

RELEVANT ASPECTS OF ROMANIAN MANAGERIAL CONSULTANCY IN 2013

Ciprian NICOLESCU¹

ABSTRACT

The paper seeks to present significantly aspects with respect to managerial consultancy in Romania during 2013, based on a complex empirical research conducted on 2106 entrepreneurs, managers, specialists, professors, researchers and consultants in management. The main issues approached in this study are general aspects of Romanian managerial consultancy, the frequency of consultancy demand in Romanian SMEs, evaluations of the managerial consultancy quality in Romania comparative with EU and recommendations for improving of consultant services in Romania.

KEYWORDS: *managerial consultancy, SMEs, consultant, assessment, E.U.*

JEL CLASSIFICATION: *L26, L33, N30*

1. METHODOLOGY OF THE RESEARCH

In this work are presented some of the results of extensive researches based on questionnaire in 2013. Were used three types of questionnaires:

- two questionnaires focused on the issue of Romanian management and its related aspects, one for professors, trainers and consultants, another for managers and specialists in the management from companies
- a questionnaire which targeted Romanian SMEs and entrepreneurs.

We emphasize that investigations based on questionnaire have been designed in **optimal stratified survey version**, which was preferred to proportional variant (Isaic - Maniu et al., 2003), ensuring better quality of information and a higher degree of knowledge of the realities.

The main method used is **encoding**, considered absolutely indispensable, essential in the following forms: encoding of the questions and pre-formulated answer variants, specific encodings for answers to the open questions (in terms of words, key syntagms or sentences and phrases that allowed later systemic retention of most expressive answers provided by respondents regarding the issue under review) and coding of interview guide listing, focused on issues matter under consideration with priority (Nicolescu et al., 2013).

Also, was performed the **cross-sectional and comparative approach**, by grouping, processing, analysis and evaluation of answers expressed by respondents on questions with identical content addressed to the all investigated subjects, regardless of the independent variables.

The survey was conducted on a **representative sample** of 2106 persons – managers, specialists in management in the organizations, entrepreneurs, professors, managerial trainers and consultants - which facilitated the collection of comprehensive informational material, representing a solid foundation for characterizing and evaluating the management and SMEs from Romania.

¹ Bucharest University of Economic Studies, Romania, ciprian.nicolescu@gmail.com

2. GENERAL ASPECTS OF MANAGERIAL CONSULTANCY IN ROMANIA

Management consultancy in Romania is provided mainly by the following **categories of suppliers**:

- Consultancy companies and centers, foreign and domestic, private, public, or mixed. In Romania the most numerous such organizations are focused on the managerial profile, but there are also companies/ centers that are specialized on several areas - management, informatics, finance, marketing, etc. They ensure, as a general rule, an average level of quality of service and prices. The best firms and consultancy centers are located in the cities that are important academic and scientific centers. In the small towns, such centers are to be found rarely, and usually with a mediocre level of service.
- Universities, in the first instance with economic profile, which in addition to training for individuals/companies also provides some consulting services. Traditionally, Romanian universities work together with large firms, but in the last decade an enhancement of the orientation toward the small and middle economic sector took shape. Frequently, the best professors carry out consultancy work the context of the other organizations where they are paid significantly more money.
- Employers' associations and organizations of SMEs, chambers of commerce and industry, within the framework of which operate a variety of organizational subdivisions which provides management consulting to firms. The comparative advantage of associations of SMEs and the chambers of commerce and industry is the better knowledge of the economic agents specific, which is reflected in a high adaptability of services offered to their requirements.
- The research institutes and centers affiliated with domestic organizations or joint venture, which can be public, private or public-private.
- The authorized natural persons/independent consultants exist in a relatively small number. The quality of the service and their prices is very heterogeneous. The authorized natural persons provide frequently management consulting based on informal grounds, without contracts. Asking for their services must be carried out with extreme caution. Relatively low rates requested by a large part of them find their counterpart in the low level of the services provided.
- Foundations and other types of NGOs. The foundations are in Romania in a very large number, dealing with numerous problems. An appreciable percentage have concerns in providing consultancy capacities for businesses. But most of them were set up with foreign financing (UNDP, UNIDO, the World Bank, Know-How Fund, the French, German, Italian, Austrian, American, Canadian governments etc.). The heterogeneity of nature, quality and price charged are extremely high. The quality of the services are often mediocre. At the cessation or diminution of foreign financing, most foundations operate at the level of survival. In approaching of these organizations, it is recommended that we should be very careful.
- Business centers that started to set up more frequently after the year 2000, a large part with foreign financing. They offer a broad range of services, including consultancy in the field of the management. In general, it is found that for the period of foreign or public financing offers the consulting services close to the average level of quality on the Romanian market. Subsequently, with very few exceptions, centers are either closed, or they restrict their activity.

