

**THE DYNAMIC ANALYSIS OF THE MAIN STRENGTHS AND WEAKNESSES
OF ROMANIAN FIRMS' MANAGEMENT***Ion POPA*¹*Simona Cătălina ȘTEFAN*²*Doina I. POPESCU*³

ABSTRACT

The aim of this paper is to highlight the main strengths and weaknesses of the Romanian firms' management and their dynamics in the period 2009 – 2014. The research is based on empirical data resulted from questionnaire based surveys developed in the years 2009 - 2014 by Nicolescu, Verboncu & Profiroiu (2010, 2011), Nicolescu et al. (2012), Nicolescu, Popa & Nicolescu (2013, 2014, 2015) and addressed to representative samples of respondents comprised of teachers, researchers and consultants (on one hand) and managers and specialists of companies (the other side). At the end of the paper, there are conclusions that will allow us to identify a number of short, medium and long-term priorities to which Romanian firms should respond and find the most efficient means of managerial action to address these priorities and improve their performances and effectiveness.

KEYWORDS: *dynamic analysis, management, strength, weakness*

JEL CLASSIFICATION: *C12, I18*

1. INTRODUCTION AND BACKGROUND

In a previous paper, we presented a detailed analysis of the main strengths and weaknesses of Romanian companies and how relates to them the two categories of respondents: teachers, researchers, consultants (on one hand), managers, and experts from companies (on the other hand). The research revealed that the main strengths of Romanian firms' management are effective organization of the activities and the focus on performances and the main weaknesses - not focusing on priorities and improper organisation of activities.

In this paper we decided to deepen our analysis, therefore, for a better looming of the general health state of Romanian firms, we will analyze the evolution in dynamics of the main strengths – areas of functionality and main weaknesses - areas of dysfunction by comparison with the previous years (during 2009 - 2014). Furthermore, this analysis will allow a more comprehensive description and detailing of the Romanian firms' management in the mentioned above period, thus facilitating some more consistent and relevant conclusions, based on which to achieve more nuanced and appropriate solutions and proposals aiming to increase the efficiency and effectiveness of Romanian companies' management.

As pointed out by Nicolescu, Popa and Nicolescu (2015), the economic and social theory and practice have shown that in any area of science or practice, analysis depending on the time factor, dynamic analysis, are particularly necessary and useful. Well-designed and implemented dynamic

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approaches have brought more information and knowledge, have contributed directly and indirectly to achieving superior performance. In recent decades, in terms of accelerating the pace of development in all areas of activity, frequency and usefulness of dynamic approaches have grown continuously. The above statements are fully valid also in the managerial science and practice.

2. DATA AND METHODS

Identification and analysis of dynamics of the main strengths and weaknesses of Romanian firms' management is based on empirical data resulted from questionnaire based surveys developed in the years 2009 - 2014 by Nicolescu, Verboncu & Profiroiu (2010, 2011), Nicolescu et al. (2012), Nicolescu, Popa & Nicolescu (2013, 2014, 2015) and addressed to representative samples of respondents comprised of teachers, researchers and consultants (on one hand) and managers and specialists of companies (on the other hand). From a more comprehensive questionnaire, in this paper we chose to analyze only answers related to strengths and weaknesses of the Romanian firms' management. Respondents were asked that from a list of strengths (presented in Figure 1) and weaknesses (presented in Figure 3), to choose ten which they consider as the most appropriate for the management of Romanian companies.

To draw up a more complete picture of the evolution of the most important strengths and weaknesses of the management of Romanian firms, we will analyze them through the dynamics of each of the analyzed strengths and weaknesses during 2009 - 2014 as well as in terms of average intensity of their manifestations throughout the analyzed period.

Also, we assume that:

The vision regarding the strengths and weaknesses of the Romanian firms' management don't vary significantly throughout the the analysed period.

