dependent variable and as such they were not included in the model (Table 7).

Table 7. Stepwise multiple linear regression of the predictors of company’s ability of marketing performance assessment

Model statistics				
R^2		.724		
Adjusted R^2		.718		
F statistic		122.21		
d.f.		3,140		
p value		<0.001		
Final predictors	Unstandardized coefficients (B)	Standardized coefficients (Beta)	t	Sig.
Ability of assessing marketing’s financial performance	0.389	0.435	6.116	0.000
Ability of assessing communication-promotion performance	0.284	0.350	5.077	0.000
Ability of assessing customer performance	0.183	0.168	2.909	0.004

The two forms of the equation of multiple linear regression between the company's ability of assessing the overall marketing performance (AAOMP) and the three predictor variables, ability of assessing marketing's financial performance (AAMFP), communication-promotion performance (AACPP) and customer performance (ACCP) are presented below:

$$AAOMP = 0.542 + 0.389 * AAMFP + 0.284 * AACPP + 0.183 * ACCP \quad (3)$$

$$Z_{AAOMP} = 0.435 * AAMFP + 0.350 * AACPP + 0.168 * ACCP \quad (4)$$

Therefore a better company's ability of assessing the overall marketing performance is associated with better abilities of assessing marketing's financial performance, of assessing the communication-promotion performance and of assessing customer performance.

The stepwise multiple linear regression was finally used for testing the existence of a relationship between the organization's current overall marketing performance, as perceived by the respondents, and the current levels of the different dimensions of marketing performance.

The first variable entered in the model is the current level of marketing's financial performance, this variable explaining 47.6% of the variance of the firm's current level of its overall marketing performance ($R^2_{adj} = 0.476$). The current level of market performance, as perceived by the respondents, was the second variable entered in the model and it generated an additional explanation of 5.6% of the dependent variable's variance ($R^2 \text{ change} = 0.056$). The third and at the same time the last variable entered in the model was the current level of communication-promotion performance; this variable explained an additional share of 3.6% of the dependent variable's variance ($R^2 \text{ change} = 0.036$). In consequence, according to the final model, the simultaneous contribution of the three variables explains the dependent variable's variance in a proportion of 56.2% ($R^2 \text{ change} = 0.562$).

The existence of a relationship between firm's current overall marketing performance and the current performance levels for the three dimensions – financial, market, communication-promotion – as they are perceived by the respondents, was noted ($F_{3,141} = 62.71, p < 0.001$) (Table 8).

Table 8. Stepwise multiple linear regression of the predictors of company's current level of marketing performance

Model statistics				
R^2				.572
Adjusted R^2				.562
F statistic				62.71
d.f.				3,141
p value				<0.001
Final predictors	Unstandardized coefficients (B)	Standardized coefficients (Beta)	t	Sig.
Current level of marketing's financial performance	0.232	0.275	2.926	0.004
Current level of market performance	0.271	0.311	3.996	0.000
Current level of communication-promotion performance	0.202	0.275	3.433	0.001

Based on the standardized and unstandardized coefficients, the multiple linear regression equation between the company's current overall marketing performance (COMP) and the three predictor variables – current level of marketing's financial performance (CLMFP), current level of market performance (CLMP) and current level of communication-promotion performance (CLCPP) – can be written.

$$COMP = 1.100 + 0.232 * CLMFP + 0.271 * CLMP + 0.202 * CLCPP \quad (5)$$

$$Z_{COMP} = 0.275 * CLMFP + 0.311 * CLMP + 0.275 * CLCPP \quad (6)$$

Therefore it can be stated that a better current level of the company's overall marketing performance is associated with rising levels of marketing's financial performance, market performance and communication-promotion performance.

4. Conclusions

This paper focused on several results of a research regarding marketing performance measurement practices, which was addressed to the companies included in the National Top of Firms from Romania.

Findings indicated that according to the respondents' opinions, the dimensions of marketing performance whose assessment is the most important are market performance and customer performance. The dimensions of marketing performance for which the respondents considered their companies possess the best assessment abilities are customer performance, market performance and price performance. The respondents' self-assessment regarding the company's current level of performance for each dimension shows that the best levels of performance are recorded at customer, price and market levels.

Using stepwise multiple linear regression models, it was noted that the importance level assigned to the overall assessment of marketing performance is positively influenced by the importance levels attributed to the assessment of four out of the eight dimensions: marketing's financial performance, customer performance, communication-promotion performance and market performance. Another finding suggested that a better company's ability of assessing the overall marketing performance is associated with better abilities of assessing marketing's financial performance, the communication-promotion performance and customer performance. A better current level of the company's overall marketing performance is associated with rising levels of marketing's financial performance, market performance and communication-promotion performance.

Two limitations of this research should be noted. First of all, due to the methodology used, the obtained results are valid only for the responding 153 companies; however, these results enable a glimpse into what the companies with best performance in Romania, as they were included in the National Top, consider important to measure about marketing performance. Secondly, the eight dimensions of marketing performance that were considered in this research represented the authors' choice following a literature review, but given the multidimensional nature of marketing performance and the variety of proposals regarding marketing performance dimensions from the extant literature, these dimensions could be further refined.

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MANAGEMENT BY VALUES – A NEW MANAGERIAL INSTRUMENT

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Abstract

In this article we analyze the importance of management by values (MBV) as a fundamental managerial instrument in the administration of all resources, processes and organizational behaviors. In general, MBV highlights the obvious role that values play in protecting and efficiently and effectively managing all organizational resources, specifically in increasing the probability of reaching the desired levels of performance, not only for shareholders, but for stakeholders too. The main objectives of this theoretical inquiry refer to (1) defining MBV as a management philosophy and a managerial instrument, (2) clarifying the concepts management by values works with, (3) illustrating the main steps and features of implementing MBV, and (4) presenting the main advantages MBV has and its associated risks. Our assumption is that coordination and fit between the values espoused by the organization (through vision, mission, objectives, strategies, etc.) and values espoused by the stakeholders, lead to successful relationships and an optimum use of all resources, with high performance and satisfaction for the parties involved.

Keywords: stakeholders, management by values, value-based management.

JEL Classification: M14, M19, L29.

1. Introduction

As Dolan et al. (2008, p. 36) show, in today's global arena and in the turbulent and complex environment, management by values (MBV) is vital to manage and

lead organizations because progress and success are being measured not only by the capacity to face increased complexity, but also by what is essential to our humanity: our values.

Values provide the foundation for any decision, strategy, action, behavior, etc. and therefore, the foundation of organizational culture. The core culture is found in the underlying values of the organization (Schermerhorn, 2012), which provide the structural integrity that delimits culture, which in turn imparts knowledge, experience, and expectation (Jondle et al., 2014).

Freeman et al. (1988) have argued that values have important influences on corporate behavior and that therefore they ought to be understood and identified. Since 1988 they have emphatically approved of the emphasis on values, as advocated by strategy's contemporary critics, explaining that there can be no strategy without objectives, simply because there can be no means without ends. Values are the most general and most nearly-intrinsic objectives, and they are the ends to which other corporate objectives are means (Freeman et al., 1988).

In Biswas' view (2009, p. 120) management policies and practices are shaped to a large extent by factors related to shared values, beliefs, and assumptions. Taking into account certain contexts, situations, circumstances, but also environmental opportunities and threats, actions, processes and behaviors must be adapted to some clear principles and regulations based on relevant organizational values.

As shown in the literature, capitalism thrives on the divergent goals and interests that create competitive markets, but also inevitably generate conflict between corporations and stakeholders (Dawkins, 2014). Unethical and criminal behavior appears to have mushroomed out of control in many organizations as society seems to have encouraged the individualistic motto of 'every man for himself' in replacement of 'one for all, all for one' (By et al., 2012, p. 3). More than that, corruption can work because corrupt organizations implement a corrupt organizational culture that supports employees' corruption (Campbell and Göritz, 2014, p. 309). In Grassl and Habisch (2011, p. 40) opinion, while markets can produce depravity and despair, they can also foster attitudes of self-discipline and human creativity, which allows for prosperity and integral human development.

The traditional role of corporate entities is being challenged by the increasing number of demands imposed on them by society; they also play the role of responsible co-citizens of the community, socially and environmentally conscious citizens of the world (Schmeltz, 2014, p. 234). For example, Sun and Stuebs (2013, p. 255) consider that the environment area contains (1) six strength items - beneficial products, pollution prevention, recycling, clean energy, property plant and equipment, and other strengths, and (2) six concern items - hazardous waste, regulatory problems, ozone depleting chemicals, substantial emissions, agriculture chemicals, and other concerns. Amongst other signals that an organization transmits to the community and their stakeholders, Jones et al. (2014, p. 385) assert that there are signals about the organization's prestige, specific values, and pro-social orientation.

Organizations and their shareholders are not isolated or independent, in the sense that they don't exist/survive by themselves, therefore they cannot "adjust" and satisfy their own needs and interests. Consequently, the attitude of an organization towards its stakeholders (and viceversa) has a lot of relevance. For example, in Huang et al. (2014, p. 79) opinion, when consumers believe that an organization is not only seeking profit without concern for others, it would strengthen consumer purchase intentions. More than that, Humphrey and Tan (2014) show that organization which engage in positive activities (such as community involvement and good employee relations) are able to attract superior management and employees, and are at a competitive advantage to organization which do not.

Garriga's study (2014) confirms that value creation is multi-dimensional and multi-contextual (ethical, social and economic) and suggests that a firm could promote stakeholders welfare if it develops and strengthens stakeholder capabilities. Organizations are centers of human relating and their leaders acting congruently according to a fundamental set of values represent an important element. Organizations will increasingly face natural, technological, or human-induced crisis, and therefore values-driven leaders in organizations must tend to the social relationships and connections that determine whether an organization emerges stronger from crisis (Powley and Taylor, 2006, p. 209).

The arguments for business leaders to actively introduce the notion of organizational and stakeholders' values into the managerial culture, and for a values-based perspective on management, are (Pruzan, 1998, p. 1382): (1)

traditional power is becoming powerless in democratic societies with flat organizations, (2) leaders are losing contact with reality in large, complex organizations, (3) the language of money is too narrow, (4) stakeholders have a right to be heard - and corporations have social responsibilities, (5) bright, creative, motivated, responsible and loyal employees seek meaningful work, personal development and harmony between their own and the organization's values, and (6) it pays off.

After a short crosscheck between management by values (MBV) and value-based management (VBM), we present MBV as a management philosophy and a managerial instrument, we briefly describe the basic concepts it operates with (a stress on stakeholders value and stakeholders capabilities being put), we present the main steps and features of implementing MBV, more exactly the advantages and risks associated with. In the end of the paper we present implications, limitations, conclusions and also some further research opportunities.

2. Management by values (MBV) versus value-based management (VBM)

Before going on with the description of MBV, we will also have some brief remarks about value-based management (VBM) because these two concepts are often confused due to the appearing similarity in their purpose (focus on value). Scientific literature doesn't make a clear distinction between the two concepts, and some authors employ them as interchangeable words/synonyms (i.e. Jaakson et al., 2008/2009; Dolan et al., 2008). It is true that both MBV and VBM postulate that the organizations must function on the core concept of value, the ultimate objective being value maximization, where value is defined, as Moskalev and Park (2010) show, in both financial (cash flows, earnings, earnings growth) and non-financial (the satisfaction of stakeholders, innovation) terms. More than that, after the rise of VBM since the 80s, it has been defined by writers, researchers and economists in various ways, basically depending on the purpose of their analyses (Beck and Britzelmaier, 2011).

Strictly speaking, from our point of view, there is some difference between MBV and VBM, because the last one focuses on the goal of creating economic value for a company's shareholders (Handler, 1992) and the long-term, sustainable interests of the many are sacrificed to the short term greed and arrogance of the few (By et al., 2012).

Talking about value-based management (VBM) many authors cited in the literature review have been particularly focused only on shareholder value creation. For Anderson (1997, p. 25) VBM serves as an essential first step toward building a high growth organization in which individual performance improves and heightened individual achievement drives economic success. For other authors VBM is implementation of value maximization as the final financial objective for the company (Phillips, 2014), it refers to management adopting a corporate strategy of maximizing shareholder value (Ryan and Trahan, 1999, p. 47), and focuses exclusively on financial results or outcomes. In this respect, VBM adopts shareholder value creation as an overall objective (Elgharbawy and Abdel-Kader, 2013) and emerges as a reliable tool, a systematic managerial approach, a style of management, and an integrated management control system that measures, encourages, and supports the creation of net worth (Beck and Britzelmaier, 2011, p. 270). Accordingly, VBM identifies those factors and variables, called value drivers, that have an impact on the value of a company and looks for ways to increase that value (Figge, 2005). VBM's value parameters, such as net cash flow, net present worth of an asset, discounted cash flow, actual returns on investment, and reliable capital depreciation techniques, all add up to one single proposition, namely a total concept of measurable values (Beck and Britzelmaier, 2011, p. 271).

Even the exclusive focus on financial results is an important characteristic of unethical culture (Campbell and Göritz, 2014, p. 308), VBM provides an integrated management strategy and financial control system based on a stakeholder perspective on leadership, responsibility and ethics (Pruzan, 1998).

Many organizations are now applying value-based management tools to increase shareholder value, and to address the concerns of a corporation's stakeholders in a holistic way (Beck and Britzelmaier, 2011, p. 270). Consequently, from our point of view, management by values (MBV) does not purge or place itself above VBM, but it comes to complete VBM, by putting stress on the importance of focusing on stakeholders' values during the entire managerial process.

An essential problem for any managerial step that can be correctly approached by the means of MBV refers to create and make use of business opportunities, by turning threats into opportunities, as a result of a correct positioning of the organization towards all stakeholders. Certainly, MBV must be understood from the corporate, team, and individual perspective.

A fundamental aspect pointed out by MBV (and to a smaller extent by VBM) refers to the fact that everything that “is happening” in, with and for an organization and its environment, stays under the “big umbrella” of the relationships with its stakeholders. Thus, MBV concentrates upon organization with the purpose of an efficient and effective exploitation of all the disposable resources, offering at the same time a very strong and solid “foundation” on which a “building” can be raised, where relationships with stakeholders based on mutual trust and respect can “flourish” and consolidate. Thus, MBV has a predominantly social nature with ultimate reasons not only economic results, but the important ‘moral and social quality’ of the organization and its managers/employees. And, as Hass and Cameron (2006) show, businesses can act ethically and treat all stakeholders with respect and dignity, without sacrificing profits or performance, meaning that profits, values and ethics are not mutually exclusive.

Theoretically MBV is a *management philosophy* in the sense that values that underpin an organization are concepts and highlights closely related to what an organization means. MBV is a philosophy because it helps put some ideas into an abstract discussion of how values relate to management.

For example, in DuBrin’s opinion (2010, p. 350), leading by values means the leader influences people by articulating and demonstrating values that guide the behaviors of others; ideal values for a leader to pursue include mutual respect, trust, honesty, fairness, kindness, and doing good. Surely, people will follow only those whose main values correspond with their own values.

Dolan and Garcia (2002) describe the evolution of MBV, from Management by Instruction (MBI), through Management by Objectives (MBO) and consider that MBV is emerging as a strategic leadership tool of tremendous potential for practical development, as a result of its great relevance at various levels. Therefore, practically MBV is a *managerial instrument* in the sense that the values it is based on prove their functionality and utility through the managerial principles and procedures that give them life; values are closely related to vision, mission, objectives, strategies, plans and programs, and also they are closely related to culture and organizational behavior.

MBV can be considered a useful instrument that used simultaneously with other existing managerial instruments and methods can help at the creation and support

of a flexible organizational system based on values through which is ensured the fit of the interests, expectances and organizational values with the one of the stakeholders. MBV, as a managerial instrument, enables the concept of value not only due to its axiological justification, but due to its operational efficacy justification. In our opinion, MBV (through VBM and Stakeholder Theory) could perfectly help organizations to create a connecting and useful logic between Strategic Management, Organizational Culture, Change Management, Leadership, Business Ethics and Corporate Social Responsibilities, Corporate Governance, Corporate Entrepreneurship, etc., and the process of value creation and sharing. For example, the successful implementation of MBV could help managers fulfill as many as diverse responsibilities of their organization, and as Huang et al. (2014, p. 69) show, corporate social responsibility (CSR) has become a key factor to corporate value creation and sustainable operations, as well as a common value in the world.

Thereby, we consider that MBV has as final goal value creation and distribution for all stakeholders, both on short term and long term. Hence, MBV can be considered 'the vehicle' that converts individual, group and organizational values into actions and behavior and adds values for all stakeholders.

Accordingly, MBV emphasizes the high quality of an end (terminal values such as products, services, relations, performances, etc., and their attributes) and the high quality of instrumental values (decisions, resources, processes, means, instruments, actions and behaviors, etc.). No matter whether we consider the final values or the instrumental ones, generally speaking the value of something (product, process, behavior, relation, etc.) is more relevant as it satisfies more certain needs and interests through a minimum use of resources. Adding value to resources means to make them more useful.

3. Clarifying the concepts MBV works with

About values

Values are a powerful voice in organizational life, and their impact has increasingly been recognized over the decades (Posner, 2010, p. 457). The introduction of values into a hierarchical organization is potentially provocative, and these serve as management concepts that add to existing systems instead of replacing them (Kirkhaug, 2009, p. 318).

Even though the concept of value has a multitude of interpretations, definitions, approaches and perspectives, in this article we don't ask what is value but we draw our attention towards pragmatism and reality, trying to find out answers to an entitled question of management, which is - what is value for? For example, in Queraltó's opinion (2013, p. 18) value is not justified on its own, but rather because it enables someone to solve or meliorate a life problem. Accordingly, the author talks about pragmatic values (such as ethical, social, environmental, political, etc. values) as patterns or guidelines for solving (or meliorating) some difficult human situation.

In the general acceptance, values are the highest benchmarks of efficiency, effectiveness, welfare, character, virtue, beauty that are appreciated, accepted, wanted and endorsed by people and the community (Popa and Salanță, 2011). From our perspective we can talk about the value of finality, the values of resources, instruments and useful means in achieving the final goal, but also the value of decisions, paths, and directions we take in the efforts we make. It is important to always remember where we want to get, with what, how and most important why and for whom.

Values are cognitive expressions of the human response to the need for coordinated social interaction and, in the same time, responses to the universal requirements of people living in society (Schwartz and Bilsky, 1990; Schwartz, 1994). Hemingway and MacLagan (2004) expound that values are normative standards that embody individual representations of societal goals, such that firm-level decisions inherently reflect the values prevalent in individual managers.

Values are fundamental in any managerial endeavor as they represent clear reference points and, at the same time, they are guidelines for the intentions, actions, and individual behaviors, as well as for the organizational goals,

policies and strategies. In turbulent times values provide a source of direction amid conflicting views and demands (Posner, 2010).

An organization's core values are those beliefs and principles that provide the ultimate guide in its decision-making. In Padaki's opinion (2000) organizational values define the organization's core convictions (translated into relatively enduring practices) about its endeavors and about the ways to go about its work.

Of course, corporate values are not only powerful drivers of individual and organizational performance, but are also the criteria by which decisions about priorities are made (Titov et al., 2013). An organization in almost all its phases is a reflection of competing value choices (Anderson, 1997, p. 25): owners want a return on their investment, employees want secure jobs and career development, managers want growth and industry leadership, Government regulators want minimal pollution, safety, work opportunities for a wide variety of groups, and tax revenues, and so on.

Knowing the stakeholders' values should enable managers to predict how they will react, behave and involved in different real activities and situations, and even in the value creation process. Starting from a set of ethical values Kotalik et al. (2014) led the development of a framework for ethical decision making generated from the mission, vision and values statement, considering that these can be seen as an ethical commitment of the organizations to their stakeholders.

Stakeholders value and stakeholders capabilities

Stakeholders are groups or individuals who contribute to the value creation process of the organization, whether substantially or not (Garriga, 2014), either voluntarily or involuntarily, and who are therefore potential beneficiaries and/or risk bearers of the organization (Post et al., 2002).

A modality to sort out the stakeholders starts from considering the organization as being a system, permanently influenced by those ones positioned in the three organizational environments (intern, specific and general). In this respect, one can identify (Popa et al., 2013, p. 75): (1) internal stakeholders - shareholders, owners, members of the Board, executive councils and committees, employees, (2) stakeholders belonging to the specific environment - clients, buyers, consumers, distributors, providers, unions, strategic allies, competitors, pressure groups (activists from different fields), creditors, financial institutions, banks, institutions in charge with pension funds, investment funds, as well as direct

cooperators, and (3) stakeholders belonging to the general environment - local/central public administration, different institutions (political, legislative, environmental, cultural, sport, religious, educational, health, etc.), mass-media, foundations, NGOs, local/national/international community, and generally speaking, public opinion/society. Other authors have classified these actors not only as external and internal stakeholders, but also as contracting and public stakeholders, voluntary and involuntary stakeholders, primary and secondary stakeholders, etc. (Turker, 2009).

Stakeholders, because of their dynamic and complex needs, values, interests, knowledge, experiences, emotions, etc., and different relationships with the organization, could have different views on what is valuable. More than that, world culture encompasses a wide range of values considered significant by different groups, from values such as environmental protection, peace, or justice, to patriotism, or even nationalism (Besio and Pronzini, 2014, p. 289). On the other hand, Berings and Adriaenssens (2012, p. 329) suggest a certain connection between personality, work values and work ethics.

‘Stakeholder value’ (what they have considered to be worth it) means different things to different stakeholders (Garriga, 2014) but it should be understood in terms of stakeholder welfare because stakeholders would choose those options or opportunities that increase their welfare in the value creation process (Harrison et al., 2010).

In the literature there are different approaches that focus welfare on utility, income, expenditure, consumption or basic needs fulfillment. In addition to these, from our point of view, MBV should mainly consider Sen’s (2003) approach, that the concept of welfare should be understood in terms of people’s capability to function, that is, their effective opportunities to undertake the actions and activities that they want to engage in, or to be the person they want to be (in Garriga, 2014, p. 493). For example, Melé (2014, p. 466) shows that “*dare to care* orients managers to a focus on enabling others to create, produce, and deliver goods and services that enhance the wellbeing of, and generate value for all the stakeholders involved (notably customers, employees, investors, and the public)”.

But what is (in this context) people’s capability based on and which are stakeholder capabilities in the value creation process? Capability, as the adequate

concept for understanding stakeholder welfare rather than the utility function concept, is based on valuation activity that focuses on the concept of agency and freedom, which is understood as the ability to formulate goals, commitments and values, and to choose amongst different options (Garriga, 2014, p. 493). In the case of stakeholder theory (and MBV), 'stakeholder capabilities can be defined as the stakeholders' effective opportunities to undertake actions and activities with the firm that they want to choose to engage in the value creation process' (Garriga, 2014, p. 494). Freeman (1984) defines stakeholder - management capability as managers' understanding of conceptual mapping among their stakeholders, the organizational process for dealing with these stakeholders, and carrying out the transactions with their stakeholders that are necessary to achieve the organization's purpose (in Jo and Harjoto, 2012, p. 56).

Results of an empirical study conducted by Garriga (2014) shows and explains the next stakeholders' capabilities relevant to value creation:

- For employees: *be healthy* (the abilities, skills and knowledge that the stakeholder acquires on achieving good health), *be employable* (the ability to be hired by other companies in the industry), and *be empathic* (being able to relate to others in an effective manner, mainly in teamwork).
- For suppliers: *be (or being) socially integrated* (the company is 'officially in society').
- For suppliers and customers: *be innovative* (the ability to introduce new ways of doing things and using new methods, new technologies and/or new raw materials for positively influencing the sale of products or services).
- For employees, suppliers and customers: *be green* (the ability to respect and to deal with the environment and the community).
- For employees, suppliers, customers, and NGOs: *be autonomous* (the ability to set goals and to be accountable for achieving them), *be entrepreneurial* (the ability to initiate new aspects in one's business), and *be responsive* (the ability to respond to others' demands and requests).

4. Main steps and features of implementing MBV

Dolan et al. (2008) propose a framework of managing by values based on three axes, as follows: (1) *the economic-pragmatic values*, necessary to maintain and bring together various organizational subsystems (values related to efficiency, performance standards and discipline), (2) *the ethical-social values*, necessary to understand how people should behave and conduct themselves in public, at work and in relationships (values such as honesty, respect, congruence, and loyalty), and (3) *the emotional-developmental values*, essential to create new opportunities for action (values related to trust, freedom and happiness, such as creativity/ideation, life/self-actualization, self-assertion/directedness and adaptability/flexibility).

Values are functionary only if they are supported by principles, correlated in turn with clear managerial procedures that ensure organizational progress and support. Consequently, in MBV the managerial principles and procedures are considered pillars that support values and help to the organizational goals achievement. In other words, managerial principles that endorse the individual or group organizational values system transcend reason in terms of results or problematic situations that must be overcome, imposing reason in terms of values and goals. On the basis of universally valid principles and values, we can determine our moral obligations and our moral rights (Demuijnck, 2014, p. 5). Even if some people do not admit the universalism of certain values, we want to remind that as Queraltó (2013) shows, the meaning of value according to a strong pragmatic rationality and an efficacy criterion avoids any sort of value relativism.

Despite the fact that the underlying values may be resistant to change, managers have direct control over the organizational processes, programs, and procedures that either elicit or inhibit their behavioral expression (Arthud-Day et al., 2012, p. 802). Furthermore, managers decide which principles are relevant to a situation and then use these principles as a basis for choosing values and developing standards that make sense in terms of the organization's tasks (Anderson, 1997, p. 26).

As Dolan et al. (2008, p. 39) consider, in order to implement MBV, the single most important factor is that leaders must be able to "walk the talk"; that is, their actions must match what they say, in both the short-term and the long-term. From our point of view MBV implementation requires managerial commitment,

education and training for employees, etc., and, as any complex and sophisticated process, is costly (energy, expertise, money, and other resources) and time-consuming. More than that, in view of implementing MBV, the following *general steps* must be accomplished:

- ✓ Understand the role and the advantages of the MBV for the organization and its stakeholders, develop the idea of common interest, and build a team (motivated by curiosity, and desire for challenge and learning, as well as openness to new ideas and experiences) led by a transformational leader responsible for the implementation of MBV.
- ✓ Identification, development and use of mechanisms, means and sets of measurements or estimation of stakeholders needs and values, setting a common set of core values within the organization, selecting at the beginning the priority values, and monitoring them (for the future changes, important conditions for the successful implementation of MBV). Of course, any organization should think and act in the interests of as many stakeholders as possible.
- ✓ Build a value-based culture within the organization that will ensure positive changes in priorities for the future (attitudes, knowledge and skills, abilities, responsibilities, commitments, methods and tools, styles of management, working practices, innovative ways of achieving the goals, consistent with the MBV) at all levels of management and for every member of the organization. Because values are the essence of cultures, changing the corporate culture is one of the primary conditions for the successful implementation of MBV.
- ✓ Design and implement a MBV policy consistent with the organization's vision, mission and goals/objectives (defined in terms of value) and with all stakeholders' values.
- ✓ Adoption of new operational strategies oriented to stakeholders in order to achieve organizational objectives, and development of studies for continuous improvement other important processes to add value to ongoing operations.
- ✓ Align the core values with organizational practices, prepare and conduct of different plans of actions, programmes of activities, and sets of procedures which comprise details such as quantified targets for performance and use of resources, budgets, tools and indicators to measure performance, timetables, etc. The concept of MBV states that all procedures, decisions and incentive mechanisms should reflect the values, but Jaakson et al. (2008/2009, p. 23)

indicate that this is not always the case and values were often just used as an instrument for public relations.

- ✓ Develop and continually monitor value audit systems, information and communication system for feed-back of results/changes in performance (results, outputs, consequences, etc.) and for continuous improvement of MBV.

An effective MBV implementing process presents the following *essential features*:

- Past, present and future oriented and grounded on the basis of organizational vision, mission, objectives and strategies.
- Multidimensional and simultaneously focused on all organizational aspects (technical, technological, economic, managerial, human, social, moral, etc.).
- Economical, in the sense that it provides favourable indices in cost-benefit analyses, specifically in this case, the incurred expenses are lower than the benefits they generate.
- Useful, important and relevant both for the purposes of the organization and for the stakeholders' purposes.
- Clear, accurate, realistic and objective, which means that it is based on clear formal provisions referring to each element and stage of the process (activities, means, resources, relationships, persons, time- limits, etc.).
- Opportune (from temporal perspective), interpreted as meaning that it happens at an appropriate time, and, simultaneously, it ensures the generation of needed information in good time.
- Acceptable for internal stakeholders of the organization, being known and perceived by them as a correct, useful and necessary process.
- Flexible, or adaptable to different situations, circumstances and contexts, that are usually uncertain and highly changeable.
- Feasible (achievable, possible) from an organizational and operational point of view (it ensures the fulfillment of the objectives), an economic point of view (the benefits will exceed the costs), and from a human and social point of view.
- Efficient (efforts are exceeded by effects) and effective (there is the capacity to achieve the final goal).

It is clear that devoted adoption of MBV requires trust and courageous delegation of rights and responsibilities in order to deliver values at all levels of the organizational hierarchy (Jaakson et al., 2008/2009, p. 23).

5. Advantages and risks related to MBV

Paying attention to values and managing by a value-based vision of the future helps organization to become connected, close and more responsible to its stakeholders (meaning care for their interests, needs and values, and supporting them), in prioritizing relevant objectives, in making ethical and principled decisions, in promoting active citizenship inside and outside the organization, in efficient and effective managing of all resources, in gaining credibility, trust and respect, etc. For example, many companies that have succeeded in adapting the core values have received quality awards based on values that are widely considered to be the building blocks of effective TQM implementation (Ingelsson et al., 2012, p. 1).

Dolan and Garcia (2002) argue that MBV has an incalculable value for effecting transformation and introducing coherence, across the company, because it helps the leadership in constructing a collective sense of what the company "should be", and some freely chosen and accepted "rules of the game", to channel future action.

By means of MBV, all managerial decisions and individual, group and organizational behaviors will converge to recognized and commonly accepted value sets. For example, as DuBrin (2010) shows if the company values innovation, it will not adopt a strategy that involves imitating (or benchmarking) other successful products, respectively if a manager embraces the pursuit of excellence he will search for the high-quality alternative solution. On the other hand, employees who value personal success and competence perform their formal duties more successfully than those who do not (Cohen and Liu, 2011).

In a brief description, MBV has the following *advantages*:

1. MBV encourages and supports value creation in an organization not only for its shareholders (by multiplying the value of shares), but also for all stakeholders that have a major impact on the organization (employees, providers, clients, buyers, all kind of institutions, community, etc.).
2. MBV reduces the risk of conflicts between owners and other stakeholders.
3. MBV optimizes the resource allocation process in such it creates values where most needed.
4. MBV streamlines the decision-making process through prioritization, evaluation and selection of the investment projects that add value.

5. MBV helps evaluate organizational and managerial performance.
6. MBV adds on the promotion and compliance of managerial principles based on the multitude of all stakeholders' individual or group value systems, etc.

Paying attention to values and organizational culture is important for any organization because they can lead to a competitive advantage. For example, employees' values influence and can be influenced by human resources management, and, therefore, they influence the organizational sustainability (Florea et al., 2013). Overall, it appears to be a developing acceptance amongst large corporations that efforts towards improved corporate sustainability are not only expected but are of value to the business (Klettner et al. 2014, p. 145). Traditionally, the term sustainability has been used within management literature to describe the ability of a company to maintain a steady and improving stream of earnings; more recently the same term reflects the degree to which a person or entity can meet its present needs without compromising the ability of other people or entities to meet their needs in the future (Certo and Certo, 2012).

More than that, according to Smith et al. (2010) socially responsible firms have significant market value premium, superior financial performance, and lower cost of capital. The literature shows that by being responsible firms do better in financial performance and have a competitive advantage over other players in the market (Tyagi, 2014, p. 60), attract customer sympathies and attentions, reduce the potential internal and external conflicts as legal lawsuits from Government and other authorities (Ehsan and Kaleem, 2012).

As Biswas (2009, p. 116) shows, it was observed that transformational leadership to follower-organization value congruence as a result became a significant source of various positive outcomes in an organization and human resource management practices. For instance, the outcomes of MBV include higher employee commitment, higher levels of motivation, a possibility to achieve stronger personnel loyalty and attract new highly qualified specialists, and, finally, the creation of a unique company image (Zavyalova, 2009, p. 450).

The risks related to MBV are caused by the fact that it is practically impossible to develop a complete set of principles, rules and procedures that respond to all situations and contexts in organization, especially if we take into consideration the multitude of stakeholders and their competing values/expectations, and several management models that can coexist in an organization. For example,

any organization should simultaneously be centralized and decentralized, adaptable and flexible, but also stable and controllable. Taking as a starting point the two central dimensions (internal-external and flexibility-control) Díaz-Cabrera et al. (2007, p. 1203) refer to the next organizational models that reflect shared or conflicting values of organizational life: (1) human relations model or clan culture, (2) open system model or adhocracy culture, (3) internal process model or hierarchy culture, and (4) rational goal model or market culture.

Other risks can be generated by the fact that, as Schermerhorn argues (2012, p. 72), an organization's stakeholders can have different interests: customers typically want value prices and quality products; owners want profits as returns on their investments; suppliers want long-term business relationships; communities want good corporate citizenship and support for public services; employees want good wages, benefits, security, and satisfaction in their work. Balancing between the often conflicting concerns of the stakeholders is a challenging task (Pérez and Rodríguez del Bosque, 2013). But, we all know that stakeholder engagement requires dialogue, negotiation, and transparency, both severally and jointly, and when agreement cannot be reached, Dawkins (2014, p. 292) has proposed mediation and arbitration as appropriate dispute resolution techniques. Moreover, the set of principles requires considerable theoretical and empirical clarification, and must be developed, shared and applied by all organizational participants through implicit or explicit negotiation.

