

## CONTRIBUTIONS UNDERLYING ROMANIAN MANAGEMENT MODEL

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### ABSTRACT

*The purpose of research is the systemic analysis of Romanian management model (RMM), analysis and development of methods, techniques, procedures and tools, original or adapted to our country specific, by specialists and experts in management. The analysis considers the Romanian companies that will support their survival, transformation and changes during the transition or transformation period.*

**KEYWORDS:** *system analysis, Romanian management model, control systems.*

**JEL CLASSIFICATION:** M20

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### 1. SYSTEMIC APPROACH

Nowadays, economical transition and economic-financial world crisis, the socio-economic environment has been changed (fig. 1) (Forester, 1996). The new entries in socio-economic environment (X) have shown modifications. Some of the technical, materials, technological, human and financial resources are chipper and more available (materials and human resources), and other become more expensive and rare (financial resources). This kind of change occurs almost simultaneously in the global economy (Scarlat & Chiriță, 1997, 1999; Zadeh & Polak, 1976).

### 2. SYSTEMIC ANALYSIS OF ROMANIAN MANAGEMENT MODELS PARTICULARITIES. PERTURBATIONS. CONTRIBUTIONS TO SYSTEMS CONTROL

Any organization is always subject to perturbations, which managers must find control solutions (Spircu et al., 2002). These perturbations can be grouped into three broad categories:

#### A. Transformational/organizational/system

- P1: Allocation of the resources
- P2: Transformation process
- P3: Transformation process results

#### B. Informational process/system

- P4: Data collection
- P5: Data transmission and communication
- P6: Data base

#### C. Decisional process/system

- P7: Data analysis and processing
- P8: Establishing the strategies and standards
- P9: Decisional system
- P10: Decision implementation

#### A. Transformational/organizational/system

##### 2.1. Allocation of the resources – P1 Perturbation

Transformation processes, technological and economic as well, are affected by: allocation of resources, satisfying customer needs, costs cut and labor productivity.

Allocation of the resources is one of the most important decisions of a manager in a transition or crisis situation. The organizations may be on a transition phase (t) or in transformation stage (T).

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The transition requires new resources in addition to existing ones or usage of complete new elements in case of transformation (Rusu et al., 1980).

Resource allocation should take into consideration to satisfying customer needs during quality of products/services, needs that are changing dramatically in a very short time due to customer incomes decrease. Relations with suppliers should simultaneously be renewed. Each employee of the company must be involved in transformation process. Between companies' departments should develop a continuous collaboration for quality improvement and customer needs satisfaction in an innovation process of a continuously learning company.

Entries into the organizational system are changing constantly (Melnichenko, 2000), usually as a result of globalization, following the changes of ownership forms caused by the economic crisis. Management experts, business leaders must adopt and create new methods, techniques, tools and procedures for allocation and optimizing the usage of resources in order to cope with perturbations caused by system entries changes.

2.1.1.HUMAN RESOURCES IN ROMANIA. Human resource is a strong inertial component, linked to specific organizational culture of Romania. Basic principles of efficient functioning of an organization make the difference in performance between the Romanian and other developed countries companies:

- Ethics
- Integrity and honesty
- Order and cleanliness
- Caring for the proper usage of company resources
- Punctuality
- Time usage
- Responsibility
- Work discipline
- Desire of improvement
- Respect for the law
- Desire to do the things well
- Quality of the work
- Wisely expenses (cost)
- Unit of action

Employees' attitude regarding the above principles is changing over time and makes the difference between companies.

2.1.1.1. Causes of the perturbations related to human resources entries in the system:

- The growing number of immigrants coming from skilled workforce
- Decrease of birth rate, uncontrolled layoff, etc.
- Qualifications which have no correspondence with job description
- Lack of interest in order to obtain appropriate qualifications
- The mismatch between training areas in schools and universities and the labour market requirements