3. FINDINGS

3.1. Dynamic Analysis of the Main Strengths

From the examination of the dynamics of the main strengths, detailed in Figure 1, we can draw the following conclusions:

- Six of the analyzed strengths are found among the first ten during all six analyzed years: the focus on performances, the effective organization of activities, intense mobilization of employees in organization, rigorous control and evaluation of activities and performances, high creativity and innovation, development of a high performance IT system.
- Other two strengths are found among the first ten during four of the six years: development of well-founded strategies and policies and the judicious coordination of decisions, actions and behaviors of employees.
- The focus on performances maintains its hold of the first position during four of the six analyzed years and comes out second in the other two years. We should also point out that, if we take into consideration the first positions constantly occupied at the national level, we could affirm that the focus on performances is the main strength of the Romanian management, on both levels and throughout the whole analyzed period.
- The fact that the effective organization of activities detains the first place in two of the analyzed years and the second place in the other four years turns it into the second strength of the Romanian firms' management.

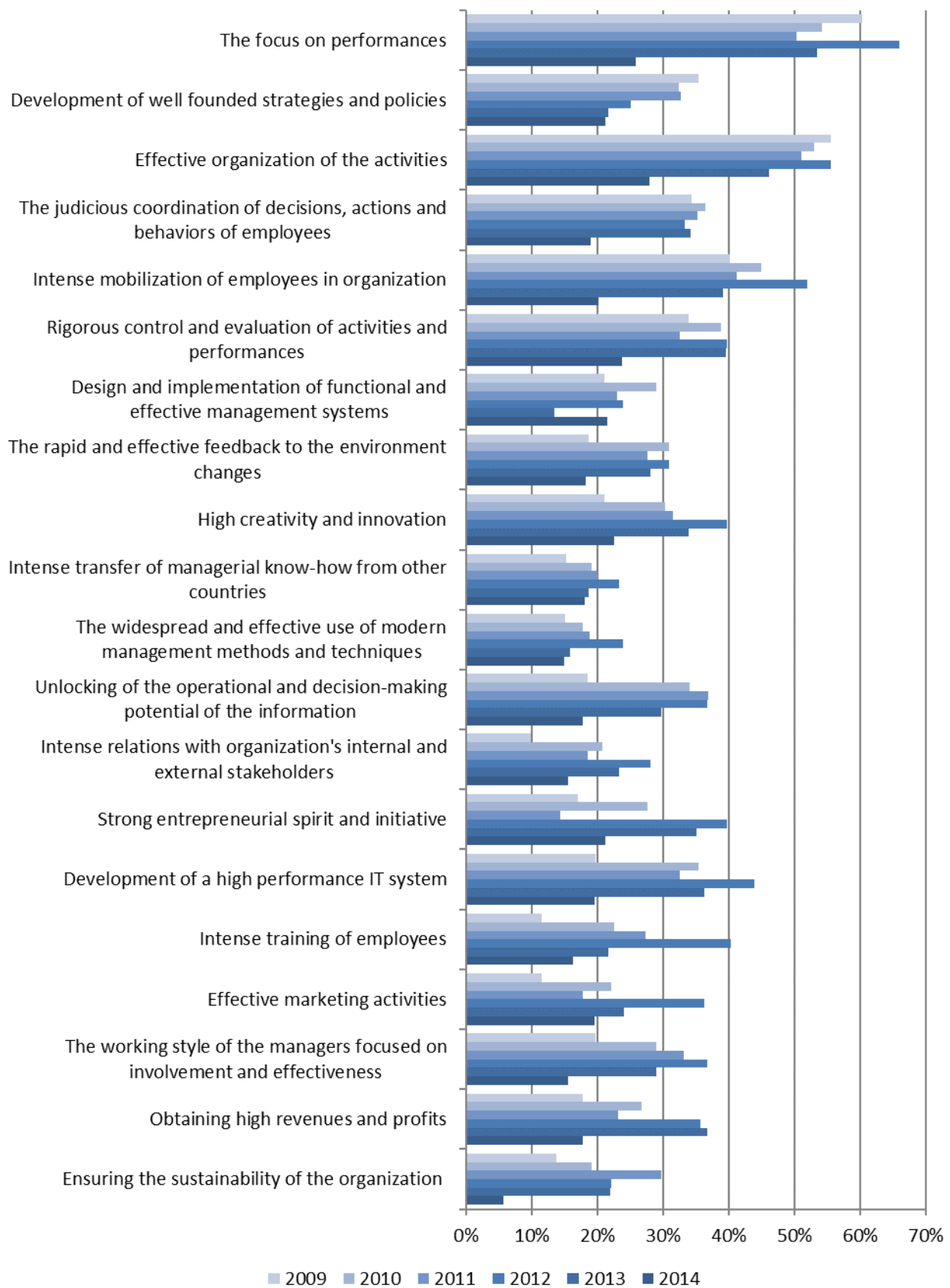


Figure 1. Evolution of the Romanian firms' management strengths in the period 2009-2014
Source: made by authors

- It should be remarked that, as proof of the importance given to the management functions at the company/organization level, the strengths corresponding to the other four management functions find themselves constantly among the first ten: development of well founded strategies and policies, the judicious coordination of decisions, actions and behaviors of employees, intense mobilization of the company’s employees, rigorous control and evaluation of activities and performances.
- The development of a highly competitive IT system and unlocking of the operational and decision-making potential of the information are constantly situated among the first ten positions.
- At the opposite end (with a percentage of 15-20%), we encounter design and implementation of functional and effective management systems and the widespread and effective use of modern management methods and techniques. These can be found on some of the last positions on the entire period of reference.
- Although on an individual level there are certain fluctuations, overall it can be ascertained a stability in time not only regarding the position each strength of the management of the economic agents holds, in the opinion of the interviewed subjects, but also of the intensity of manifestation of each strength.

We believe that of a real interest is also the analysis of the average intensity of strengths over the six years, shown in Figure 2:

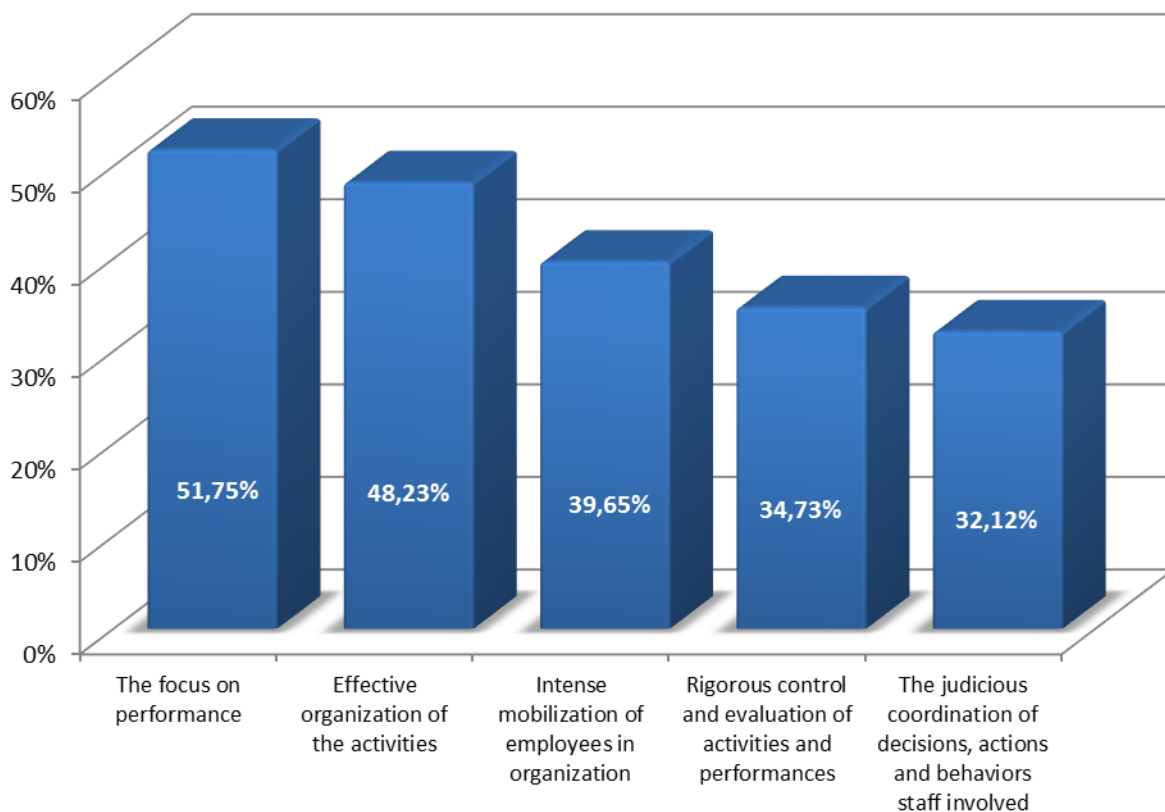


Figure 2. The average intensity of Romanian firms' management strengths in the period 2009-2014

Source: made by authors

- As expected, the first position (with an average of 51.75%) is the focus on performances, thus supporting the previous statement, as it is the main strength of Romanian management at all levels and throughout the analyzed period.
- It should be remarked that the strengths corresponding to four of the five management functions find themselves on the following four positions: effective organization of the activities (with an average of 48.23%), intense mobilization of employees in organization (39.65%), rigorous control and evaluation of activities and performances (34.73%) the judicious coordination of decisions, actions and behaviors staff involved (32.12%) and development of well founded strategies and policies on the tenth position. In order to ensure the functionality, efficiency and effectiveness of their organizations, the managers need to exercise an complex and complete management, including, in their natural succession, all the five managerial functions: planning, organizing, coordination, training and control-evaluation. The absence or insufficient use of one or more of them generates both directly and indirectly by affecting other components of management, major dysfunctions in the entire system and, consequently, results, at least partially inappropriate and under possibilities and needs. (Nicolescu, Popa, & Nicolescu, 2015)
- Among the top ten strengths can also be found: development of a high performance IT system (31.25%), high creativity and innovation (29.85%) and unlocking the operational and decision-making potential of the information (29.0%).

3.2. Dynamic Analysis of the Main Weaknesses

After a thorough examination of the dynamics of the weaknesses, detailed in Figure 3, we can draw the following conclusions:

- Unlike the strengths, only four of the Romanian firms' management weaknesses find themselves among the first ten positions on the whole analyzed period. These are insufficient capacity to motivate employees in the organization, delayed and ineffective reactions to opportunities and threats in the economic and social environment, unawareness and lack of adaptation at the valuable managerial know-how from other countries and insufficient concern for valuing knowledge and human resources.
- Insufficient capacity to motivate company's employees is the main weakness in five of the six analyzed years and insufficient concern for valuing knowledge and human resources holds the second place in three years.
- Poor or nonexistent strategies and policies was found on one of the top positions until 2014, when, fortunately, dropped to nineteenth.
- Lack of initiative and entrepreneurial spirit was on one of the last positions in the weakness poll on the overall analyzed period, which gives us reason to catalogue it as a true strength.
- All in all, as for the weakness, despite the individual fluctuations, it can be observed a relative constancy over time, not only regarding the position each weakness of the management of the economic agents holds in the opinion of the interviewed subjects, but also the intensity of manifestation of each of them.

Analyzing the average intensity of manifestation of the main weaknesses of the management companies of Romania shown in Figure 4, we can draw the following conclusions:

- By far, the main weakness of Romanian firms' management (with an average of 36.55%) is seen a major problem facing the firms management: insufficient capacity to motivate employees in the organization, which means public awareness about this major problem facing Romanian firms' management.
- Moreover, two other weaknesses related to aspects of human resources management, namely: *insufficient* concern for valorization of knowledge and human resources (26.82%) and low focus on employee training (22.02%) are also among of the top five weaknesses,

reflecting the importance given by respondents to this resource in achieving performances, on the other hand marking a weak point of the current period.