An important role toward professionalization of consultancy is due to professional associations from this field. At present there are several such associations, of which the most important is AMCOR (Association of Management Consultants in Romania), the only organization in Romania, which is affiliated with global or European structures in the field of consultancy.

It should be noted that at the start of the 2000s were introduced CMC (Certified Management Consultant), in accordance with the traditions ICMCI (International Council of Management Consulting Institutes), and in Romania there are no at present barriers to the pursuit of the consultant profession (Svasta et al., 2013). According to AMCOR, less than 0,5% of the over 8000 consultants in management holding title CMC.

Although in Romania activates many suppliers of management consulting, particularly in the big cities, which are university centers, Romania has less than 1% of the volume of the consultancy market of the European Union, which is dominated by Germany, England, France and Spain.

According to the latest estimates of AMCOR, Romanian consultancy market has a value of about 0,3% of the GDP. If we consider that the consultancy markets of the countries from E.U., have averaged 1% of GDP, we notice that the market in Romania has a low level of development, but at the same time, a high potential for growth.

3. FREQUENCY OF CONSULTANCY DEMAND IN ROMANIAN SMEs

Taking into account that SMEs are the most important and numerous sector of **firms** in Romania, with the largest contribution to GDP, ensuring employment, providing revenues to the state budget, generating technical innovations, etc., the highlighting of **significant aspects of the consultancy in micro, small and medium-sized companies is particularly relevant**. The results of the survey carried out in the year 2013 on over 1800 entrepreneurs reveals that only a proportion of **10,13% of SMEs have used external consultants during last year** (see figure 15), extremely low, if we have in view of the situation in European Union countries companies and positive influence of consultancy on the intensity, the content and the effectiveness of innovative processes in companies.

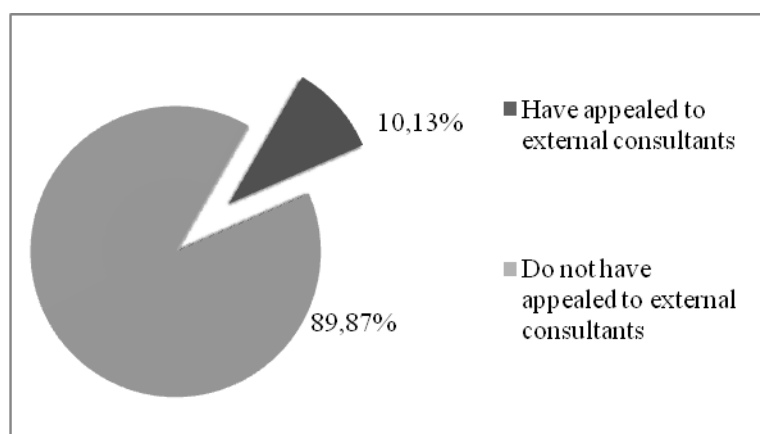


Figure 1. The frequency of using consultancy services in SMEs

Source: adapted from Nicolescu et al. (2013, p. 157)

Framing **SMEs depending on the age** (table 1), it is found that the percentages firms which had appealed to advice increases proportionately with age of the companies, from 9,02%, if we refer to the younger firms, to 11,16 % in the case of organizations over 15 years.

Table 1. The frequency of using consultancy services on the basis of the age of SMEs

	Use of consultancy services	Age of SMEs			
		Less than 5 years old	5-10 years	10-15 years	Over 15 years
1.	SMEs that used external consultants	9,02 %	9,97 %	10,69 %	11,16 %
2.	SMEs that have not used external consultants	90,98 %	90,03 %	89,31 %	88,84 %

Source: adapted from Nicolescu et al. (2013, p. 157)

Grouping of the organizations **according to size**, reveals the fact that frequency of use external consultants' size is correlated with dimension of SMEs (8,47% – micro enterprises, 15,73% – small companies 25,76% – medium-enterprises), situation that can be explained by the fact that, once an increase in the size of the business, the need to use consultancy services grows larger and larger (see table 2).

