

## THE UNIT MANPOWER + ENTREPRENEURSHIP, MAIN PRODUCTION FACTOR WITHIN MANAGERIAL SYSTEM

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### ABSTRACT:

*Numerous studies demonstrate there is an indestructible relationship between educating the young generation and assuring the well being and progress of any state, by providing the necessary features of the manpower.*

*This study aims to emphasize the outlook of some important regions on Earth, regarding the formation of manpower as a result of the implication of the education systems and governments representatives in this process, given the present economic and social environment.*

**KEYWORDS:** *Entrepreneurship, Manpower, Policy*

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### 1. INTRODUCTION

The concept of manpower has appeared recently in the economic literature, if compared to other important economic concepts, as market, money, or capital. The American economic literature stipulates that an explicit concern over manpower and human resources issues began only in the late 1950s, although over these matters one were interested even during the two World Wars and in the Great Depression period, as unemployment appeared due to technological progress (Hansen, 1986, p.141-142). As a result, the first issue related to this was the necessity to retrain workers for new jobs, to which one can add the political pressures they engendered, both led to the emergence of a series of concepts as *manpower policies, labor market policy or positive labor market and active manpower policy.*

Though, the using and definition of active manpower policy first came from the O.E.C.D in 1964 as a "full, productive and freely chosen employment policy" centered mostly on several main directions, that are the following:

- The existence of a central policymaking body at the level of a state or group of state or federation;
- The development of human resources, through education, vocational and industrial training and the enlargement of adult training facilities, based on reforms in the general education and training systems;
- The development of an comprehensive employment service, as an interface between employers an employees of all categories;
- The existence of preventive and remedial actions against employment disturbances;
- Correct forecasting of the future occupational requirements, in order to adapt the educational and training programs;
- Encouraging entrepreneurship, as a "gale of creative destruction" to replace in whole or in part inferior innovations across markets and industries, simultaneously creating new

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products including new business models, in this way, being largely responsible for the dynamism of industries and long-run economic growth (Schumpeter, 2012, p.131).

Today, one speak, concerning the active manpower policies, about *geographical mobility, support of the industrial expansion in backward or depressed areas or fields that can be developed, conceiving the right measures to allow the marginal groups to take up occupation and finding financial provisions in order to facilitate the workers re-orientation, retraining, rehabilitation or other kind of readjustments.*

All these policies are directly related and depending on the human resources management at the microeconomic level and education management, influencing, on its turn, the methods and instruments used in managerial practice.

## **Global approach**

Labor force is considered the main production factor (from classical point of view) and, mean time, the dynamic propeller of the entire economic system. But this existence and movement of labor force is due to the process of globalization. Briefly speaking, *globalization* is, overall, the consequence of an accelerating integration of the economic and political structures all over the world, process which leads to the construction of a **new economy**, enhancing all these new realities. More than that, globalization is a long run complex process, connected to the redefining and the reconfiguration of the economic systems relationships, between the decision and power centers and the beneficiaries or the crucial zones in the world.

Economies are continuously evolving and globalization is a part of this evolution. Such a phenomenon is the one of orienting tech-services sector belonging to economies that have reached a certain maturity. Another one is the displacement towards those working places that claim better abilities. Studies showed that all these types of evolution will follow, no matter the rapidity of the globalization process. Actually, globalization makes this process less expensive for the general economy, bringing as advantages: the capital flows, the technique innovation and the small import prices. The economic growth, the unemployment decreasing and the living standards are much higher compared to any closed economy.

## **2. THE EUROPEAN MANPOWER POLICIES AND ENTREPRENEURSHIP**

Europe and the European Union faced many manpower issues, especially since the year 2009, marking the beginning of the economic crisis.

Regarding unemployment in Europe, one might say there is a major challenge tackling its later continuous rising. In this respect, the European Commission has made serious recommendations to 17 of its member states (Greece, Portugal, Ireland and Cyprus were excepted) especially focused on youth unemployment, with its harming effects in the future, thus emphasizing the importance of settling and introducing new lines in the latest Youth Guarantee adopted formally in April 2013, that earmark the allotment of 6 billion euro for the future seven-year budget of the European Social Fund (Moving Europe beyond the crisis: country specific recommendations, 2013).