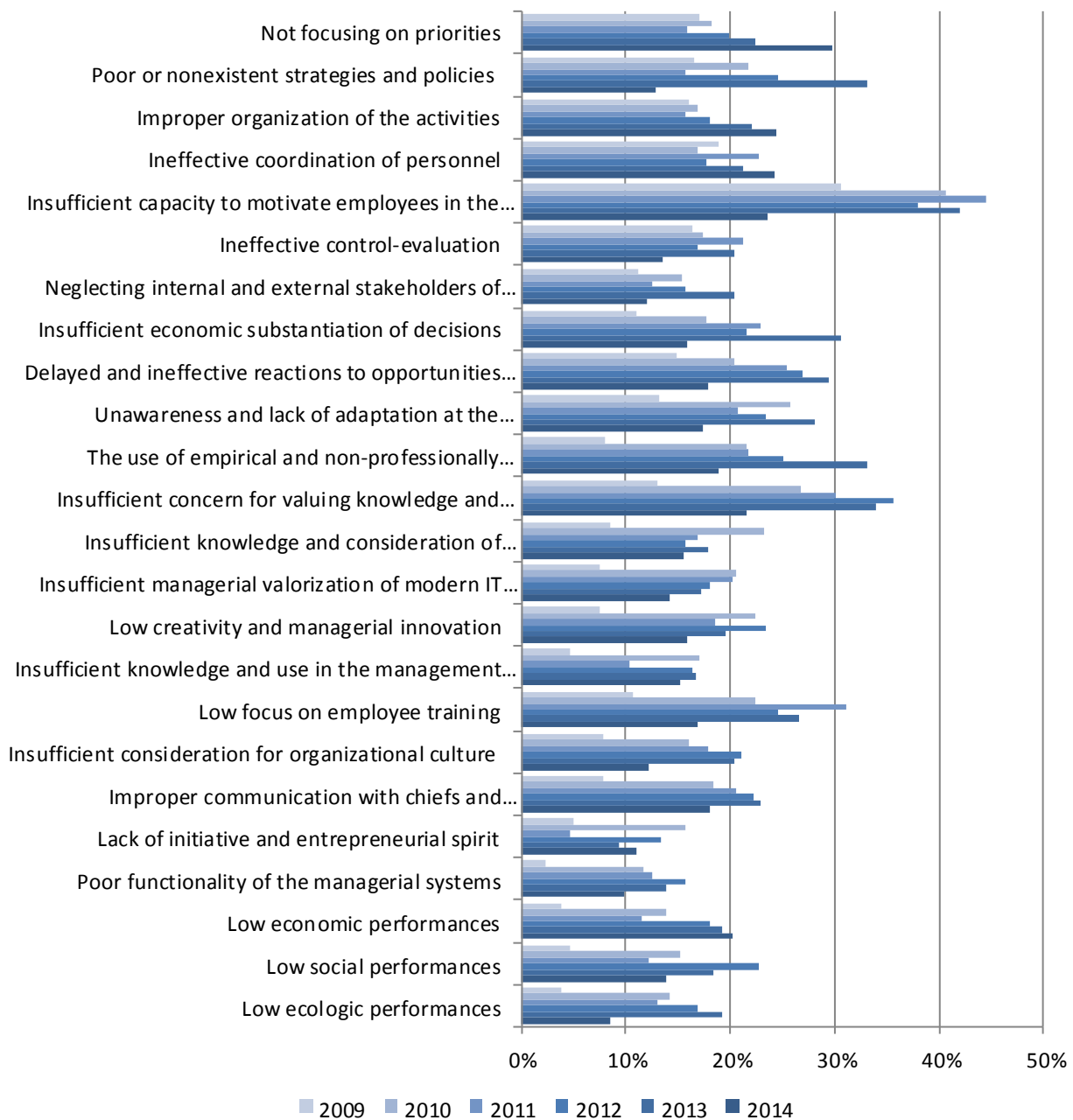


Figure 3. Evolution of the Romanian firms' management weaknesses in the period 2009 – 2014

Source: made by authors

- The others two main five weaknesses are: delayed and ineffective reactions to opportunities and threats in the economic and social environment (22.47%) and unawareness and lack of adaptation at the valuable managerial know-how from other countries (21.44%).