Table 2. The frequency of using consultancy according to the size of SMEs

	Use consultancy services	The size of firms		
		Microenterprises	Small enterprises	Medium enterprises
1.	Companies that used external consultants	8,47 %	15,73 %	25,76 %
2.	Companies that have not used external consultants	91,53 %	84,27 %	74,24 %

Source: adapted from Nicolescu et al. (2013, p. 158)

The classification of the companies after the **legal form of organization**, points out that joint stock companies have accessed consultancy services in the greater proportion (14,29%) than Ltd (10,13%) and other categories of firms (8,59%). See the table below.

Table 3. The frequency of using consultancy services depending on legal form of SMEs

	Use of consultancy services	SMEs according to legal organization		
		Joint stock companies	Limited liability companies	Other forms of organization
1.	Firms that used external consultants	14,29%	10,13 %	8,59 %
2.	Firms that have not used external consultants	85,71 %	89,87 %	91,41 %

Source: adapted from Nicolescu et al. (2013, p. 158)

Having regard SMEs according to the **areas of the activity**, we observe that firms in the industry appealed more frequently (12,67%), and companies from transport resorted rarely (8,96 %) to external consultancy services. Details are given in the table 4.

Table 4. The frequency of using consultancy in SMEs according to fields of activity

	Use of consultancy services	SMEs by areas of activity					
		Industry	Constructions	Commerce	Tourism	Transport	Services
1.	Enterprises that used external consultants	12,67 %	9,76%	9,09 %	9,09 %	8,96 %	9,64%
2.	Enterprises that have not used external consultants	87,33 %	90,24 %	90,91 %	90,91 %	91,04 %	90,36 %

Source: adapted from Nicolescu et al. (2013, p. 159)

Although resorting to external consultants, to overcome managerial problems in the case of specialized sectors and in key periods in the development of small and medium-sized enterprises is an essential component of entrepreneurial management, what conditions the very existence of the businesses (Nicolescu & Nicolescu, 2009), unfortunately, in the analyzed period, with the exception of somewhat more frequently requests coming from organizations owned by the state and private companies which are solid from financial point of view – the request of consultancy in Romania did not amplified.

4. COMPARATIVE EVALUATION OF THE MANAGERIAL CONSULTANCY IN ROMANIA AND EUROPEAN UNION

The investigation carried out in among the professors, researchers, consultants, managers and specialists, brought forward the **following most important aspects with regard to the quality of the Romanian managerial consultancy**, compared with that in the European Union:

- almost half of the respondents consider that the quality of consultancy in Romania is generally lower than that of the European Union;
- more than 2/5 of people surveyed opined that, on the whole, the management consultancy supplied in Romania is about the same or better than in E.U.
- consultancy provided in Romania by foreign specialist is evaluated by more than 2/5 of the people investigated as being at least at the same level with quality standards encountered in E.U.;
- the academics, researchers and consultants appreciate more frequently than managers and specialists that consultancy services rendered by domestic companies specialized in this field and universities in Romania are at least as good as in the European countries;
- the proportions of those who have not with regard to the quality of services is fairly high (between 8,64% and 23,24% for the whole sample), particularly as regards the foreign consultancy firms in Romania, a situation that can be explained primarily by the fact that a large part of the respondents does not have enough information about the situation.

Details are given in figure 2 and tables 5 and 6.