The economic crisis and recession in 2012 also deepened the divergences between the EU member states and the risks of long-term exclusion along other unwanted effects as reaching the highest peaks of unemployment in almost 20 years and the decline of household incomes (Employment and Social Developments in Europe Review, 2012).

The average EU unemployment rate reached an almost 11%, with new patterns of divergence between the North and South of the Eurozone, the gaps widening in 2011 to 7.5 points, compared to 2007, when there was none, and 2000 when there was 3.5.

In March 2013, EU counted 5.7 million young people unemployed, from which 3.6 million in the euro area states, although the lowest unemployment rates were noticed as follows in Germany, Austria (7.6%) and the Netherlands (10.5%) and the highest in Greece, (59.1%), Spain (55.9%),

Italy and Portugal (38.4%) (The European Commission Memo "EU measures to tackle youth unemployment, Brussels, May 2012).

As a result of the pressure upon household incomes and the increased risk of long-term exclusion, new policies were suggested to be created according to the specific situation of each country and population group mostly exposed at risk, in order to prevent rising poverty.

The European report also shows that in some southern states of the E.U. the match between skills and jobs is not corresponding or had even worsened, this being the reason why these states were suggested to invest more efficiently in education and training, in spending better on active labor market policies, in supporting the creation of high skilled jobs in those growing sectors as IT, communications, healthcare or green economy.

In this respect, the EU's growth strategy for the next decade (Europe 20) stipulates that EU has to become a "smart, sustainable and inclusive economy", these three reinforcing priorities aiming to help the EU itself and the member states deliver high levels of employment, productivity and social cohesion, the concrete objectives being the development in the fields of employment, innovation, education, social inclusion and climate/energy until 2020 (The European Commission Press Release, May 29<sup>th</sup>, 2013).

In this respect, the main action of controlling unemployment remains the Youth Employment Package proposed by the European Commission in December 2012 that includes:

1. The introduction of the Youth Guarantee – meant to ensure that all people under 25 years receive either a quality offer of a job, continued education, an apprenticeship or a traineeship within four months of leaving formal education or becoming unemployed. Its cost is supposed to be lower than the cost of inaction and fiscal covered, depending on the national circumstances of every member state (The European Commission Memo, May 28<sup>th</sup> 2013, Brussels).

The Youth Guarantee schemes total cost was estimated at 0.45% of the EU G.D.P., that is around 21Billion Euro, compared to the annual loss of unemployment cost estimated at 1.21% of the EU G.D.P. , that is 153 billion Euro (accessed on june 2<sup>nd</sup> 2013 at [http://europa.eu/rapid/press-release\\_MEMO-13-464\\_en.html](http://europa.eu/rapid/press-release_MEMO-13-464_en.html))

The main measures proposed in order to reach the goals of the European Commission strategy regarding the diminishing the young people's unemployment are: outreaching strategies and focal points, ensuring grater availability of start-up support services, enhancing new mechanisms for supporting young people who drop out from the active position, monitoring and evaluating the programs contributing to the Youth Guarantee schemes in order to develop the right policies and intervention instruments, based on the evidence and promoting mutual learning activities, at national, regional and local level, between all the actors fighting this common threat.

2. The implementation of a Quality Framework for Traineeships – meant to allow people to acquire high-quality work experience, under safe conditions and under the right supervision, in order to avoid traineeships being exploited by companies as sources of cheap labor or manpower. This proposal, that will be presented before the end of 2013, is based on the fact confirmed by many studies (Gray, 2004, p.187,204, Scherer, 2006, p. 86), that trainees face many problems during traineeships, as lack of remuneration, unsafe working conditions, low quality learning contents or lack of social protection coverage, as long as different national trainee legislation exist.

3. Funding the European Alliance for Apprenticeships – previewed to be launched in July 2013, whose main aim is to supply and improve the quality of apprenticeships across the EU states, bringing together authorities, business and social partners, vocational practitioners, education and training for researchers and youth representatives.

4. Facilitate the mobility for the jobseekers, as the European Vacancy Monitor shows (p.2,9) that, at this moment, there are about 2 million unfilled vacancies, as a result of missing the necessary skills that employers seek, the demand and job hiring being most numerous in the low to medium-skilled occupations. The main proposition of the Commission was to improve and modernize the European jobseeker mobility network (MEMO/12/896, MEMO/12/897) in order to make easier the contact

between employers and jobseekers and to focus on those sectors with skills shortage, supporting targeted mobility schemes for young people, and not only.