On the other hand, Jaakson et al. (2008/2009) identified six main causative factors that may inhibit the manifestation of organizational values in practice: (1) commitment to values, (2) communication, (3) resources, (4) inappropriate organizational systems, (5) inconsistent values, and (6) idealistic values. The first three were called 'enablers' because are the features that have to be present for MBV to be successful, and the last three were called 'disablers' and are the features that the literature warns about. As Jaakson et al. (2008/2009, p. 12) show, an enabler is a potential disabler if it is missing (e.g. lack of resources) or is not sufficient (values not communicated enough).

An inherent difficulty of implementing MBV is that, in general, the organizations are oriented towards goal achievement by prioritizing efficiency (or return on investment) objectives that can conflict with competing values of stakeholders. And, as Campbell and Görtz (2014, p. 308) have shown, values and norms of corrupt organizational culture such as "results orientation" and

“goal setting” correspond to the dimensions of strategic aggressiveness and short term horizon. Further, as Anderson (1997, p. 27) shows, value choices always present dilemmas and are subjective interpretations of ethical principles, vary with what society and individual managers prefer, and influence what people do and how they will do it.

In some situations organizations must be interested in satisfying the expectations of some stakeholders, while leaving behind other important strategies that put an accent on just satisfying the stakeholders. In our opinion, successful management by values demands a multiple approach combining several organizational models and asks for continuous learning, creativity and commitment in solving the complex, very dynamic and unpredictable problems.

6. Conclusions

The general purpose of this article is the conceptual approach of MBV as a new managerial instrument, having as a starting point the analysis of the literature review in this area.

The first conclusion we have reached refers to the idea that researchers, as well as practitioners in this field, focus their attention and interest mostly on value-based management (VBM) and on stakeholder theory, specifically on business ethics and corporate social responsibility (CSR). A lot of articles and theoretical and empirical surveys have been dedicated to these areas. These studies confirm the importance of these areas for the achievement of the organizational purposes and for the sustainable progress of the society as well.

Given this situation, we have done a comparison between MBV and VBM for the beginning, reaching the conclusion that, from our point of view, management by values (MBV) is situated at the crossroad of two orientations specific to business organizations, focusing on shareholder value creation (by the means of VBM) and focusing on stakeholders (by the means of CSR). In the literature CSR is seen as strategic tool or management technique that enhance the reputation of corporations with their stakeholder groups and at the same time guarantee that corporate policy adheres to minimal ethical requirements (Abländer and Curbach, 2014, p. 541). Yet, the taking on of the social responsibilities by business organizations happens voluntarily, but the CSR strategies/programs/actions and sustainability reporting, even though expensive,

can be considered just a fashionable trend by some people, a way organizations defend themselves from some pressures, or even a way to “make an impression on” some stakeholders. For example, for Friedman (2009) CSR is an insincere instrument and an offensive strategy to perform public relations, political lobbying, manipulate consumer perceptions and expectations.

Surely, management by values is more profound and complex than the so called ‘management by responsibilities’ as MBV aims to satisfy key stakeholders needs and interests, and this satisfaction enables the organizations to create value inclusively for shareholders. Jo and Harjoto (2012, p. 61) finding provides supporting evidence that corporations that practice stakeholder management, perform better on their conventional corporate performance (profitability and maximizing shareholders wealth). Therefore, the main objective of MBV must be maximizing innovative and organizational outcomes by means of a minimum use of resources, in the same time with the assurance of satisfying the needs and wishes of different stakeholders as a consequence of identifying and reconciling their main values.

Another conclusion refers to the fact that implementation of MBV in Romanian organizations is very important because, as shown Khomyak (2006), Post-Soviet practices of organizational value management are characterized by the following traits (in Zavyalova, 2009, p. 450): (1) formalism (absence of connection between the declared values and management practices); (2) slant towards external attributes (flags, anthems, etc.); (3) passive implementation attitude position (expecting values to form by themselves); (4) use of standard (habitual) slogans. Zhang and Rezaa (2009) have found in their study that transitional economy firms with high social credibility exhibit better short-term financial and market performance. Other empirical studies found that operating ethically and honorably encourages best practices, establishes credibility, and builds a reputation for impeccable integrity (Muller and Kolk, 2010) and these are important indicators for western firms in the selection of emerging economy suppliers (Ehrgott et al., 2011).

More than that, Dolan et al. (2008, p. 36) show that in several emerging world economies, notably Spain and Brazil, MBV is fast becoming the principal driver for re-engineering a sustainable and competitive culture. And, as Mazutis (2014) shows, the growing institutional pressures for sustainable development in

particular are shifting the definitions of actions that are appropriate within a new socially constructed system of norms, values, and beliefs.

The conclusions that are to be drawn from this theoretical approach present multiple *implications* for managerial practices, and also for public and institutional policies which can promote social and economic performances, specifically national competitiveness and everyone's welfare (by focusing on relevant values).

Organizations would benefit from knowing which values to support and develop among their members (Arthud-Day et al., 2012, p. 793) and other stakeholders. If managers and employees know, accept and internalize organizational values and if these fit their individual ones, then they will be capable to successfully reach organizational goals. For example, as O'Reilly III et al. (1991) show as a consequence of the fit between a person's values and organizational values, behavioral and affective outcomes such as job satisfaction, greater organizational commitment and better job performance are generated.

MBV supports the organization "to act" not only with, but also towards or for its stakeholders (not interpreted as meaning that there should be compliance by all costs, but that there should be collaboration and negotiation), generating harmony, equilibrium, welfare, etc. By means of MBV, organizations can avoid taking wrong ways/procedures (inefficient, immoral or even illegal) such as: "to make use of" the stakeholders (to consider them mere means), "to get distant" from them (to avoid, to ignore them, which leads to obstruction and isolation), or even worse, "to act against" them (to declare war, hatred, enmity, conflict, chaos). No matter how much an organization could win by choosing the wrong ways mentioned previously, it is obvious that any stakeholder has the freedom to evaluate the organization and, sooner or later he will do so. Many authors argue that stakeholders expectations and opinions are considered to directly influence the design and effectiveness of corporate strategies and credibility in product, the employee attraction and retention, the establishment of beneficial relationships with stakeholders, the loyalty, willingness to pay premium prices or attributions of blame in the face of product or brand crises, etc. (see reviews in Pérez and Rodríguez del Bosque, 2013). Even though subjectivism or relativism may occur, we deeply believe that normality is not hatred, enmity, conflict and isolation, but harmony, equilibrium, prosperity and welfare.

MBV can be useful only if the decision-makers and executives of an organization realize and understand its advantages, or, so to say, create the necessary circumstances for a successful achievement. Moreover, MBV efficiency and effectiveness can be achieved only if everyone involved has an appropriate reaction to it, taking into account the very intimate aspects of the organizations and their stakeholders.

Stakeholders should not be passive observers, but have a positive and active role to play in identifying and ending unethical practices (By et al., 2012). Not only business organizations (through MBV), but also all stakeholders must be legitimate in their behaviors, must invest in a proper manner their time and resources for sustainability, and must act under their various motives that complement and compete with ethical and social ones, taking into account not only themselves (in terms of needs, satisfactions or benefits), but everyone's welfare. For example, political institutions should provide the regulatory environment to prevent negative externalities (Scherer and Palazzo, 2011) through policies, incentives and laws implementation in order to create businesses with legally accountable principles to all stakeholders; Governments should make legislative efforts to facilitate social justice and equality, and for other important issues, such as recycling, organic food, wage fairness, consumer rights, etc.); Intergovernmental organizations (such as, UN, EU) must improve relationships between nations, between nations and corporations and Civil Society and seek unilateral agreements on the treatment of labor, consumer safety, resources in markets, etc.; consumers must exercise their purchasing power to protect and preserve the natural environment and to further enhance the ecological sustainability of planet Earth (Lee et al., 2014); educational institutions must inoculate moral, social and environmental awareness; NGOs must commit to civility and discursive orientation, and work toward consensual behavior (Baur and Palazzo, 2011) - they will act (predictably) by doing all the best in addressing social, environmental and political aims (Caruana and Chatzidakis, 2014), bridging and cementing relations between stakeholders (collaborations and social partnerships, or precipitate consumer boycotts, shape media awareness, even lobby for the tightening of government legislation), etc.

As this is just a theoretical research, *the limits* of this article are many. First of all, we haven't drawn up, as it would be expected, a clear set of principles, rules, procedures and practices for managers to rely on in order for them to

successfully implement MBV. Because we live in a plural, diverse and changing world, it is not possible to reach a universal agreement on this kind of set. From our point of view, there is no set of universal best rules, principles, procedures and practices in MBV because its implementation needs continuous interaction and dialog between the organization and its stakeholders, that live under different circumstances and conditions, share different cultures, experiences, interests, and values, some times even antithetical ones. In addition, principles and rules have to be generated by managers and specialists from the organization itself, having as a starting point the commonly recognized and accepted organizational values, including the specific situations and contexts they are in. Greater attention should be paid to historical events, political systems, ideology, social and moral expectations, global economic and financial pressures, etc.

Secondly, we haven't drawn up a coherent and logical set of methodologies, techniques, instruments, measurements and guidelines that every organization could use in order to identify the stakeholder's needs and values, to rank and prioritize them, and at the end, to measure not only the organizational performances, but also stakeholders' benefits/perceptions/satisfaction. As a consequence, even if we have clarified the basic MBV concepts, we do consider that the real problems, difficulties and risks appear at the operational level. We believe that these problems can be approached on the basis of real, practical situations, which requires very complex empirical studies and laborious case studies.

Thirdly, as it could be seen, our theoretical study about MBV incorporates different themes and fields related to stakeholder theory and management, but we haven't analyzed the mechanisms, resources, costs, or results by which organizations can identify and prioritize their own and their stakeholders' interests. Moreover, even though we are discussing about the crossroad of the shareholder values and stakeholders values, we haven't pointed out the conflict situations/dilemmas that organizations have to face. In addition, we haven't concretely specify the pathways organizations have to follow in order to create long and short term value and competitive advantage for themselves, and also sustainability for the entire society.

Another minus of this article refers to the fact that we have not discussed about 'disvalue', or what organizations must/want to avoid. For example, as Weick

(2006, p. 64) shows, when it comes to values, high-reliability organizations (such as naval aircraft carriers, nuclear power-generation plants, etc.) work backward, namely identify (1) mistakes they don't want to make, then (2) practices that prevent those mistakes, then (3) principles that generate those practices, and finally (4) values that generate those principles.

On the basis of the limits of our study, we consider that *future studies* have to concentrate especially on the operational dimensions of MBV, such as: identification of the key factors that can influence the setting of a value-base organizational culture, development of some methods meant to numerically measure MBV performance at every organizational level, practical suggestions about the improvement of MBV use, identification of adjustable variables that can influence the MBV implementation success, etc.

We consider that our study makes a theoretical contribution to the literature, by highlighting the major role that values have in setting the organizational mission, vision, objectives and strategies, as well as in creating and developing appropriate relationships with the stakeholders. Despite the limits we have presented, it is our belief that this research provides a fundamental base of knowledge about the MBV and we truly hope that it will be of interest for practitioners and especially for researchers.

7. Final thoughts

The managerial principles, rules, procedures and the multitude of existing values can be related to the “map/plan of a city”. Naturally, in this context, the “city” is represented by the business environment and society, in general, which are to be permanently developed, improved and expanded. Therefore:

- The multitude of “houses/buildings” placed in different areas/neighbourhoods (central or more distant) are “inhabited” by different stakeholders more or less important for organizations.
- The “courtyards” are represented by the value sets of the inhabitants (stakeholders), as well as by the principle they stand for (e.g., the principle of professional training for the value professionalism, the principle of specialization for competence, etc.).
- The “parks and green areas” of the city are territories belonging to the entire community.

- “Avenues, streets and sidewalks” are networks and pathways that ensure links between organizations and their stakeholders. They are “illuminated, gilded and well-maintained” on the basis of the values and principles that organizations admits and shares in relationships with all stakeholders.
- The “traffic rules” are related to the basic principles of the market economy and binding legislation put in place in that territory.
- The “traffic plans and programmes” are represented by specific organizational processes, activities and actions (proposed to help the organization achieve its objectives) that must be taken into account by the “vehicles and their drivers” in order to have the most efficient connection among organization and the “city areas/inhabitants”.

Therefore, stakeholders (and their values) do exist and wait to be taken into consideration and “to be reached” for the area where they “live” to get improved. The expansion of the business environment has led in time to the emergence of “avenues, streets and sidewalks”, more or less “used” on the basis of the interests of the organizations and the importance and power of the stakeholders. Thus, the firm-stakeholder relationship is remodelled as a citizen-government relation and corporations are ascribed a role as quasi-governmental actors and guarantors of civic rights for others (Crane et al. 2004, pp. 109, 110).

From our point of view, to use MBV as a managerial instrument is helpful in establishing the organizational vision and mission, by observing the “city plan” from high up. Accordingly, this is about the successful identification of the expanding and developing objectives of the “city”, about implementing those strategies that ensure an efficient and effective use of all organizational resources, but also about creating value for all the “inhabitants of the city”.

MBV can be considered a proactive management because, by focusing on all stakeholders needs and values, besides making a use of opportunities for competitive differentiation and organizational performance/success, it determines the continuous taking on the social responsibility and everyone’s welfare. More than that, MBV represents an instrument that brings forth and ensures major and long-lasting improvement in the entire society, a kind of improvement that wouldn’t be possible otherwise.

MBV must be considered a perfectible, and not a perfect instrument, for a perfectible, and not a perfect society. Tudosescu (2004) shows that ‘from the

point of view of the human model that society should aspire to, beyond any peculiarity of specific local communal identity, [...], is the model of perfectible, not perfect man, [...], a historically conditioned man, constantly open to higher degrees of individual and collective self-realization’.

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STUDIES REGARDING THE INFLUENCE OF EXTRACURRICULAR ACTIVITIES ON THE MANAGEMENT OF THE UNIVERSITY SYSTEM

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Abstract

This study analyses through a graphic model the factors influencing the performance of university management. Using modelling techniques, behaviours and decision rules, on various aspects of the university management, are set. Data are collected through the questionnaire method. As objective of this paper we can identify the analysis of the influence of extracurricular activities on the university management system. In the graphical model we start from the fact that the extracurricular activities' offer determines students' involvement that leads to students' satisfaction towards the university, but also to the development of personal and social skills of students, to the improvement of their academic performance, increasing the university's attractiveness and students' integration in the economic environment. All these aspects are influenced by internal and external environmental factors.

The first part of the paper addresses the modelling concept from the epistemological point of view, subsequently passing to the presentation of university performance and of the university management model. The influence of the involvement in extracurricular activities, students' university performance and university's attractiveness on university management's performance are analysed through a modelling technique using the Weka software, which confers originality to the study.

Keywords: *modelling; university management; managerial performance; extracurricular activities.*

JEL Classification: I2.

1. Introduction

Over time we noticed that a few countries have managed to achieve significant economic growth without investing in human resources. Human resource generates, uses and exploits knowledge in a process that interacts with the environment. The intellectual capital is the competitive advantage of a company or organization and the strategic resource for its management.

Human capital development is realised through schools and universities. The university deals primarily with the labour supply and with the construction of knowledge, being the pillar underpinning the knowledge-based economy and society. Thus, direct attention should be paid to university management's performance, which has to be characterized by the conjunction of the concepts of effectiveness and efficiency. A successful university management requires a culture of evaluation and high capacity of improvement on all levels.¹

In order to train students, to increase their academic performance and thus to increase the performance of university management, students' integration in the student community and then in the economic environment, the growth of study motivation and the development of student community turn out to be increasingly important.

Extracurricular activities help increase academic performance of students, their integration into academic and student environment, university's attractiveness, thereby increasing the performance of university management.

With the purpose to develop the speciality literature and new research directions in this area, the influence factors' behaviour on the performance of university management will be analysed. Thereby, students' involvement in extracurricular activities, university's attractiveness and students' university performance will be analysed.

The research undertaken has as objective the analysis of the behaviour and influence factors on university management's performance, based on the modelling technique. The first part of the paper deals with the epistemological approach of the modelling concept, passing then to the approach of academic performance and subsequently to the presentation of the university management

¹ Mohammadi R., Eshagi F., Arefi M., Internal Evaluation: Appropriate Strategic for Quality Evaluatin and Improvement of Management in Departments at Universities (The Case of Iran), *Procedia- Social and Behavioral Sciences* 69 (2012) 719-728, 2012, p. 727

model. This model is analysed through modelling using the Weka program, ending with the paper's conclusions. This study is based on the responses of 106 students of the "Lucian Blaga" University of Sibiu, collected through the questionnaire method.

The Weka program may establish different relationships with the purpose of the representation of the factors' behaviour at a given moment. This relationship can be represented by various charts, tables or graphs.²

2. Epistemological approach of modelling

The Weka program is a software program in which one can perform associations operations, filters, classifications, clusters, visualizations, regressions and so on. This represents some machine learning algorithms through which certain Data Mining tasks can be analysed. Data Mining is a technique to detail the database in order to give sense to the data addressed. It involves the systematic analysis of a large amount of data, through which implicit information, useful and previously unknown is extracted, in order to simplify the understanding and use of them.³

Through modelling, as research method, schematic relationships between several characteristics are reproduced. Thereby objects, systems in the shape of an analogous system can be reproduced which leads to their simplification.^{4,5}

Through a model, properties of a system can be studied through the analogy of a more complex system, being also able to track its transformations.

Attribute denotes a characteristic of an object, adjustable depending on it or the moment. The attribute value represents the measurable and quantitative value of

² Sasu L., *Introducere în Data Mining. Curs 1: Prezentare generală*, Universitatea Transilvania din Braşov, Facultatea de Matematică şi Informatică, 2014, Available online: <http://www.slideshare.net/lmsasu/curs1-data-mining> (accessed on 04.09.2014).

³ Mathuria M., *Decision Tree Analysis on J48 Algorithm for Data Mining*, International Journal of Advanced Research in Computer Science and Software Engineering, Volume 3, Issue 6, June 2013, Available online: www.ijarcsse.com (accessed on 04.09.2014)

⁴ Passmore C., Stewart J., *A modeling approach to teaching evolutionary biology in high schools*, Journal of Research in Science and Teaching, Volume 39, Issue 3, pages 185-204, March 2002

⁵ Ramadas J., *Visual and spacial modes in science learning*, International Journal of Science Education Special Issue, 2009

this, and the object represents every detail about a subject, its name being very comprehensive.⁶

The instance is represented by a group of attributes that can be valued in a certain moment. Relationship means a group of instances, which are collected through the questionnaire method and determines a particular factor. This factor is composed of several variables with the same behaviour.

A basic unit of execution in a system is defined as a task. Multiple tasks with a common mean signify an activity. A quantifiable outcome of the task's result is a variable that does not have a fixed value, adopting its value depending on the task.⁷

The abstraction gives the possibility to group certain data specific to a problem, through common properties of those elements.

Through the process of thinking, practical and theoretical knowledge interacts with its surroundings. This process of thinking is based on conceptualization, through the existence of objects and relations between them.⁸

3. University performance

Performance can be defined by the conjunction of the concepts of effectiveness and efficiency. A successful university management requires a culture of evaluation and a high capacity improvement at all levels. Efficiency relates to the results achieved in conformity with the submitted efforts. A maximum efficiency requires maximum results at minimum cost. Effectiveness involves how to satisfy various needs, achieving objectives and functions.⁹

According to the EUA Institutional Evaluation Programme (IEP), in order to evaluate university performance, many aspects regarding the own evaluation report of the university have to be taken into consideration. University performance evaluation is based on the vision of the institution's quality, on the

⁶ Sasu L., *Introducere în Data Mining*. Curs 2: Date, Universitatea Transilvania din Braşov, Facultatea de Matematică şi Informatică, 2014, Available online: http://www.slideshare.net/lmsasu/curs-2-data-mining?next_slideshow=1 (accessed on 04.09.2014).

⁷ Detlefsen M., McCarty D., Bacon J., *Logic from A to Z*, Routledge, London USA, Canada, 1999

⁸ Han J., Kamber M., *Data Mining: Concepts and Techniques*, Second Edition, Morgan Kaufmann Publishers, United States of America, pp. 1-17, Available online: <https://archive.org/stream/DataMiningConceptAndTechniques2ndEdition/Data.Mining.Concepts.and.Technique.s.2nd.Ed-1558609016#page/n5/mode/2up> (accessed on 04.09.2014).

⁹ Ilie M., *Culturi organizaționale în spațiul universitar românesc*, Cultura Performanței Universitare, Available online: http://cosur.rcsedu.info/index.php?option=com_content&task=view&id=10&Itemid=14, p. 13, Apud Bibu N., A., 2002a, p.63 (accessed on 04.09.2014).

strategic management of the university, on the analysis of strengths and weaknesses of the institution, on the analysis of opportunities, chances and on qualitative and quantitative data to support the analysis.¹⁰

To ensure university performance it is necessary to analyse the norms, values, mission and goals of the university, what the university seeks to obtain, the analysis of the activities and governance, how the university is trying to get what it follows, the quality analysis, the analysis of strategic management and the ability to change in order to improve.

In the construction of performance indicators and the classification of universities, criteria such as teaching and learning, research, university relations with the external environment and institutional capacity are taken into account. Issues such as the study offer, number of graduates, number of students enrolled, human resources, results of scientific research and artistic creation, national or international funded projects, research contracts, university partnerships with the socio-economic sector, orientation to the socio-economic environment, various programs, the ability to support learning, teaching, research and services provided to the society, campus administration, research staff, but also extracurricular courses, career guidance and others prove to be extremely important in terms of university management's performance.^{11 12}

As a key component of performance management we can identify the human resources within the university system. Their performance is evaluated based on the development of materials, scientific research, national and international recognition, work with students and activities in the student community.

Given the above mentioned, it is easy to note that many of the evaluation factors previously mentioned are largely related to extracurricular activities, these having a determinant role in defining the performance of universities and hence their management, which justifies the need for studies oriented to these types of activities.

¹⁰ Institutional Evaluation Programme: Performance in Research, Performance in Teaching- Quality, Diversity, and Innovation in Romanian Universities Project, Guideline for institutions, May 2012, p. 10

¹¹ Ghid de colectare a datelor și informațiilor pentru clasificarea universităților, pp. 2-3, Available online: http://qa.ubbcluj.ro/documents/cuips/ghid_de_colectare.pdf (accessed on 04.09.2014)

¹² Metodologia de evaluare in scopul clasificarii universitatilor – HG 789/2011, [accesat la 26.09.2013]. Available online: <http://www.legalis.ro/2011/08/12/metodologia-de-evaluare-in-scopul-clasificarii-universitatilor-hg-7892011/> (accessed on 04.09.2014)

4. Presentation of an own model of university performing management

Following the conducted research, the influence of internal environmental factors can be observed on students' involvement in extracurricular activities. Both offer of extracurricular activities and curricular activities depend on the university management, material resources, financial, human, informational, but also on organizational culture, the study analysing only issues of extracurricular order. The extracurricular activities conducted determines students' involvement. This is directly influenced by the promotion and diversity of the offer, by the organizational climate, and by the needs and skills of the student. Involving students in extracurricular activities leads to students' satisfaction towards the university, development of personal and social skills and thus to a performing management through the attractiveness of the university, university performance and graduates' integration in the economic environment.

Both the extracurricular and curricular activities offer, and the involvement of students, their satisfaction, but also the outcome variables are influenced both by specific external environmental factors such as candidates, competitors, partnerships, syndicates, suppliers, owners, and general external environmental factors, such as the political, economic, social and technological ones.

In order to analyse the functioning of the system and to identify factors influencing the university management, an own university management model was constituted. This model will be studied through modelling, in order to establish certain influences and decision rules in terms of influence and behaviour of factors such as students' involvement in extracurricular activities, academic performance of students and university's attractiveness on the performance of university management. This further analysis may be extended along the entire model.

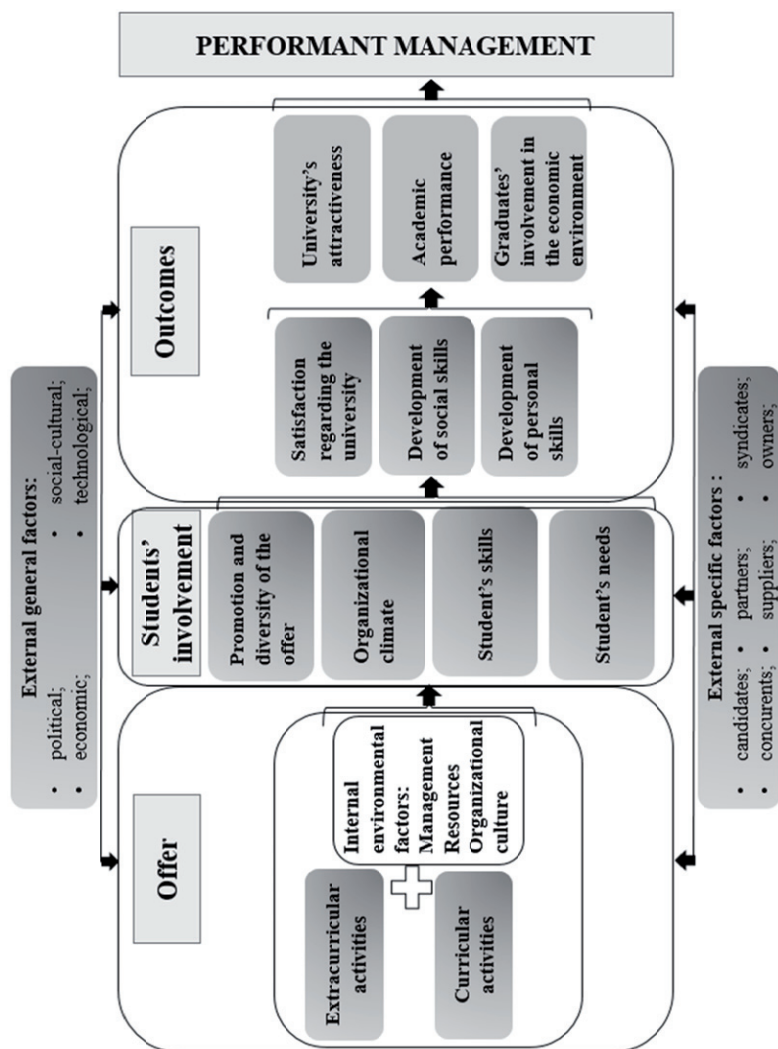


Figure 1. University performing management model

5. Behavioural analysis of influence factors from the model

The model is divided into components which in turn have associated factors. Depending on the issues captured in the questionnaire, the factors are divided further into variables that describe the behaviour's degree of the factor. An instance of the factors' behaviour is represented by one questionnaire, through which numerical values are captured. As components in the analysis we focused on the involvement in extracurricular activities, academic performance of students and university's attractiveness.

Influence factors of students' academic performance are students' integration, skills, communication, involvement in extracurricular activities and study offer. Integration refers to the integration of students in the student community, in the business environment and involvement in student organizations. The skills refers to the organizational and leadership skills, time management and team spirit. Communication has as variables the communication between teacher and student, between students and team spirit. Involvement in extracurricular activities include as variables extracurricular activities in the field of vocational training, work, busy schedule and extracurricular activities in the field of sports. The study offer has as variables the way of teaching, the balance between theory and practice, and others.

The component involvement in extracurricular activities consists of the factors: students' integration, skills and communication. The students' integration in student community variable and students' integration in the business environment variable, form the integration factor. The factor skills consist of the variables organizational skills, leadership skills, team spirit and time management. The professor-student communication, team spirit, communication between students variables form the communication factor.

Within the university's attractiveness component we distinguish the teaching offer, additional offer, leisure time activities and reputation of the university factors. The teaching offer depends on the language courses offer, the study offer, the balance between theory and practice, the quality of teaching and on the admission requirements. The additional offer factor consists of variables such as extracurricular activities in the field of vocational training, the recognition of the university, the university's reputation and exchanges abroad. The university's reputation depends on the extracurricular activities offer, the study offer, the balance between theory and practice, exchanges abroad, study quality, university's recognition and admission criteria.

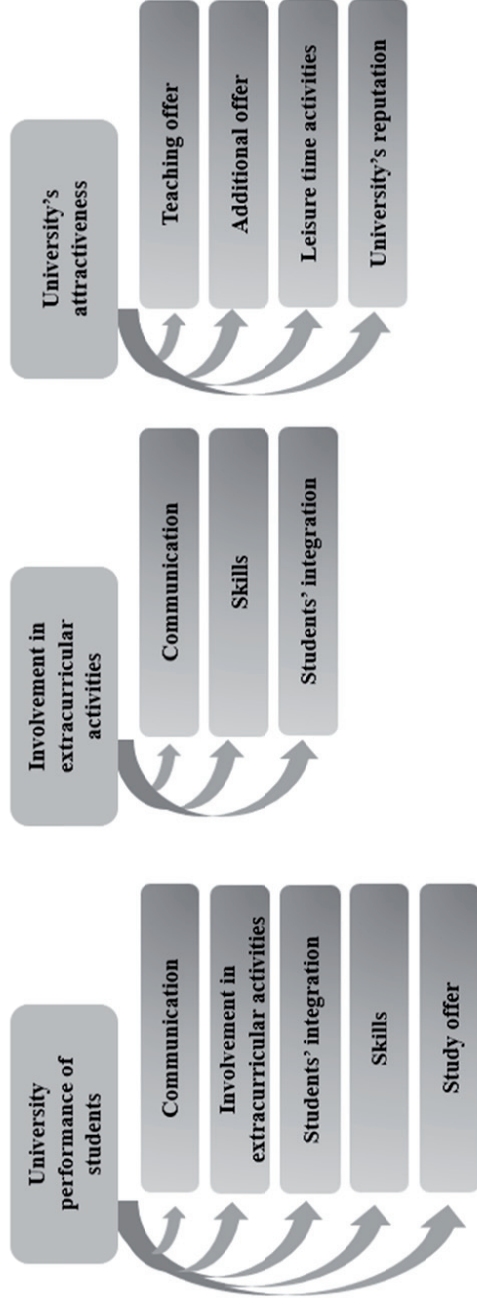


Figure 2. Components' decomposition in factors

Data analysis is done by means of Artificial Intelligence algorithms, using the Weka program based on data distribution according to the involved factors and variables. Thus, starting from a factor, it realizes an entry relationship, that is characterized by the attribute values and the instances of the questionnaire. This relationship is processed using the classification algorithm J48 of the Weka program that presents decisions regarding the factors corresponding to the model.

The behaviour of the communication factor as an influence factor on the academic performance of students, is represented in Figure 3. This leads to some optimal decision rules. One of these is the one that starts from team spirit with a high influence on the students' university performance (less than 2, on a scale from 1 to 5, where 1 denotes the highest influence) and it continues with the variable communication between the teacher and student, which leads to better communication between students. This is the branch of decision, where we can find the most well classified results (51 instances). Those who believe that team spirit has a strong positive influence on the academic performance of students, also believes that the communication between teacher and student and between students have a positive influence on students' performance. Thereby, the team spirit influences the communication between teacher and student and among students, important aspects for students' academic performance.

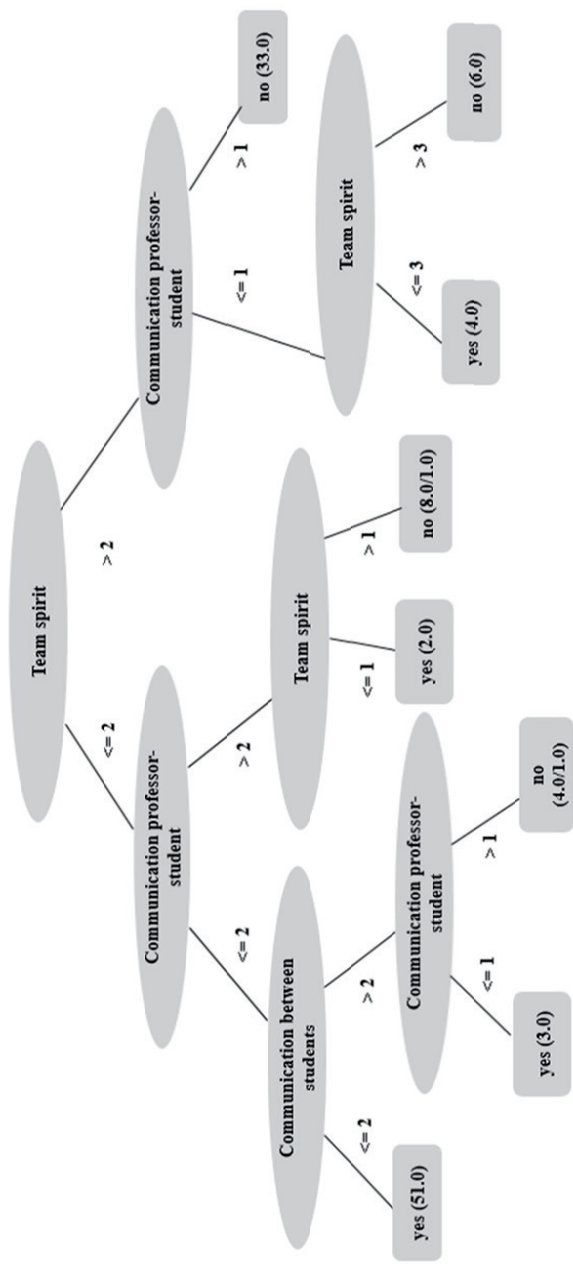


Figure 3. Graphical representation of the “communication” factor related to the “academic performance of students” component through a decision tree

In order to establish an optimal decision rule concerning the integration factor related to the academic performance of students component, it starts from the communication between students, which influences the integration of students in the student community, leading to their integration in the business environment, key aspects of students' academic performance.