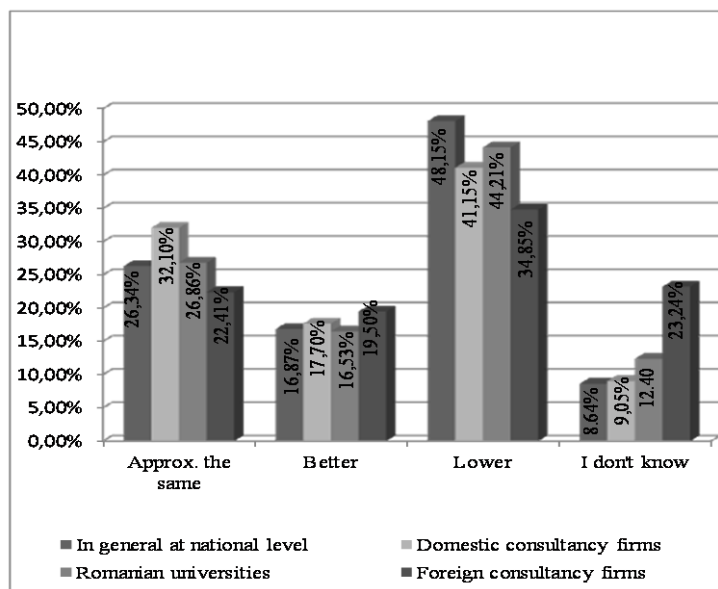


Figure 2. Comparative assessment of the quality of the managerial consultancy in Romania and E.U.

Source: adapted from Nicolescu et al. (2014, p. 119)

Table 5. The assessment of professors, researchers and consultants of the managerial consultancy quality in Romania, compared with that of E.U.

	Quality of the consultancy provided in Romania as compared with the E.U.	Approximately the same	Better	Lower	I don't know
1.	Generally, at the national level	27,78%	16,67%	50,93%	4,63%
2.	Domestic consultancy companies	35,19%	18,52%	41,67%	4,63%
3.	Universities in Romania	28,70%	19,44%	43,52%	8,33%
4.	Foreign consultancy firms	21,50%	15,89%	37,38%	25,23%

Source: adapted from Nicolescu et al. (2014, p. 119)

Table 6. The assessment of managers and specialists of the managerial consultancy quality in Romania, compared with that of E.U

	Quality of the consultancy provided in Romania as compared with the E.U.	Approximately the same	Better	Lower	I don't know
1.	Generally, at the national level	25,19%	17,04%	45,93%	11,85%
2.	Domestic consultancy companies	29,63%	17,04%	40,74%	12,59%
3.	Universities in Romania	25,37%	14,18%	44,78%	15,67%
4.	Foreign consultancy firms	23,13%	22,39%	32,84%	21,64%

Source: adapted from Nicolescu et al. (2014, p. 119)

Examining the perceptions with regard to the quality of consultancy, on the basis of the **age of the respondents**, we mention a few things which are most important :

- the persons who have less than 30 years have recorded a higher rate (71,43%) of those who consider that quality level consultancy in Romania is lower than in European Union;
- the respondents aged over 60 years reported a higher (25,93%) percentage of the persons who opined that the quality of management consultancy as a whole in Romania is better than in E.U.;
- the respondents who have up to 30 years appreciate more often that the consultancy services offered by the organizations from abroad which operate in Romania are more competitive (28,57%).
- the consultancy provided by Romanian universities is most commonly perceived as better compared with that of E.U. within category of persons over 60 years (30,77%).
- the proportions of the persons who do not have made any comparative assessment relating to the consultancy from Romania and E.U., are higher among respondents aged 30 to 40 years old (between 14,93% and 27,27%) and a smaller, surprisingly, at persons which are less than 30 years.

Additional information in table 7.

Table 7. Grouping the assessments of consultancy quality according to the age of respondents

Respondents' age	Quality of consultancy provided in Romania as compared with the E.U.	Approximately the same	Better	Lower	I don't know
1. Less than 30 years	Generally, at the national level	19,05%	9,52%	71,43%	0,00%
	Domestic consultancy companies	23,81%	23,81%	52,38%	0,00%
	Universities in Romania	28,57%	19,05%	52,38%	0,00%
	Foreign consultancy firms	14,29%	28,57%	38,10%	19,05%
2. 31 - 40 years	Generally, at the national level	11,94%	16,42%	52,24%	19,40%
	Domestic consultancy companies	19,40%	16,42%	49,25%	14,93%
	Universities in Romania	17,91%	14,93%	44,78%	22,39%
	Foreign consultancy firms	18,18%	19,70%	34,85%	27,27%
3. 41 - 50 years	Generally, at the national level	32,88%	15,07%	46,58%	5,48%
	Domestic consultancy companies	36,99%	15,07%	41,10%	6,85%
	Universities in Romania	32,88%	15,07%	43,84%	8,22%
	Foreign consultancy firms	26,39%	15,28%	37,50%	20,83%
4. 51 - 60 years	Generally, at the national level	32,88%	15,07%	46,58%	5,48%
	Domestic consultancy companies	30,61%	16,33%	46,94%	6,12%
	Universities in Romania	34,69%	20,41%	34,69%	10,20%
	Foreign consultancy firms	28,57%	14,29%	44,90%	12,24%
5. More than 60 years	Generally, at the national level	40,74%	25,93%	29,63%	3,70%
	Domestic consultancy companies	48,15%	22,22%	25,93%	3,70%
	Universities in Romania	23,08%	30,77%	34,62%	11,54%
	Foreign consultancy firms	22,22%	25,93%	37,04%	14,81%