5. Continuing the Lifelong Learning Program, thus, providing the necessary support for learning mobility, for all the categories of people, through:

Comenius Program - school

Erasmus Program – higher education

Leonardo da Vinci Program – vocational education

Grundtvig Program – adult education.

Along all these measures, UE also focuses on stimulating the creation of new jobs by entrepreneurs. As the European Commission underlined “We need to develop a more entrepreneurial culture, starting with young people and from school education”. Thus, the Commission is working with Member States, in particular by facilitating the sharing of experiences and fostering entrepreneurial attitudes. In addition, many campaigns have been launched to promote the image of entrepreneurship beside the Entrepreneurship 2020 Action Plan.

To bring Europe back to growth and good levels of employment it seems Europe needs more entrepreneurs, as entrepreneurship is “a powerful driver of economic growth and job creation – it creates new companies and jobs, open up new markets and nurtures new skills and capabilities” (The European Commission, 2013, p.3).

Although in Europe 4 million new jobs are created every year, it seems the share of people preferring self-employment to being an employee has dropped in 23 out of the 27 EU Member States. Beside this, while three years ago 45% of Europeans preferred self-employment, now this percentage is down to only 37%. As the reports show, in the USA and China, this proportion is much higher: 51% and 56% respectively. Moreover, when new enterprises are founded, they grow more slowly in the EU than in the USA or other emerging countries, and fewer of them join the ranks of the world's largest firms. For example, Europe’s corporate giants include only 12 companies that were founded in the second half of the twentieth century, while in the US there are 51 and 46 in emerging countries in South-East Asia, of these, only 3 were created after 1975 in Europe, compared with 26 in the US and 21 in emerging markets (The European Commission, 2013, p.4).

In this respect, the main 3 pillars of the Entrepreneurship 2020 Action Plan foresee:

Pillar I - Entrepreneurial education and training to support growth and business creation, to give to the young the necessary entrepreneurial knowledge and skills and educate the future generations of entrepreneurs.

Pillar II - Creating an environment where entrepreneurs can flourish and grow; where the Public administration effectively helps entrepreneurs or minimizes obstacles to business.

In order to reach this goal, there are 6 areas to cover:

- Access to finance,
- Support for entrepreneurs during the business lifecycle as one knows the fact that about 50% of new businesses fail during their first five years as businesses often lack an appropriate ecosystem to help them to grow,
- Unleashing new business opportunities in the digital age, as web start-ups tend to grow faster than other businesses and scale exponentially, but they also tend to fail faster, which translates into higher rewards but also higher risks. Also web start-ups are cheaper to setup and the entry barriers are low,
- Bankruptcy procedures and a second chance for honest entrepreneurs as evidence shows that by far the majority (96%) of bankruptcies are due to a string of late payments or other objective problems,
- Easing the possibility to transfer of business, as every year approximately 450,000 firms with 2 million employees are transferred to new owners across Europe,
- Administrative simplification, because entrepreneurs should be the “normal customer” for whom administrations benchmark their procedural requirements.

Pillar III - Promoting role models and reaching out to specific groups whose entrepreneurial potential is not being tapped to its fullest extent or who are not reached by traditional outreach for business.

### **3. JAPAN AND EAST-ASIA MODELS AND EXPERIENCES**

The actual Japan's mode of recruitment developed mainly from the postwar practice in which many large corporations looked to the youth population as a substitute for the exhausted skilled labor force and educated them to fit in their organizations. The employment security measures also played an important role in adjusting supply and demand at national level, transferring new high school graduates to local markets to meet the growing demand for a labor force in the cities through its network of public employment security offices nationwide (Yoshimoto, 2002, p.5).

Also, it was shown that businesses have been actively investing in in-house training for new graduates, resulting a tendency to put an emphasis on basic or general education at secondary education as an appropriate foundation for later on-the job training, rather than vocational training at upper secondary school level. In this respect, governmental agencies were conceived, in order to adjust the supply to the demand of labor force.

Today's Japan big corporations and government agencies make a practice of recruiting at the same time, with March graduates being recruited in the succeeding April as full-time workers with no fixed contractual employment period. They generally prefer to employ new graduates, as the small and medium-sized firms also do, preferring them to other groups in the labor force.