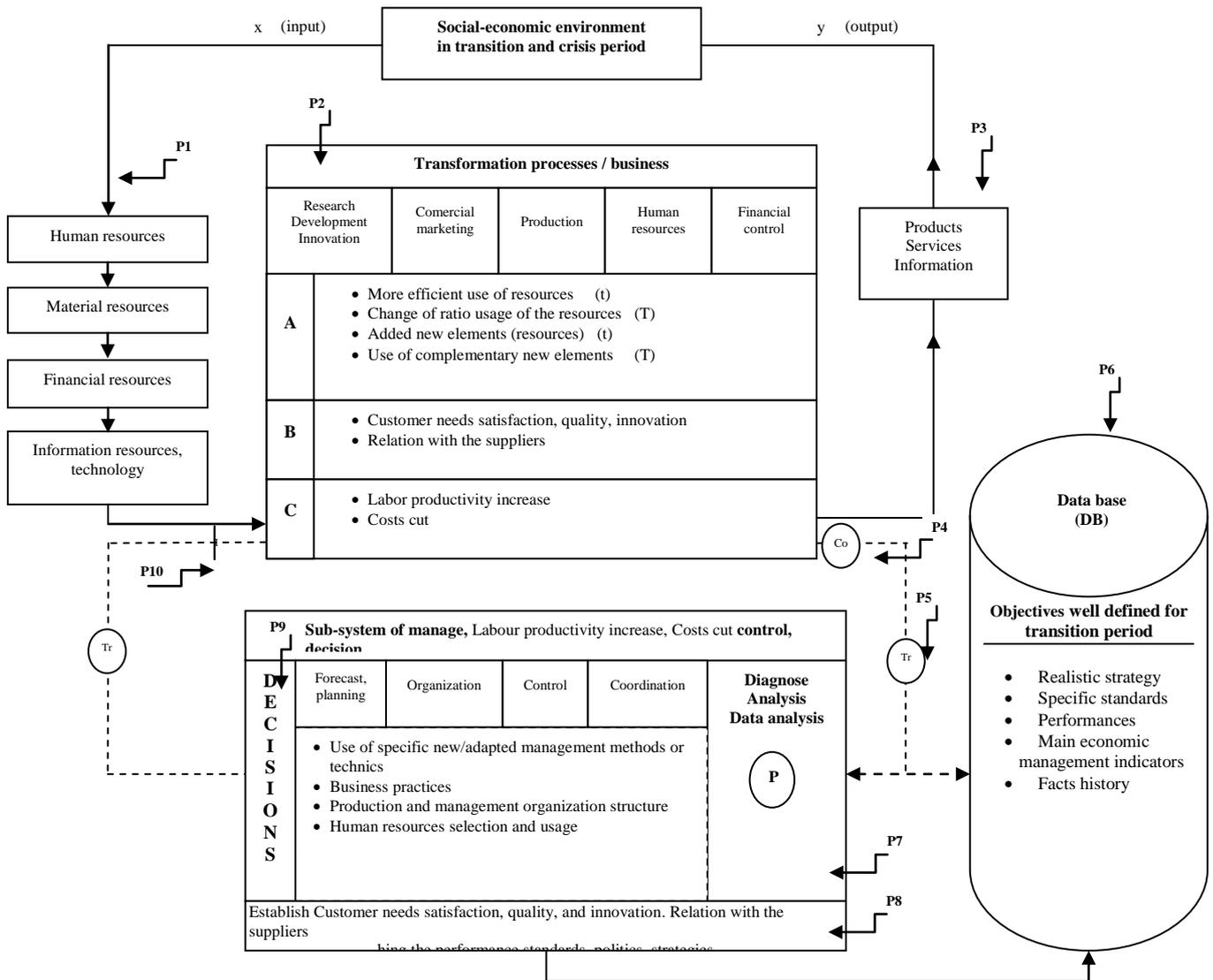


Figure 1. Organization as a system (cybernetic), in transition and crisis conditions

**Legend:**

- t – transition phase;
- T – transformation stage;
- Co – data collection;
- Tr – data transmission;
- P – data processing;
- Im – decision implementation;
- Pi – perturbations

Although human resources in Romania is qualified, firms performance is low because organizational culture has a certain stage of development and the companies have implemented only partially the basic principles for the functioning of an organization. This major cause is not treated carefully by policymakers, who should base a national strategy to change the workforce's attitude, starting from family, kindergarten and other forms of education, by application of a proper legislation.