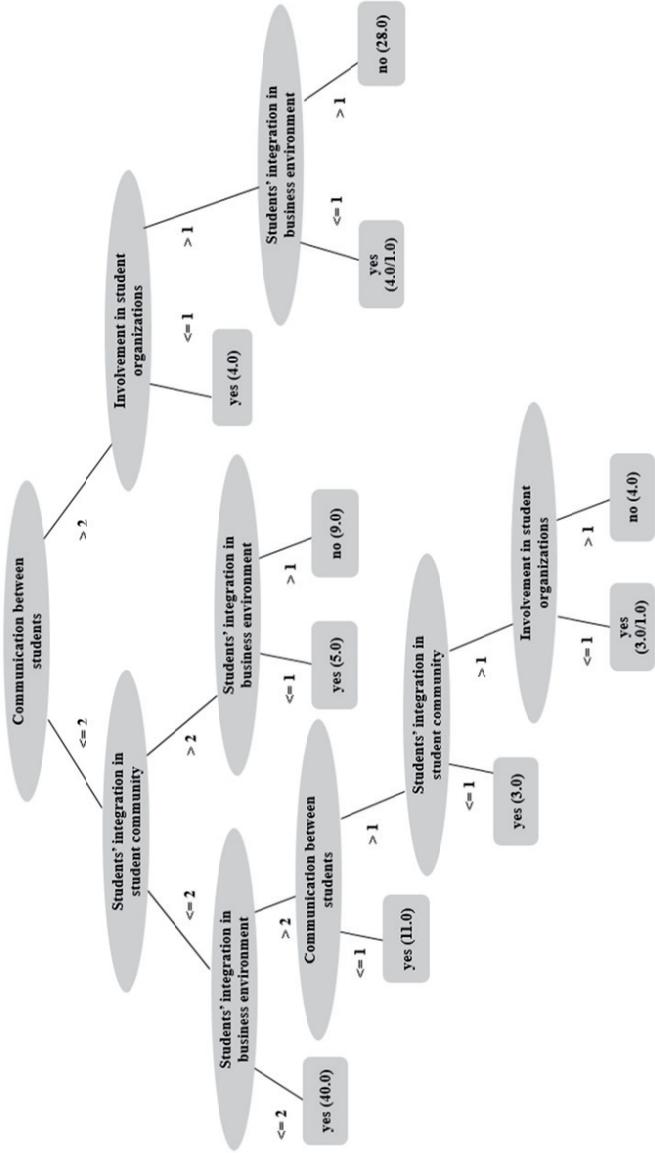


Figure 4. Graphical representation of the “students’ integration” factor related to the “academic performance of students” component through a decision tree

Figure 5 shows the behaviour way of the students' integration factor, related to the component involvement in extracurricular activities. In this case, the optimal decision rule has as a starting point the integration of students in business, very positively influenced by the involvement in extracurricular activities, which influences the integration of students in the student community, with most well classified results, 51 instances. Thus, the involvement in extracurricular activities influence the integration of students in the student community, in business environment, subsequently influencing their integration in the economic environment.

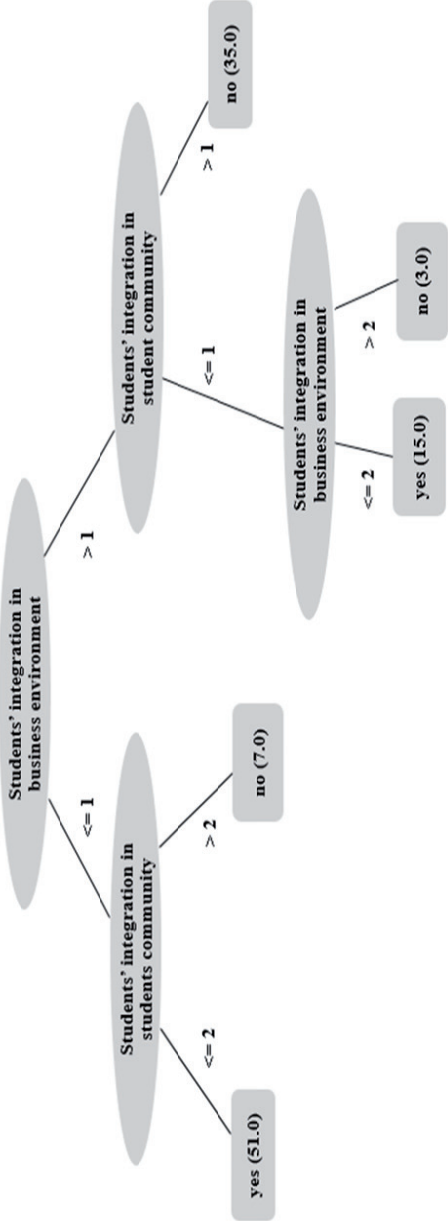


Figure 5. Graphical representation of the “students’ integration” factor related to the “involvement in extracurricular activities” component through a decision tree

Figure 6 shows the behaviour of the additional offer factor related to the university's attractiveness component. In order to determine the optimal decision rule it starts from the university's recognition with a very high influence on the attractiveness of the university, which leads to the extracurricular activities offer in the field of vocational training, aspect influencing the exchange experiences abroad. The university's attractiveness is influenced by the recognition of the university, which depends on extracurricular activities in career guidance. This offer affects the exchange of experiences abroad and the involvement in such activities may lead to the desire of students to benefit from such programs.

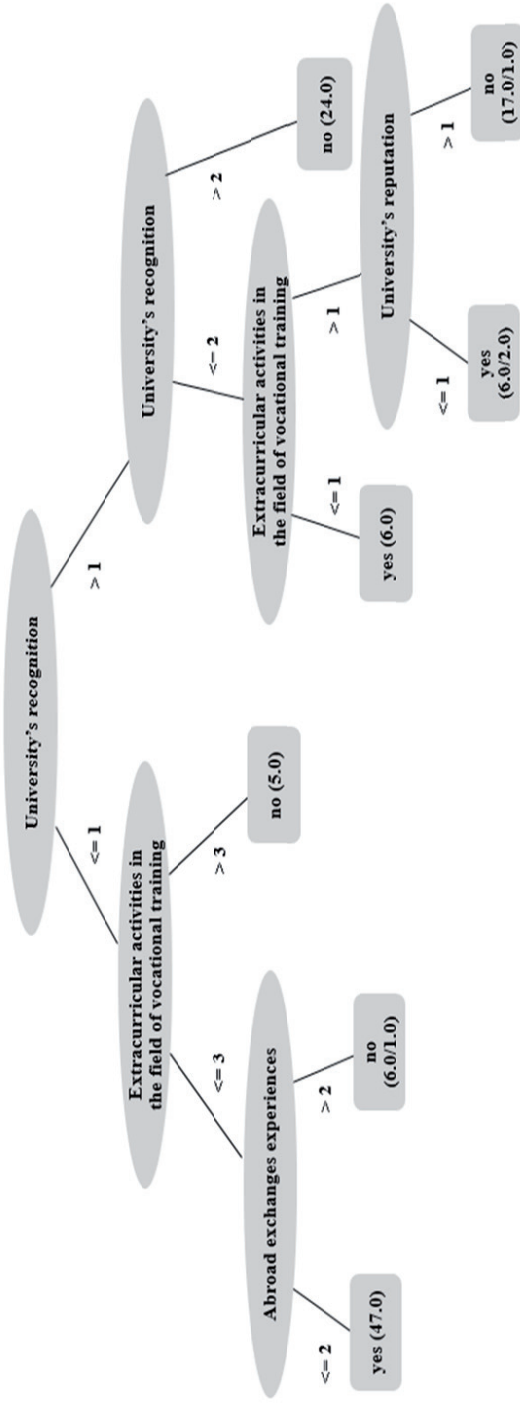


Figure 6. Graphical representation of the “additional offer” factor related to the “university’s attractiveness” component through a decision tree

6. Conclusions

In this research, the influence of extracurricular activities on the performance of university management through the university management model has been analysed and the importance of the university performance's influence, of students' involvement in extracurricular activities and university's attractiveness on a performing university management have been identified, using the modelling technique. These components were divided into factors and variables on which different behaviours and decision rules were identified that can form the basis for further analysis.

Students' academic performance may be influenced by a number of factors, including communication or students' integration. Team spirit influences the communication between teacher and student and among students, aspects that influence the academic performance of students. Integrating students into the student community is influenced by the communication between students and leads to the integration of students in business, very important aspects in regards to the academic performance of students.

Involvement in extracurricular activities affects, among others, the integration of students in the student community, in business, subsequently influencing their integration in the economic environment.

Regarding the attractiveness of the university, its additional offer is an important factor. University's attractiveness is influenced by the recognition of the university, which depends on extracurricular activities in the field of vocational training, aspect that influences the exchange experiences abroad.

In this study only certain aspects of the university management model were discussed. As future research directions, it is thus imposed to continue the study of the influence of extracurricular activities on the university management, in the sense of its performance. It is necessary to continue the study of the influence of extracurricular activities on the attractiveness of the university, on the academic performance and on the integration of graduates in the economic environment.

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MOTIVATING TEACHERS IN THE PRE-UNIVERSITY EDUCATION IN ROMANIA - BETWEEN REALITY AND IDEAL

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Abstract

In a dynamic and complex society as the current one, teacher motivation is the binding between the components of the educational system, stimulating element of the initiative, effort and success¹. For this reason, this scientific research – structured around two different axes: reality and ideal - aims to capture the education context of teachers subject to research and the motivational reality of teachers in pre-university education in Romania (approach focused on the secondary level of education), but also teacher expectations regarding their future motivation.

To achieve this goal, we chose the survey as main research method, while data collection instrument used was the questionnaire. It was designed so as to take into account the multitude of entities that are part of the teacher's relational universe.

Based on the research results, we could conclude that teacher motivation is a very complex and sensitive subject, requiring the adoption of a set of ameliorative measures designed to reduce discrepancies between current and future desired motivation.

Keywords: *motivation, teachers, pre-university education, relational universe, work satisfaction.*

JEL classification: I 21, J 28, J 45, J 81.

¹ D. Sitota, L.A. Mischkind, M.I. Meltzer, 2005, *Motivarea angajaților. Cum crește performanța companiei odată cu entuziasmul oamenilor [Employees' motivation. How company's performance increase with the people's enthusiasm]*, All Publishers Pub. House, Bucharest, p. 252.

1. Introduction

Over time, many scientific works have approached the human resources motivation theme, being a centre of interest for the specialists in management because it is the activity which produces the deepest consequences in the economic and educational sphere.

Channelling our attention to the education system, we can say that an efficient education system cannot exist without competent, well trained and dedicated teachers. Thus, the best education is based on the availability of best teachers. But none of this can be achieved without proper *motivation*.

Motivating teachers is a fundamental concept for school managers because of the close correlation between the motivation of teachers and that of students, the literature showing that student achievement increased when teachers were motivated and decreased when they had teachers with low motivation. Thus, according to J. Brophy², the main reason for the school success or failure is the motivation of teachers and students.

2. Research Methodology

This research tries to answer a major interrogation: What is the motivational reality of teachers in secondary education in Dâmbovița County and what measures can be taken to improve their motivational process?

To find a relevant answer to this question, this paper **aims** to identify and analyze the motivational profile of teachers in the secondary education in Dâmbovița County, and to develop an action plan to motivate teachers – measures adapted to the social and economic Romanian reality.

Based on these empirical objectives we outlined the **research hypotheses** (which allow identifying the answers to research questions defined above):

- H1: The secondary education system is characterized by a low level of work satisfaction.
- H2: The human universe is the most appreciated motivational tier.

² Processed after:

- Brophy J., 1983, „Classroom organisation and management”, *Elementary School Journal*, 83: 4, pp. 265-285.
- Gokce F., 2010, “Assessment of teacher motivation”, *School Leadership and Management*, 30: 5, p. 487.

- H3: Considering the socio-economic particularities in Romania, the teachers in the secondary education have high expectations in terms of the physical universe.
- H4: The secondary education system in Dâmbovița County is characterized by poor financial motivation.
- H5: Misconduct and low interest of students (and their parents) in terms of the educational process – especially in the case of technological high schools – is the main demotivating factor for teachers in secondary education in Dâmbovița.

The **unit of observation** in this scientific research was the colleges in Dâmbovița County (five national colleges, five theoretical highschoools and five technological highschoools) and the **survey unit** was teachers in the aforementioned units.

Analyzing the Report on the state of the secondary education in Dâmbovița County, for the first semester of the school year 2012-2013³ we counted 5448 teachers employed (1358 of which are assigned to high school). Based on this information we set the initial research sample of 300 people, for a **95% significance level** (an **acceptable error limit of 5%**). However, to be protected against a too high degree of non-response, which could jeopardize the viability of the research, and also to maintain the uniformity of the unit of observation, we determined as appropriate a research sample of **375 teachers** (25 teachers from each high school under review).

In the scientific approach undertaken the *investigation* was chosen as the main **research method**, while the **gathering information tool** used was the *questionnaire*.

A next step in the empirical research undertaken was the **preparation and application of a questionnaire** that considers the multitude of entities that are part of the **relational universe of the teacher** (Figure 1).

³ Report no. 338/06.02.2013, published on www.isj-db.ro.



Figure 1. Relational universe of the teacher

The interaction with each of these entities acts directly or indirectly, positively or negatively on teacher motivation, for better understanding of these interactions imposing a total of 44 items, organized into three sections.

In **the first section** of this questionnaire were formulated 40 pre-coded items on **professional motivation, financial motivation or other motivation sources**. In evaluating these items was used Likert's seven-points attitude scale, where 1 denotes a strongly disagree response and 7 denotes a totally agree response, and answers given in this section allow the identification and analysis of motivational realities of secondary education system in Dâmbovița County, and also outlining teachers expectations regarding work motivation.

For a better understanding of the research instrument used, we present below the group of questionnaire items on the main **levels of motivation** – professional motivation, financial motivation or other types of motivation.

The first, **professional motivation** is based on four key components: the energy consumption that the teacher is ready to accept, the professional universe, the situation of constraints or without constraints, and the effect of internal and external factors. Customizing for **professional universe**, it is analyzed in terms

of its four facets: physical universe, human universe, common tasks and occasional tasks.

- **Physical universe** groups five items aimed at motivating teachers about the physical characteristics of the teaching profession.
- The second aspect analyzed – **human universe** – includes eleven items that focus on human relations specific to the secondary education system.
- Next motivational universe – **common tasks** – subsumes nine items on the current activities of teachers in secondary education in Romania.
- Last universe of professional motivation – **occasional tasks** – groups six items on the activities that go beyond the usual in this profession.

Given the sensitivity of the current socio-economic context marked by strong financial crisis, we consider useful the analysis of financial motivation of teachers in secondary education in Dâmbovița County. Thus, this motivational level focuses on financial particularities of the secondary education system.

In concluding this section of the questionnaire we seek to understand the impact that various features of the profession and of workplace exert on teacher motivation in Dâmbovița County.

The next section of the questionnaire, the **second**, has two open questions and one closed question, aiming to identify different motivational experiences and also to know the overall satisfaction of teachers working in secondary education in Dâmbovița County.

The **last section** of the questionnaire deals with the socio-demographic or socio-professional and contextual aspects of teachers participating in the survey, this information being very useful in the statistical processing of the questionnaire.

3. Research Findings

As previously highlighted, teacher motivation is a central vector in the success of the educational process, a first step in achieving this objective consisting of studying and understanding the **educational context** in which teachers in our empirical research are evolving.

3.1 Particularities of the national education system

In the 2010-2011 school year in the public and private education system operated 7.588 school units, number marking a strong downtrend of the school

network (the Romanian school network reducing by 19.739 units to the 1989-1990 school year – because of the reconsideration of units profile and their mergence into school groups or consortia).

Table 1. Evolution of the number of school units in Romania

Type of school units	School/Academic years				
	1989-1990	1994-1995	1999-2000	2004-2005	2010-2011
Total of school units	27.327	29.327	27.633	14.369	7.588
Kindergardens	12.108	12.665	12.831	5.687	1.496
Primary and secondary schools	13.357	13.963	13.154	7.023	4.248
Arts and trade schools	798	764	97	77	5
High schools	981	1.276	1.340	1.413	1.643
Post-secondary schools	39	596	90	79	86
Higher education institutions	44	63	121	117	108
- of which private higher education institutions	-	-	63	62	52

Source: Rotariu T., Voineagu V., 2012, *Inertia and change. Social dimensions of transition in Romania*, Polirom Publisher, Iași, p. 252

The same downward trend could be observed in terms of the **number of students** enrolled in the education system in Romania. Thus, in the last two decades, the school population has decreased by 27.3%. Contrary to this trend, the **number of teachers** in Romania increased by 10.39 % in 2010-2011 school year to 1989-1990 school year (from 229.138 to 252.953 teachers).

Next in our scientific research undertaken we consider necessary to understand the **financial context** of the education system in Romania, a first step in this direction is represented by the study of percentage of GDP allocated to education.

Thus, although Art. 8 of the National Education Law no. 1 /2011 provides for annual allocation from the state budget and local government budgets a **minimum of 6% of GDP** of the current year, these provisions are not complied with, the competent authorities preferring to direct the education funds to other areas of activity, forgetting perhaps that “every cent invested in education goes back tenfold” and that without the appropriate support (both financial and non-

financial) from the authorities, education in Romania has no chance to recover and hold the place deserved, also necessary in today's society (Chart 1).

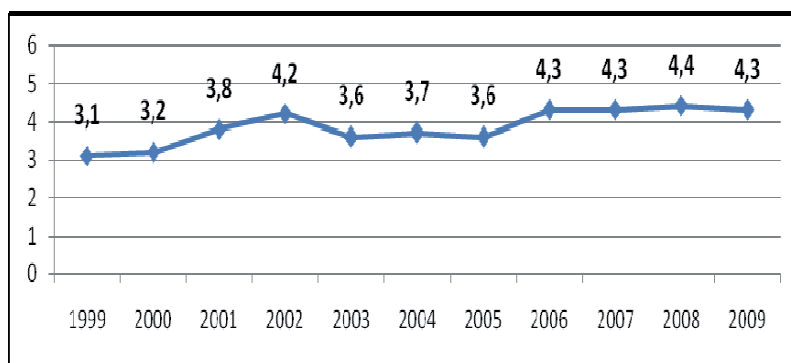


Chart 1. Public expenditure on education, as percentage of GDP

A direct consequence of these issues is the shameful place that Romania occupies among European countries and other reference countries and also unfair salaries of teachers in Romania.

3.2 Particularities of the secondary education system in Dâmbovița County

A next logical step for the scientific research undertaken is to understand the **education context in Dâmbovița County**. For this reason, we analyzed the evolution of the **number of education units** in the county, in the period 2006-2012, noting on this occasion a 22.39 % reduction in the number of units in this county (the largest reduction occurring at the primary and secondary education level – 29.33%, contrary to high schools, the only one that recorded an increase, even if modest, of the number of units – 3.33%).

Analyzing the **number and categories of teachers operating in Dâmbovița County**, we observe a decreasing trend of the total number of teachers. Thus, during 2006-2012, the number of teachers has decreased by 13.11%, the biggest service personnel loss occurring in the primary and secondary education (18.05%) and the vocational education and apprenticeship, which has lost all service personnel. Contrary to them, the number of teachers in post-secondary schools recorded the highest growth (26.67%).

Regarding the **average net salary of teachers** in this county, we see an upward trend during 2001-2009, followed by a downward trend until 2011, a trend due in part to the socio-economic and political context of this period (Chart 2).

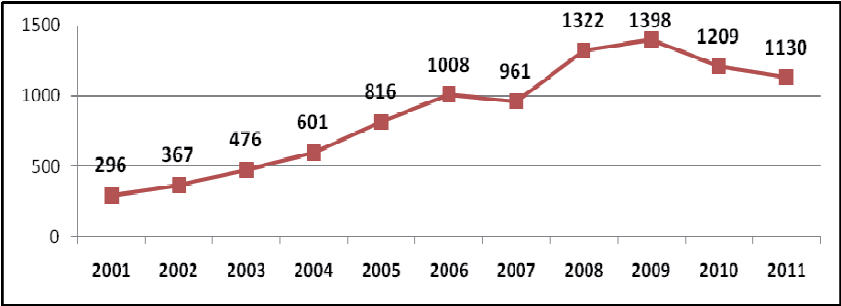


Chart 2. Evolution of the average net salary of teachers in Dâmbovița
(expressed in RON)

For a better understanding of the significance of this salary, we have compared it with the average net salary in other fields in the Dâmbovița County and the findings made us equally sad and concerned. Thus, in 2008, the average net salary of teachers in the county analyzed looked occupy a leading position in the wage hierarchy (fourth rank), while in 2011, at just three years apart, teachers salary is only at the second half of the wage hierarchy.

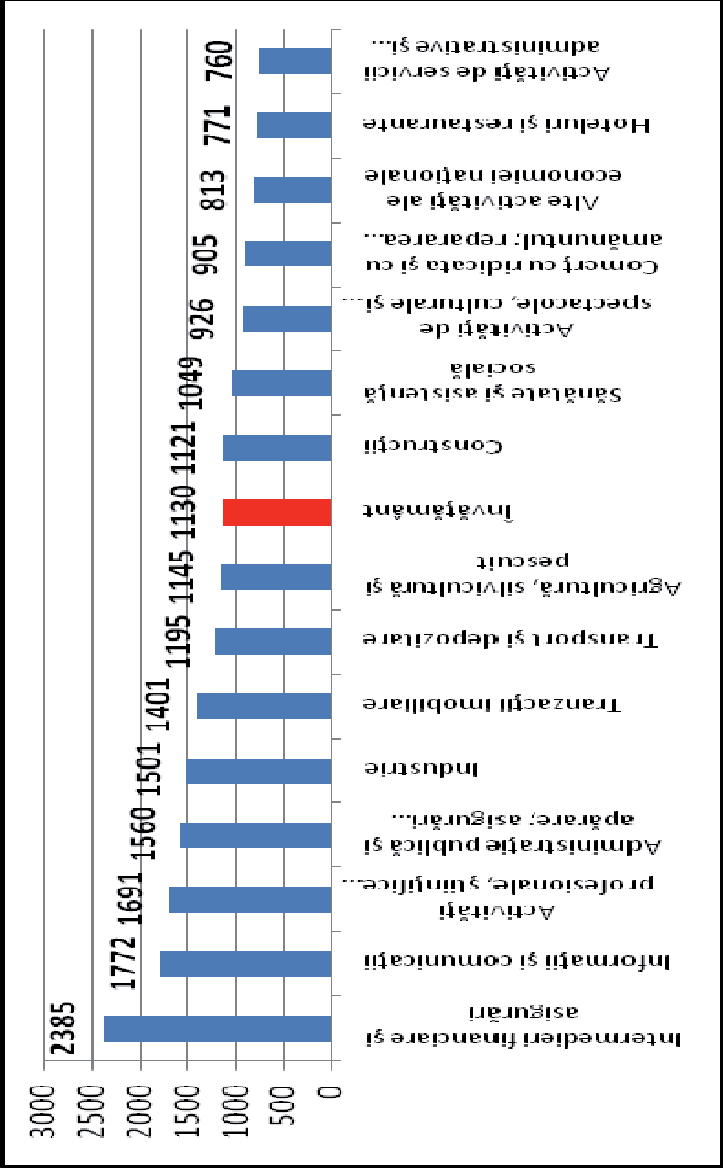


Chart 3. Hierarchy of the average net salary in 2011 in Dâmbovița County

3.3 Motivating teachers in Dâmbovița County

3.3.1 Research sample

In the education context previously presented was undertaken an empirical research⁴ based on questionnaire – in terms of motivating teachers in secondary education in Dâmbovița County.

After processing the collected data, we can sketch a **portrait frame of the research sample**, respondents being relatively evenly distributed between the three **types of high schools** in which the questionnaire was applied. Thus, 36.36% of the valid questionnaires were filled in by teachers in national colleges subject to research, 28.67% by teachers in theoretical high school and the remaining 34.97% by teachers in the technological high schools analyzed (Chart 4).

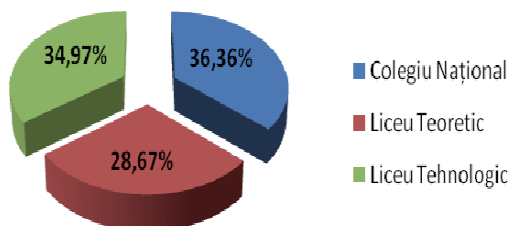


Chart 4. Sample distribution by type of high school

An analysis of socio-demographic features of the teachers included in the survey sample shows a predominance of respondents **aged** between 30 and 40 years (42.31% of the total), opposite hovering teachers under 30 years who are underrepresented (only 9.09% of the total sample); tendency is kept in all the three types of high schools analyzed.

⁴ Processed after:

- Ristea A.-L., 2010, *Research methodology*, course supported within the Predex project, Valahia University of Târgoviște.
- Marcu L., 2013, *Quantitative research. Approach and cognitive valences*, course supported within the Predex project, Valahia University of Târgoviște.
- Ristea A.-L., 2009, *Methodology of scientific research*, Expert Publisher, Bucharest.
- Yin R., 2009, *Case Study Research. Design and Methods (Fourth Edition)*, Sage Publications, Thousand Oaks.
- Yin R., 2012, *Applications of Case Study research (Third edition)*, Sage Publication, Thousand Oaks.
- Pohoată I., 2011, *Epistemology and methodology in economics*, Economic Publisher, Bucharest.

The analysis of teachers by **teaching degree** obtained shows a majority of Ist degree teachers, contrary to beginning teachers, who are the least represented in the survey sample (Chart 5).

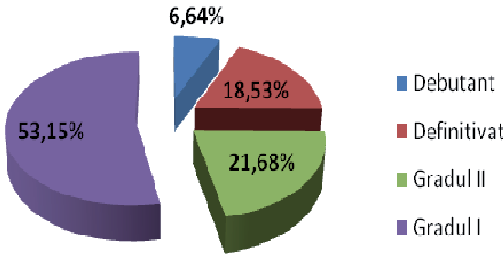


Chart 5. Sample distribution by teaching degree

3.3.2 Work satisfaction of teachers in the secondary education in Dâmbovița County

Further in the empirical research approach, we consider appropriate to understand the **degree of satisfaction of respondents**. Thus, most respondents (65.03% of them) assessed it as quite satisfactory. Also we have to mention the high homogeneity of opinions of respondents, the standard deviation calculated in this case being 0.704.

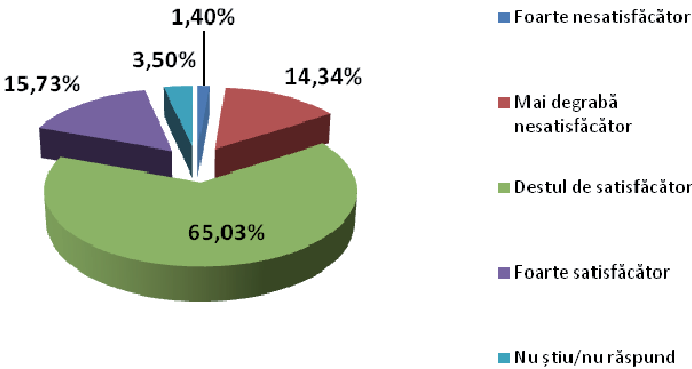


Chart 6. Degree of work satisfaction of respondents

Detailing these results depending on the socio-demographic, socio-professional and contextual features of teachers surveyed, we can see a significant difference between the opinions of beginning teachers (36.84% of them considering this aspect very satisfying) and the opinions of other teachers (only 11.29-15.79% of them had a similar view).

3.3.3 Professional motivation of teachers in the secondary education in Dâmbovița County

Next in the empirical research undertaken was carried out a stage of **analysis and interpretation of items targeting professional motivation of teachers in Dâmbovița County**, analysis that involved two sub-phases. In the first sub-phase was analyzed the **current motivational state** of high schools subject to research and in the second sub-phase was analyzed the **desired motivational state** of these high schools.

In order to facilitate the understanding of the empirical approach and to highlight similarities or discrepancies that occur between the two motivational conditions, we opted for a parallel exposure of these situations, for each level of the professional motivation of teachers included in the survey sample.

3.3.3.1 Physical universe

The physical universe of teachers in secondary education in Dâmbovița County was analyzed in terms of five motivational elements, shown in Table 2. Further in the empirical research undertaken was calculated an average score of responses provided by teachers surveyed, as well as an overall score of this motivational level.

Table 2. Physical universe of teachers in the pre-university education in Dambovită County

Physical universe	Current situation	Desired situation
	4.90	6.76
I1 - Classrooms clean and tidy	5.00	6.84
I2 - Ability to use audio-visual tools in conducting classes	5.05	6.78
I3 - Ability to display specialized teaching documents in the classroom to facilitate teaching	4.88	6.58
I4 - Using a specialized laboratory in conducting classes	4.42	6.79
I33 - Safety within the school	5.15	6.81

Looking at these scores according to Likert's scale we can see that the fourth item – **Using a specialized laboratory in conducting classes** – records the lowest score for the current situation (only 4.42), which shows a lower motivation of respondents on this issue and determines very high discrepancy (2.37 points) between the current and the future motivational state.

3.3.3.2 Human universe

A first step in the study of the human universe of teachers in the secondary education in Dâmbovița County was to calculate average scores for each of the facets of the physical universe, but also an overall score for the entire motivational level (Table 3).

Following the empirical approach we analyzed the coefficients of correlation between the items of the human universe and satisfaction in work, action that showed positive results for 10 out of the 11 items of the human universe. In order to capture the significance of these correlations, the scientific research continues with the individual analysis of each factor of the human universe.

Table 3. Human universe of teachers in the pre-university education in Dambovită County

Human universe	Current situation	Desired situation
	5.62	6.72
I5 - Students disciplined and eager to learn	4.24	6.79
I6 - Relationship of respect and collaboration with teachers in the specialized department	6.31	6.86
I7 - Relationship of respect and collaboration with all teachers in the school	6.22	6.87
I8 - Relationship of trust and mutual respect with the school principal	6.45	6.88
I9 - Positive relationship with the service personnel	6.55	6.84
I10 - Relationship of mutual support - in the interest of students – with their parents	4.97	6.76
I11 - Participation in training courses	5.97	6.42
I12 - Positive relationship with inspectors/ specialist methodists	6.28	6.72
I13 - Supporting teaching by local authorities	4.93	6.70
I32 - Public recognition of outcomes/professional merits	4.71	6.53
I35 - The feeling of belonging	5.24	6.57

Therefore, the first item of the human universe – **Students disciplined and eager to learn** – has the lowest score of all items of the human universe (in terms of current motivational state), score indicating a neutral position of respondents towards the behaviour and interest of students for learning. This very low score translates into the highest discrepancy between the current and the future motivational state (of 2.55 points), discrepancy which is a warning signal to the competent authorities, imposing measures to improve the participation of students in class and their results school.

The item regarding the **Relationship of trust and mutual respect with the school principal** - has a very small gap (0.43 points) between the current and future motivational state, equivalent of a transition from a situation of agreement to one of total agreement on one relationship with the school units principal.

To be noted, in this case, we could not identify a correlation between the item in question and satisfaction at work, this being the only case in the human universe of teachers in secondary education.

3.3.3.3 Common tasks

The third level of professional motivation - common tasks - subsumes nine motivational elements, shown in Table 4.

For a better understanding of the implications of this motivation level on the professional motivation of teachers in the secondary education in Dâmbovița County, next in our study were calculated the correlation coefficients between each item and work satisfaction, approach that emphasized positive relations for 6 out of the 9 items analyzed. Wanting to capture all the meanings of these results, we consider useful the individualization of the research for each of the items analyzed.

Table 4. Common tasks of teachers in the pre-university education in Dambovita

Common tasks	Current situation	Desired situation
	5.71	6.19
I14 - Developing teaching activities depending on curriculum requirements in effect	5.93	6.63
I15 - Adapting teaching activities to the specific learning needs of students	5.80	6.77
I16 - Adaptation of teaching to the needs of school regulations	5.80	6.64
I17 - Own moral influence on students	6.26	6.81
I18 - Transparency of students' assessment and grading criteria	6.33	6.77
I31 - Autonomy in organizing their own activities	5.51	6.63
I37 - Large number of responsibilities (in school and outside school) that this job involve	5.82	5.08
I39 - Too many administrative tasks at the expense of actual teaching	5.47	4.08
I40 - The balance between work and private life program	4.45	6.34

The fifth item analyzed – **Transparency of students' evaluation and grading criteria** – has the lowest discrepancy between current and future motivational state of just 0.44 points. This difference marks a shift from respondents agreement regarding their current motivation (score of 6.33) to an almost total agreement regarding future motivation (score of 6.77).

The item – **Large number of responsibilities (in school and out of school) that this job entails** – recorded a negative gap being one of the few cases where the future motivational state recorded a lower score (5.08) than the current motivational state (5.82). This result can be a clear signal about the teachers' expectations, their desire to be updated, to reduce the number of responsibilities (in school and out of school) that this job entails.

The next item considered – **Too many administrative tasks at the expense of teaching process itself** – also recorded negative discrepancy (of 1.89 points) between the current and future motivational state.

3.3.3.4 Occasional tasks

Last level of professional motivation - occasional tasks - groups six items. As can be seen from the following table, this motivational universe occupies a small beach of values, which oscillates between agreement and almost total agreement of respondents (Table 5).