As the Japanese researchers show, the priority of public youth employment policy in Japan consists of three parts.

The first, is meant for students who may look for employment school provides career guidance and counseling as extra-curricular activities.

The second serves for students applying for job, and the school, as a delegated free placement service and public employment security offices (PESOs), give them information and advice.

And the third, for young workers and job-seekers outside school, who are also canceled by PESOs and vocational training schools for vocational guidance, vocational training and placement services, with the support system of employment insurance (Yashimoto, 2002, p. 18,25).

Regarding the Employment Security Law, that relates directly to the transition from school to working life, its bases provide for placement services at public employment security offices, adjusting the supply and demand of labor forces and also supplementary services that suppose free placement services provided with official approval at schools, fee-charging placement services for certain ranges of jobs, temporary worker services and recruitment.

The importance of the matter of youth employment result also from the fact that the public employment security offices provide a series of services: reception of job offers and applications, vocational ability evaluation by professionals, vocational guidance and consultation, assistance in vocational training, job placement for registered applicants, and guidance on adapting to the workplace after finding a job. Offices also provide employment information for local communities, not only for job applicants or employers, with the intention of preventing any frictional unemployment caused by lack of information.

In other Asian countries, the problem of inadequate labor market information regarding the labor force, and not only, is particularly bad, this is why it is difficult to make a comprehensive analysis of manpower policies. China and India, the two most populous nations, only conduct comprehensive national employment surveys every few years (Bhattacharyya, 2012, p.5) .

Even if full employment were easier to define as a concept applicable to developing economies, the lack of timely and detailed employment data in most low- and middle-income Asian economies proves to be an obstacle in adopting an employment objective for any policy. That is why, their governments try to solve the problem of unemployment using the appropriate monetary policy.

As The *NewPalgrave Dictionary of Economics* defines monetary policy as “actions taken by central banks to affect monetary and other financial conditions in pursuit of the broader objectives of sustainable growth of real output, high employment, and price stability” it is generally accepted that monetary policy has a significant impact on domestic economic activity and employment.

Studies show that central banks in developing economies fall into two broad categories: they either focus only on maintaining price and financial stability, or they pursue a range of objectives, which may include stability, high economic growth or development. In this way, the monetary policy makes an indirect contribution to employment, in that it is more conducive to job creation than an environment of unstable prices and financial conditions.

Of course, it is not excluded the hypothesis that governments in developing Asia can not engage in policies to promote job creation and economic growth, but full employment should be a goal of monetary policy, rather than a short- or medium-term objective against which the performance of a central bank can be assessed (Bhattacharyya, 2012, p.10).

Other studies (Hammond, G.; Kanbur, R.; Prasad, E., 2009, p. 4,5) showed that in industrialized economies, where non-wage employment usually represents a small portion of total employment, a central bank with a full-employment objective will actively adjust monetary policy to achieve the lowest rate of unemployment consistent with price stability, which is also referred to as the non-accelerating inflationary rate of unemployment (NAIRU) and, in order to accomplish this goal, central bankers implement a monetary policy that seeks to minimize the portion of unemployment due to cyclical factors.

#### 4. CONCLUSIONS

The sustainability and profitability of any company on the market depends in a decisive manner on their creative and innovative capacity, due to the manpower, in order to generate growth and progress.

In the present period, the unit factor of production manpower + entrepreneurship, its existence, is based on the huge and diverse volume of information.

The successful use of this complex factor, including managerial skills, is characterized by openness, interactivity and focused orientation to the purposed goals, all over the world.

The relevant resources, whether they are in Europe, Asia, or America, rely on our minds (“grey cells”) and productivity in any activity, in this way, manpower and sound entrepreneurship become the right instruments for an unlimited increase, if we may say so, of the resources and for a multiple kind for rearranging and combining the elements involved in.

Management and entrepreneurial style adopted in a firm has the main task to create a favorable climate and framework for innovation and creativity. Therefore, the successful managerial style is oriented to profitability and innovation, being characterized by openness, interactivity and the pursuit of the goals.

The entrepreneurs’ skills, jointly with the manpower, reveal charisma, professional knowledge, capacity of flexibility and new ideas, ensuring competitive advantages and predominant positive results.

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