2.1.1.2 Romanian contributions to human resources subsystem improvement. In this area, the Romanian experts in management have made contributions to the introduction and improvement of aspects related to job descriptions and analysis, recruitment, selection, job and personnel evaluation, promoting motivation systems and incentives, reducing discrimination (Gostin et al., 2012).

Although management experts have made important contributions to the directions above, they cannot influence decisively the implementation of suggested solutions.

#### 2.1.2. RAW MATERIALS

This resource has also an inertial component related to organizational culture and Romanian value system, to material resources available in our country, to economic crisis, globalization, the emergence of other users of this resource.

Quantity, quality and price of raw materials are constantly changing (Sparleanu, 2012).

2.1.2.1. The factors listed above can be related causes disturbance inputs of material resources in organizations.

Management must find solutions for: politics of stocks, purchasing time, procurement frauds, avoiding cheap materials that affect the cost of processing and second hand products.

2.1.2.2. Romanian contributions made by management experts from Romania were: adaptation, innovation and implementation of methods, techniques and procedures to determine: politics of stocks, the optimal level of stocks, systems of optimal choice of equipment, suppliers, maintenance systems and so on (Candea, 2011).

#### 2.1.3. INFORMATIONAL RESOURCES

In times of transition or crisis, organizations, in their desire to compete, to survive on the short term, give up on the acquisition of know-how, new technologies, advanced management methods and techniques. There are cases when people from firms have the knowledge, but it is not used. Sometimes, there are concerns for employees training, but the managers select courses that do not meet the company's needs, that have low quality or should not be paid.

2.1.3.1. Causes of perturbations in informational resources acquisitions:

- Lack of financial resources
- Misunderstanding by company management about the potential of information acquisition, in order to stimulate innovation

- Lack of government policies to stimulate innovation in all of organizational levels
- Innovation is not considered yet a state policy
- Lack of performance centres of technology transfer
- Conduct patents that have no practical application and not turn into business
- Lack of motivation of young people to work in research
- Limited extension of practices specific to learning organizations

2.1.3.2. Romanian experts contribution in management was oriented to:

- Organizing specific training programs in addition to universities or continuing education centres

- Reconsidering the education areas of plans and programs in universities, which have to be linked to business needs. Inventive courses

- Organizing short courses postgraduate, master and doctoral
- Develop projects regarding the management methods, techniques, processes and tools to ensure dissemination of information within the company

#### 2.1.4. FINANCIAL RESOURCES

Financial resources are increasingly difficult to attract and they shows very large price fluctuations for acquisition or interest.

Fearing implications of obtaining loans, companies have often avoided investment loans, purchases of raw materials or information, know-how, training of staff.

2.1.4.1. Causes of perturbation arising by inflows of financial resources may be related to:

- The global financial and economic crisis (Scarlat & Chiriță, 2001).
- Lack of financial and economic mechanisms by the human resource
- Unstable legislation, etc.

2.1.4.2. Contribution in this area have been made by the financial and accounting experts, but also management specialists have made contributions that have influenced:

- Establishing optimum inventory size
- Reducing the manufacturing cycle
- Reduction in specific consumptions
- Analysis of the value of products
- Equity development methods
- Dissemination of knowledge of economic and financial mechanisms globally
- Costs reduction

#### 2.1.4.3. Costs reduction

Cost reduction is a fundamental management issue, with major implications in financial management (Rusu, 2006). Cost of a product  $c_i$  is influenced by the amount of consumed substance  $c_{mi}$  (costs of raw materials, materials, etc.), the amount of energy  $c_{ei}$  (costs of all forms of energy, including human energy), the costs of acquisition and implementation of knowledge, innovations, new technologies, etc. -  $c_{li}$ . Such that:

$$c_i = c_{mi} + c_{ei} + c_{li}$$

In a developed country in economic terms, such as Japan (J), these costs will differ, namely:

$$c_{iJ} = c_{miJ} + c_{eiJ} + c_{liJ}$$

The differences are: energy costs and substance consumed in Japan will be lower than in Romania (R).

$$(c_{miJ} + c_{eiJ}) < (c_{miR} + c_{eiR})$$

Instead,  $c_{liJ}$  will higher in Romania. Often, even we have knowledge we apply or implement it only partially or not at all. Such that:

$$c_{liJ} > c_{liR}$$

The contributions of Romanian experts in management were and are focused on reducing costs. Although in a certain period human resource costs were lower in Romania than in other countries, in present the economy made with these costs cannot compensate for higher costs of material and energy consumption.