Source: adapted from Nicolescu et al. (2014, p. 120)

Framing the perceptions on the basis of **the gender of the respondents** (see table 8), underlines mainly:

- male have higher percentage as agreeing that quality of management consultancy, provided by domestic and by foreign consultancy firms which operate in Romania is better than in the European Union;
- women appreciate more frequently that consultancy services are on the whole about the same in Romania and E.U. (28,79%);
- consultancy provided by the universities from Romania is more often assessed as being superior to that of E.U. by women (19,70%);
- men registered a higher proportion of respondents who are of the opinion that domestic organizations provide consulting services of superior quality in comparison with E.U. (18,08%);
- female respondents have generally higher percents of people who do not make evaluations regarding the consultancy (between 9,09 % and 26,15%).

Table 8. Grouping the assessments of consultancy quality according to the gender of respondents

	Gender of the respondents	Quality consultancy provided in Romania as compared with the E.U.	Approximately the same	Better	Lower	I don't know
1.	Female	Generally, at the national level	28,79%	12,12%	48,48%	10,61%
		Domestic consultancy companies	40,91%	16,67%	33,33%	9,09%
		Universities in Romania	30,30%	19,70%	33,33%	16,67%
		Foreign consultancy firms	27,69%	13,85%	32,31%	26,15%
2.	Male	Generally, at the national level	25,42%	18,64%	48,02%	7,91%
		Domestic consultancy companies	28,81%	18,08%	44,07%	9,04%
		Universities in Romania	25,57%	15,34%	48,30%	10,80%
		Foreign consultancy firms	20,45%	21,59%	35,80%	22,16%

Source: adapted from Nicolescu et al. (2014, p. 120)

Although the results of the investigation are not at all encouraging regarding the performance of higher education institutions and the Romanian firms, it should not be overlooked that the prestigious universities in Romania and a lot of domestic consultancy companies have not built a brand in the field of consultancy, and for this reason are preferred (or imposed by multinational) organizations from outside of Romania, which are well known and have a long experience in this field.

5. CONCLUSIONS AND RECOMMENDATIONS

Taking into account the results of investigation, we observe that only 1 of 10 SMEs used consultancy services, situation that can be explained, as Nicolescu (2013) shown, by the long period of recession, which diminished financial potential of many companies, and thus reduced their availability for investment in consulting activities, but as well by negative attitudes of some entrepreneurs who do not realize the importance and necessity of getting consultancy.

Also, we found that Romanian universities and domestic companies who provide managerial consultancy are lower rated than foreign consulting organizations, that impose with stringent necessity improvements and new approaches of autochthonous entities which operate in this field, considering evolutions in the dimensional, structural and quality of consultancy demand in Romania and trends manifested in consultancy within developed countries.

In order to counteract the negative aspects presented ahead we formulate recommendations focused on two coordinates:

- **Improving the quality and diversification of managerial consultancy services** through. Among many ways of putting into practice of desideratum (Nicolescu et al., 2013) we mention:
 - Diversify the consultancy according to economic branches – industry, construction, agriculture, transport, tourism, services, communications, etc. – and in their sub domains, the size of enterprises – micro, small, medium, large – and major components of management – strategies, reengineering, managerial redesign, knowledge-based management, methodological system, decision-making system, information system, organizational system, human resources management, etc.
 - Focusing consultancy on needs and specific conditions of each client, ensuring a high degree of customization and high efficiency of services
 - Permanent media coverage of consultancy services offered and provide complete and correct information with respect to the contents and conditions providing consultancy, both via classic marketing, as well as the electronic one
 - Conferment of pragmatism to consultancy services, by centering on their concrete objectives and evaluation of effects generated in the functionality and performance of intervention areas and of the company as a whole
 - Taking and integration by Romanian consultants of best practices in field of consultancy from U. E. /other countries and their adaptation to economic and cultural specificity in our country, on the conditions and organizational culture existing in companies and/or government units of state using such services
 - Proliferation of mentoring, coaching, tutoring, benchmarking and other complex ways of consultancy and training in the organizations, which are expensive but very effective in the plan of managerial know-how transfer, young managers and other specialists in management development, increase of individual performance and amplification of organization functionality
 - Association of management consultancy with other forms of advice – accounting, legal, commercial, financial, etc – in a coherent approach, subordinated to increase competitiveness and performance of beneficiary organization
 - Close collaboration between the academic, consultants and trainers of specialized companies and beneficiaries economic agents, in such a way as to ensure permanent renewal of the consultancy and training products on the basis of the latest news provided by the science of management and other related sciences, at the same time with the adaptation of the consultancy to the realities of the Romanian economy and private/public domestic organizations which are in a complex and dynamic organizational transformation

- Approach and operationalization of consultancy on the principle of win-win, in a long term vision, with positive effects on functionality/competitiveness of assisted organizations and perennality of consultancy relations and consultants revenues
- Development of the managerial consulting activities based on accessing European funds managed in Romania and Brussels

Implementing these recommendations, even partially, are able to contribute to the professionalization of operators from the field, and by default for enhancing the quality of the consultancy in Romania.

- **Establishing a strong national entity, coordinated by representatives of consultants professional associations and the state, focused on the promotion and monitoring of the quality of managerial consultancy services.** Setting up such an organization could generate a series of **positive effects** on multiple levels:
 - Existence of a mechanism for nationally accreditation and internationally recognition of domestic consultants in management, both natural, as well as legal persons
 - Adoption and implementation of a code of ethics for the consultant from Romania in line with international standards, that should generate increase the quality of consultancy supply, simultaneously with amplification the prestige, efficacy and extent of resorting the consultants in management
 - Periodic certification of managerial consulting providers on the basis of rigorous criteria, applied consistently and transparent, in order to determine a continuously update and increase the quality of consultancy supply and performance induced in Romanian economy
 - Systematic Organization of some perfecting courses for Romanian consultants and managers of domestic consultancy firms, with the participation International Council of Management Consulting Institutes (ICMCI), European Federation of Management Consultancy Associations (FEACO) and of the various specialists from renowned international consultancy companies
 - Decrease of the number of consultants who do not have the knowledge, skills and behaviors required to activate in this field

It should be noted that in our country there are no programs of initial vocational training in the managerial consultancy field and are not limitations regarding practice of the consultancy profession, which generated emergence of imposture circumstances, with negative impact on the image and prestige of providers that activate in this domain.

REFERENCES

- Isaic-Maniu, A. & Mitrut, C. & Voineagu, V. (2003). *Statistics*, Bucharest: Universitară Publishing House
- Nicolescu, O. & Nicolescu, C. (2009). *The entrepreneurship and management of SMEs*. Bucharest: Economică Publishing House.
- Nicolescu, C. (2013). Romanian SMEs in context of national and international complex evolutions. Paper presented at the 7th International Management Conference, Bucharest, Romania.
- Nicolescu, O. & Popa, I. & Nicolescu, C. (2013). *Health management in Romania 2012*. Bucharest: ProUniversitaria Publishing House.
- Nicolescu, O., Isaic-Maniu, A., Drăgan, I.M., Nicolescu, C., Bâră O. M., Borcoş M.L. et al. (2013). *White Charter of Romanian SMEs 2013*, Sigma Publishing House, Bucharest.
- Nicolescu, O. & Popa, I. & Nicolescu, C. (2014). *Health management in Romania 2013*. Bucharest: ProUniversitaria Publishing House.
- Svasta, M., Moțiu, L., Caian, S., Ionescu, I., Jitianu, S., Tănase, G. et al. (2010). 20+ Consultant in Romania. Bucharest: AMCOR.