The third item in question – **Attending teaching conferences/meetings** – enjoys the smallest gap between current and future motivational state (only 0.24), result which shows that the teachers surveyed positively appreciate their participation in teaching conferences and meetings and that they want to keep this situation in the future.

The fourth item analyzed – **Mutual feedback with the other teachers about difficulties in teaching** – has the highest gap between current and future motivational state (0.93 points), which is equivalent to the transition from an agreement to an almost total agreement of respondents regarding the feedback to other teachers.

Table 5. Occasional tasks of teachers in the pre-university education in Dambovită County

Occasional tasks	Current situation	Desired situation
	5.99	6.64
I19 - Collaboration with other teachers in drafting school planning	5.66	6.49
I20 - Possibility of continues information to update teaching	5.90	6.73
I21 - Participation in conferences/teaching circles	6.42	6.66
I22 - Mutual feedback with other teachers about difficulties in teaching	5.75	6.68
I23 - Mutual feedback with the school principal on difficulties in teaching	5.95	6.70
I24 - Active participation in school councils	6.26	6.60

3.3.4 Financial motivation of teachers in the secondary education in Dâmbovița County

Quantified by means of four items, this category of motivation recorded some of the lowest scores for current motivational state, and some of the biggest discrepancies between current motivational state and future motivational state (Table 6).

Table 6. Financial motivation of teachers in pre-university education in Dambovită County

Financial motivation	Current situation	Desired situation
	3.06	6.45
I25 – High salary	2.71	6.77
I26 – Equity of salary to effort in teaching	2.63	6.80
I27 – Failures penalty/negative results	4.44	5.65
I28 – Premium income, vouchers, gift vouchers	2.44	6.58

In this approach were studied **teachers' expectations** regarding the wage received by a teacher in secondary education, the universally accepted opinion being that it is necessary to increase wages, increase seen as a **necessary condition (but not sufficient)** to support the motivation and performance of teachers.

The study of **teachers' expectations** shows that, regardless their socio-professional category, 16.8%, respectively 80.3% of them consider as important or very important the future wage equity of teachers.

At the end of the study of this motivational level, we want to draw attention to the importance of this form of motivation because it allows **strengthening the feeling of well-being and security**, respectively the **feeling of getting benefits**.

3.3.5 Other motivational categories

The third and final motivational universe consists of five items with low homogeneity of opinions of respondents.

In terms of job satisfaction, items of this motivational tier have a positive correlation with satisfaction at work, with one exception, the last item - Considering the option to change profession.

The third item of this motivational tier - **Respectable position in society this profession provides** - has the highest discrepancy between current and desired motivational state.

Table 7. Other motivational salaries

Other motivational salaries	Current situation	Desired situation
	4.49	6.25
I29 - Long-term safety of the workplace	4.73	6.72
I30 - Opportunities for promotion	4.50	6.55
I34 - Respectable position in society - which this job provides	3.81	6.80
I36 - The prestige of the school unit	5.57	6.73
I38 - Considering the option to change profession	3.82	4.46

3.3.6 Motivational and demotivational experiences of teachers in the secondary education in Dâmbovița County

Following the analysis of the responses provided by the teachers questioned – regarding **situations with positive influence on their professional motivation** – we could achieve a hierarchy of frequency of the main categories of cases mentioned by respondents (Chart 7).

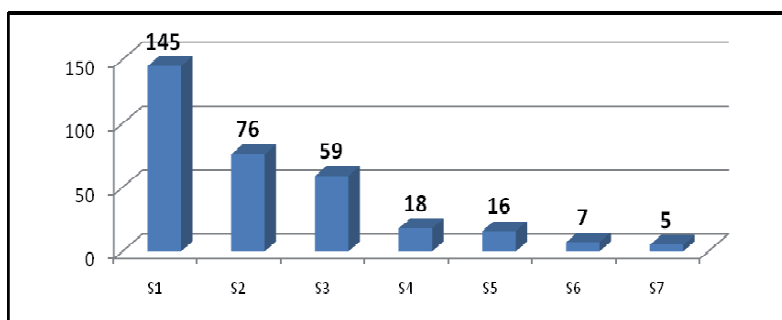


Chart 7. Frequency of situations with positive influence⁵

So, the appropriate behaviour of students, the interest in teaching and good educational results are most often mentioned by teachers as having a positive influence on their work motivation - 145 out of 286 respondents mentioning this. In contrast, only 7 and respectively 5 respondents recalled the attachment and assignment or other situations as having a positive influence on motivation. Respecting the same procedure also regarding situations with negative influence on teacher motivation, the most mentioned categories of situations were ranked in Chart 8.

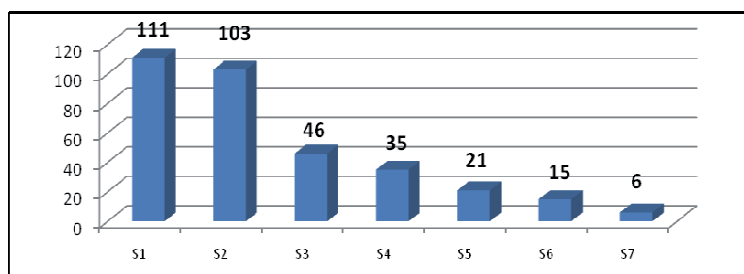


Chart 8. Frequency of situations with negative influence⁶

⁵ S1 – Appropriate behavior, interest and good school results

S2 – Positive relationships, cooperation, positive feedback and recognition of merits

S3 – Positive training and professional activity

S4 – Promotion

S5 – Good working conditions

S6 – Attachment and mission

S7 – Other positive situations

⁶ S1 – Misconduct, carelessness and poor school performance

S2 – Poor working conditions

S3 – Negative relationships, poor collaboration, negative feedback and not recognizing merits

S4 – Socio-economic context, political factor and educational reforms

S5 – Negative training and professional activity

S6 – Other negative situations

S7 – Negative promotion

As in the case of situations with positive influence, the behaviour and school results of the students occupy the first choice among the respondents' options. This similarity reinforces the idea that students are in the center of teachers' interest, their behaviour reflecting directly, positive or negative, into the behaviour and motivation of teachers. Diametrically opposed, promotion and other situations are the least mentioned cases, only 15, respectively 6 of the respondents recalling these issues.

Next in our empirical research were analyzed the coefficients of correlation between motivational and demotivational states mentioned above and work satisfaction. This approach reinforces the hierarchy above, between misconduct, carelessness and poor performance of students and work satisfaction existing a negative correlation, of 0.135 level ($p < 0.05$).

Also in terms of negative situations about the training and work of teachers can be seen (by calculating the Pearson and Sig correlation coefficients) a negative correlation of 0.118 with the degree of work satisfaction of teachers surveyed ($p < 0.05$).

4. Conclusions

By cumulating the results of the previous statistical research, we express our concern about the state of the national education system (and in particular about the state of the education system in Dâmbovița County). Therefore, in the analyzed period were observed downward trends of the school network, of the number of students or the number of teachers in the secondary education – partly tempered by the modest increase in the number of teachers working in the upper secondary education in Dâmbovița.

Summarizing this information, we believe that the state of the education system in Romania (Dâmbovița County in particular) represents a negative premise for motivating teachers and for the success of the teaching process, imposing urgent measures to improve and resettle education in the new social construct.

Based on the findings outlined above we desire to analyze the validation or invalidation of research hypotheses assumed (Table 8).

Table 8. Hypothesis validation/invalidation

HYPOTHESIS	HYPOTHESIS VALIDATION/ INVALIDATION
H1: Secondary education system is characterized by a low level of job satisfaction.	Validated
H2: Human universe is the most appreciated motivational tier.	Invalidated
H3: Considering the socio-economic particularities in Romania, teachers in the secondary education have high expectations in terms of the physical universe.	Validated
H4: Secondary education system in Dâmbovița County is characterized by poor financial motivation.	Validated
H5: Students misconduct and low interest (and of their parents) in the educational process is the main demotivating factor for teachers in secondary education in Dâmbovița County.	Validated for technological high schools

In concluding this scientific research we can conclude that, despite the difficulties of the education system in Romania, teachers operate with devotion and professionalism, with a special focus on intrinsic motivation and compensating financial grievances by the joy of working with students, by the satisfaction of developing an activity of great importance to society.

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MANAGEMENT AND PERFORMANCE IN THE ROMANIAN HEALTH SYSTEM

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Abstract

The present paperwork aims to analyze relevant aspects concerning the management and performance of health system in Romania. We presented the Romanian health system in order to prepare the basis for its performance evaluation. First of all we made a short review of literature to substantiate other authors' concern regarding the management and evaluation of health systems performance in general and of Romanian health system in particular. Then we provided elements regarding the implementation and organization of Romanian health system, as well as the various relationships established among the most important institutions that ensure its functioning. Going further with the analysis, we developed a performance evaluation framework for the Romanian health system, guided by the Belgian model presented in the paper. The proposed evaluation framework includes three levels (population health status, health system and the health promotion and health determinants) while the health system performance is evaluated in terms of five dimensions: quality, efficiency, access, sustainability and equity. The paper concludes with emphasizing the importance of achieving such an analysis, with indicating the analysis limitations and the most relevant results along with authors' recommendations.

Keywords: health care, performance, health system, organizational structure.

JEL classification: I10, I14, O52, P17, P46.

1. Introduction

The multitude of trials and the variety of efforts to build sustainable health systems have in common the existence of organizations, rules and ways of funding that impact each health system to achieve its goals. World Health Organization talks about the three undeniable goals of any health system. The first is to improve the health of the population; the second one refers to ensuring equity in terms of financial contributions, and the third aims at respecting human dignity, at providing confidentiality of information, respectively responsiveness to people's expectations (World Health Organization, 2000). The World Health Organization defines health system as “all organizations, institutions and resources devoted to improving health” (World Health Organization, 2000).

We aim in this study to present the most important aspects of Romanian health system structure in order to form the basis of its performance evaluation. Thus, after revealing the specific elements of the health system, we planned to develop a framework for analyzing its performance, based on an existing Belgian model. The assessment itself will involve using several sets of indicators grouped into different categories; interpretations will be conducted in parallel for Romania and Spain, but also compared to the EU average.

2. Literature review

In the health report, published in 2000, the World Health Organization manages to provide an assessment of the national health systems' performance, developing, in this regard, a ranking by country. Depending on attempts to achieve the three objectives of a health system, aforementioned, Japan is ranked first, followed by Switzerland, Norway, Sweden and Luxembourg. In this ranking, Spain is ranked 19 and Romania, 72. Depending on the indicator that provides information on the performance of a health system, the top five countries in the world with high performance are: France, Italy, San Marino, Andorra and Malta. In this ranking Spain enjoys 7th place while Romania is ranked 99. The quantification of such indicator is useful both for understanding the factors that contribute to a certain level of performance, and for attempting to answer as best as possible to people's needs through the development of health policies and health programs.

Health systems performance assessment has been under the attention of many specialists, economists and all interested in the field. So analysis and assessment models were developed at first at a conceptual level, then they were applied to both developed and developing countries.

Many authors have focused their attention and work to assess the performance of health systems, using various approaches. For example, Kruk and Freedman (2008) considered that the performance can be studied in terms of three components or dimensions: effectiveness, equity, efficiency, finding the appropriate indicators for this. Footman et al. (2013), in a completely new approach, considers that the performance of a health system can be measured through the satisfaction of population that uses the health services. The analysis is performed for the states of the former Soviet Union. The results are of the most varied. Issues that influenced people's level of satisfaction are discussed; one of them is the fact that many people associate the government's performance with the one of the health system. Another issue is that they are insufficiently informed. Between 2001 and 2010, for most countries, people's level of satisfaction in the health services has increased. Veillard et al. (2013) discuss and present the performance evaluation methods that allow them to get, for Canada, nationally and locally results, and also at the provincial level, and compare them with results obtained in other countries. The findings "show that Canada's performance was one of the best among the OECD countries, and also that most provincial and territorial units have results clustered close to the Canadian average and also better than most OECD countries" Veillard et al. (2013).

Gerring et al. (2013) provide a regression model for assessing health system performance, a model which includes economic, educational, cultural, geographic, and epidemiological endowments. Among 190 analyzed countries (data used for comparison are from 2010), the best performers are Syria, Bangladesh and Vietnam, while the worst performers are Djibouti, Swaziland and Equatorial Guinea.

No matter the approach used, the performance of a health system, its quality and sustainability depend on management. Lega, Prenestini and Spurgeon (2013) conduct a relevant and comprehensive study which reveals "that the performance of healthcare systems and organizations seems to be correlated with management practices, leadership, manager characteristics, and cultural

attributes that are associated with managerial values and approaches.” Planning, organizing, coordinating, commanding, and controlling are included among management practices that impact performance health systems. Regarding the manager characteristics, the authors take into consideration background, career history, and investment in management training. Culture and management styles are also influencing performance. A transactional approach to leadership, a multidimensional management orientation, a consistency in the use of management tools and processes (strategic planning, budgeting, and business planning) influence the separation in best and worst performers of a health system.

3. Methodology

3.1 Premises for evaluating the health system performance

Member countries of the World Health Organization (2008) signed on June 27, 2008 in Tallinn Estonia, the Tallinn Charter by which they decided to share “common value of the highest attainable standard of health as being a fundamental human right; consequently, each country will strive to increase its own health system performance in order to achieve the objective of increased health on a fair basis, by addressing specific health needs related to gender, age, ethnicity and income” (World Bank, 2011).

In the same time, states have committed to ensure transparency, and monitor and evaluate performance of national health systems. Such an effort may be mentioned for Romania, in a project developed under the World Bank’s coordination. Here, the performance of the health system in Romania is assessed taking into account four dimensions as follows: health outcomes, responsiveness of beneficiaries, equity and financial protection and last but not least, the financial sustainability of the system.

Briefly, the results of performance evaluation are (World Bank, 2011):

- the performance is reported below the EU average;
- users among the poor or disadvantaged people have no access to services;
- most users complain over lack of responsiveness (“long lines, informal payments, rude treatment of patients, poor hygienic conditions, lack of maintenance activities and breaking safety measures”);

- low financial control in the health sector.

Below we present a framework for analyzing the performance of the health system, used by a team of specialists for Belgium in 2012 (Vrijens et al., 2013). We intend to improve this framework of analysis with own indicators in order to use it for assessing the performance of health systems in Spain and Romania compared to the European Union.

Key to the development of Belgian health system performance assessment framework, are two models, one Dutch (Westert, van den Berg, Koolman & Verkleij, 2008) and one Canadian (Canadian Institute for Health Information, 2010). These two were chosen as they were considered complementary and their combination resulted in several levels for the analysis model of health system performance: level 1, indicating the population health status, level 2, indicating the health determinants and level 3, which combines health promotion with decisive aspects of the health system.

Within the health system, the next four types of care are followed: preventive care, curative care, long term care, end-of-life care. Health system performance on the four types of care will be evaluated in terms of five dimensions: Quality, Efficiency, Access, Sustainability and Equity. It is believed that the last dimension of equity, is a transversal dimension, which is found in all three levels of health system analysis. The first dimension is subdivided into five parts, namely: effectiveness, appropriateness, safety, patient centeredness and continuity.

The framework to evaluate the performance of the Belgian health system is represented in Figure 1.

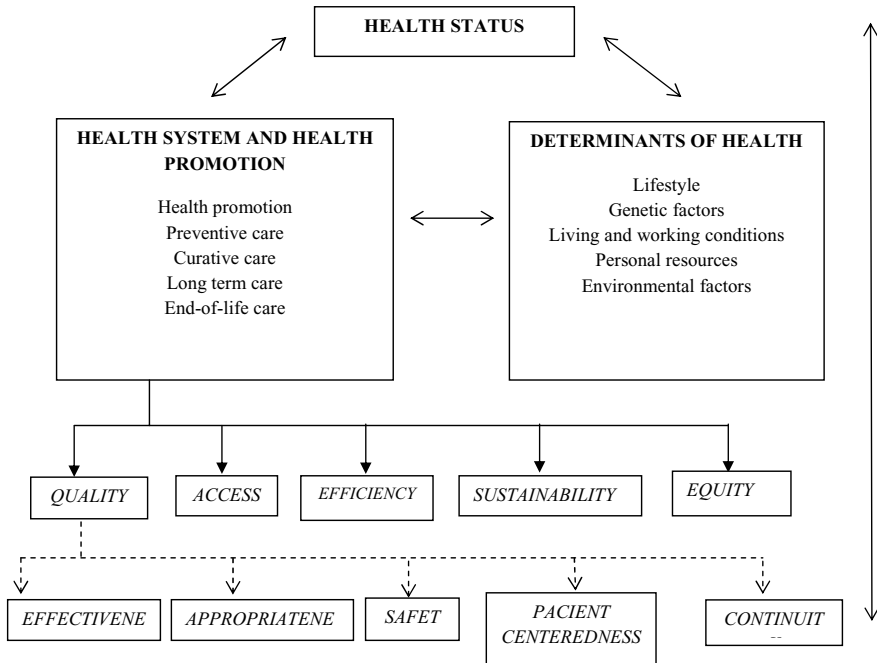


Figure 1. Framework to evaluate the performance of the Belgian health system

Source: adapted after Vrijens et al. (2013, p.134)

Given the characteristics of the Belgian health system, and the proposed analysis scheme, experts used a series of 74 indicators to measure each of the five dimensions of performance, respectively the five sub-dimensions of quality of care.

Among the issues revealed after performing the analysis, issues taken from the Belgian health system performance report, we mention (Vrijens et al., 2012):

- Perceived health status through this analysis is above the EU average (EU-15);
- As regards the access to medical care, high levels of out of pocket expenditure incurred by patients were reported, and also delays in medical care for financial reasons.
- The effectiveness of health care indicates a high level in terms of high rates of survival in case of cancer, but also a low level in terms of mental health.

- The appropriateness of health care is described as disappointing, and as example stands the testing for breast cancer for people who do not pose a risk in this regard.

- Safety of health care indicates a good level, given the decreasing rates of radiation exposure, as well as for developing postoperative sepsis and mortality caused by hip fractures;

- Continuity of care indicates a good level when it comes to long-term relationship with the same doctor and a low level when referring to the high degree of readmissions to psychiatric hospitals.

- Relatively high inequality emerged from analyzing lifestyle indicators, but also in the distribution of population incomes.

4. Analysis of health system performance

4.1 Romanian health system

Romania has experienced in time several models in the formation and organization of health system in accordance with the population requirements. In first instance, in the period between the wars, our country started from Bismarck model, in which those working, but also their family members were insured. Both employer and employee paid equally to insurance (Vlădescu et al., 2008).

From Bismarck model, Romania passed forward to Semashko model in 1949. The new model prepared a public health system financed entirely by the state, without allowing the private health sector intervention (Vlădescu & Olsavky, 2010). Although the model has changed as a result of health reforms carried out in time, it managed to resist over 4 decades. In 1990, however, the problems that the healthcare system faced, have been seriously analyzed (Vlădescu et al., 2008):

- A high degree of inequality between regions and social groups in terms of medical care;
- A relatively low percentage of GDP centralized and unfair allocated in the system;
- Poor quality care services;
- Lack of modern equipment and certain medicines;

- Lack of training for those working in managerial positions.

Following this analysis, the Ministry of Public Health began a series of regulations on health, which targeted areas of interest such as financing and organization of health services, major health problems such as AIDS and tuberculosis, the introduction of a payment system for health service providers.

Perhaps the most important is Law no. 95/2006 on healthcare reform that includes a series of measures to increase health system performance through changes in the 17 components which include (Law no. 95/2006 on Health Reform, 2006): public health, national health programs, primary and community care, national system of emergency care and of qualified first aid, social and voluntary health insurance, removal and transplantation of organs, tissues and cells of human origin for therapeutic purposes, hospitals, organization and operation of the most important institutions in the system.

Then, in 2009, through a Government Decision 562/2009 on health decentralization strategy, the decentralization of the management of hospitals is driven. This creates an operational framework for transferring the management of hospitals to county councils or local councils (National Institute of Public Health, 2009).

4.2 The Romanian health system organization

In Figure 5 we have represented the organization of the health system in Romania on two levels, the national level (NL) and local level (LL) and tried to give information on both the cooperation relations and hierarchical ones between institutions.

The institutions ensuring the functioning of the system and which are included in Figure 2, are:

- ❖ At national level: Ministry of Health, National Health Insurance Fund, College of Physicians, College of Pharmacists, The Order of Nurses and Midwives;
- ❖ At local level: District public health department, District Health Insurance Fund.

These institutions fulfill different functions, being directed towards promoting their own interests. It is important, however, that they work together; otherwise, separate activities can give instability in the system. "Often these institutions are

blamed for any damage to the health system, although the damage was perhaps the result of social economic, behavioral, biological and environmental factors and of their action” (Cicea & Pirlogea, 2009).

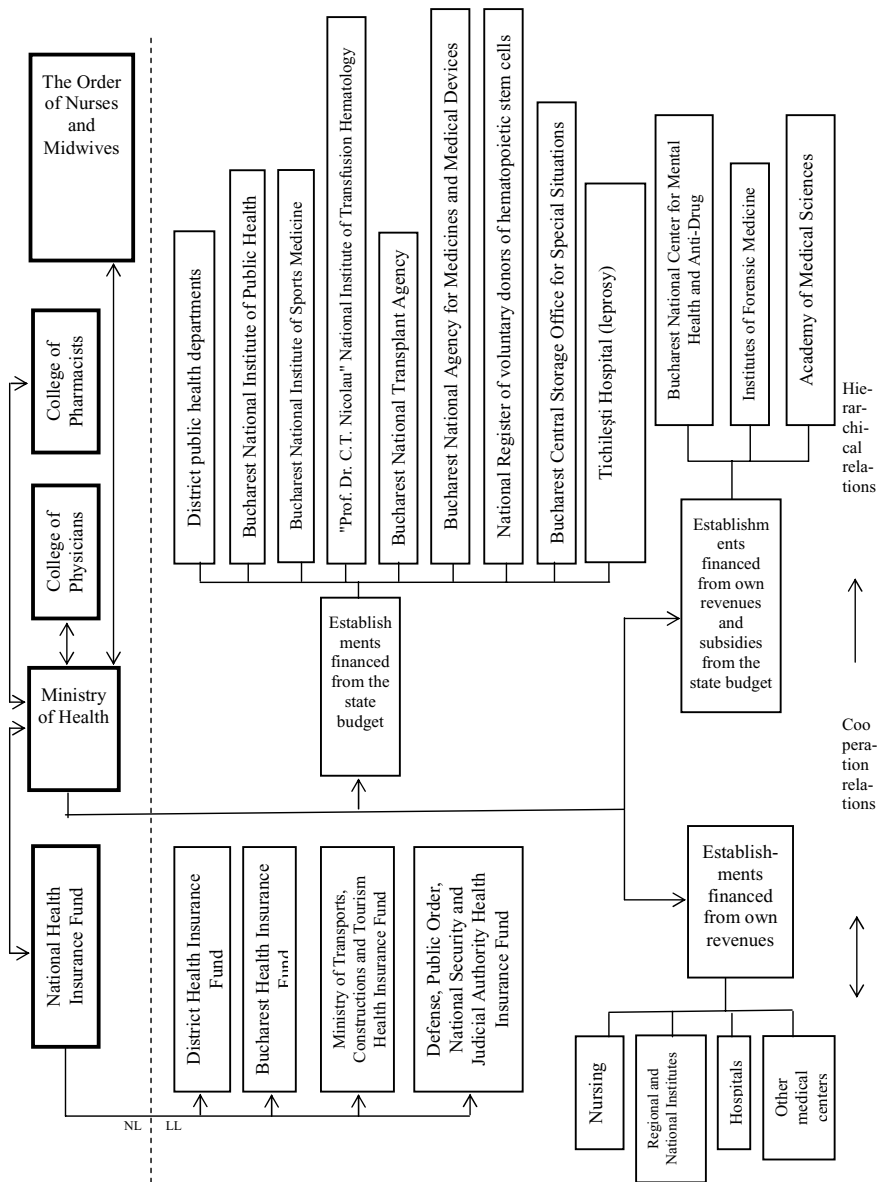


Figure 2. Romanian health system organizational structure

Source: authors

4.3 Performance evaluation of health systems in Romania and Spain

Starting from the idea of analysis used for the Belgian healthcare system, we have kept in figure 3 only the evaluation of health system performance through the five dimensions. Regarding the quality of health care, we studied the five aspects of it, except that some of the indicators used in the Belgian model are not found in our study; they were either replaced or have not been used, due to lack of data. We used for the health system performance study in Romania, compared to Spain and EU-15, a total of 47 indicators presented in Table 2.

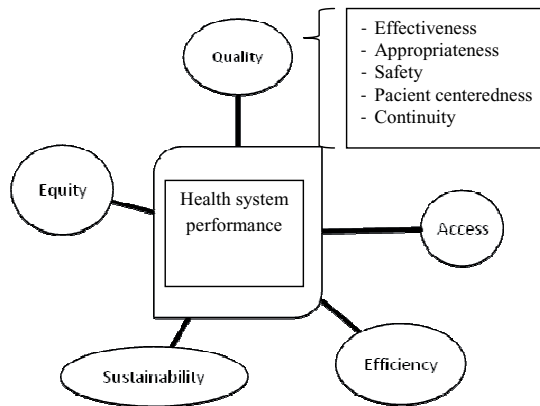


Figure 3. Framework to evaluate the performance of the Romanian, Spanish health systems along with European Union level (EU-15)

Source: adapted after Vrijens et al. (2013, p.134)

To get a general idea of the population health status in the analyzed countries and their position compared to the EU average, we gathered information on six indicators relevant in this regard. The data presented in Table 1 are recent (2011 or 2012). Latest information obtained about each indicator was put between braces. After specifying the level of the indicator, the evaluation performed compared to the EU-15 was specified. This evaluation was undertaken using quintile calculated based on recorded levels of these indicators for all 15 countries (Portugal, Finland, Germany, Holland, Denmark, Italy, Austria, France, Great Britain, Greece, Belgium, Spain, Luxembourg, Ireland, Sweden). The notation used indicates:

- * very low level compared to EU-15 level;
- ** low level compared to EU -15 level;
- *** average level compared to EU -15 level;
- **** high level compared to EU -15 level;
- ***** very high level compared to EU-15 level;

Table 1. Indicators for evaluating health status

Indicators	Romania		Spain		EU-15	
	Level / Evaluation compared to EU-15	Trend	Level / Evaluation compared to EU-15	Trend	Level	Trend
Health expectancy at birth (years) {2011}	71.1 *	↗	79.5 *****	↗	78.6	↗
Healthy life years (years) –Women {2012}	57.8 *	↗	65.7 ****	↗	62.8	↗
Healthy life years (years) –Men {2012}	57.7 *	↗	64.7 ****	↗	62.7	→
Self-perceived health (age group 16-29) {2011}	97 *****	↗	96 *****	↗	91.1	→
Self-perceived health (age group 18-44) {2011}	93.6 *****	↗	91.7 *****	↗	86.8	↗
Infant mortality rate {2011}	9 *	↗	3.1 *****	↗	3.4	→

Source: authors after World Bank (2014) and Eurostat (2014)

Within tables, arrows were used to show the trend registered by the indicators in the last five available years, where applicable (there are indicators that were not available five years, but fewer or that had data available for one year only). The arrows depict an increasing trend (↗), a decreasing trend (↘), an alternating trend (↗↘) and the tendency to remain stable (→).

In Table 1 we have chosen and described six indicators that provide a perception on the health status of the population in Romania, Spain and for European Union average level. Life expectancy at birth places Romania on the lowest







level compared to EU-15, unlike Spain, which records a very high level compared to the EU-15.

The Healthy Life Years indicator refers to the life period remaining to live which is assumed to bring no health problems. It may be noted that this indicator is very low in Romania as compared to the EU average and that for men is decreasing in the last period. The percentage of people aged between 16 and 29 years who believe they have a good health condition is at least 97% for Romania and 96% for Spain, values which ranks them both well above the EU average. However, as they become older, people have a different perception on their health, and the percentage of people who consider their health status at least good, decreases. Infant mortality rate is alarming for Romania; for Spain it is above the EU average.

The studied indicators reflect a global level of development for a society, with overall results of the health system. In analyzing the health status of population there could be included other indicators that are more related to the individual and his activities' results, such as: Suicide rates, Prevalence of persons with disabilities, Medical examinations by level of education and others.

Table 2. Indicators health system performance evaluation

Indicators	Romania		Spain		EU-15	
	Level / Evaluation compared to EU-15	Trend	Level / Evaluation compared to EU-15	Trend	Level	Trend
1. Indicators for evaluating the quality of healthcare						
1.1. EFFECTIVENESS						
Suicide death rate %, age group 15-19 years {2009}	6.2 **	↘	2.1 *****	↘	5	↘
Suicide death rate %, age group 50-54 years {2009}	21 **	↘	8.9 *****	↘	16.9	↘
Employment rate of disabled persons % {2002}	60.1 **	-	59.4 *	-	66.7	-
Employment rate of disabled persons % (age 16-24 years) {2002}	32.3 *	-	36.3 **	-	45.8	-
Employment rate of	38.5	-	39.8	-	41.9	-

disabled persons % (age 55-64 years) {2002}	**		***			
Prevalence of disability % (age 16-24 years) {2002}	1.3 *****	-	2.9 *****	-	7.8	-
Prevalence of disability % (age 55-64 years) {2002}	14.1 *****	-	29.8 ***	-	32.9	-
Psychiatric care beds in hospitals per 100000 inhabitants {2009}	79 ****		41 *		76	
1.2. APPROPRIATENESS						
Breast examination by X-ray, % women 50-69 years (frequency: 1 year) {2008}	3.5 -	-	45 -	-	-	-
Breast examination by X-ray, % women 50-69 years (frequency: never) {2008}	86.6 -	-	8 -	-	-	-
Cervical smear test, % women 20-69 years (frequency: 1 year) {2008}	4.4 -	-	38.9 -	-	-	-
Cervical smear test, % women 20-69 years (frequency: never) {2008}	82.4 -	-	21.1 -	-	-	-
use of prescribed medicines (%) for diabetes {2008}	2.9 -	-	5.2 -	-	-	-
1.3. SAFETY						
Exposure to medical radiation per capita (milisivert) {2012}	0.1 -	-	0.6 -	-	-	-
Surgical site infections (hip prosthesis) of total operations {2010-2011}	4/114 -	-	107 / 3355 -	-	-	-
Surgical site infections (cholecystectomy) of total operations {2010-2011}	6/442 -	-	119/2003 -	-	-	-
1.4. PACIENT CENTEREDNESS						
Unmet need for medical examination or treatment % {2011}	10.9 *		0.4 ****		1.34	
1.5. CONTINUITY						
Consultation of a medical professional by education level % (Pre-primary, primary and lower secondary education) {2008}	79 -	-	66.3 -	-	-	-

Consultation of a medical professional by education level % (Upper secondary and post-secondary non-tertiary education) {2008}	85 -	-	76.5 -	-	-	-
Consultation of a medical professional by education level % (First and second stage of tertiary education) {2008}	85.5 -	-	79.4 -	-	-	-
2. Indicators for evaluating the access to healthcare						
Doctors to 100000 inhabitants {2010}	237 -	↗	378 -	↗	-	-
Long-term care beds in nursing and residential care facilities {2010}	25821 -	↗	245927 -	↗	-	-
Long-term care beds in nursing and residential care facilities by 100000 inhabitants {2010}	121 -	↗	534 -	↗	-	-
Out-of-pocket expenditure as a percentage of private expenditure on health {2011}	98.2 *	↗	76.2 **	↗	68.5	↗
Unmet needs for medical examination (reason: Too expensive or too far to travel or waiting list) % {2011}	11.9 *	↗	0.6 ****	↗	2.2	↗
Immunization coverage % (diphtheria, tetanus, whooping cough - DTP) {2012}	96 -	-	99 -	-	-	-
Immunization coverage % (poliomyelitis) {2012}	92 -	-	97 -	-	-	-
Immunization coverage % (hepatitis) {2012}	96 -	-	96 -	-	-	-
Immunization coverage % (meningococcal vaccine) {2012}	94 -	-	97 -	-	-	-
Immunization coverage % (Haemophilus Influenzae type b vaccine) {2012}	92 -	-	97 -	-	-	-

3. Indicators for evaluating the efficiency of healthcare						
Investments in health per capita (US\$) {2011}	499.7 *	-	3026.7 **	-	4730.3	-
Governmental investments in health per capita (US\$) {2011}	400.9 *	-	2227.5 **	-	3687.6	-
In-patient average length of stay - certain infectious and parasitic diseases (days) {2011}	12.3	↪	8.9	↪	-	-
4. Indicators for evaluating the sustainability of healthcare						
Curative care beds in hospitals per 100000 inhabitants {2009}	462 *****	↪	247 **	↪	335	↪
Psychiatric care beds in hospitals per 100000 inhabitants {2009}	79 ****	↪	41 *	↪	76	↪
Long term care beds in hospitals per 100000 inhabitants {2010}	16660 -	↪	13566 -	↪	-	-
Graduates – Physicians or doctors {2007}	2745 ***	↪	3841 ****	↪	2866	↪
Graduates – nurses {2008}	11491 ****	↪	8987 ****	↪	8497	↪
5. Indicators for evaluating the equity of healthcare						
Gini coefficient {2011}	0.33 **	↪	0.34 *	↪	0.29	↪
Inequality of income distribution % {2011}	6.2 *	↪	7.1 *	↪	4.7	↪
Receipts to health % of GDP – total {2011}	15.9 *	↪ in 2011	25.8 *	↪ in 2011	30.4	↪ in 2011
Receipts to health % of GDP – Employers' social contribution {2011}	5.2 *	↪ From 2009	11.1 ****	↪ from 2009	9.87	↪ from 2009
Receipts to health % of GDP - social contribution {2011}	7.4 *	↪ from 2009	14.2 **	↪ from 2009	15.38	↪ from 2009
Population using improved drinking-water sources (%)–rural {2005}	76 **	-	100 *****	-	99.8	-
Population using	99	-	100	-	99.93	-

improved drinking-water sources (%)–urban {2005}	***		*****			
Population using improved sanitation facilities (%)–rural {2005}	54 -	-	100 -	-	99.5	-
Population using improved sanitation facilities (%)–urban {2005}	88 -	-	100 -	-	99.9	-

Source: authors after World Bank (2014) and Eurostat (2014)

1) Evaluating quality of healthcare

The quality of healthcare is defined as "the degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge" (Vlayen et al., 2006).