Costs cut and labor productivity in transformation process represent a survival or development decision. This implies more efficient related resources and even change of the resources proportion in case of new processes integrated with old ones.

#### 2.2. Transformation process – P2 Perturbation

Transformation processes from any organization are influenced by the changes that occur in the system: research/development/innovation, commercial/marketing, production, human resources, financial control.

##### 2.2.1. Processes from research and development departments

Since about 10 years before 1989, no more investments were made in domains like research, technological development, innovation, so that Romanian companies have not developed in terms of technology. As a result of economic policy in the transition period, inflation, undeclared interests

of foreign partners, Romanian organizations become uncompetitive without investment in research and development. In fact, this situation is continuing even now.

Disturbances in this area are related to:

- Restricting in research and development activities
- Establish formal of budget-funded research
- Conducting research that does not fit into the current and future needs of companies
- Reducing the public funding for research
- Low cooperation between firms, universities and research centres
- Low motivation of young people to work in research
- Emigration of most valuable young to perform such activities
- Lack of vision of managers concerned with short-term survival.

#### 2.2.2. Transformation processes in commercial-marketing field

After 1989, it has been shown that we can produce better than sell Romanian products and services, as a result of:

- Ignorance regarding the methods, techniques and tools for market research
- Lack of knowledge
- Old mentalities, traditions
- A certain carelessness of management

These issues and others have also been mentioned in ancient writings by Dimitrie Cantemir and Mihai Eminescu.

#### 2.2.3. Production/services

There was a mentality to produce more without caring for the costs or products and services quality. Methods, techniques and tools used in production processes were not known or there were only partially applied.

Production planning, organizing, control, monitoring and coordination were especially oriented towards quantitative aspects.

Reducing production has led to a mismatch between production capacities. They purchased the wrong equipment or "second hand", which were made high maintenance costs and raised interruption times.

#### 2.2.4. Human resource

Human resource needs and structure is constantly changing, as well as the requirements in this area. New personnel needs appear for new or redesigned posts, due to the changes intervening in the transformation processes. There is permanent need to replace the retired or layoff staff, and for the employees that leave from companies. Since labor productivity in Romania is low, it requires a more efficient usage of human resources and, therefore, a better workforce motivation (Filip et al., 2012).

#### 2.2.5. Romanian contributions to improving the management of transformation processes

##### 2.2.5.1. Research, development, innovation

Romanian experts have made contributions to:

- Conducting theoretical and practical studies regarding knowledge society, learning organizations, knowledge management, methods to stimulate creativity, innovation strategies, research programs elaboration

- The application and development of modern management methods in transformation processes: SWOT, operational research, Baldrige, breakeven point, Gantt charts usage, morphological methods, semantic methods, synergic character methods, that add value to existing and new products.

To promote these methods, universities have organized training courses (invention courses, specialization courses) and made R & D offers.

##### 2.2.5.2. Business activities

There have been promoted methods, techniques and tools for market research, marketing, business negotiation, costumer behaviour research, funding the stock and consumption norms. Improvements

have been made to supply, handling and storage activities. Models have been proposed for establishing the necessary materials to meet production targets.

#### 2.2.5.3. Transformation activity / production

Management specialists in Romania have made numerous contributions to the promotion of improved methods regarding planning, preparation, launching, and tracking. They were taken into consideration improvements in technical, technological, implementation and production reengineering training.

Contributions were made also in arranging the production spaces, job placement, development of flexible manufacturing systems, of balancing the technological lines loading systems, of adjusting the manufacturing cycle and narrow spaces.

Other contributions focused on optimizing manufacturing batch size, division of labor, improving the functioning of the production lines, manufacturing batch size optimization, optimal placement of equipment, inventory management, logistics activities improvement.

#### 2.2.5.4. Human resource management activities

Romanian contributions in human resources are numerous: human resource planning, job analysis and description, systems and methods of recruitment, selection and evaluation of staff and positions, motivating human resources, reduce discrimination, reward systems.