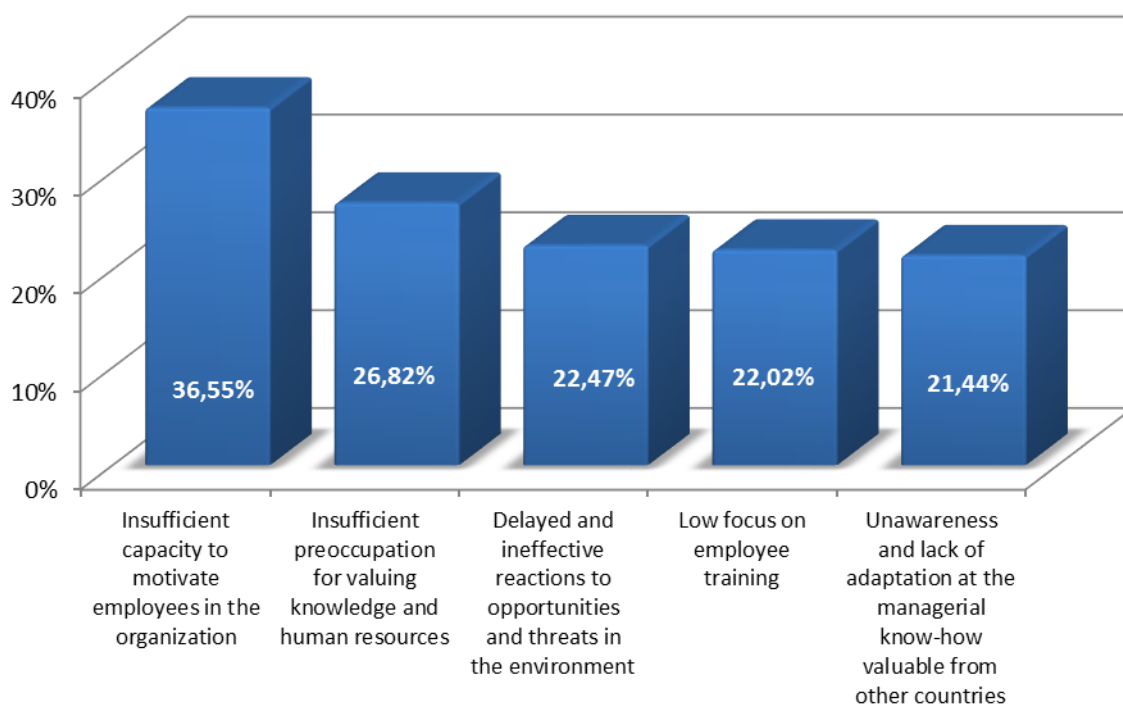


Figure 4. The average intensity of Romanian firms' management weaknesses in the period 2009 - 2014

Source: made by authors

3.3. Correlation Analysis

The percentages obtained for each of the strengths and weaknesses (and therefore their rank within the opinion of respondents for each of the analysed year) and the analyzes presented above, may entitle us to say that: *"The vision regarding the strengths and weaknesses of the Romanian firms' management don't vary significantly throughout the analysed period."* But an objective decision we can only take by formulating and testing the statistical hypothesis by means of a statistical test. (Popa & Ștefan, 2014) Therefore, two sets of variables were defined as follows: (1) Str_2009 ... Str_2014 - strengths of management practiced in the Romanian firms for each of the analysed year (2009 ... 2014) and (2) Weak_2009 ... Weak_2014 - weaknesses of management practiced in the Romanian firms for each of the analysed year.