Regarding the effectiveness of health services, we selected indicators that relate to population's mental health, and the results of such medical care. Suicide rates for the two age groups is much higher in Romania compared to the EU average, but also as compared to the level recorded in Spain in 2009. Though suicides depend on social and individual factors, it is clear that for Romania are required to be taken concrete actions to reduce the suicide rate.

Although there are fewer persons with disabilities in Romania as compared to Spain, their employment rate is even lower as compared to the EU average.

The appropriateness of health care refers to the extent to which services are consistent with the arising needs. The indicators used to measure the appropriateness of health services show weak results for Romania, as compared to Spain. There is no possibility of comparison with the EU average. Programs for informing people are absolutely necessary for understanding the importance of realizing tests (Cervical smear test, mammograms, etc.) with a certain frequency or administrating treatments received (in this case for diabetes).

Further following the indicators, one can observe that patient centeredness, safety and continuity of care were represented by an insufficient number of indicators. These three dimensions are very important, but insufficient measurements are made for their evaluation.

2) Evaluating access to healthcare services

To assess the degree of access to medical services, the next indicators are evaluated: available health staff, patient financial possibilities, preventive measures, long-term care, and palliative care timeliness. Romania has the highest rate (compared with the EU-15 and Spain) of unmet need for medical examination or treatment due to financial reasons, distance and waiting lists. Regarding beds in nursing facilities and long-term care, this indicator is 10 times lower in Romania than in Spain, and if reported per 100,000 inhabitants, it results that Romania has about 4 times fewer beds in such facilities. Referring to preventive measures, we used national immunization indicators for various conditions. Their achievement rate is quite high, over 90%, for both Romania and Spain.

3) Evaluating the efficiency of healthcare

The efficiency of health care is defined as "the degree to which the right level of resources is found for the system and is ensuring that these resources are used to yield maximum benefits or results" (Arah et al., 2006).

Investments in health per capita are much lower in Romania than in Spain or the EU average, and most of them are represented by government investment. Using these investments to improve certain parameters of the health services effective use remains to be investigated in detail, given the lack of appropriate indicators in this regard. We could have selected an indicator on hospital length of stay for a patient with a type of infectious disease. It has a large value for Romania as compared to Spain, but in recent years has declined.

4) Evaluating the sustainability of healthcare

Sustainability of healthcare refers to the existence and maintenance of the infrastructure in the system, in matter of equipment and labor force. Unfortunately, although we have qualified personnel in health system, in recent years, labor migration from Romania to other health states has occurred, as a consequence of a better financial reward.

5) *Evaluating the equity of healthcare*

Given that most of the times both health status and health services provision are influenced by income distribution, we selected two indicators in this regard. Although the Gini coefficient shows an unequal distribution of income in Romanian society, its tendency is to diminish the inequality.

Another inequality revealed is the regional one. In Romania as compared to Spain and EU-15, rural areas against urban areas, have the lowest percentage of population using improved drinking water sources or with access to sanitation.

5. Conclusions

Vlădescu et al. (2008) consider that a major problem of the Romanian health care system is represented by "the lack of a clear vision of its future and the lack of a coherent project for its health system, which is shared and accepted by the main stakeholders." This entails several issues such as: no functional links of the health system with the hospital system, weak coordination and establishment of clear roles for the main participants of the health system, limited health care budget, the perception of hospital and pharmaceutical sectors as unresponsive to population expectations, "lack of accountability mechanisms at the local level, inadequate communication between public institutions, insufficient management skills among elected local officials and administrative personnel, and lack of a clear vision of health system reform" Vlădescu et al. (2008). Taking all these existing problem into consideration, we aimed to study the most important aspects of Romanian health system in order to form the basis of its performance evaluation.

As Vrijens et al. (2013) explain, the "Health System Performance Assessment is a process that allows the health system to be assessed holistically, a health check of the entire health system. It uses measurable indicators to monitor the system and links health outcomes to the strategies and functions of the health system".

Through the 47 presented indicators, according to the latest available data and compared with Spain and the European Union with 15 countries, this paper is an attempt to performance evaluation of Romanian healthcare system and discusses the many shortcomings of the existence, updating and development of indicators relevant for such an analysis.

The results are as warning signals concerning:

- efficacy of health care (especially in terms of mental health, as the suicide rates for the two age groups is much higher in Romania compared to the EU average, but also as compared to the level recorded in Spain in 2009);
- the sustainability of health care (as the system is unable to retain health professionals trained in our country. In recent years qualified personnel in health system is attracted by better financial reward of other developed countries, so labor migration from Romania to other states is a certainty);
- equity of health services (which is evident when it comes to income, education level, regions);
- the degree of access to medical services (available health staff, limited financial possibilities of patients, not applied preventive measures, poor facilities for long-term care and palliative care). Romania has the highest rate (compared with the EU-15 and Spain) of unmet need for medical examination or treatment due to financial reasons, distance and waiting lists.

Though some results may seem better compared to the EU average or Spain, they can be very weak if we study the targets set in the national health system. Also, such an analysis can identify the strengths and weaknesses of the Romanian health system, representing an important step for future, systematic and comprehensive health system performance assessment.

We have already stated in the beginning of this paper that our analysis is based on an existing Belgian model (Vrijens et al., 2013). We aim to continue in a future work with presenting several important aspects, seen as recommendations in the Report regarding the performance of the Belgian Health System. These are (Vrijens et al., 2013):

- general recommendations to policy makers;
- positive findings or situations to be maintained;
- negative findings or warning signals;
- recommendations to improve the health information system;
- recommendations for the collection of new data or new research.

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ECOTOURISM MANAGEMENT OF PROTECTED AREAS IN ROMANIA IN A CONTEXT OF CLIMATE CHANGING

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Abstract

The main objective of the paper is to unfold a pattern for promoting the Romanian protected areas trough ecotourism, under an ecotourism management. The motivation for the choice comes out of the wish to render profitable in a superior manner the huge ecotourism potential of the protected areas.

The essence of sustainable development is represented by the harmonious integration of economic development, by responsible governing, by ensuring the social cohesion and community man-nature. Tourist activities carried out in a protected area should be based on a management plan developed in consultation with all stakeholders and decision makers involved. We consider that the papers outlining the fact that by the attested value, ecotourism in the Romanians protected area can become a brand that can be extended at a regional national and international level, in the context of climatic changes. Romanian ecotourism can determine on a local plan a better turning into account of the natural and cultural potential, in this way having a contribution to increasing the places for work both in the touristic area and auxiliary sectors of services and managing efficiently local resources; it diversifies the local economy mostly of rural adjacent areas mostly where agriculture has few possibilities to develop; it stimulates the rural economy through an additional demand of agricultural products and more financial capital; it contributes to the improvement of local infrastructure; it favours the intercultural understanding and free communication among inhabitants and tourists; the touristic activities diversified, can entail the increase of the interest for environment protection especially in the context of climatic changes, by convincing the tourism

consumers and responsibility factors on the importance of natural protected areas.

The results of the paper hope to be landmarks for new applications in research and represent the basis of identification of new economic and financial instruments with good social impact on local communities.

Keywords: *management, ecotourism, protected areas, climate changing.*

JEL Classification: L83, M19, Q56, Q57, Q54, Q01, Q52, P48.

1. Generally considerations concerning ecotourism

Ecotourism is usually taking place in nature surroundings, often related to protected areas and conservation. The Ecotourism business contributes to the support of biodiversity conservation, including supporting natural protected areas and areas of high biodiversity value. Ecotourism activities and the quality of the Ecotourism experience depend heavily on the state of the natural environment. An Ecotourism business is also by definition an important direct and indirect benefactor of biodiversity conservation. The main goal of Ecotourism is the appreciation and protection of nature and wildlife. The Ecotourism business must ensure that any outdoor activity complies with the best available practices. The Global Sustainable Tourism Criteria are targeted at both tourism businesses and quality labelling initiatives, with the intention to provide a common framework and understanding of sustainable tourism practices. The Global Partnership aims to address more effectively a such issues as green-washing of tourism establishments, maximising social and economic benefits from tourism for local communities, establishing consumer confidence in green tourism products and encouraging sustainable tourism more generally. An ecotourism that is based on the principles of sustainable development can contribute to the growth of social and economic benefits for local communities.

One of the first definitions of “Ecotourism” was formulated by the International Ecotourism Society in 1991: “Ecotourism is responsible travel to natural areas that conserve the environment and sustains the well-being of local people”.

According to the definition given by the Association of Ecotourism in Romania, this is a form of tourism where the main motivation of tourism is the observation and appreciation of nature and local traditions regarding nature and which must

fulfil the following conditions: preserving and environment protection, use of local human resources, respect for nature, awareness of tourist and local communities, negative impact on the natural and socio cultural environment.

Ecotourism is a tourism which directly or indirectly promotes and supports sustainable economic development. Ecotourism can generate financial support for the formation, management and protection of natural areas. The ecotourism, the cultural tourism, the adventure tourism are on top and there is a rapid forecasting during the next two decades. The global charges in ecotourism are being estimated as increasing with a higher rate as compared to the average one of the touristic industry.

The expectations linked to the development of eco tourism will be reflected in consolidating the potential regarding the employment at a local level and entailing opportunities directed to local culture and natural environment. Investing in the energetic efficiency have proved as being able to generate profits in a period of short depreciation. The improvement regarding the management for wastes can save money for the tourism industry, can create working places and can enhance the attractiveness of tourist destinations. The value of ecosystems for tourists remains under evaluated in many cases and the investment in the cultural patrimony the highest component for consumption demand as far as sustainable tourism is concerned is among the most important investments, profitable no doubt.

The socio-economic and conservation-related goals of an ecotourism concept are corresponding with the following key objectives: to mitigate environmental impacts; to contribute financially to protected area management and conservation; to create environmental awareness; generate job opportunities and benefits to local communities; to ensure social, cultural compatibility and political empowerment.

Depending of the destination's context and its stage of tourism, priority is given to one or the other objective. With its strong weighting of environmental goals ecotourism is a tool of protected area management. In this context its overall goal is "to protect and maintain the biological diversity and ensure sustainable utilization of natural resources." Still, for the management of ecotourism it is a balancing act and big challenge to mediate between the different stakeholders and to comply with the (contradictive) outcomes within a destination.

Ecotourism is usually taking place in nature surroundings, often related to protected areas and conservation.

Ecotourism is about experiencing nature, often interlinked with strong cultural aspects, is marketed responsibly, providing realistic expectations in the customer and makes demands on tour operators, services providers and visitors alike. European Ecotourism Labelling Standard (EETLS) based on the European and global experience in the field, would assure comparable standards of service to Ecotourism clients across Europe, at least in relation to a core group of baseline quality criteria. EETLS shares all of GSTC as they are all highly applicable to Ecotourism. Currently EETLS is made up of 40 specific criteria divided into the four pillars of sustainable tourism, in line with GSTC:

- demonstrate effective sustainable management;
- maximise social and economic benefits to the local community and minimise negative impacts;
- maximise benefits to cultural heritage and minimise negative impacts;
- maximise benefits to the environment and minimise negative impacts.

The criteria apply to various aspects of the management system of an Ecotourism business in Romania, requiring the implementation of a long-term sustainability management plan and the business's compliance with all relevant national or local regulations and legislation. Developing a Romanian Ecotourism label mince to create, promote and implement a system of accreditation for ecotourism, for eco-business (touroperators), eco-destinations (protected areas, rural communities) and eco-lodging (rural pensions). This problem determinate many changes like:

- to will be implemented practical mechanisms for nature conservation and sustainable local development (including financial mechanisms) at destinations level;
- to will change the mentality of the business sector regarding the environmental protection and local communities;
- to increase the quality of the ecotourism services;
- AER will promote at the international level only certified tour operators and eco-destinations;
- to increase the number of foreign tourists and to develop rural areas;
- to identify new eco-destinations.

2. Ecotourism in Romania

Romania has a great potential for ecotourism and depends on how and when it will start a real alternative of a sustainable development in tourism. It has in the same time the advantage of low pollution state for many areas, a great diversity of natural resources, but it' isn't still unready for ecotourism and the moving on is very slow. It is vital that ecotourism criteria reflect some universal principles, whose value is proved through best practice at a global scale and can be thus easily recognized and accepted by both the casual nature visitor and the dedicated ecotourism. Ecotourism also provides visitors with privileged insight and in-depth knowledge about issues related to nature, culture, environment and/ or socio-economic development, means personalized encounters with the ecotourism operator and its representatives.

There is a certain segment of tourists who are interested by the ecotouristic products and who wish to interact with the natural environment trying to understand it and enlarge the level of knowledge and appreciation. This is the reason why the specialists who create and coordinate such activities must present a corresponding level of being aware of the cultural and natural values of the touristic areas by offering correct information and using qualified guides. The standard and type of interpreting the touristic service is being planned in such way as to meet the interests and needs of the client without damaging or having a negative impact on nature. At the same time the touristic programme unfolded within a touristic offer must be created in a transparent way for the members of the local communities where the activity is being deployed.

On the other hand, the green tourism has a great potential corresponding the creation of new working places within the eco touristic tourism. A position in this industry is being estimated as creating one and half in industries related to tourism Romania is the only country in Europe where we find 5 out of 11 biogeographically regions alpine, continental, panonic, stepic and pontic.

Table 1. Romania's protected areas

No.	Name	Surface (ha)
Biosphere Reserve		
1.	Biosphere Reserve Danube Delta	576.216
2.	Retezat	38.138
3.	Rodna	46.399
Total		660.831
National parks		
1.	Retezat Mountains	38.138
2.	Rodna Mountains	46.399
3.	Semenic – Caraș Gorge	36.214
4.	Călimani Mountains	25.613
5.	Ceahlău Mountains	7.742
6.	Bicaz Gorge – Hășmaș	6.937
7.	Nera Gorge – Beușnița	36.758
8.	Cozia Mountains	16.746
9.	Domogled – Cerna Valley	61.211
10.	Măcin Mountains	11.345
11.	Piatra Craiului Mountains	14.795
12.	Buila – Vânturarița	4.186
Total		306.989
Natural parks		
1.	The Little Pond of Brăila	20.456
2.	Grădiștea Muncelului – Cioclovina	38.184
3.	Iron Gates	128.160
4.	Apuseni Mountains	76.064
5.	Bucegi Mountains	32.624
6.	Vânători – Neamț	30.818
7.	Maramureșului Mountains	148.850
8.	Putna – Vrancea	38.204
9.	Lower Prut River Meadow	8.247
10.	Comana	24.963
11.	<u>Dinosaurs Geopark</u> Țara Hațegului	102.392
12.	Geopark Mehedinți Plateau	106.000
13.	Mureș River Meadow	17.166
Total		772.128
Other protected areas and natural monuments (941)		316.012,6

Source: *Ministry of Regional Development and Tourism - National Strategy for Ecotourism Development Phase 1, 2010*

Romania has a high biologic diversity expressed both for ecosystems and for species. The lack of mechanization in the forester sector and the slight economic development determined a reduced operation of resources than in most areas of Europe good for preserving biodiversity.

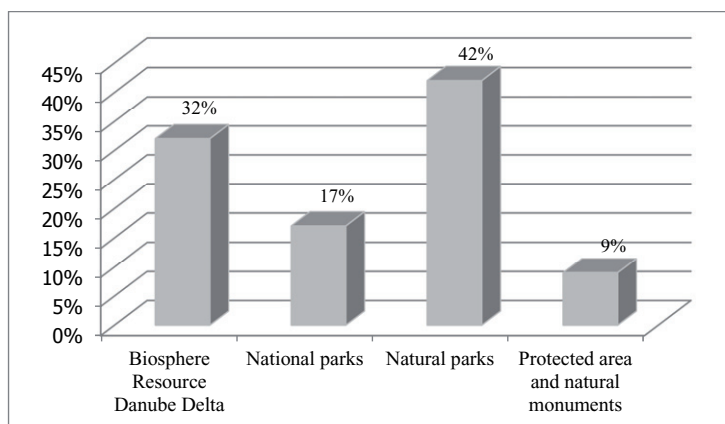


Figure 1. Structural functions of the protected area in Romania

Ecotourism management in Romania aims at two sides namely:

- the plan of management for protected areas- the official document to establish objectives and measures that must be taken into account in order to accomplish an efficient management, liable for the respective areas.
- the plan of management for visitors- directing the adequate type of visitor towards the suited area in the natural area or in its neighbouring by creating the best opportunities to carry out the experience imagined by the visitor, that of spending leisure time in nature getting a negative minimum impact on nature and local communities and creating the best chances for the development of local ecologic business in tourism.

The strategy of development for ecotourism at a national level represents a study conceived to back the organizations and microenterprises, the small and middle ones in local communities and family business that work in tourism, in taking measures to contribute in the sustainable development of services.

Ecotourism means the management, organization and development of touristic activity aiming at not disturbing or destroying the natural balance, the

environment with natural touristic resources and cultural historical values or technical economic ones, and accomplishing their sustainable operation.

The ecologic development of tourism aims at 4 directions:

- the economic direction orientated towards the sustainable operation of touristic resources and the natural environment; reducing of pressure on the areas mostly exploited by introducing some others.
- the ecologic direction aims at protecting and preserving the touristic resources and ecosystems that work with them; reducing and eliminating wastes, their recycling, diminution of taking out the fields of the agricultural and sylvan fields.
- the social direction aims at protecting and at the economic and socio cultural local development of local communities in the respective areal , the traditional economic development and the increase of working places, the turning into account of cultural historical elements that express the cultural identity and develop the spirit of tolerance.
- funding sources to protect the environment, natural habitats and those built and the economy of local community.

These objectives by their content come with two concepts: the best and sustainable operation of resources; protecting and developing from an economic social point of view the local communities.

Rural tourism with its component agritourism, scientific tourism and professional tourism can impose as forms of ecologic tourism. The industry of ecotourism is viable from a commercial point of view, sustainable from an ecologic point of view and responsible from a cultural point of view. It is recommended that each region where ecotourism is being practiced develop its own system of principles, directing lines and certifying criteria based on materials available on an international plan. In this respect, at a national level a Guide was conceived to work out management plans for the protected areas in Romania and it comprises among other things managerial criteria a viable management plan must answer.

Starting with this guide, the management planning can be enlarged in ecotourism so as it should be accomplished by commitment, directed on the process itself, locally worked out and accomplished participially to have an

adequate dimension and to reflect the size and complexity of the protected area, to be accessible to users, to be adequate reflecting the practices and procedures used currently as well as the approaches presented in the decision process, the public participation and management. At the same time, the management planning of the ecotouristic areas must be adaptable meaning that the management plan must be seen as a guide that is offering a vision and guiding towards what must be done and the decision must be taken according to the best knowledge, experiences and expertise available at that moment. The management plan must be realistic, must define and aim at ideal solutions and must be conceived to recognize and face present realities.

Another side that must be approached in the ecotouristic management planning is sustainability meaning that the plan must include components that can ensure relevance in time. The management plan and the planning process in ecotourism must be officially adopted by the protected area stamped by relevant authorities for the protected areas and ideally should be approved by key groups by interested factors. Before being completely legalized the plan must be tested on the ground by the management team and by partners.

Touristic activities within a protected area must be based on the management plan drawn by park owners by consulting all the actors involved.

A good collaboration and communication among all decision factors that are involved is necessary.(local community, central authority, scientific community).

The development of ecotouristic activities in the protected areas entail socio economic profits namely: generating the appearance of working places locally (directly in the touristic area or connected areas) , stimulates the local economy by developing services (structures of touristic accommodation, foodstuff, transport, souvenir industry, craftsmanship products, guiding services. Once developed within a protected area it is for tourism that the local/regional/national authorities be stimulated to contribute to the development of periferic regions by capital insertions. It encourages the growth of agricultural productivity on narrow surfaces (intensive agriculture) to maintain a larger surface with natural vegetation; it contributes to the improvement of intercultural relationships in a region(often tourists are trying to get acquainted to the traditions and customs of some ethnographic region and the hostess community is thus being stimulated to revive popular traditions) .If there is a

normal development tourism can entail self-funding of the development mechanisms that can be profitable for the authorities in the park as instrument for preserving natural areas; it creates re creative facilities that can be used by local communities over one year; it backs the aim to preserve by convincing governments and the public on the importance of natural areal.

Here we have some of the economic advantages of ecotourism: it is one of the means considered most efficient to combine the preservation of nature with the socio economic development; more than any other economic activity ecotourism confers to the wild nature an economic value; it brings more benefits and causes less destructions to nature than the conventional- industrial tourism; it is more consistent with the traditional way of life than other forms of tourism ; it needs less investments than the conventional- industrial tourism; it creates working places and development alternatives by backing nature and local, regional culture and at a national level.

The socio economic advantages entail some concessions too. The activity of managerial authorities for protected areas is suffering because of the lack regarding economic resources, technical and organisational ones necessary for the development of touristic activities. These should be put at disposal by central and local authorities. In such cases it more suitable the granting of the protected areas and offering to administration the infrastructure and touristic endowments. This aspect was regulated in 2003 by the Romanian Government but the system can be put into practice mostly to scientific reserves and nature monuments. For national and natural parks with large surfaces it is indicated a partnership among the representatives of government in the territory- nongovernmental organizations- local authorities.

Ecotourism is a form of niche tourism but very dynamic keeping into accounts the regulations regarding the environment protection adopted by our country, by the economic, social, cultural advantages that tourism can bring to local communities.

Once admitted the importance of this sector for the protection and preservation of the natural and cultural patrimony, for the economic and social development of local communities in the natural rural areas and for the growing touristic experience efforts should be taken to render profitable the rich patrimony that our country has got.

The strategy of developing ecotourism in Romania drawn up in 2010 has as finality the creation of some correspondence among the real premises of Romanian tourism within special natural areas, the demands for environment protection and present tendencies of the international touristic market.

To get this desideratum and to direct it towards a sustainable direction funding mechanisms must be developed and preservation programs for biodiversity, revising legislative instruments that are suited with this domain, awareness with the factors involved, education at local level aiming at directing towards the principles of some sustainable thinking, strengthening of institutional ability for the implementation of the environment legislation.

Ecotourism represents a consequence of the putting into force of the present principles for developing sustainable tourism that aims at respecting the integrity of natural landscapes, ecologic biodiversity, cultural identity in accordance with the demands of amatory tourists for nature and authentic culture.

In Romania, the activity regarding tourism on ecological principles must apply the romanian legislation and normative documents or directives in this respect of the countries within the EU or other world organisations that back such measures and that is to be taken for granted as tuning with in future. In 2007 the global initiative to establish a minimum set of standards for sustainable tourism was launched proposed by the Program for Environment for UN (UNEP) and WTO and implemented by the Partnership for Global Criteria regarding Sustainable Tourism.

The Local Document Agenda 21 and the European Initiative backed by WTO and World Business Council for Sustainable Development proves the contribution for eco-classification to directing the tourist market towards sustainability. At a national level in 2009 the Criteria to credit in ecotourism and certifying quality in ecotourism were drawn up based on an Australian pattern

AER considered that of major importance is the creation of a System for certification in ecotourism as a mechanism to put into practice the main principles essential in ecotourism to ensure preservation of nature and sustainable development of local communities through tourism. This represents an important step within a larger context where in 2003 the WOT recommended to governments in order to back the initiatives that promote the

certifying of sustainable tourism. The system to certify in ecotourism drawn by AER adjusted the international experience to the specific conditions of Romanian ecotourism. Taking into consideration the policy of the EU regarding the products with small impact on environment one should give more attention in the new legislation to backing products and services that have implemented a pattern of good practices in ecotourism(ecoogic label, ecotouristic certifying officially admitted) and free promotion for villages "touristic green" within a general program „Green Touristic Romania". Over 30 touristic operators are being registered in AER and they promote ecologic tourism in Romania and they managed to initiate the development of a chain for touristic destinations at a micro regional level under the brand Discover Eco Romania.

The Association for Ecotourism in Romania certified starting with 2006 a series of touristic pensions with a totality of more than 300 places for accommodation, mostly situated inside or in the immediate approach of some protected areas situated in Hunedoara county, Râu de Mori village. Recent studies have enlarged the possibility of eco-certifying in Mărginimea Sibiului, an area with agritouristic ground and ecoturistic potential (Nicula V., Spanu Simona, Ciortea G., 2012). Other areas with ecotouristic certifying capacities are Viscri - Braşov, Zălanului Valley and Micloşoara - Covasna County which with the help of the British Crown will make a chain of pensions that will cover the Saxon and Sekler areas.

A firm that wishes to certify its ecotouristic products must come with the proof that it has drawn up a sustainable plan in management of the touristic operations of the firm that includes: the vision and objectives of the firm, side by side with an action plan formed by a set of simple measures, that can be put into practice and can take into consideration socio cultural aspects, quality, health, work safety and environment. The firm must organize a periodic training (at least once a year) to inform the staff on the sustainable management plan and putting into practice an action plan in daily activities. At the same time it works out and gives the staff a manual of sustainable management of touristic operations. In the process of accomplishing ecotouristic certification the town halls must be included the town halls, the administrations of protected areas ONG other local actors.

The Association has drawn some criteria to credit ecotourism based on a set of principles that have in view green spaces for accommodation, touristic programs offered by tour operators and touristic destinations (Nicula V. and colab., 2012)

In Romania, the programs for ecotourism have a relatively recent history. The first touristic packages appeared around 2000 when some national parks or natural started to unfold projects that had a component for ecotourism (Retezat, Piatra Craiului, Vânători Neamț, Apuseni). Starting with 2005, on the map of the Romanian ecotourism the first geopark was listed. Dinosaurus Geopark – Hațeg, has a specific management so that according to the inner area of the geopark, those activities were to be chosen to be connected with interpretation and education. This means the existence of an adequate management form the sustainable means of transport; complete exposure of promotional strategy and communication to promote the idea of protected natural area within the accomplishment of new touristic products and the putting into practice of a technical management; establishing monitoring programs of information about the natural protected areas regarding the touristic circulation, consequences and revising periodically the touristic plans for development in order to respect the quality standards for the environment ; analysing the degree of exploiting resources by taking into consideration protection demands; accomplishing conditions to put into practice plans for complex economic turning into account.

Concept admitted internationally and backed by UNESCO for the preservation of the local patrimony, natural and cultural, material and immaterial, the Geopark is an instrument that can entail an identity on the market in the international exchanges and in global communication (Andrășanu A., 2014)

Ecotouristic programs are being offered through the local tour operators: Discover Romania, Carpathian Tours, Inter Pares din Sibiu, Tioc Nature & Study Travel, Equus Sylvania. Among the important tourism agencies in Romania that have developed such programs lately we mention: Paralela 45, J'Info Tours, Perfect Tour, Transilvania Tour, Eximtur, Eurolines, Happy Tour, Christian Tour etc.

The ecotourism has proved to be a crises business after the economic recession hit the European tourism and the Romanian one too. With an efficient management and the suitable infrastructure, the protected areas (except the Natural Park Bucegi) might get more visitors without negative impact on the

environment. In this way more income might come out of tourism and the present situation of the protected areas might improve.

The economic impact engendered by the ecotourism programs unfolded by tourist operators members AER is obviously increasing but the local impact is over the average of classical tourism. In spite of the fact that our country has a special ecotouristic patrimony with a potential still not completely turned into account, ecotourism is still a fragment that is rather narrow on the touristic market confronted with many problems such as: weak cooperation locally, modest promotion nationally and internationally, limited offer, weakly developed, weak development of infrastructure specific for ecotourism at the level of protected areas, migration of working forces, weak level of training regarding the staff.

3. Ecotourism management of the protected areas in Romania in the context of climate changing

The management of sustainable development in tourism is centred on objectives that outline the necessity imposed by the cost and profit analysis not only in the microeconomic dimension but the macroeconomic one too. The ecologic objectives of the management for sustainable development regarding tourism have in view: the impact on biodiversity, gas emissions with greenhouse effect, global warming of the planet, diminution of drinking water reserves, pollution of water, air and ground, acid rains, energetic consumption, urban and rural practices under climatic changes.

The 21th century challenge is the climate changing. This has got three distinctive characteristics: cumulative character, irreversible effects, global manifestation. Romanian tourism is being affected by these changes if touristic activities are liable along the year to violent manifestations of climate phenomena of risk (storms, pluviometric surplus, strong wind, snowstorm, alteration of the high and low values of humidity and temperature). As a matter of fact many areas in the country are vulnerable to excessive manifestations of climatic factors: the seaside, the high mountains, the fields and large water meadows. For each of these areas touristic management must be adapted to climate excessive manifestations that are not recurrent so as the effect entailed by these be reduced in order to ensure a normal development of the touristic activities and the safety of the tourism consumers. Working out some

ecotouristic strategies entail a complex process that is asking for a mature ecologic, economic and social spirit for all public and private actors that interfere in the stages of the decisional process of initiation, adopting and putting into practice the activity programs. Pondering on a management with sustainable basis the natural and anthropic potential can be profitable by preserving and developing in an ecologic, sustainable manner.

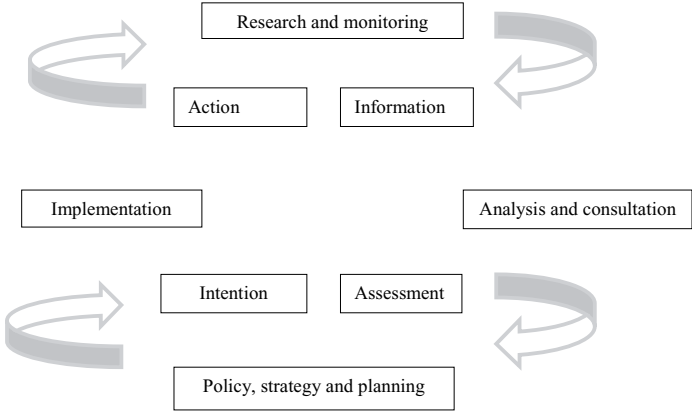


Figure 2. Managerial planning cycle

With respect to the sustainable development tourism has an essential role in Romania recovery. By developing the touristic product to the corresponding standards and tourists' demands , the initiation and promotion of some activities that have to include education and training the adequate mentality for the respective type of development and the strengthening of sustainable development in regions of touristic reception are in demand.

To obtain performance and to develop an efficient activity as far as the firms are being concerned entail the identification and turning into account of opportunities offered by the environment, bu the business environment and by the touristic market.

A special role within the touristic infrastructure of the national and natural parks is held by the visiting centres and by the information centres. They have an important role in promoting the management objectives of the natural protected areas and by the awareness considering the large public for the measures regarding preservation of natural species.

Now, the 28 protected areas in Romania are rather weak in being equipped but where they have developed there are problems for exploring. Within the process of touristic valuing for the protected areas an important role is played by the specific access infrastructure (roads, paths) in most parks there have been created touristic roads that were ratified

Most routes are for trips but there are also for water and cyclo-touristic too. Lately there have been arranged educative routes.

The protected areas in Romania were an important motivation for foreign tourists who travelled mostly from Central European countries. As far as there is no taxation system when entering the parks there no evidence concerning the number of visitors we just guess it. According to estimates that have been made these areas attract around 2.300.000 visitors. We mention: Natural parks as Bucegi (more than 1.000.000 visitors), Vânători- Neamț (around 400.000), Apuseni (300.000), Biosphere Reserve Danube Delta (almost 100.000 accommodated tourists), Iron Gates (60.000), Putna-Vrancea (40.000) and national parks Piatra Craiului (80.000), Semenic - Carașului Gorge (60.000), Cozia (50.000), Ceahlău (33.000). Even if the number of visitors in the natural and national parks is high only a small part has as motivation practicing ecotourism. The total number of foreign ecotourists is somewhere between 10.000 and 25.000 per year. This is due to the existence of a limited number of programs for ecotourism, a small number of parks, poor infrastructure and inadequate promotion. Other categories of tourists who visit the parks are:

- week-end tourists (in most parks, mostly those next to towns);
- tourists who practice religious tourism (Vânători Neamț, Cozia, Buila-Vânturarița, Mureș river meadow, Ceahlău, Comana);
- tourists who practice fishing (Danube Delta, Iron Gates, Mureș river meadow, Little pond of Brăila, Low meadow of Prut river, Comana);
- mountain tourists (trips, hiking, climbing, winter sports);
- adventure tourists, researchers, students, scientific tourism.

We must outline the fact that by using an adequate management and infrastructure the protected areas, except Bucegi Natural Park, we might have more visitors with no impact on the environment. And this might entail more income and improve the present situation of funding the protected areas.