We can mention several promoted techniques: job analysis, performers self-shooting at work, the analysis of the required time for movements, working conditions, human-machine chart, relative economy of staff, movement chart, timetable, principles of saving movements, etc.

### 2.3. Results, performances – P3 Perturbation

Following transformation processes resulting products, services and information.

#### 2.3.1. Perturbations on the results quality arise from:

- The quality of entries in the system
- The quality of transformation processes
- Lack of a quality culture (it works anyway)
- Constantly changing the customers' needs in Romanian and global socio-economic environment

- Ignorance regarding these requirements

- Long reaction time from transformation subsystems

#### 2.3.2. Romanian contributions to the improvement of the quality system (Rusu, 2004)s:

- Acquisition of existing requirements of ISO standard
- Quality systems certification by Romanian and foreign evaluators
- Promoting the quality spirit at all levels of the company
- Promotion of statistical methods for technical quality control
- Implementation of total quality management

## B. Informational process/system

Crisis leaders should organize an informational system, for collecting (Co), transmission (Tr), processing (P) and data storage (DB), to enable the leader to anticipate, innovate, find new opportunities, based on assessment of knowledge/information, to develop new business plans that allow optimization of investment (Levis, 1995).

### 2.4. Analysis and design of information systems (Co, Tr, P, DB) – P4, P5, P6, Perturbations

#### 2.4.1. Perturbations on the functioning of information systems (Scarlat & Chiriță, 1998):

- Duration and frequency of data collection
- Accuracy of collected data
- Safety of the database
- System state / operating procedures
- The system development level

- Information system's compatibility with technical level of the transformation process
- Data aggregation in order to processing them into information for decision making
- Systems for filtration and protection of data
- Training of the staff working in information system

2.4.2. Romanian experts' contributions to improving the information system:

- Analysis and design of information systems
- Foundation of information systems improvement needs
- Ensuring that data system is compatible with decision system's needs
- Designing dashboards for managers at different levels
- Design database to achieve online diagnostic analyses
- Improving data flow
- Information systems evaluation
- Improved response times to ensure the management by exceptions and achievement of communications economy

### **C. Decisional process/system**

#### *2.5. Data analysis and processing – P7 Perturbation*

##### 2.5.1. Perturbations:

- Analysis of diagnostic models correlated with system development (Ellickson, 1993)
- Software for analysis / inappropriate processing
- Unrealistic performance standards
- Inadequate data processing time

##### 2.5.2. Romanian experts' contributions:

- Development of models for analysis / diagnosis by organization type, decision levels, subsystems of the company
- Models' application, methods and procedures of statistical analysis
- Using SPSS for data analysis and processing
- Personnel training
- Permanent update of software

#### *2.6. Establishing the strategies and standards – P8 Perturbation*

##### 2.6.1. Perturbations

After 1989, a lot of managers of Romanian companies did not establish policies, missions and strategies (PMS) for medium and long term functioning, did not understand the need for foundation of PMS.

For the start, PMS was set formally. There was no continuity during PMS revaluations. Business objectives at different levels do not arise from PMS; they were not based on performance standards, performance indicators that can be followed in dynamics. Romanian managers understood late the necessity of knowing the competitors' performance standards. The companies' staff was not trained, involved and motivated for founding PMS.

##### 2.6.2. Romanian experts' contributions focused on:

- Establish strategic alliances and partnerships
- Analysis of: portfolio, soft diagnosis, strategic flexibilities, competitive games, field of strengths
- Extrapolation of trends, merging firms, companies positioning
- Strategic planning, change projects (Deac & Duna, 2012)
- Assessing the risk of economic, financial, strategic, foreign exchange collapse
- Development of scenarios, strategic horizon, brainstorming and Delphi sessions

#### *2.7. Decisional system – P9 Perturbation*

##### 2.7.1. Perturbations:

- Selection of unsuitable managers
- Lack of methods, procedures and techniques of decision
- Failure to apply new decision methods
- Incorrect application of the decision methods
- Insufficient motivation of managers for optimal decision making
- Insufficient use of consultants for strategic decisions

#### 2.7.2. Romanian experts contributions:

- Companies staff training for optimal decision foundation (Scarlat & Chirita, 1998)
- Improve decision theory
- Implement management methods based on responsibility centres
- Application of new methods for decisions foundation
- Operational research: Electra, Potential, SWOT, decision simulation, ABC method, projects

and objectives management

The company's decision system was improved by the development of compensation and filtering subsystems.