Table 1. Spearman's Correlation Coefficients

No.	Correlations	Spearman's rho	Sig. (1-tailed)
1	Str_2009 * Str_2010	.889**	.000
2	Str_2010 * Str_2011	.831**	.000
3	Str_2011 * Str_2012	.524**	.009
4	Str_2012 * Str_2013	.791**	.000
5	Str_2013 * Str_2014	.540**	.007

* Correlation is significant at the 0.05 level. ** Correlation is significant at the 0.01 level.

Source: made by authors with SPSS 22.0

In terms of strengths, as can be seen in Table 1, third column, the Spearman' correlation coefficients for each of the five pairs of variables are between .524 and .889 and are higher than the reference

value for a significance level of .05, which means that they are statistically significant. The same conclusion can be reached noting that obtained significance level (see Table 1, the fourth column) have lower values than .05. In conclusion, the research hypothesis has been validated in the sense that *the vision regarding the strengths of the Romanian firms' management don't vary significantly throughout the analysed period.*

In terms of weaknesses, as can be seen in Table 2, third column, the Spearman' correlation coefficients for each of the five pairs of variables are between .519 and .817 and are higher than the reference value for a significance level of .05, which means that they are statistically significant. Moreover, the obtained significance level (see Table 2, the fourth column) have lower values than .05. In conclusion, the research hypothesis has been validated in the sense that *the vision regarding the weaknesses of the Romanian firms' management don't vary significantly throughout the analysed period.*

Table 2 Spearman's Correlation Coefficients

No.	Correlations	Spearman's rho	Sig. (1-tailed)
1	Weak_2009 * Weak_2010	.519**	.005
2	Weak_2010 * Weak_2011	.698**	.000
3	Weak_2011 * Weak_2012	.679**	.000
4	Weak_2012 * Weak_2013	.817**	.000
5	Weak_2013 * Weak_2014	.558**	.002

* Correlation is significant at the 0.05 level. ** Correlation is significant at the 0.01 level.

Source: made by authors with SPSS 22.0

4. CONCLUSIONS

Both in terms of strengths and weaknesses, despite the individual fluctuations, it can be observed a relative constancy over time, not only regarding the position each strength and weakness of the Romanian firms' management holds in the opinion of the interviewed subjects, but also the intensity of manifestation of each of them. Moreover, our research hypothesis has also been validated in the sense that the vision regarding the strengths and weaknesses of the Romanian firms' management do not vary significantly throughout the analysed period.

Further to the detailed analysis of the respondent's answers, these findings have resulted:

- Obtaining performances, the main objective of any management system, is the main strength of Romanian management at all levels and throughout the analyzed period.
- The strengths corresponding to four of the five functions of management find themselves on the following four positions: effective organization of activities, intense mobilization of employees in organization, rigorous control and evaluation of activities and performance and the judicious coordination of decisions, actions and behaviors staff involved, while development of well founded strategies and policies (the strength corresponding to the most important function of management - prediction) lies just in the ninth position.
- By far, the main weakness of Romanian firms' management is seen insufficient capacity to motivate employees in the organization, while two other weaknesses related to aspects of human resources management, namely: insufficient concern for valorization of knowledge and human resources and low focus on employee training are also among of the top five weaknesses, proving on the one side the importance given to human resources in companies and on the other side the fact that they are still not used at their entire capacity.
- Note that the each of the main strengths registers higher average intensity compared with weaknesses, which entitles us to state that these should be the firsts to address the measures

to improve and increase performances because they can be achieved faster and with fewer resources and effort than by reducing / eliminating weaknesses. (Nicolescu, Popa, & Nicolescu, 2015)

The findings of the research carried out and presented in this paper and in the previous one will allow us to identify a number of short, medium and long-term priorities to which Romanian firms should respond and find the most efficient means of managerial action to address these priorities and improve their performances and effectiveness.

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