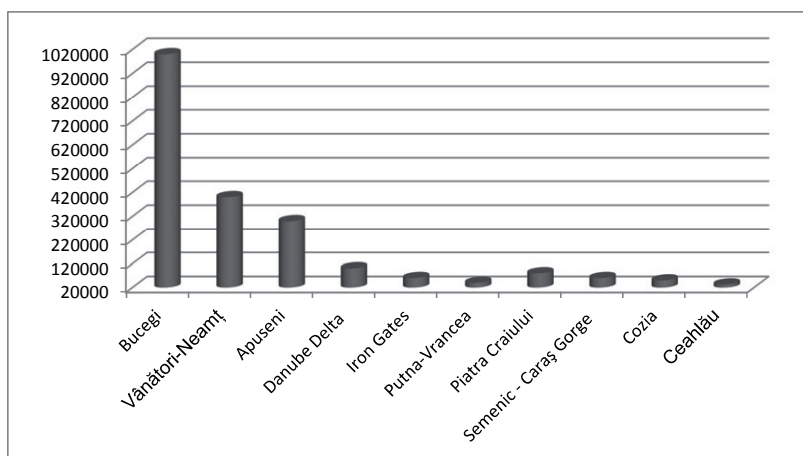


Figure 3. Number of visitors in some Romanian protected area

AER appreciates that the number of tourists attracted by the 19 tour operator agencies and 16 pensions member of AER goes up to 7.000 and the number of tourist days passes beyond 20.000 per year during the last three years. 80% of tourists choose a sejour in an ecotouristic pension in Romania and they come from Germany, Austria, Holland, Great Britain, Belgium, France the most asked being the rural destinations. It is interesting that the average staying for the Romanian tourists (2.98 days) is inferior to that of those who come from Great Britain (7.58 days), Germany (4.37 days). The Romanians represent about 20% of the tourists and are being interested by the accommodation conditions mostly and prefer passive forms of spending the holidays. The clients of such pensions are persons who have average income. The foreigners are ready to spend more and they are interested in activities that they find in the offers as packages (accommodation, agreement, animation: mountain-biking, cyclotourism, observing birds and animals – bears mostly, animal traces, cultural tours, visiting castles, horse riding, pot holing, different customs, traditional of course. There are different formulas: accommodation with breakfast, demi pension, all inclusive. The cost of a day with all inclusive amounts to 60-70 euro/tourist, and more than 16% of the tourists allotted more than 500 euro for their sejour. For the Romanian tourists the sejour means 2-3 days while for the foreigners it means 6 days.

According to the AER the economic impact is obviously increasing as we have in view the programs unfolded by the touristic tour operators members of AER,

the annual income entailed by tourists in rural areas increased from 0,95 billion Euro in 2004 to 1.6 bill. in 2008 and over 2 bill. in 2013. What is remarkable is the fact that locally, the impact overpassed the classic tourism. As for the AER members 80-90% of the expenditures remain within the area where the touristic program unfolds. This is mostly the rural area.

More than 30 touristic operators are being registered in AER and they promote the ecologic tourism in Romania and managed to initiate the development of a chain of destinations for micro regions, under the brand „Discover Eco-Romania”. The network contains pensions such as National Park Retezat - Țara Hațegului, National Park Călimani – Dornelor Land, Danube Delta, National Park Măcin – North of Dobrogea, National Park Piatra Craiului – Branului Land.

The Association for Ecotourism in Romania certified starting with the year 2006 some touristic pensions with an amount of 300 accommodation places, most of them situated inside or in the immediate neighbouring of some protected areas. The ecologic pensions represent an alternative to the usual vacations in the middle of nature. Both those who offer and those who take profit of the touristic services must assure the responsibility to protect the natural and cultural environment.

Table 2. Accommodation in the protected area or near them

Name	Accommodations in the protected area	Accommodations near the protected area
Biosphere Reserve Danube Delta	103	
National parks		
Retezat Mountains	5	12
Rodna Mountains	1	58
Semenic – Caraș Gorge	3	13
Călimani Mountains	1	50
Ceahlău Mountains	0	64
Bicaz Gorge – Hășmaș	5	1
Nera Gorge – Beușnița	4	8
Cozia Mountains	3	32
Domogled – Cerna Valley	39	3
Măcin Mountains	0	1

Piatra Craiului Mountains	10	52
Buila – Vânturarița	1	50
Jiului Gorge	2	0
Natural parks		
The Little Pond of Brăila	0	0
Grădiștea Muncelului – Cioclovina	5	3
Iron Gates	18	15
Apuseni Mountains	150	600
Bucegi Mountains	17	225
Vânători – Neamț	2	50
Maramureșului Mountains	39	27
Putna – Vrancea	39	0
Lower Prut River Meadow	0	45
Comana	1	1
Dinosaurs Geopark Țara Hațegului	27	15
Geopark Mehedinți Plateau	6	12
Mureș River Meadow	6	18
Mureș Gorge	-	-

Romania has got most of the „eco” pensions of the south-east of Europe. The degree of accommodation is estimated to increase in the next years. Practising a green tourism will be good for an efficient use of the resources for different areas and regions in the world, of work force layoffs at the interregional imbalances; a complex means to diversify the national economies. Developing tourism on ecological basis in harmony with the environment for the recovery, protection and preserving the touristic potential as well as fighting against pollution is regulated in Master Plan for developing tourism at a national level during 2007-2026 and with the strategy for the development of ecotourism . Romania will tally with the measures established in the Green Book of EU regarding the strategy for planning urban tourism and will use the economic and fiscal instruments for the environment, for protection regarding touristic resources.

4. Conclusions

Ecotourism is to integrate tourism development and to share the benefits at the community level. Nature conservation can easily become counterproductive if local people are against it. Each tour product should in the best possible way contribute to the local economy by local sourcing, purchasing as much as possible in the area. Ecotourism is a vehicle for striking the balance of local economic development and the conservation of biological and cultural diversity.

Nature conservation in combination with ecotourism provides more local revenues than any other kind of nature exploitation. And besides that, many of the factors that often are a drawback for all other kinds of industry (long distances, low population density, wild lands etc.) in this context instead turn into important strengths for ecotourism development. Ecotourism often provides jobs locally for young people, to the benefit of the local businesses, schools, post offices or other social services.

The criteria below help the tour operators to evaluate to what extent they are actually contributing to the economy of the destination. For the ecotourism operator, the personal encounter with the traveller is in focus. Skilled and competent guides are experts in transmitting the joy of discovery and knowledge, and have the knack of raising enthusiasm among the travellers. This is often an important key to the quality of the visitor experience. Ecotourism is a question of wanting to influence visitors into having a non-disturbing and respectful attitude towards nature, local people and their cultural heritage.

Ecotourism is to travel with a curious and at the same time respectful attitude. Respect comes from knowledge and ethical values. Therefore, to inform and to influence ethical values are natural parts of an ecotourism product.

Knowing the particularities of the touristic activity is of great importance for the manager as he has the possibility to take the most suitable decisions to increase tourists' satisfaction and enhance the efficiency of touristic activity by assuming the social responsibility and by sustainable development. Romanian touristic potential is being appreciated as promising but in its evolution for being successful Romanian tourism must adopt a global mentality and consider international competition.

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THE IMPACT OF BUSINESS REPUTATION ON DEMAND MANAGEMENT IN ROMANIAN PRIVATE SPORTS CLUB

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Abstract

This paper aims to identify a model to analyze the impact of business reputation of a private sports club on the perception of actual and potential customers, in order to improve its market share. The study has allowed an in-depth analysis on demand and offer management of the sports club. Its objective is to find out what customers and the public think, namely, what is their perception of the quality of performed and provided services, the promotion policies and public relations. The study was based on an exploratory and explanatory research type, achieving a random sample consisting of 450 respondents, actual and potential customers, with a response rate of 67.71%. It is important to note that we have found a way to quantify the variation of demand with the modification of variable factor the private sports club reputation. The study has revealed that there is a strong bond between private sports club reputation and its demand.

Keywords: *reputation, business reputation, demand management, customer satisfaction, private sports club, Romanian case study.*

Jel Classification: L1, L2, M10, M12.

1. Introduction

Due to the multiple options that the sports consumer has, it is no longer enough for a sports organization to just run better. Today, to be successful in an increasingly competitive environment, every sports organization has to face

challenges that are difficult to predict accurately, which makes management to worry about performance more and more.

Gradually, sports competition forces organizations to increase the quality of the provided services, increase customer satisfaction, increase speed and flexibility to respond to customers' needs and continuously innovate to provide new services. Achieving these new standards is the responsibility of sports managers.

As with any manufacturing or service businesses, sports club can be approached from the perspective of organizational theory and organizational behavior. All sporting organizations are made up of people or groups of individuals who interact with each other to perform the essential functions of the organization.

What differentiates sports organizations from other enterprises reveals some features that are directly related to the industry. All sports organizations exist for a definite purpose, this may be related to the generation of profits or to encourage practicing a particular sport, etc. Profits may be measured in monetary units, or from a social perspective, practicing sports can be considered as a part of the integral sports culture of each individual.

The goals of sports organizations are more easily achieved if the members work together. Sports clubs operate in an environment of increasing competition. A number of extrinsic or intrinsic factors of the organization can help or hinder a sports club to reach goals. The management which is not aware of these factors, is doomed to failure.

In the case of sports services, the market is specific, characterized by low transparency regarding their charge, as it is difficult to define the content and technical specifications for its manufacture and supply.

Moreover, the market competition is reflected more in its image than in its tariff. An important role in sports services market is negotiation and definition of service or quality offer, given that in many cases, the customer who buys the service, becomes consumer and co-participant in the act of delivering the service, putting his mark on quality and service performance in this way. The more personalized the service is, the more interaction between customer and supplier is required.

The magnitude of sports development led to the creation of a true sports industry, which includes, in addition to associations, clubs, sports federations and companies (unsportsmanlike organizations) that produce for them

(manufacturers of sports equipment and machinery, hotel accommodation, dining facilities, companies that promotes products/services). In the present study, the approach of sports industry includes those organizations for which sporting is the main objective.

2. Literature review

Services related to sports clubs include activities, benefits or satisfactions offered to customers for sale or supplied with product sales. In general, we refer to three types of services: intangible benefits (insurance, investment, medical services), intangible activities that require the use of tangible goods (rental houses and apartments, rental transportation, adequate staffing) and intangible assets sold with products or other tangible assets (spa use for club members, some free lessons for club members, etc.) (Robinson, 2010).

The most important services that sports clubs can provide to sports and leisure consumers are:

- accommodation services (rental of hotels, motels, apartments, houses);
- maintenance services (repair of houses, apartments, installations, cleaning and maintenance)
- recreational services (renting others, repair of equipment, recreation, entertainment);
- health and fitness services;
- sport services (trade sporting events tickets, selling clothes, shoes and sports components, private lessons, rentals, skills in coaching, sports management skills);
- personal care services (laundry, drying room, beauty center, hairdresser);
- healthcare (dental, surgical, ophthalmic, hospital);
- private education;
- professional services (legal, accounting, management consulting, marketing consulting), financial services and insurance (persons and housing insurance, risk management consulting, banking, investment advisory);

- transport and communication services (access to public transport, car repair, car rental services, communication). (Sawyer, Smith, 1999, p 188).

Customers know the capacity and the assets of a sports club as well as the use of sports equipment. If they are satisfied with the services that the club provides, they will recommend it to friends and family. The managers of sports clubs need to worry about keeping customers, knowing that the costs of gaining a new customer is 3-5 times higher than retaining a customer. Keeping supporters like customer retention is a very important fact in professional sports and contributes significantly to their identity as well as to the increasing of the reputation and image of the club. Private sports clubs can only survive if supporters continue to buy tickets to sporting events. Successful sports managers admit that supporters come first and that they are always right (McMillen, 2007).

Reputation, identity and image of a sports club are directly related to its success. Successful clubs manage to keep the high level of expectations of their members and customers through various methods. Using quality programs is one of them. Sports club managers must regularly and consistently implement creative and entertaining programs in which to involve all club members and customers.

As Sawyer and Smith (1999) stated, the development of social, instructional and recreational programs which meet the needs of club members (organized activities such as hiking, watching movies, dancing and competitions) also contribute decisively to the sports club prestige. Club managers can organize social events to create and maintain a warm and friendly atmosphere in it (bringing a celebrity helps to increase the club's image and reputation in the eyes of public opinion).

Moreover, sales of clothes and objects with club logo, as well as regular publication of club magazine, create opportunities for club members and customers to identify themselves with it (Mullin, 2007). Sending a gratitude letter, a welcome letter to new members and sending greetings rated birthday anniversary is also an opportunity to identify with the club, with its image and increasing reputation. Clubs should develop respect for customers, who may be one of the fundamental values of sports clubs. This is materialized also by the quality of the material available to them (day care centers for young children, smoking area, disabled people area, restaurants, clothing stores and souvenir logo club, digital scoreboards, accessible parking, health and fitness centers, laundry service for fans during the match, fans parking service, picnic area),

which contribute to improving the image and reputation of the club (Robinson, 2010).

3. Case study

3.1. Methodology

To analyze the reputation of a private sports club, the research was conducted at the level of a private tennis club, the market leader in its business segment on a regional market in Transylvania region, based on a survey among customers of the club, namely on a questionnaire that has seven types of general questions, each including a number of simple questions to answer. Each question offers the choice of a range of values between -2 and +2. The value -2 corresponds to total disagreement and the value +2 means total agreement, allowing the respondents to tone their answers on the defined scale. The questions allow measuring the attitudes, and quantifying them this way, for each step of the scale, simplifies statistical data processing and enables the correct interpretation of reality. Rekeying information obtained from the questionnaires and keeping them into the database helps to more easily process and properly understand it. In this regard, the value range between -2 and +2 was translated into the range between 0 and 4. In the same direction, we have built a set of relevant indicators, which will allow us to made a detailed study of possible statistical links with direct involvement in the analysis and decision making.

The sample size used in the study was 450 people (actual and potential customers) with a response rate of 67,71%, representing 237 questionnaires, of which 200 were validated, which corresponds to a response rate of 69,71%.

In conducting this study, the following statistical indicators (variables) were taken into account:

- *ResClie*n – the variable represents the sports club's respect for customers
- *RespSoc* – the variable represents the sports club's social responsibility
- *RatEc* – the variable represents the sports club's economic reasoning

3.2. Findings

Table 1 shows that the three variables considered contain relevant data about the 200 respondents in the sample. Some statistical indicators such as: mean, standard deviation, minimum and maximum allow a first characterization of the

sample. Given that the sample is representative, we can extrapolate the finding in the entire population (all clients who attend the club).

Table 1. Statistics indicators for the studied variables

Variables	Obs.	Mean	Std. Dev.	Min.	Max.
ResClien	200	16.575	4.675863	3	24
RespSoc	200	13.775	3.434144	2	20
RatEc	200	13.46	3.512848	4	20

Further, we will study the influence of *ResClien*, *RespSoc* and *RatEcon* variables on the “*Demand*” variable (customers demand). Table 2 shows that there is a significant correlation between both variables, as well as the variable factor and dependent variables (*CalOfer* - represents the quality of club offer).

Table 2. Correlation table between: demand, offer quality, respect for customers, social responsibility and economic reasoning

	Demand	CalOfer	Resclien	RespSoc	RatEc
Demand	1.0000				
CalOfer	0.7298	1.0000			
Resclien	0.7689	0.5618	1.0000		
RespSoc	0.4982	0.4976	0.4844	1.0000	
RatEc	0.6682	0.5599	0.6951	0.5501	1.0000

We have created a new variable, “*Reput*” by summing the scores for the *RespClien*, *RespSoc* and *RatEc* variables. The new variable, “*Reput*”, represents the perceived *customer reputation* of the sports club. *Reput* variable quantifies economic reasoning of clubs management and the respect for society and customers. The theoretical framework tells us that the respect for society, customers and economic reasoning must be linked. Table 3 shows a strong correlation between the “*Reput*” and “*Demand*” variables.

Table 3. Correlation table between: demand, reputation and offer quality

	Demand	Reput	CalOfer
Demand	1.0000		
Reput	0.7745	1.0000	
CalOfer	0.7298	0.6377	1.0000

A general characterization is given in Table 4. Statistical parameters: mean, standard deviation, minimum and maximum values allow us to say that we took into account the answers of all respondents and we do not have extreme values.

Table 4. Statistics indicators for: demand, reputation, offer quality, respect for customers, social responsibility and economic reasoning

Variables	Obs	Mean	Std. Dev.	Min	Max
Demand	200	37.29	8.799035	6	52
Reput	200	43.81	9.882419	11	64
CalOffer	200	40.94	7.684508	12	56
Resclien	200	16.575	4.675863	3	24
RespSoc	200	13.775	3.434144	2	20
RatEc	200	13.46	3.512848	4	20

Regarding the variation of variable “*Reput*”, the histogram in Figure 1 is relevant. Customer perception, in this case, is in the range of 22-65 points. A wide variation of this variable shows a diversity of views on the club's reputation. This requires a detailed analysis, in depth, from the decision makers regarding the club's reputation.

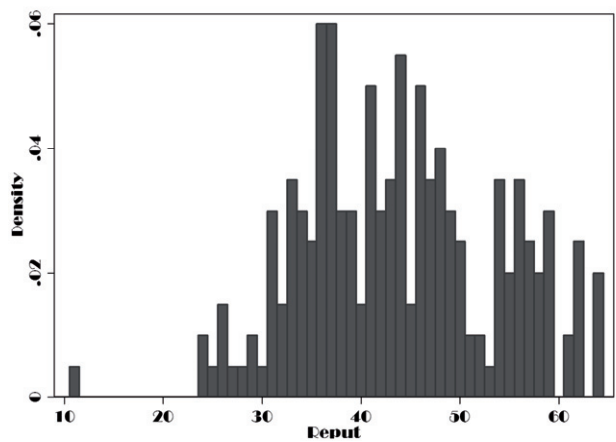


Figure 1. The histogram of variable “Reput”

The variable club reputation (*Reput*) is considered by respondents with an average score of 2,73, respect for customers (*ResClien*) goes to 2,76, social responsibility (*RespSoc*) goes to 2,76 and economic reasoning (*RatEc*) goes to an average score of 2,69 (Figure 2).

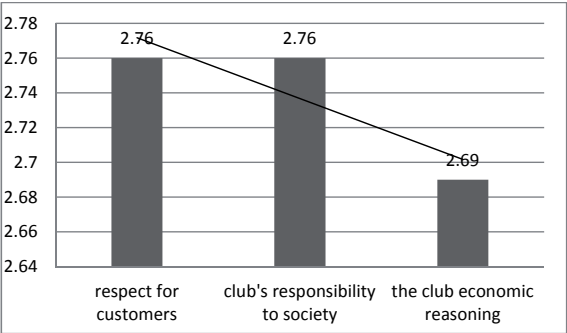


Figure 2. The components of variable club reputation

If we analyze the items of each variable, one can observe a lower assessment as compared to the average variable of the customer care (2,57), supporting charities (2,54), awareness of responsibility to the community (2,56), club offer is a good investment (2,13) (Figure 3). The other items, corresponding to the three variables, are positioned around the mean value of the "*Reput*" variable at very small differences, which leads to the conclusion that these variables maintain the reputation of the club at this level considered "good", but they must sustain on medium and long term the market differentiation strategy to strengthen the competitive position of sports club.

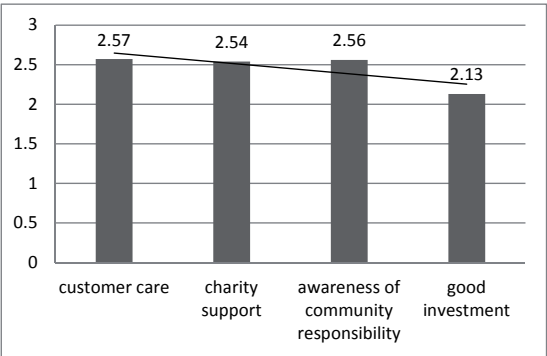


Figure 3. The variables items

We believe that aspects referring to customer relationship and effective and efficient management should be a priority to the tennis club in the development of strategies and organizational policies.

All of these are important in light of the statistical correlations of the variables „Demand” and „Reput”, respectively between „Demand” and those two factors variables „Reput” and „CalOfer” (the quality of club offer).

The statistical cloud in Figure 4 enables us to issue the following hypothesis: the two variables are linked in a linear way and with high intensity. Except for a few points, the others are available in a linear trend.

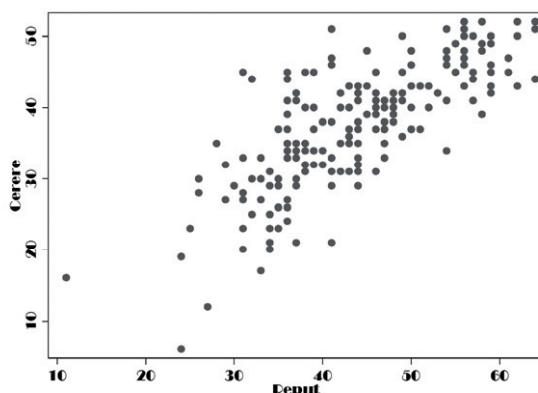


Figure 4. The statistical cloud between variables „Demand” and “Reput”

In Tables 5 and 6 we present the results of two regression models. The first summarizes the statistical relationship between demand and reputation, and the second of the two variables factors: *Reput* and *CalOfer*. Statistical tests included in the table show that the model is linear, *Reput* variable parameter is significantly different from zero and the confidence interval is sufficiently strong. The value $R^2 = 0,5998$ shows that *Reput* variable explains about 60% of the demand variance. This tells us that there must exist other factors that influence the demand. The second model variables introduced both factors, *Reput* and *CalOfer*, although the correlation is quite high (0,63).

Table 5. Regression model - the link between demand and reputation

Linear regression		Number of obs = 200					
		F(1, 198) = 287.87					
		Prob > F = 0.0000					
		R-squared = 0.5998					
		Root MSE = 5.5801					

		Robust					
Demand		Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
-----+-----							
Reput		.6895895	.0406437	16.97	0.000	.6094393	.7697396
_cons		7.079085	1.995921	3.55	0.000	3.143094	11.01508

In Table 6, we find details on the quality of the statistical relationship between the three variables. First, between the dependent „Demand” variable and those two variables factors: *Reput* and *CalOffer* linear relationship ($F = 198,05$; $p\text{-value}=0,0000$). $R^2= 0,6937$ shows that these two factors explained approximately 70% the variation of demand. "T" test shows that these two factors are statistically significant. Variable parameter „*Reput*” is 0,463 which shows that an increase of one point of reputation, will increase demand by 0.463 points.

Table 6. Regression model - the link between demand, reputation and quality of club offer

Linear regression		Number of obs = 200					
		F(2, 197) = 198.05					
		Prob > F = 0.0000					
		R-squared = 0.6937					
		Root MSE = 4.8948					

		Robust					
Demand		Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
-----+							
Reput		.4637995	.0482395	9.61	0.000	.3686673	.5589317
CalOffer		.455313	.0571265	7.97	0.000	.3426549	.5679711
_cons		-1.669569	2.09516	-0.80	0.426	-5.80139	2.462252

In the case of the second parameter, we can say that an increase of one point of the offer, will increase demand by 0.455 points.

We note that there are customers for whom loyalty, price policy, quality courses and internet advertising is null. This is another major problem to the attention of decision makers. Table 7 presented below show that there are levels of correlation between variables, which must be taken into consideration.

Table 7. Correlation table of studied variables

	Demand	Reput	CalOfer
Demand	1.0000		
Reput	0.7745	1.0000	
CalOfer	0.7298	0.6377	1.0000

In the table below (Table 8), we see an average score of 47.57 points for reput among women and 42.34 points among men. "T" test confirms this hypothesis. Sensitivity perception of women in perception of the tennis club reputation and image is larger than the perception of male respondents.

Table 8. Analysis of variance - the impact of gender on reputation among respondents

Two-sample" t" test with equal variances

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
F	56	47.57143	1.233424	9.230103	45.09959	50.04327
M	144	42.34722	.8141331	9.769597	40.73793	43.95651
combined	200	43.81	.6987926	9.882419	42.43201	45.18799
diff		5.224206	1.515444		2.235724	8.212689
diff = mean(F) - mean(M)				t = 3.4473		
Ho: diff = 0				degrees of freedom = 198		
Ha: diff < 0		Ha: diff != 0		Ha: diff > 0		
Pr(T < t) = 0.9997		Pr(T > t) = 0.0007		Pr(T > t) = 0.0003		

4. Conclusions

The study was designed on an exploratory and explanatory research type at the level of a private tennis club, the market leader in its business segment on a regional market in Transylvania region, based on a survey among customers of the club, namely on a questionnaire that has seven types of general questions, each including a number of simple questions to answer. Each question was given the choice of a range of values between -2 and +2.

The study allowed an in-depth analysis on demand and offer management of the sports club. Its objective was to find out what customers and the public think, more specifically, what is their perception of the quality of the performed and provided services.

The aim of the experimental research, based on the analysis of demand management model of a private tennis club, is to identify good practice and complex issues facing private tennis clubs, and to find the most appropriate ways to improve their demand management. The analysis reveals the concern of the private sports club management in ensuring organizational performance and in improving their competitiveness.

The major objective of the study is knowing the customer behavior of the analyzed tennis club, in order to adopt measures concerning delimitation of the market segments and development. Reaching the goal was based on the random and representative nature of the sample. The purpose of the research was to identify the impact of business reputation on demand of a Romanian private sports club. Thus, at the level of club customers, considering the identified model, we can predict how much the demand variable will change in average, if private sports club reputation is altered by one point.

With this research, we tried to sensitize managers and employees of private sports clubs to identify and study the best practices in demand management and apply them, in order to achieve sustained competitive advantage.

The technique of forming the sample, observation and statistical corrections represented the starting point of the compilation of a database available to obtain new and relevant information. In this respect, most statistical processing procedures were completed with appropriate statistical tests, to expand upon the club customers. The existence of relevant information across statistical collectivity is a major component in decision making at the club level. The

studied factor variable, the private sports club reputation, they offer a measurement in points of the customer perception of the club's reputation. Between the dependent variable „Demand” and variable factor „Reput”, there is a strong link. The variable parameter „Reput” is 0.463, which shows that with an increase of one point of reputation, demand will increase by 0.463 points.

It is the decision makers' task to analyze the overall results gained, by groups, and where appropriate, individually, to improve the offer and its diversification and to increase the number of people interested in the club services.

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STUDY REGARDING THE INNOVATION WITHIN THE NORTH-WESTERN PART OF ROMANIA

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Abstract

The paper aims to indentify the degree of innovation used within the companies from the North West region of Romania. At the same time, the paper investigates whether there are differences regarding the innovation activities in accordance to several key variables. The research is designed as a quantitative study based on a questionnaire that had been addressed to key decision makers from a sample of 184 companies. The data was collected using face to face, web based and telephone approaches of the respondents and it was analyzed using principal component analysis, one way ANOVA, and the independent t-test. The companies involve in two types of innovation: product/service innovation and operational innovation. The findings suggest that there are differences regarding the innovation in accordance to size, geographical location and type of industries of the companies. Medium size and large companies are more innovative and they are more likely to sustain intraprenorial activities of their employees. The results can be very useful for theoreticians and for managers as well.

Keywords: innovation, study, Romania.

JEL classification: L26, O14, O31.

1. Introduction

Nowadays innovation is a term used extremely often. Different research studies on companies showed that, in a dynamic business environment, a company's survival and growth depends largely on its ability to promote innovation. Due to the fast progresses in science and technology, innovation has become a key concept in today's society.

Innovation is a complex process through which new ideas are put into practice, thus resulting in changes in the company's offered products and services.

A company's ability to innovate is becoming increasingly important. Two of the factors causing this increase are the technological revolution and the growing competition on the international markets (Lei *et al.*, 1996). The rapid change is part of the competitive landscape so that more and more companies are trying to innovate in order to create new values (Bettis and Hitt, 1995, Lei *et al.*, 1996). Even in more stable environments, firms use innovation as a way to increase revenue, often to the detriment of the less innovative firms (Utterback, 1994).

Considering all these, the present study aims to find answers for the following research questions:

- (1) Does the level of innovation differ in accordance to the size of the company?
- (2) Is the geographical location an important factor for the creation and diffusion of innovation?
- (3) Does innovation differ in accordance to the type of industry of the companies that are involved within the process?

The paper is structured as follows. After a thorough presentation of the state-of-art literature on innovation, it continues with the description of the research methodology and then it highlights the main findings of the study. Next, a discussion section focusing on explaining the main contributions of the paper is provided followed by some concluding remarks.

2. Theoretical background

2.1 Fundamentals of innovation

Theories on innovation have been in the spotlight for decades, but there is no standard definition of this concept. The term comes from the Latin words

"novus" and "innovatio" which refer to something new created. Therefore, innovation represents the creation of new things such as new products, processes, distribution channels and/or a new corporate identity.

In his book "The Wealth of Nations" Adam Smith (1998) examines a number of aspects of innovation related to productivity at the workplace. Joseph Schumpeter has a more evolved perspective where innovation is seen as a key factor in the economic development. Bessant and Tidd (2007: 29) describe innovation as "*the transposition of ideas into something useful and helpful, such as new products, processes and services*". New products, processes, markets and organizational forms are considered to promote economic growth and yet one question arises: How come that some innovations are successful while others are designed to fail?

The companies are trying to adapt and be innovative, but many problems arise in defining innovation within companies because of the value attributed to this term. A definition would be that when a company does something different it innovates. The problem here is that most of us expect that innovation always brings something good. We expect that an economic improvement, such as, reducing costs and increasing the profits, should bring value to the company. Innovation, however, also refers to a social change.

Innovation can take many forms, each with a specific role in achieving success (Hamel and Breen, 2010):

- innovation at the operational level is a key factor in a society dominated by competitiveness, but rarely it creates a decisive advantage on the long term.
- innovation at the product level. An extraordinary product has an essential role in the removal of a company from anonymity and yet, in the absence of patent protection the majority of products are easily forgotten. The society that is continuously changing and the rapid technological development give companies the chance to come up with something new on the market, to overtake competitors, but is rarely providing them a top spot in the industry in which they operate.
- innovation at the strategy level. Here reference is made to new and bold business models that put competitors on the defensive side.

- innovation at the management level is considered by Hamel and Breen (2010: 57) the most important form of innovation, as managers possess the capacity to create advantages that are being difficult to reproduce.

Hamel and Breen (2010) arrange these forms of innovation in a hierarchy, where the top layers of the pyramid show the highest degree of value creation and competitiveness.

Very important to note in this context is that not every innovation creates a competitive advantage. There may be negative innovations - alternatives that are not advantageous from an economically point of view - or unsuccessful innovations - changes that ultimately fail because they are not accepted by society.

2.2 The innovative capacity of the company

Innovation can take place only if the company possesses an innovative capacity. The capacity to innovate refers to the availability of resources, collaboration structures and problem solving processes (Laforet, 2011). According to Freel (2005), a firm's capacity to explore the human and intellectual capital is a key aspect of organizational performance (Pennings *et al*, 1998). A key component of the human capital represents the possession of specific knowledge, which brings a competitive advantage to the company. The type of education and the experience of the employees are also very important in obtaining performance.

Siqueira and Cosh (2008) believe that there is a relationship between product and/or service innovation, organizational capacity and competitive advantage. Organizational capability refers to the organizational routine such as job rotation. Thus, we can state that companies that use job rotation and are oriented towards innovation have big chances of becoming market leaders.

The success of innovation depends on a flexible and open culture, with less bureaucracy and the ability to plan in advance.

2.3 Determinants of innovation

To build a proper framework for the organizational innovation, one must begin by examining how innovation occurs, what determines the need for innovation and why companies are keen to innovate.

The market requirements and the strategic position of the company is among the driving forces for innovation. Firms operating in competitive environments with lower concentration and lower entry barriers, tend to have better performance in product and/or service innovation (Laforet, 2011). According to Dasgupta (1980) and Kraft (1989) the lack of competitiveness restricts innovation, which somehow contradicts Schumpeter's theory that states that the competitive pressure has a negative effect on innovation. Salavou *et al.* (2004) argue that the dynamic nature of the market makes it impossible to find a company that does not engage in innovation. Many companies cannot afford to remain static, because competition is becoming increasingly fierce.

Companies that innovate increase their chances of survival and growth on the market (de Jong & Marsili, 2006). Thus, we can say that the increase may also be considered a determinant of innovation. Wolff and Pett (2006) suggest that product improvement has a greater influence on economic growth and firm performance than process improvement. In conclusion, product innovation is the cornerstone for companies that have ambitious growth objectives (Mosey, 2005).

Other researchers such as Motwani *et al.* (1999) believe that the company's management also plays an important role for the innovative companies by adopting and promoting an innovative culture within the organization.

2.4 Innovative behavior

Allowing employees to introduce and implement innovation in companies can be a way of growth for large companies as well as for small and medium-sized ones (Antoncic and Hisrich, 2001). Many authors suggest intrapreneurship as a way of stimulating employee innovation by making use of their creative energy (Kuratko *et al.*, 1990).

The innovative behavior can be conceived as an initiative of employees to introduce new processes or products in the organization. This initiative can be triggered by a specific request on the market. The innovative behavior can be seen as an intrapreneurial initiative. Moreover, this behavior may or may not be appreciated by top management. The process of change can be a progressive one and may have a profound effect on the organization. The end result may be a new product, a new market or a total failure. Under the current circumstances, all employees initiatives on the development of new processes, new products,

new markets or a combinations of these, are part of the innovative behavior of employees (Amo and Kolvereid, 2005).

Innovative behavior is influenced by both organizational characteristics and individual characteristics (Holt *et al.*, 2007). Among the most significant organizational characteristics that influence the innovative behavior, one can count managerial support, reward methods and the provision of adequate resources (Amo and Kolvereid 2005).