Within the compensation subsystem can talk about:

- Optimize inventory size
- Optimizing human resource needs („the best stock” of human resources, creating time reserves, personnel reserves, staff norming, optimal loading jobs)
- Optimization of financial resources that are needed (optimal working capital)
- Optimizing the knowledge needs (knowledge stock)

Within the filtering subsystem we can pay attention to the control systems of raw materials, materials, semi-finished products, finished products, services, through:

- Implementation of ISO methods
- Human resources filtering through recruitment, selection, staff and job appraisal methods
- Filtering human resource needs by negotiating interest rates, the ratio of loan capital and total capital
- Filtering the know-how of the firm and its storage

## 2.8. Decision implementation – P10 Perturbation

Implementation of management decisions is a process of change.

### 2.8.1. Perturbations in decisions implementation process:

- Deformation decisions in the communication process, voluntary or involuntary
- Misunderstanding messages
- Changing received decisions from the decider intends
- Delays in decision implementation
- Delegating the implementation to other persons
- Formulation, inappropriate language of decider
- Failure in motivating employees for decision implementation

### 2.8.2. Romanian experts' contributions:

- Needs for change foundation
- Implementation of methods, techniques and tools for planning change (Nelson & Winter, 1982)
- Improving communication between decision-maker and performer

## CONCLUSION

There is not enough research on system analysis of Romanian organizations. Therefore, a systemic approach to Romanian experts contributions, based on perturbations in Romanian organizations system, allows us to review all issues related to management in general and the Romanian one in particular.

Thus, the paper provided a framework for

1. Systemic analysis of the management model's particularities in this stage generally and the Romanian one in particular. 'Such analysis encompasses
  - The defining characteristics of the Romanian Management (RM): historical particularities; social culture and psychology from Romania; managerial philosophy; comparative analysis between Romanian, European and north American management models
  - The potential, the resources and the image of the Romanian management model
  - The functionality and the lines of RM
  - Romanian management model's structure, processes and style
2. The research of the causes of perturbations in Romanian companies activity, in globalization and economic crisis conditions.
3. The research of Romanian contributions in regulating/controlling subsystems of an organization/company.

The development of the framework contributes to both theory and practice. Scientific contributions and academic creativity can be grouped in two classes:

- a) Contributions in creative and innovative adaptation of management science to the Romanian conditions
- b) Original contributions in relations to management science at national and international level

The key areas in which Romanian management has made contributions are: research, development and innovation management, production processes management, human resources management, business and marketing management, financial and accounting management, knowledge management.

- Organizational processes optimization
- Organizational resources usage optimization
- Contributions in promoting of good managerial practices by: books, manuals, articles, studies, participations in national and international events, doctoral schools
- Contributions to the development of economic performances through research and consultancy in Romanian organizations

The research is based on literature review on systemic approach analysis of Romanian Management Model (RMM), followed by structured interviews with Romanian experts in management, and analysis of research of Romanian contribution to achieving RMM.

An analysis of the proposed RMM highlights

- The characteristics of RMM in the transition period (features, functionality, potential structure, etc.)
- Main disturbances faced by Romanian companies in the present context
- Romanian experts contributions to adjust systems as a result of perturbations
- Systems required to control perturbations in Romanian organizations, as a result of the contribution of Romanian experts in management (original and adaptation contributions in relation to Management Science)

This approach enables us to highlight the main contributions of the Romanian school of management, of the Romanian experts, in adjusting the function of organizational systems for performance management.

We are aware that such an attempt cannot capture all the achievements Romanian experts in management. We are glad to receive any suggestions for their completion.

The work will contribute to knowledge in and outside the country regarding the contributions in original and creative adaptation (principles, methods, procedures and techniques in management) made by Romanian experts to promote the performance management in organizations and to disseminate these contributions.

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