According to Kanter (1988), individual-level innovation is a process that begins with the recognition of problems and the generation or adoption of new ideas or solutions. The innovative person is then seeking sponsorship for his ideas and is trying to form people that are capable to support those ideas. Finally, these activities result in some prototypes or models of innovation that can be used by the organization.

De Jong (2007) defines the innovative behavior as the behavior of a person that is focused on introducing new and useful ideas, processes, products or procedures.

According to de Jong and Winnekers (2008) there are four components of the innovative behavior, namely:

- exploring opportunities;
- generating innovative ideas;
- harnessing innovative ideas through the so called "champions";
- implementing innovative methods.

2.5 Premises and outcome of innovation

The innovative orientation is a prerequisite for organizational innovation. Researches show that innovative companies have an orientation towards innovation, have a risk-taking attitude, have a desire for learning and have an innovation strategy (Laforet, 2011). Important factors are: a well-developed and detailed organizational strategy and a balanced approach to short-term and long-term objectives (Laforet, 2009).

Hult, Hurley and Knight (2004) define the innovative spirit of the company as "the ability to introduce new processes, products or ideas in the organization". Vazquez Santos Alvarez (2001) note that innovative firms adopt a more radical and incremental product innovation at a faster rate. Simpson *et al.*, (2006)

believe that innovative companies develop better quality products. They also suggest that innovative firms concentrate on the successful creation and implementation of new ideas, products and services on the market and also have the ability to anticipate customer needs and respond to them better than their competitors.

Results of innovation are essential in studies on organizational innovation. Simpson *et al.* (2006) explored the positive and negative aspects of innovation at the firm level. They suggest that the positive effects of innovation at the firm level refers to the type, speed, number and quality of innovation; organizational excellence, market advantages on competition and customers, as well as employee benefits, in terms of their satisfaction at work and their performance. Among the negative effects of innovation, we can count the following: innovations that are unprofitable and easy to imitate; unnecessary risks-takings; stressful environment for employees and increased costs determined by higher turnover.

3. Research methodology

3.1 Research instrument and sample description

This study employs a quantitative research that was based on a questionnaire administered to a sample of companies from the North West part of Romania. The main reasons for choosing to focus on this part of the country had to do with the fact that this is the most dynamic region after Bucharest from an economic point of view, and at the same time this region is known for its great innovative potential. The North Western part includes 6 counties (Bihor, Bistrita-Nasaud, Cluj, Maramures, Salaj, and Satu-Mare) and 43 towns.

In order to measure the level of innovation we had used a questionnaire comprising 13 items which were meant to assess the innovation capacity for the companies included in the study. These items were derived from the Innovation Climate Questionnaire elaborated by Pinchot and Pellman (1999).

Respondents were asked to state their agreement regarding the innovation that takes places within their company using a five point Likert scale (1 – Total disagreement, 5 – Total agreement). Besides the innovation items we included factual data within the questionnaire that referred to the size of the company, the type of industry, and the geographical location.

In order to increase the response rate several approaches were used to collect data: face to face, web based and telephone. The questionnaire was sent to a number of 500 companies from the North West part of Romania during February and March 2012. A number of 184 valid questionnaires were gathered from all the six counties, resulting a response rate of 36.80%.

The geographical distribution of the companies within the sample is represented in Table 1. The answers for the questionnaire were provided by people holding managerial positions. The companies were acting either in production field (58%) either in the service industry (42%).

Table 1. Geographical distribution of the companies

County	N	%
Bihor (BH)	39	21.20
Bistrita-Nasaud (BN)	24	13.04
Cluj (CJ)	51	27.72
Maramures (MM)	31	16.85
Salaj (SJ)	4	2.17
Satu-Mare (SM)	35	19.02
Total	184	100.0

3.2 Data analysis

The research questions defined earlier were addressed through several statistical analyses. The 13 innovation items were subject to a factor analysis. Using SPSS principal component analysis with a Varimax rotation and Kaizer normalization, a solution emerged explaining 37.58% of the variation. Items loading at 0.40 or greater were included in two resulting factors. Five of the 13 items did not load onto a single factor and were excluded from analysis. The remaining items were grouped into two factors: product/service innovation and operational innovation that correspond to Hamel and Breen's (2010) classification. The items and factor loadings are summarized in Table 2.

Table 2. Factor analysis of innovation items

Innovation items	Product innovation	Operational innovation
Our company has a high rate of new products and services launched.	.821	
Our company has a higher rate of new products and services than our competitors.	.851	
Our company focuses on innovative products and services.	.877	
Our company has increased the number of new products and services offered in the last two years.	.875	
Our company is constantly seeking new opportunities.		.747
Within our company there is strong relation between the innovative ideas and their implementation.		.738
Our employees are encouraged to work in a new manner every time is possible.		.447

In order to measure the internal consistency of the items relating to product innovation and operational innovation Cronbach's alpha reliability coefficient was used. The value of Cronbach's alpha was 0.913 for product innovation and 0.699 for operational innovation. These values are considered suitable for this kind of research and they offer validity to the interpretation of the data.

Other analyses used in the survey were one-way ANOVA and Tukey post hoc test that were meant to determine any significant difference in the means and variance of innovation, taking as independent variables the size of the companies and the geographical location. Eventually, the independent t-test was used to identify any significant difference in the means of innovation based on the two types of industries (production vs. service). These results are highlighted in Table 3, 4 and 5.

4. Findings

The results of the ANOVA test showing the differences in the means of two innovation types identified earlier and the groups of companies in regard to their size are presented in Table 3. These results show that there are significant

differences regarding the production innovation between companies within the sample according to their size ($F_{(2-181)} = 11.65$, $p < .000$). The Tukey HSD test was performed to find out in which groups the differences were available; it was shown that product innovation is approached different by the small size companies and medium size companies and also by the small size companies and large companies ($p=.000$).

Table 3. ANOVA results for the innovation types according to the size of the companies

Types of innovation	Company size	M	SD	F	p	Tukey
Product innovation	1. Small	3.45	.78	11.650	.000	1-2 1-3
	2. Medium	4.42	.63			
	3. Large	4.44	.64			
Operational innovation	1. Small	3.60	.62	6.854	0.001	1-2 1-3
	2. Medium	4.22	.53			
	3. Large	4.23	.54			

There had been found significant differences of the operational innovation according to the size of the companies ($F_{(2-181)} = 6.85$, $p = .001$). The Tukey test revealed that operational innovation differ significantly for small size companies and medium size companies and for small companies and large companies ($p = .001$).

Table 4 highlights the results of the ANOVA analysis for the differences in innovation in accordance to the geographical location of the companies from the sample. These results show that there are significant differences between the production innovation approach according to the six counties where the companies were situated ($F_{(5-178)} = 8.97$, $p = .000$). The Tukey post hoc test conducted afterwards revealed that differences in product innovation were significant between groups of companies situated in Satu-Mare county and four other counties: Bihor, Bistrita-Nasaud, Cluj and Maramures ($p = .000$).

Table 4. ANOVA results for the innovation types according to the geographical location of the companies

Types of innovation	Company location	M	SD	F	p	Tukey
Product innovation	1. BH	4.49	.53	8.976	.000	1-6 2-6 3-6 4-6
	2. BN	4.58	.42			
	3. CJ	4.65	.45			
	4. MM	4.28	.77			
	5. SJ	4.12	.82			
	6. SM	3.80	.83			
Operational innovation	1. BH	4.23	.40	6.765	.000	1-6 2-6 3-6 4-6
	2. BN	4.37	.46			
	3. CJ	4.38	.43			
	4. MM	4.18	.62			
	5. SJ	4.33	.60			
	6. SM	3.76	.66			

Operational innovation is approached differently by the companies within our sample in accordance to their location ($F_{(5-178)} = 6.76$, $p = .000$). Tukey HSD performed for these variables showed that companies from Satu-Mare county had different levels of operational innovation than companies in other four counties, namely: Bihor, Bistrita-Nasaud, Cluj, and Maramures ($p = .000$).

Eventually, the independent t-test was used to see if there are any significant differences related to innovation in accordance to the type of industry. The results presented in Table 5 show that there are significant differences related to product innovation between the companies from the production industry and companies from the service industry ($t_{(182)}=2.17$, $p = .03$). For the operational innovation there are no significant differences between companies from the two industries.

Table 5. Results of the independent t-test for the innovation types according to the type of industry

Types of innovation	Type of industry	N	M	SD	t	p
Product innovation	Production	106	4.46	.56	2.179	.03
	Services	78	4.24	.81		
Operational innovation	Production	106	4.18	.48	-.600	.54
	Services	78	4.23	.65		

5. Discussions

The present study was intended to bring more light upon the existing relation between companies' characteristics and their ability to innovate. The results of this research provide both managers and theoreticians with valuable information for their daily decisions. Even though, there had been other attempts to study the innovation capacity of the Romanian companies (Bordean and Borza, 2014), very few of them address the issue from this point of view.

One of the first implications of this study relies on the distinction that it makes between two types of innovation performed by companies within the studied sample. Hence, it describes product/service innovation and operational innovation. According to some authors, product or service innovation is utterly important for the performance of companies as this could lead to higher economic growth for the country (Antoncic and Scarlat, 2005). Knowing this, key decision makers would have to focus their efforts towards an innovation friendly environment. However, the principal component analysis performed for the 13 innovation items did not reveal any of the other forms of innovation described within the literature (managerial innovation, strategic innovation).

The issue of company size and innovation has been addressed in previous studies (Avermaete *et al.*, 2003; Laforet, 2008). The present findings support these studies. Our research made a considerable contribution to the long debated relation between size and innovation. Both product/service innovation and operational innovation differ in terms of the size of the companies. In a study performed on a random sample of non-hi-tech manufacturing SMEs from South Yorkshire, Laforet (2008) identified that size is associated with innovation and medium-sized companies are much more innovative than small companies. Our results support the same view as small companies obtained the lowest scores for both product ($M = 3.54$, $SD = .78$) and service innovation ($M = 3.60$, $SD = .62$). Smaller companies may have less money to spend on research and development. Still, in order to survive small companies would have to decide on their priorities in terms of new products and services they offer. Thus, small companies should always consider the possibility of introducing new products, develop new processes and explore new markets. Medium size companies from our sample tend to keep up the pace very well with their larger competitors in terms of innovation. The findings showed that there are not any differences

between medium size companies and large companies regarding product innovation or operational innovation.

According to some scholars (Asheim and Lars, 2006), regional innovation refers to the innovation that is created at a regional level through learning and knowledge flows. Hence, regional innovation is produced through regional networks, local clusters and the effects of research centers. In such respect, the focus of government authorities for regional innovation should be of greatest importance. The ability of the companies to create tight connections will influence the output related to regional innovation. A strong support from the policy makers will be needed to ease to process of regional innovation.

Studies attempting to assess innovation at a regional level had been performed before (Negrusa *et al.*, 2008). Scholars tried to link regional innovation and regional governance. So far, our study is among the first ones to address the question of regional innovation from the point of view of the counties comprised within a certain region. North-West part of Romania is known as one of the most innovative ones with a 43.35% of potential for driving innovation (Dodescu and Chirila, 2012).

Within this region we found out that there are differences among companies from the six counties. Significant differences had been identified between Satu-Mare county and four other counties: Bihor, Bistrita-Nasaud, Cluj and Maramures in terms of both product/service innovation and operational innovation. The explanations for these discrepancies could be drawn from the existence of industrial parks or company clusters that allow innovation. In Cluj, for example, there are three industrial parks (Tetarom I, II, III) and a company cluster (ClujIT). Cluj county registered the highest score for both product innovation ($M = 4.28$, $SD = .77$) and operational innovation ($M = 4.38$, $SD = .43$). In other counties even if there exist industrial parks, the association between companies is kept to a minimum due to the lack of companies within this parks. This is the case of Satu-Mare which registered the lowest score in terms of product innovation ($M = 3.80$, $SD = .83$), and also operational innovation ($M = 3.76$, $SD = .66$).

Another significant contribution of the present study was made to explain the existence of differences regarding innovation in accordance with the type of industry. Traditionally, it was believed that innovation is a concept that applies mainly to manufacturing companies as they can introduce new products to the

market. This approach is a rather old and does not correspond to the actual situation (Hipp and Grupp, 2005). A recent study focused on the differences between service-based and product-based companies showed that R&D is more important for new product than service development, whereas a company's willingness to cannibalize prior investments is more important for new service developments (Nijssen *et al.*, 2006).

6. Conclusions

6.1 Managerial implications

The findings resulted from the statistical analysis have some important implications for managers. The research study proved that innovation differs in terms of the size, geographical positions and also the type of industry in which the companies act.

Companies that show a higher concern for innovation are the enablers of intrapreneurship. This new concept refers to initiatives of employees of doing something new without being told to do so (de Jong and Wennekers, 2008). Understanding the importance of having intrapreneurial employees is a first step towards a better performer company (Borza *et al.*, 2012).

Through intrapreneurship, companies can motivate their employees and they can contribute to the achievement of the goals allowing for a strategic renewal of the companies. Thus, managers should consider the possibility of creating an environment that could sustain the capacity of innovation for their employees. By doing so, companies not only that will be more creative and innovative, but they will also serve other strategic purposes they might have.

Intrapreneurial companies tend to combine the risks with innovative approaches and motivational techniques, encouraging employees to remain with the companies. Intrapreneurship creates the premises for a win-win situation that will be beneficial for both the companies and the employees.

6.2 Limitations and future research

The results of the present study should be seen in regard to the limitation of such a research. One of the first limitations applies to the geographical distribution of the companies within our sample. A future research should try to include companies from other regions in Romania and perform an analysis regarding

differences in terms of innovation capacities for companies located in those areas.

Another possible area for future research is to incorporate knowledge dimensions in order to explain the evolution of innovation processes. There are proves that innovation is tightly connected with knowledge and both of them are enablers of success.

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STUDY REGARDING CONFLICT MANAGEMENT IN THE ORGANIZATIONS OF BRASOV, ROMANIA

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Abstract

Within the organizations have place numerous and complex activities aimed at achieving objectives in conditions of feasibility. In this process, there are formed relations between employees and working groups who consist of individuals with personalities, mentalities, educations, value systems and behaviors different. In such circumstances, to maintain a perfect harmony is difficult. There appear many difficulties which can transform into conflicts, with numerous and complicated consequences. In this case, there appears the need that the manager understands the place and role of the conflicts in the management of organizations, their nature and form of manifestation, the causes generating conflicts, the consequences and the effective means to combat them.

The paper describes and analysis recent developments in the field of conflict management, emphasizing the features and its principles. The objective of the research paper is to investigate the different techniques and the effective means to combat the conflicts in the management of organizations. The empirical part of the article is underpinned by an analysis conducted at the organizations of Brasov County. For this we have investigated a representative sample employees from organizations of the County of Brasov regarding their perceptions about the management of conflicts. On the basis of the analysis were drawn the conclusions on the role of the management in development of of good practice for management conflicts. The results of this study may be helpful for approaching research in the area of conflict management in the Romanian companies.

Keywords: *management, conflict management, causes generating conflicts, organizations, Brasov.*

JEL Classification: L20, L22, F51.

1. Introduction

The purpose of our approach was to come up with feasible managerial solutions regarding the possibility of stimulating management, in such a manner that it could significantly influence the actions and decisions aimed at increasing performance in the sphere of activities of the organization.

The originality of the research resides in the approach of the specificity of conflicts management at the level of the organizations County of Brasov.

2. The concept of conflict and its stages

2.1 Evolution of the concept of conflict in literature

The acceptations attached to the notion of conflict are numerous and they cover a large spectrum of significance. We will do an overview of the main definitions of the concept of conflict:

- Wright (1951, p.412) - the conflict is defined as opposition among social entities directed against one another.
- Lewis (1956) - Conflict is “a struggle between values and claims statuses, power and resources in which the aims of opponents are to neutralize, injure or eliminate rivals.”
- Boulding (1957, p.122) - Generally, we may wish to reserve the term “competition” for the wide concept which includes interactions among unorganized aggregates (such as biological populations) and to use the word “conflict” for the narrower concept in which the conflicting parties are individuals or organizations, possessing a certain core of unity of behavior and in which each organization is in some sense aware of the other and makes this awareness an essential part of its behavior pattern”.
- Schelling (1960, p.203) - Conflicts are essentially bargaining situations in which the ability of one participant to gain his ends is dependent on the choices or decisions that the other participant will make.

- Berelson and Steiner (1964) – conflict is definite as “the pursuit of incompatible, or at least seemingly incompatible, such that gains to one side come about at the expense of the other”.
- Beals and Siegel (1966, p.18) - Conflict is a process in which “two parties belonging to the same organization exchange behaviors that symbolize opposition.”
- Nicholson (1967, p.27) - Obviously includes several forms of struggle in his classification of conflict (“games”, “threat conflicts”, “bargaining conflicts”); but his also remains an action-centered conception because he refers to the psychological bases of the conflict only as “differing”, “divergent”, or “opposed” interests.
- Stagner (1967, p.136) - Conflict is „a situation in which two or more human beings desire goals which they perceive as being attainable by one or the other but not both”.
- Loomis (1967, p.875) - Defines the conflict as: “social action in which an actor or actors attempt, in the face of human opposition, to achieve one or more goals.”
- Fairfield (1977, p.18) - Conflict is a disagreement, contradiction, disagreement, quarrel, but the definition can be extended to a contradiction between ideas, interests or feelings.
- Stoica-Constantin and Neculau (1998, p.119) – the conflict evokes images of unwanted things overall.
- Frunjină and Teșileanu (2002, p.122) - In a conflict may exist different views between the views, interests, goals, beliefs,, experiences, feelings and values.
- Nicolescu Ovidiu in Dictionary of Management (2011, p.150) focuses on the following types of conflict:
 - ✓ Interests conflict - Conflict that relate to the interests of professional, social or economic interests of employees in determining working conditions when negotiating collective agreements.
 - ✓ Emotional conflict - Condition caused by the presence of the sub-conscious a person of diverse and conflicting emotions generated by the situation that happened recently or currently underway and accompanied by physical tension.

✓ Functional conflict - Conflict, disagreement or behavioral condition that occurs in the operation of an organization as a result of confrontation of ideas between stakeholders with impact on growth performance.

Our point of view regarding the definition of the managerial conflict underlines the followings:

- ◆ The conflict represents an incident provoked by the existing divergences between the attitudes, means and methods of action regarding a situation or a phenomenon which represent the object of the analysis.
- ◆ The conflict, from a psychological and social point of view, appears as a form of the human interaction through which two or various members partially or totally disagree in one or various economical or social matters of the organizations management.
- ◆ The presence and the action of the interpersonal conflict rapports in organizations proves the necessity of their acknowledgement for the continuous improvement of the institution's management.
- ◆ The conflict state is accompanied by an atmosphere of tension and competitions.

2.2 Causes of conflict emergence and development in organizations

There are certain causes in all the specific conflicts of the organizations. The most significant causes are the followings:

1. The distribution of the resources which, irrespective of the institution's dimensions, are limited. We are referring mainly to the fact the manager is obliged to distribute the material, the human and financial resources among different subunits and departments and to mobilize the factors which can train them for the achievement of the purposes of the institution. With respect to its meaning and difficulty in the managerial reality, this process constantly generates different types of conflicts;
2. The interdependence of the tasks, acknowledged as a possibility of a conflictual state appearance, is present in all the situations in which the personnel depends on the accomplishment of the task by another persons. The consequences of this cause – factor of conflictual states becomes complicated when connected to the systematic characteristic from a horizontal and

functional point of view of the institution. As the entire organizational constitutive parts represent the constitutive parts of that specific system, in the case of an inappropriate activity of one of the subunits the independence to which we refer can be constituted as a conflictual state generating factor;

3. The different content of the means can represent a cause of the conflicts, during the development of the institution's specialization and divides in subunits which carry different means and objectives. In practice, referring to the quality of the means, the subunits can grant more attention to the accomplishment of their own objectives then to those of the institution;
4. The different appreciations regarding certain situations or states of the managerial process, usually subjective, generated by an analysis of the superficial situation discussed, can lead to the over-appreciation of certain alternative points of view and aspects which can be favourable for the micro-group, but unfavourable for the institution;
5. The differences in the behaviour and in the treatment of the experience can increase the possibilities of the conflicts' appearance, especially when the manifestations of aggressiveness and malice interfere in the relationship system;
6. The communication insufficiency, especially the defective transmission of the information, can be considered both the cause and the consequence of the conflictual states;
7. The differences encountered in the professional training, the capacity of effort, the stress endurance, present in every institution or micro-group lead in reality to the transmission of various and harder tasks to the competent and dedicated persons. As a consequence, there appears a feeling of injustice and revolt which, in the majority of the cases, generates conflicts;
8. The differences from the point of view of the character and of the work style influence the compatibility of the employee with his job and his group, due to the fact that the work collectives are formed of shy people, for example melancholic and phlegmatic persons and dynamic, opened and cordial persons, a phenomena which gives birth to states of irritation and conflict during the work period.
9. The difficult behaviours of certain the employee generate "problem cases", leading to antisocial manifestations which generate conflictual states;
10. The ambiguous definition of the individual and derived objectives, the ambiguity in the decisions' transmissions, the existence of certain

parallelisms between departments and jobs, the imprecision in the establishment of the tasks, authorities or responsibilities of certain jobs or of the activities and attributions can generate conflictual states which accompany the battle for power which appear in the abnormalities of which we are referring;

11. The discontent regarding the social status which grants greater and more honourable chances to certain groups;
12. The environment differences which impose certain clothing, work hours, special work conditions, attract privations or privileges capable of leading in the end to conflicts;
13. The incomplete description of the job or of the position;
14. The unbalanced load of tasks;
15. The lack of concordance between the official authority and requested responsibility;
16. The discordance between the material and moral rewards and the level of the work results;
17. The lack of cohesion inside the informal group;
18. The motivation differences between the members of the informal collective.

2.3 Stages of conflict evolution in organizations

In general and especially inside the institutions, the conflicts do not appear suddenly. They develop in time, in accordance with the accumulation of tension states. Conflict resolution depends largely on their awareness (Cornelius and Faire, 1966, pp.22-23).

After the finalization of the study regarding the dynamics of the group conflicts, (Blake, Shepard and Mouton, 1964) underline the following stages of the cumulative tension process that lead to the activation of the conflict:

1. The tensional state, characterized by the existence of all the conditions that lead to the activation of the conflict, but they are not yet observed;
2. The recognition of the conflictual state, in which the tensional state of the conflictual participants is recognized;
3. The accentuation of the conflictual state, a situation in which the tensional state is accumulated without activating the conflict, which is inevitable;

4. The activation of the conflict, when the battle was activated and the participants at the conflict promote their attitude to the persons who are not involved in the conflict;
5. The end of the conflict, a stage characterized through the modification of the conflicts in order to create new conditions of cooperation or for the preparing of a new conflict.

Leela and Nelson (2007, pp.82-89) identifies five ways to solve conflicts:

1. *Avoidance:*

- ✓ The problem is not important or other issues have become more pressing;
- ✓ There is no chance to satisfy your interests;
- ✓ The outbreak of a conflict is more plausible than solving the problem;
- ✓ The necessity of additional information;
- ✓ Others can solve the conflict better;
- ✓ Problems seem to be essential or symptomatic.

2. *Collaboration:*

- ✓ Finding some solutions for interests of major importance;
- ✓ When its objective is to learn;
- ✓ Combining contradictory opinions;
- ✓ Gaining everyone's adhesion by considering various interests and accomplishing a general agreement.

3. *Competition:*

- ✓ When decisional rapidity is of vital importance;
- ✓ In important problems, when unpopular actions need to be implemented;
- ✓ In vital issues for the company when managers are convinced that their
- ✓ opinion is correct;
- ✓ Against the ones that take advantage of the tolerant attitude.

4. *Compromise:*

- ✓ The objectives are important but the risk of setting off a new conflict is too high;
- ✓ For the temporary achievement of a balance;

✓ To ensure an “honourable” retreat when collaboration or competition can not lead to a positive result from the point of view of satisfying its own interests.

5. *Accommodation*:

✓ When you reach the conclusion that your own arguments are not correct;

✓ In order to allow for a better solution to be applied;

✓ In order to minimize losses;

✓ When the situation is out of control;

✓ When harmony and stability are essential.

Petrescu and Muscalu (2003, pp.190-194) present their work as primary phases of conflict as follows:

1. The previous phase, in which the latent or potential conflict represents the period and the conditions which precede the conflict and which can lead to the appearance or prevention of the conflict. The conflict appears in this phase only as a possibility, it is in the subconscious and it manifests itself through a loaded atmosphere, having different consequences;
2. The observance phase of the conflict in which, according to the feelings of the partners, we can assist at a potential misunderstanding or manifestation which attracts a feeling of frustration, states of rage or fear;
3. The feeling phase, with different reactions and possibilities of solving of the conflict through a deal, aggression in the solving of the conflictual problem by the superiors;
4. The commencement, meaning the actual activation of the conflict and which is manifested when the partners actively defend their interests through fight or negotiation;
5. The solving of the conflict through the agreement of the partners, the rough reactions' detour.

3. The study regarding the conflicts management in the organizations of the Brasov county, Romania

3.1 Concerning the structure and conduct of research

Purpose of the paper: this study refers to the overall implementation of research findings on conflict management in organizations Brasov, Romania. The study was conducted through a questionnaire applied to a total of 192 representatives belonging to organizations from Brasov County, in an equal number of women and men. The questionnaire contains 20 questions covering the aspects of management conflicts in organizations of Brasov County. Anonymous questionnaires were used in order to get honest answers and to conduct impartial investigation.

Characteristics of the research: the purpose of the study was to identify shortcomings in the management of conflicts in the organizations Brasov and propose solutions to improve it.

Objectives of the research:

- a) identify the role of managers in the conflicts management in organizations;
- b) analyzing the causes of conflict in organizations of Brasov;
- c) analyzing the attitude of managers of the conflicts;
- d) directions of conflict management in organizations activity.

The research methodology: the research methodology involved the use of scientific methods and tools: investigation managerial, observation, questionnaires, surveys, analyses, syntheses and models.

The questions in the survey had a closed character, with several variants of answers. This type of survey was used for the ease of the recording of the answers, as well as for the subsequent operative manner of analysis and processing of the collected data. For the same reasons, the questionnaire was conceived in a concentrated form that would allow gathering the relevant information for the issue that interested us. The survey was pre-tested on 10 subjects. After the pre-testing, five questions were reformulated.

Originality of the research: analyzing the conflicts management in some organizations in Brasov in order to propose feasible solutions regarding the implementation of modern models of conflicts management in organizations in the county of Brasov.

Practical character of the research: the research has the following practical applications: improving the quality of conflicts management in organizations in Brasov County; development of competence and skills of conflicts managers; creating a climate of trust and openness in relations between staff and their managers; contribute to the development strategy of modern management in conflicts prevention.

3.2 Research results

3.2.1 Identifying the manager's role in the conflict in the organization

The conflicts comprises the entire set of threats that can negatively influence the accomplishment of the aimed objectives. The development of the organization amplifies the action and the consequences of all types of conflict to which it's exposed.

Masculine subjects interviewed said that the role of managers in conflict management is very high (76.55%). However, 21.11% said that it is high, 2.34% as it's small (Figure 1). Female subjects interviewed stated that the role of managers in conflict management is very high (68.47%). However, 29.66% said that it is high, 1.87% as it's small (Figure 1).

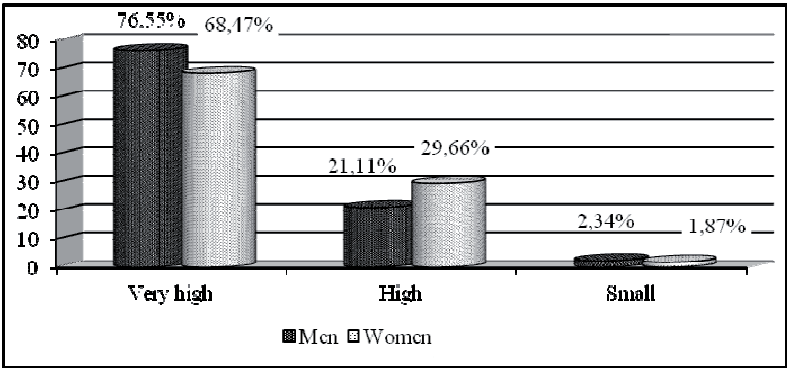


Figure 1. Assessments regarding the manager's role in conflicts management

3.2.2 Analyzing the causes of conflict in organizations of Brasov

A lot of causes conflicts presented in section 1.2 are found in the participants' responses to the survey. Thus, the main causes of conflict in organizations, in the opinion of men are: afraid of losing their job (14%); incorrect assignment of

tasks (14.25%); promotion of staff in different functions based on subjective or political issues (30.56%); work style manager (12.46%); faulty communication (10.33%); training differences between members of the organization (18.4%) (Figure 2). And here, the view is different from female humans. The main causes of conflicts in organizations referred are: fear of losing their job (4.43%); incorrect assignment of tasks (12.66%); promotion of staff in different functions based on subjective or political issues (40.33%); manager style of work (13.62%); faulty communication (11.5%); training differences between members of the organization (17.46%) (Figure 3).

In this context, the relations between the man leaders and the employees of subordinated departments are exceptional in proportion of 3.15 %, very good in proportion of 9.66% and good in proportion of 77.5%. We have to emphasize that a quite high percentage of the employees - namely 6.83% - have declared that the relations are tensed, and 2.86% of the participants in the survey by questionnaire perceive such relations as being inadequate (Figure 4).

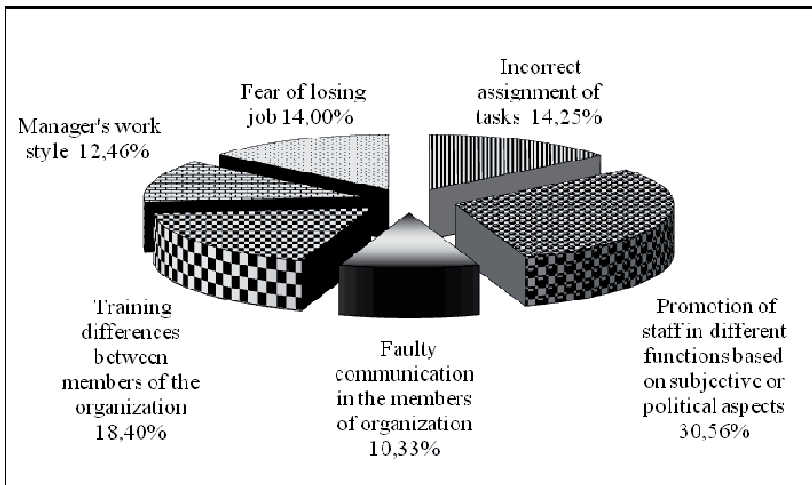


Figure 2. Causes of conflict in organizations (men's opinions on this issue)

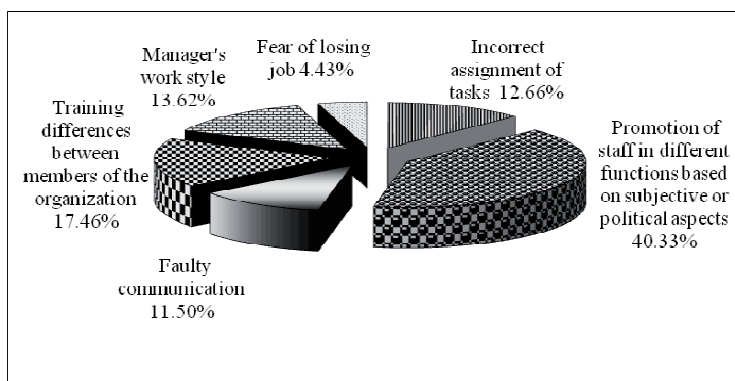


Figure 3. Causes of conflict in organizations (women's opinions on this issue)

The relations between the female leaders and the employees of subordinated departments are exceptional in proportion of 5.45 %, very good in proportion of 11.94% and good in proportion of 73.66%. In this case we have to emphasize that a quite small percentage of the employees - namely 6.35% - have declared that the relations are tensed, and 2.6% of the participants in the survey by questionnaire perceive such relations as being inadequate (Figure 4).

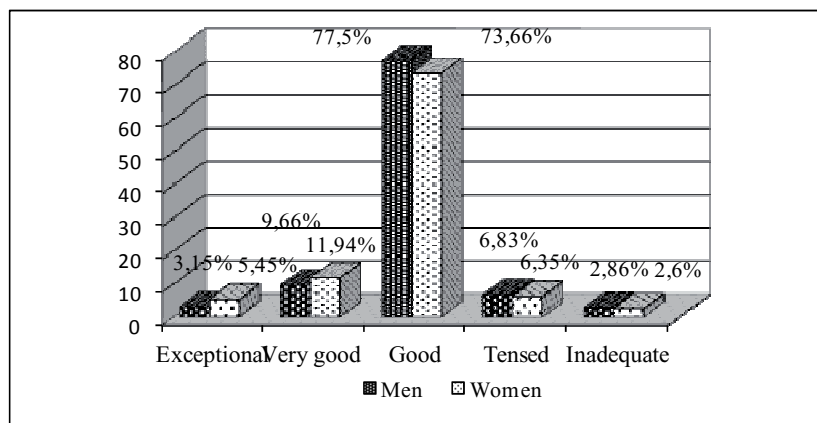


Figure 4. Types of relations between managers and employees

3.2.3 Analyzing the manager's attitude regarding conflicts

The capacity of facing the conflicts means courage and responsibility for the accomplished actions. It is necessary for managers to manifest a strong enterprising spirit and to elaborate anti-conflicts measures.

- a) Male respondents said that their managers are permanently involved (81.45%) in taking steps to prevent and resolve conflicts that arise in organizations they lead (Figure 5). However, there are considerations that managers are involved to a lesser extent in the prevention and resolution of conflicts in organizations (14.92%), or even ignore their existence (3.63%).
- b) Female respondents said that their managers are permanently involved (90.11%) in taking steps to prevent and resolve conflicts that arise in organizations they lead (Figure 5). There are considerations that managers are involved to a lesser extent in the prevention and resolution of conflicts in organizations (9.35%), or even ignore their existence (0.54%).
- c) It should be noted that 6.16 % of the questioned samples of employees have declared that the decisions related to conflicts have always been made following the consultation of the employees, while 62.74% maintained that such decisions are more often not made following the consultation of the employees. 28.24 % of the questioned employees have declared that decisions are sometimes made with the consultation of the employees and 2.86 % of the employees seldom answered, if ever (Figure 6).

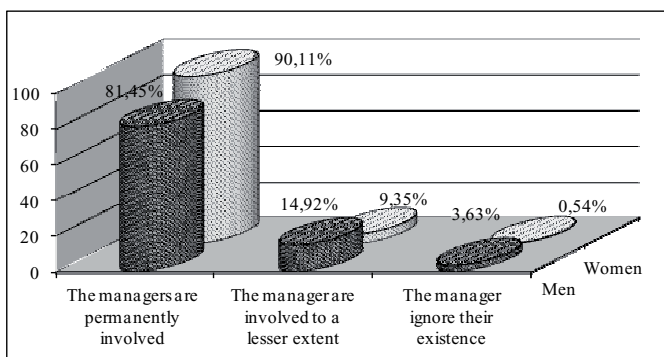


Figure 5. The involvement of managers in preventing and resolving conflicts in the organization

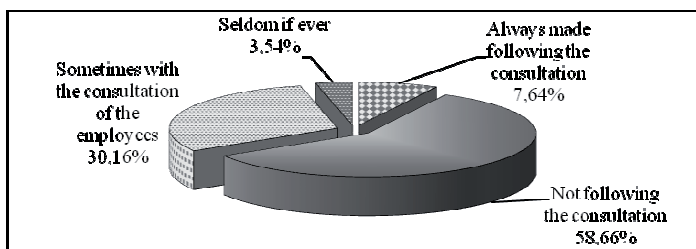


Figure 6. Opinions of the decision-making process of conflicts

3.2.4 Leadings of conflict management in organization's activity

At the question “What are directions for proper management of conflicts by managers?”, most respondents appreciated mainly the following (Figure 7): a) continuous improvement of training managers in conflict management (6.5%); b) transparency of actions of the managers (15.33%); c) proper allocation of tasks by managers (24.66%); d) the ensuring good communication horizontally and vertically within the organization (9.57%); e) appointment to positions through competition on the basis of the competence (27.83%); f) improving work style of the managers (12.66%); g) other (3.45%).

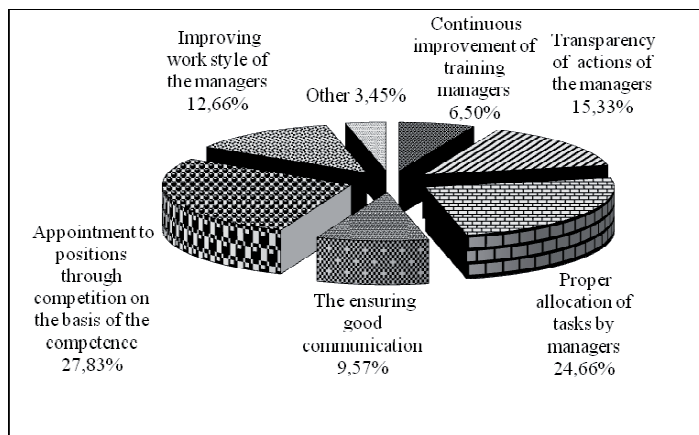


Figure 7. Directions of conflict management in organization's activity

Focusing on the implications of conflicts management, the conducted research has pointed out the following lines of action: alignment of conflicts management with the institution’s management; adjustment of organizational culture to change processes; development of a diversity-friendly culture; correct

understanding of the manager's role in conflicts management; creation and maintenance of a climate of confidence and cooperation within the organization; encouraging employees to seek continuous improvement and to develop their potential.

Within the framework of the applicative research, the questioned subjects have pointed out, as relevant for a good manager, the following qualities: competence and professionalism; authority; visionary ability; ability to quickly adapt to changes; responsibility for members of organization; capacity to listen and convey messages, both within the institution and the community, and outside the sphere thereof; correctness and honesty; concern for community and employees. A series of obstacles to the change of the conflicts management of the organizations of Brasov County were identified: inflexibility; conformism; psychological inhibition in the face of changes; fear of making mistakes.

4. Conclusions

The managerial science from nowadays sustains, based on research and detailed experimentations, that the exercise of a non-conflictual management is recommendable and efficient in every organization.

The results of the research have led us to a series of recommendations which shall give the managers a more qualified and realistic perception of the complex issues raised by conflicts management. These recommendations are the following:

1. in order to prevent the conflicts, the manager must establish precisely the purpose of the tasks, to underline them and to mention their importance to the institution, to underline correctly each person's competence and responsibility, to coordinate the drawn task with other tasks and to control the stages of realization of the drawn task;
2. achieving the transfer of knowledge, information within the organization;
3. it underlines the importance of the psychological – social aspects of the work with persons for the combat and prevention of the conflictual states, showing not only their practical utility, but also the theoretical founding;
4. manager grant the collaborators sufficiently large competences in order for them not to feel obliged to demonstrate continuously their need of

amplification, but not too large because, in this case, they would often have to justify the unfulfilling of certain tasks;

5. encouraging continuous education;
6. to underline with skill the competences of all the subordinated managers, in order to make a simultaneous and unequivocal appreciation of the qualities;
7. improving the skills of managers;
8. the responsibility degree of the collaborators must be in accordance with the level of their authority, verifying that the attributed tasks are real;
9. redefining the content of the relations between organizational subdivisions situated on different hierarchical levels;
10. creating a climate of confidence and openness towards the members of the organization;
11. correctly informing members of the organization about actions regarding the solutions of conflicts management;
12. improving the continuous training processes intended for the members of the organizations of the County Brasov and adopting efficient models of conflicts management.
13. the responsibility degree of the collaborators must be in accordance with the level of their authority, verifying that the attributed tasks are real;
14. granting the department managers the freedom to share the load of people, because they know better possibilities of each one;
15. the prevention of the conflictual state must be directly connected to the training of the manager in the assuming of the effective responsibility regarding every subordinate and every professional activity developed under his lead;
16. the persistence over the detailed knowledge of people, which can be obtained in various manners: with the help of science, with the help of certain observations and systematical verifications, accomplished mainly during the concrete activities and, finally, through impression and intuition;

- 17.regarding the way to reaction of manager to the disagreements among other persons, he should not let himself to be implied in such situations, in which he does not deserve to be implied or which can be solved by them. In some cases, the manager is recommended to appeal to a third party for mediation or negotiation. Other measures may also have results, such as: eliminating the situation which produced the conflict, solving of misunderstandings, attracting parties in a general interest;
- 18.every manager must analyze by his own preoccupation to be able to combat the conflictual states and to ensure the organization's development.

The results of the survey indicate that the managers of organizations have acted for the conflicts management's improvement. The managers of organizations in the Brasov County should lay more emphasis on the improvement of their managerial skills as a important factor to enhance performance in the activities carried out in conflicts management.

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MACRO-IMPACTS OF CORPORATE SOCIAL RESPONSIBILITY ON REGIONAL COMPETITIVENESS. THE CASE OF CENTRAL AND SOUTHERN EUROPEAN COUNTRIES

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Abstract

Under the assumption that a responsible corporate behaviour can solve a number of social, environmental and economic issues at the territorial level, this study aims to determine the impacts of CSR performance on regional competitiveness in Central and Eastern Europe. In its first part, the study reviews the theoretical framework of CSR micro- and macro-impacts, while pointing to its contribution in terms of improved innovation performance, labour market integration, environment protection, creation of social capital etc. in a given region. The second part of the paper explores empirically the relationships between CSR performances of Top largest companies in Central and Eastern Europe (according to Deloitte ranking, 2013) and the level of competitiveness of the regions where they are headquartered. CSR performances were assessed based on an in-depth content analysis of CSR or sustainability reports published by these companies in 2013. Consequently, a Regional Index of CSR was created, whose values were correlated with those established by the EU Regional Competitiveness Index (RCI 2013), thus determining the intensity and direction of the relationship between the two constructs. Study's final results contribute, on the one hand, to creating an index that allows CSR performance comparisons between different regions in Central and Eastern Europe and, on the other hand, to highlighting the type of relationship that exists between responsible corporate behaviours and the competitiveness of regions. Different policy implications that claim for strategic management interventions from both public and private actors are also revealed, together with a number of possible directions for further research.

Keywords: *corporate social responsibility (CSR), regional competitiveness (RC), Regional Index of CSR (RI_{CSR}), Regional Competitiveness Index (RCI), Central and Eastern Europe.*

JEL Classification: M14, R11, C43, O52, D22.

1. Introduction

In recent years, the concepts of corporate social responsibility (CSR) and regional competitiveness (RC) became extremely interesting, both for academics and companies.

In response to the increased importance of the role of business ethics (Clarkson, 1998; Mitchell, Agle and Wood, 1997), the CSR concept emerged after 1950 in Western countries and became rapidly an universal concept - with regional and local variations (Steurer and Konrad, 2009). At the same time, the increased interest in the regional development theory (Friedmann and Alonso, 1964) has led to new efforts to explain and measure regional competitiveness (Kitson, Martin and Tyler, 2004) and to identify its influencing factors.

Up to date, the dedicated literature is generally focused on establishing links between CSR and organizational competitiveness (Gallardo-Vazquez and Sanchez-Hernandez, 2014; Vilanova, Lozano and Arenas, 2009; Weber, 2008; Porter and Kramer, 2006), but there are few studies devoted to the relationship between CSR and national/ regional competitiveness (Boulouta and Pitelis, 2014; Schneider, Kupke and Lattemann, 2007).

In this context, by examining the relationship between CSR and regional competitiveness, our study is in line with both academic interests and policy expectations. Our basic belief is that the two concepts are reinforcing each other: organizations' responsible behavior can support regional competitiveness, while regional competitiveness can support organizations' efforts to behave as real "corporate citizens" (Schneider, Kupka and Lattemann, 2007).

In its first part, the paper introduces the theoretical framework and reviews recent findings on CSR and regional competitiveness determinants. The second section establishes the relationship between CSR and regional competitiveness and presents the micro- and macro- impacts of CSR, pointing to its contributions in terms of improved innovation performance, labour market integration,

environment protection, creation of social capital etc. in a given region. The third section describes the methodology used in assessing CSR and compiling the Regional Index of CSR: we describe the objectives and hypothesis of the research, together with the data collection and statistical analysis methods used to determine the strength and direction of relationship between the two constructs. Conclusions are presented in the final part of the paper.

2. Literature review

2.1 CSR – a universal concept with regional variations

The Green Paper on „Promoting a European Framework for corporate social responsibility” defines CSR as „a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis” (European Commission, 2001). CSR refers to four main roles/ responsibilities (Rwigema and Venter, 2004, p.145): “economical responsibilities (the shareholders’ responsibility to generate profit by meeting consumer needs, by products and services made available at competitive prices, by duly using shareholder investments, by solving local issues through the promotion of innovation); legal responsibilities (to comply with laws and regulations); ethical responsibilities (fair and correct enterprise management, human rights observance in co-worker relations, customer relations with other enterprises or with the local community) and philanthropic responsibilities (volunteering to help the community, making donations, by loyal cooperation)”.

Along the years, CSR has suffered a number of conceptual changes determined by the socio-political and cultural characteristics (Moon, 2007; Steurer, Margula and Martinuzzi, 2012, p.5). The complexity of the concept justifies the relative high number of definition categories (Gangone, 2014): this way, CSR can be conceptualized as a key factor in shaping social management (1), as an organizational duty in relation to society (2), a voluntary action of an organization (3), a method and tool for improving social security, while allocating some parts from the total profits (4), a mean to operationalize the stakeholder theory (5) or as a business philosophy and operational tool for sustainable development (6).

In addition, CSR is understood and applied differently depending on the perceptions of corporations or governments. A study by Steurer, Margula and

Martinuzzi (2012) demonstrated that the governments of Western Europe are significantly more active in supporting CSR than governments in Central and Eastern Europe. Thus, "most companies consider their responsibility to operate in compliance with the legal and regulatory environment of the given country" (Lewicka-Strzalecka, 2006, p.442).

Other studies such as those in the USA (Aaronson, 2002) and Asia (Welford, 2005) revealed differences between continents and between states in terms of CSR practices. An explanation of the regional variations is that CSR is a response to the business environment needs and to expectations and pressures of the stakeholders (Clarkson, 1998; Mitchell, Agle and Wood, 1997), which may be different at the level of states or regions (Steurer, Margula and Martinuzzi, 2012, p.5).

CSR is also seen as a response to the reactions of the stakeholders and can be understood as that type of management that takes into account the economic and social effects of management decisions (Boone and Kurtz, 1992, p.38).

Based on stakeholders' theory, CSR can be conceptualized as "the degree of empathy shown by an organization in relation to its financial or non-financial, direct or indirect partners; CSR requires a proactive organizational attitude for social changes that influence humanity's priorities, by including social outcomes in strategic objectives" (Gangone, 2014, p.34). From this perspective, a correct and complete identification of the stakeholders and a strong organizational commitment are crucial for CSR (Gangone and Gănescu, 2014).

Within the current paper, we adhere to Starik's comprehensive view of stakeholders and define them as "any natural entity who affects or is affected by the activities of the organization" (Starik, 1995, p.216). Thus, *we consider that the region can be seen as a distinct stakeholder, together with investors, employees, customers, creditors, government, natural environment and local community.*

Identifying the most appropriate indicators for measuring CSR is a current issue in the literature, given the complexity of the concept, but also the existence of significant differences in companies' reporting practices.

To this end, some studies assess CSR performance based on internal vs. external aspects (Welford, 2005). Internal issues are those related to „non-discrimination, equal opportunities, fair wages, vocational education, association, human

rights”, while the external aspects refer to “labour standards, child labour, human rights, suppliers, local protection, policy on responding to stakeholders, policies on fair trade, indigenous people, ethics”.

Empirical studies aimed at assessing CSR performance of the largest companies in Central and Eastern Europe (eg. Braun & Partners, 2010), use a methodology based on seven areas, namely: transparency, corporate governance, relationships with stakeholders, environmental responsibility, economic responsibility, social responsibility and human resources practices. The results highlight the advances made by Hungarian companies (43% on average per company) compared with Austrian (40%) and Polish companies (30%). The study shows that Romanian companies are now in the initial phase of developing more socially and environmentally responsible operations and that this argument is supported by the average scores of country’s top 25 companies, which is which is of 21% (Braun & Partners, 2010).

In this paper, *CSR is viewed as a component of corporate sustainability*. Therefore, we propose a model for analyzing CSR performance at the regional level of Central and Eastern European countries belonging to the European Union, based on three categories of corporate responsibilities: *economic responsibility, responsibility to employees and environmental responsibility*. The proposed model is the base for compiling the Regional Index of CSR and for ranking regions in Central and Eastern Europe, based on the resulted index values.

2.2 Regional competitiveness and its determinants

Over the past twenty-five years, competitiveness has received special attention from governments and companies (Waheeduzzamann and Ryan, 1996). In a broad sense, competitiveness can be defined as "the ability of a country vs. other countries to create and secure an economic, social and political environment, able to support a rapid creation of added value" (Chilian and Iordan, 2007). According to the OECD, competitiveness is "the ability of companies, industries, regions, nations and supranational regions to ensure profits and a relatively high use of inputs on a sustainable basis, in the conditions imposed by the international competition” (Chilian and Iordan, 2007).

The dedicated literature addresses competitiveness both in the traditional manner - competitiveness at the country, industry and company level (Reiljan,

Hinrikus and Ivanov, 1990) and at the level of sub-regions or supranational organizations (Hatzichronoglou, 1996).

Competitiveness has become a major goal with the adoption of dedicated policies at national, regional and local level (Dimian and Danciu, 2011): “competitiveness is an important criterion in the assessments of advanced economies made by the international institutions, a concern of the European Commission in the context of the increasing gap between EU and US performances and a measure used by Member States to compare their performance with those of their competitors” (Cambridge Econometrics, 2003).

OECD defines national competitiveness as „the ability of a nation to produce, under free and fair market conditions, goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term” (Durand și Giorno, 1987). In his turn, Michel Porter (1990), the creator of the “national advantage diamond” concept, has identified four main determinants of competitiveness: *factor conditions* - the nation’s position in factors of production, such as skilled labor or infrastructure, necessary to compete in a given industry, *demand conditions* - the nature of home-market demand for the industry’s product or service, *related and supporting industries* - the presence or absence in the nation of supplier industries and other related industries that are internationally competitive and *firm strategy, structure and rivalry* - the conditions governing how companies are created, organized and managed, as well as the nature of domestic rivalry”. Within this context, national and regional advantages are driven by „factor conditions, demand conditions, related and supporting industries, firm strategy, structure and rivalry, government and chance” (Porter, 1990, p.9).

Since regions have been increasingly considered "a key location for organizing and managing economic growth and wealth creation" (Kitson, Martin and Tyler, 2004), academics turned their attention to regional, instead of national competitiveness. At the regional level, competitiveness is expected to capture the fact that - despite the existence of very competitive and very uncompetitive companies - there are some common features in each region that affect firms’ competitiveness, namely the physical and social infrastructure, the level of education and skills of the labour force and the effectiveness of public institutions (Chilian and Iordan, 2007, p.132).

Regional competitiveness can be defined as "the ability of an economy to attract and maintain firms with stable or rising market shares in an activity, while maintaining or increasing standards of living for those who participate in it" (Storper, 1997). Ultimately, „competitive regions and cities are places where both companies and people want to locate and invest in" (Kitson, Martin și Tyler, 2004). As revealed by the UK Report of Regional Competitiveness Indicators (2002), regional competitiveness describes „the ability of regions to generate income and maintain employment levels in the face of domestic and international competition" (DTI, 2002).

A number of studies on regional competitiveness highlight two distinct approaches to the concept (Dimian and Danciu, 2011). On the one hand, regional competitiveness is a result of cumulative action of several factors (European Commission, 2008). On the other hand, there is a special attention paid to the determinants of regional competitiveness, such as clusters, demography, migration, hard and soft factors of location, entrepreneurship and the relationships between firms, institutional capacity and government quality, innovation and regional innovation systems.

The traditional perspective on the determinants of regional competitiveness pays attention to capital, natural and human resources. Currently, there are many other approaches in this respect. Some studies attach great importance to the direct and short-term factors influencing economic results, profitability, productivity and employment rate. However, other "success factors" such as environmental and cultural determinants, should not be ignored when analyzing competitiveness (Jensen-Butler, 1996).

For our study, we consider three groups of influencing factors (Zwiech, 2006, pp.35-40): macroeconomic (state economic policy and regional policy), mezzoeconomic (natural resources and conditions, economic infrastructure, technical infrastructure, social infrastructure, policy of the local authorities) and microeconomic factors, the last ones being linked with enterprises and population. According to the cited author, determinants linked with enterprises are: „size of enterprises, a scope of business activity, strategies implemented by enterprises, economic situation and pace of implementing innovations" (Zwiech, 2006, p.39).

We do believe that the CSR strategy, integrated into organizations' strategies, may be an important determinant of regional competitiveness.

3. CSR impact on regional competitiveness

No surprisingly, research reveals opposing views on the relationship between CSR and competitiveness, given the high variety of definitions of CSR and competitiveness. Thus, some research argues that there is a causal relationship between CSR and competitiveness, while other studies agree that the relationship exist, but its' intensity and direction is very difficult to be estimated. There are also some authors who examine corporate social and environmental responsibility as a tool to promote competitiveness (Schreck, 2011, p.168).

The European Commission considers CSR as a major contributor to the European Growth Strategy: if organizations develop responsible businesses, than the EU's growth objectives would be achieved. To support this idea, CSR effects on competitiveness were examined at the firm, sectoral and macroeconomic level (European Commission, 2008). *At firm level*, CSR has positive effects on cost structure, human resource performance, customer perspective, innovation, risk and reputation management and financial performance. *At sectoral and macroeconomic levels*, corporate social responsibility can increase regional and national competitiveness by generating a high level of trust in companies; improving community perception of organizational values that can add value at the regional or national level; creating social capital in the national and regional economies; integrating labour markets, developing employees' skills and supporting workforce adaptation to the requirements of the global economy; increasing innovation performance (European Commission, 2008).

The Copenhagen Centre and AccountAbility have developed and promoted the concept of responsible competitiveness, in order to explore and highlight the impact of CSR on competitiveness at the level of organizations, sectors, communities or states (Zadek et al., 2003).

CSR impact on regional competitiveness can be also seen as „structural development of regions and investment in infrastructure, education, research and science, art and culture projects, social projects and sport projects; development of competence centers in the region; increasing the attractiveness to other companies, tourism, population” (Schneider, Kupke and Lattemann, 2007, p.11).

These contributions become more viable if organizations accept the “good corporate citizen” position at the local and regional level and establish partnerships with other organizations, to mobilize resources and expertise to solve local problems and needs, to support the education system and the creation of new jobs, to promote small and medium businesses or stimulate talent (Valenzuela, 2003). Moreover, it is widely acknowledged that „local partnerships are the key to the promotion of local development, for which businesses should play a key or even leadership role” (Valenzuela, 2003).

In our opinion, CSR has a positive impact on regional competitiveness in terms of increased innovation performance, labour market integration, environment protection and the creation of social capital. These macroimpacts are, in fact, sources of increased regional competitiveness (Figure no. 1).

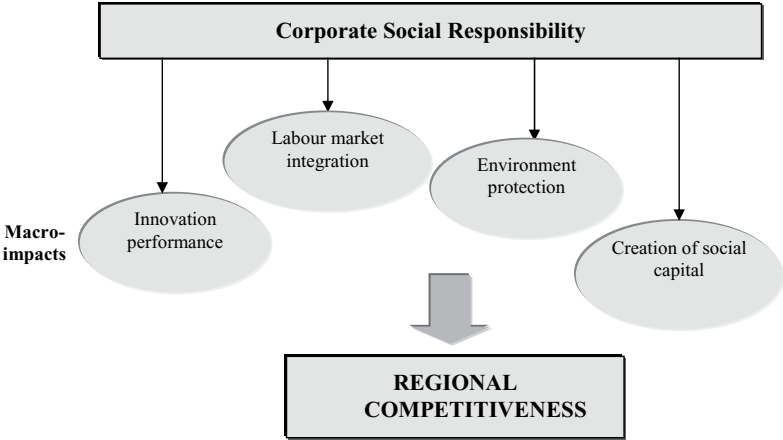


Figure 1. CSR (macro-)impacts on regional competitiveness
 Source: the authors

Studies also show that the purpose of CSR is "to reduce poverty and exclusion, adapt products and services to customer needs and increase capital and social responsibility" (Zeller, Lapenu and Greeley, 2003). This way, "investment in human, social and environmental capital and technological innovation are key-conditions for long-term competitiveness and economic prosperity, social cohesion, quality employment and environmental protection" (EU Council, 2006).

In the wider context of globalization, CSR becomes more and more deeply considered in issues facing competitiveness and competition, security, financial stability and the relationship with the environment. Therefore, an increasingly important role is attributed to social and environmental performances of organizations, to policies that measure how organizations, management strategies and equipments are designed in order to protect the environment (Cismaş and Stan, 2010).

Support for innovation and collaboration between states, organizations and communities becomes an imperative for a better future and green growth. In this respect, *Rio +20 Corporate Sustainability Forum: Innovation & Collaboration for the future we want*, organized by the United Nations in 2012, was aimed at identifying possible qualitative improvements of CSR practices, stimulating the diffusion of sustainable innovations and the cooperation between companies, governments, civil society and the United Nations. As concluded by the Forum participants, we need solutions to be applied world-wide for the transition to an economic order based on growth and able to reduce poverty and social injustice and to preserve natural resources for future generations.

4. Research methodology and objectives

The purpose of our study is to determine the direction and intensity of the relationship between CSR and regional competitiveness, at the level of Central and Eastern Europe countries belonging to the European Union.

Differences in competitiveness between the regions of Central and Eastern European countries are generated by numerous factors, such as government policies, legal system, competition, firms' economic, social and environmental performances, innovativeness, ability to develop sustainable businesses etc. In this context, organizations acting responsibly generate positive effects both at a regional and national level in terms of employment, support for innovation and upgrades in living standards etc.

Research objectives have been formulated as follows:

- O1. Developing the methodology for calculating the Regional Index of CSR;
- O2. Computing the Regional Index of CSR by aggregating companies' scores on CSR at the regional level;

- O3. Creating a ranking of CSR for regions in Central and Eastern European countries belonging to the European Union;
- O4. Computing the direction and intensity of the relationship between the Regional Index of CSR and the EU Regional Competitiveness Index.

4.1 A conceptual model for the analysis of CSR

The proposed conceptual model is based on the idea that CSR is part of corporate sustainability and that CSR performance measurement can be studied in relation to business sustainability (Weber, 2008). This approach involves assessing CSR performance with regard to three categories: *economic responsibility*, *responsibility to employees* and *environmental responsibility*.

Economic responsibility is the first and the most important responsibility of organizations, as it includes the obligation to provide returns to shareholders, fair and secure wages to employees and quality products and services to customers. According to Archie Carroll (1991), fulfilling its economic responsibility is the essential condition to be met by companies to survive on the market. Second, *responsibility to employees* is a response to local, regional or national social challenges and includes all policies related to employees. Finally, *environmental responsibility* is a condition for the sustainability of businesses and regions and issues related to the sustainable use of resources and the reduction of consumption of non-renewable resources should be carefully considered in the organizational strategy. This approach becomes mandatory since major concerns exist with regard to environmental degradation and resource scarcity.

4.2 The Regional Index of CSR

The methodology for determining the Regional Index of CSR (RI_{CSR}) was based on an in-depth content analysis of CSR and sustainability reports published in 2013 or 2014 by Top 50 companies in Central and Eastern Europe, according to Top 500 Deloitte ranking 2013.

Computing the RI_{CSR} involved several steps. First, a database including Top 50 companies in Central and Eastern Europe was created (Annoni and Dijkstra, 2013, Top 500 Deloitte ranking 2013), the countries being identified in line with the list published by the East Central European Center (Colombia University, 1997). From the Top 50 companies, those being headquartered in Ukraine (six

companies) were excluded from the list for not being part of the European Union (and not being included in the European Regional Competitiveness Index). In the next step, we completed the database with evidence for CSR performances from companies' CSR/ sustainability reports. Two other companies (Lotos and PGE from Poland) were excluded from the list, given the lack of CSR data. Specific quantitative and qualitative values were aggregated and converted with the min-max method, to maintain a relative distance between the scores of various countries analyzed.

Three subindexes were used in the computation of RI_{CSR} : economic responsibility, responsibility to employees and environmental responsibility. *The economic responsibility sub-index* was determined based on the total income indicator, expressed in million euros, in 2012. The sub-index *responsibility to employees* considered the following indicators, for 2012: the share of women in total staff (in percent), the number of training hours per employee (in hours/ employee/ year) and the number of serious work accidents (in units). To determine the sub-index *environmental responsibility*, we have used energy consumption (in million GJ), water consumption (in million m³), the amount of waste (in tonnes) and total emissions (in million tonnes). For the sub-index responsibility to employees, we used a 0,33 weighting coefficient and for the environmental responsibility - a 0,25 weighting coefficient.

Based on their headquarter location, companies included in our study were framed to a certain region, defined in line with the nomenclature of the European Commission (NUT2, regional codes). The final RI_{CSR} was computed for each region, based on average companies' CSR performances in that region. Thus, a regional ranking based on RI_{CSR} for Central and Eastern Europe emerged from our computations (Table no 1.).

Table 1. Regional ranking based on RI_{CSR}

No.crt.	Country	Regional codes	RI_{CSR}
1.	Czech Republic	CZ02	0,526
2.	Croatia	HR04	0,477
3.	Lithuania	LT00	0,456
4.	Hungary	HU21	0,454
5.	Poland	PL43	0,442
6.	Poland	PL11	0,431

No.crt.	Country	Regional codes	RI _{CSR}
7.	Slovakia	SK01	0,421
8.	Romania	RO32	0,417
9.	Poland	PL12	0,410
10.	Czech Republic	CZ01	0,398
11.	Slovenia	SI02	0,395
12.	Poland	PL41	0,389
13.	Poland	PL21	0,380
14.	Slovakia	SK03	0,377
15.	Romania	RO31	0,340
16.	Poland	PL63	0,334
17.	Hungary	HU22	0,327
18.	Romania	RO22	0,272
19.	Lithuania	LT00	0,272
20.	Bulgaria	BG33	0,263
21.	Bulgaria	BG41	0,218
22.	Poland	PL34	0,217

Source: own calculations

CSR performances at the regional level can be considered as being very good (above 0.5), good (0.4 to 0.499), satisfactory (0.3 to 0.399) or unsatisfactory (less than 0.299). On this basis, nine out of 22 regions in our study record *good* and *satisfactory* CSR performances and only one region (in the Czech Republic) scores *very good*. Given the fact that many of the observed companies operate in industries with high impact on environment – such as natural resource extraction or automotive industry, it becomes necessary for them to implement CSR strategies and to integrate them in their development strategies, as well as in the regional development strategies.

The results highlight the need to maintain cooperation between enterprises, regions and countries, to improve CSR practices. Increasing organizational and regional competitiveness should include efforts to promote pollution reduction technologies, energy efficiency, infrastructure development, employee rights. In this context, we consider that developed countries and regions bear a greater responsibility, including the provision of assistance to countries and regions from emerging economies, including those in Central and Eastern Europe.

4.3 Testing the research hypothesis

The hypothesis of our study is that *a responsible organizational behavior, adapted to the local and regional context, supports regional competitiveness*. To highlight the direction and intensity of the relationship between RI_{CSR} and RCI (and its pillars), statistical correlation method was applied using the Eviews 8 software (Table no. 2).

Table 2. Correlation analysis (RCI and RI_{CSR})

	RCI	RI_{CSR}
RCI	1	
RI_{CSR}	0.502238	1
RCI Institutions	0.527375	0.373526
RCI Macro-stability	0.165294	-0.05169
RCI Infrastructure	0.847616	0.551746
RCI Health	0.861772	0.300384
RCI Basic Education	0.454653	0.374736
RCI Higher Education/LL	0.955231	0.415054
RCI Labor Market Efficiency	0.891926	0.285410
RCI Market Size	0.874598	0.611851
RCI Technological Readiness	0.815996	0.507295
RCI Business Sophistication	0.768225	0.243776
RCI Innovation	0.765072	0.297888

Source: own calculations

Results show a positive correlation between RI_{CSR} and RCI, of a medium intensity (0.502). Together with many other factors, regional competitiveness is thus influenced by the capacity of the companies in a given region to implement CSR strategies.

Positive correlations (values > 0.5) can be also observed between RI_{CSR} and RIS Infrastructure, RIS Market Size and RIS Technological Readiness. Responsible practices in planning and control of material, information flows and logistics, evidenced by "a socially responsible procurement strategy, sustainable packaging, sustainable storage, sustainable transportation and reverse logistics" (Panayiotou and Aravosis, 2011), contribute to the responsible use of regional or multi-regional infrastructure and thus to developing sustainable transport structures, aimed at promoting biodiversity. Implementing green marketing

contributes to educating consumers about new technologies, demonstrating the benefits of technology for consumers, regions and society as a whole (Pride and Ferrell, 2010).

Similarly, a widespread use of information and communication technologies improves and supports regional competitiveness, since "information society integrates sustainable development objectives, based on freedom, social justice and equal opportunities, environmental protection, industry and business environment restructuring, cultural diversity and innovative development" (Nicolescu et al., 2003, p.229)

Results also suggest that organizations achieving high economic performance are not necessarily the most responsible. It is true that CSR performances are influenced by the economic performance of organizations, so that economic performance may increase on the long term, but only when social responsibility is considered an investment, not an expense for organizations.

Consequently, the study's hypothesis that *"a responsible organizational behavior, adapted to the local and regional context, supports regional competitiveness"* is confirmed.

5. Conclusions

This study was aimed at determining the direction and intensity of the relationship between social responsibility and regional competitiveness. To this end, the study developed a regional index of CSR (RI_{CSR}) based on an in-depth content analysis of CSR/ sustainability reports of top 42 companies, which it meant to serve as a benchmarking tool to compare CSR performances in different regions. Despite methodological limitations, we consider that this regional index reveals important aspects of CSR performance in 22 regions located in Central and Eastern Europe. Our ranking of regions based on RI_{CSR} shows significant differences between regions, thus reflecting different concerns to engage in CSR and to report the result.

The study shows that CSR performance of each region depends rather on national, regional and local policies to stimulate social responsibility practices and less on economic development. CSR is a voluntary response by organizations, but can also be a reaction to pressures from the stakeholders. Realizing the long-term benefits on their businesses, companies in Central and

Eastern Europe should also take into account CSR impact on regional competitiveness.

In the future, the methodology for calculating this regional index can be improved by using a broader range of metrics. In this way, it will be possible to determine more clearly the impact of corporate social responsibility on the competitiveness of regions and to identify CSR strategies with regional impact.

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