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The word "Manager" is written in a cursive, handwritten style. A thick, black, horizontal line, resembling a pen stroke, is drawn over the top of the letters "M", "a", and "n".

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Management and "virtual reality"

When we talk about the configuration of forthcoming times, it is impossible to ignore the tight connection existing between the organisational management and the development of the future economies.

The economic growth imposes qualitative, quantitative as well structural related changes, but the multidisciplinary feature of management makes us see reality from the perspective of eco-management, as the survival dimensions seem to be directly dependent on the balancing of the value generating activities with the value destroying activities.

The following generations of stakeholders will encompass decision-makers forced to implement a moral management considering both the surrounding environment and the human inter-relationships.

The forecasting function will define not only the desires of some restraint groups, but also reasons to go on in increasingly complicated contexts where information plays a central role and people organised in networks seek for new meanings of the evolution in relation to the limitations of resources and to the virtual organisations.

Given such circumstances, the passage from incertitude to certitude should be perceived in terms of continuous adaptation.

Prof. Ph.D. Paul Marinescu

Human Capital And Its Influence On The Organizational Competitiveness

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Abstract: The knowledge economy model is marked by investment in research, development, innovation and human capital which is the key drivers of modern economy for increasing returns. The allocation of resources in human capital brings performance and benefits to companies investing in their employees. Moreover, in present, once with the globalization and economic crisis, the world economy is crossing through powerful changes and challenges. The paper aims to highlight the role of human capital in the new organizational management strategies focused on achieving a high level of competitiveness, innovation and development through management and leadership strategies.

Key words: human capital, management, development, competitiveness, investment, organization

JEL Classification: J24, O15

Introduction

The globalization process changed significantly the way in which businesses runs and accelerates dissemination of know-how and innovation. At the same time, we are witnessing, today to a restructuration of the labour market, characterized by a demand for very well trained human resources, with high level of skills, and a greater ability to adapt more easily to dynamic organizational environments, competing to introduce new technologies and to enter as many markets as possible. In such context, it is necessary to balance the investments and to support the development of human resources, all needed to increase the economic competitiveness.

Current debates in business and academic environments are merging to the usage of new educational contents to ensure a lifelong learning, so as the individuals to be able to continually acquire new skills and competences, more adapted to the innovative processes and technologies.

From this perspective organizations need to become more competitive. The education, training and changes are interrelated. In this context, investment in human capital becomes a crucial factor to increase productivity both at the organizational level and macroeconomic level. Human capital consists of those skills which are characteristic of individuals and remain the same in their entire social environment. Human capital can be sold on market labor in exchange for economic resources of any kind. Basically, human capital arrives at 9am and leaves at 5pm. On the other hand, the investment in human capital represents the investing in education or some form of on-the job training to improve workforce quality which provides returns to the individual as well as to

the economy as a whole. Individuals benefit from higher earnings, the organizations win competitiveness and the economy as a whole benefits from higher productivity. Human capital may determine both the added value created in the economy through direct participation in the production process, and growth rate of added value by its innovative capacity.

Literature review

The concept of human capital is attributed to Theodore Schultz, theoretical developments around this concept dates from the 60s and are related connected to the author contributions above mentioned to which it is added the contribution of Gary Becker and Jacob Mincer. Theodore Schultz has seen education and health expenditures as investments into increase labor productivity and thus economic growth. Gary Becker theory shows that "The individual income increases substantially depending on the level of education" (Becker, 1997). Nowadays, the theory of Economy considers Human capital being a major factor in generating future growth and prosperity. Naisbitt affirms that in transition from industrialized economy based on high-tech economy, skilled labor is required for high technology. Therefore, the issue of investment in human capital today is a concern for all countries competing for progress and prosperity, but more so, for the countries in transition to market economy. At the beginning of the twentieth century, Irving Fischer has developed a theory that considers any stock as capital resources leading to the birth of future income, considering training people, along with the construction of cars as investments. Thus, the spectacular increase

in the needs of specialists of different professions, generated by technical and technological developments determined also the restructuring of general knowledge essential for most jobs; vocational training was becoming more and more perceived and considered as an investment. Given the general trend of increasing demand for more educated labor in all industries and highly qualified staff, the investment in human capital is strategic for any country that seeks to create a knowledge economy. At the macroeconomic level, in recent decades, no country has achieved a sustained period of development without having invested substantial amounts in the labor force and the quantitative evaluation of its contribution to economic growth and development, the most important role was assigned to the investment in human capital (Becker). The explanation that Becker gave to the economic processes, drove his theory as a promoter of the empirical analysis and explanation which represents the starting point for the development of human capital theory. The primary model of the human capital developed by the initiators of this theory seemed to provide most of the answers at the time, by building a model of the demand for education. However, their assumptions were contradicted by researches stating that the inequalities of the demand have, in general, other causes than those related to individuals' preferences, while the offer of education is not unitary and has influences in the development of schooling. Further developments of the models and the theories elaborated in recent decades converge to a number of tendencies which characterize the newest economical realities, such as: increase of the consumption of new developed technologies, increase of the interdependencies, increase of

the labour consumption, characterized by high qualifications and replacement of less qualified human resources.

The connection between organizational management and human capital

Today, the human capital held by employees in a company are those resources that can contribute to competitiveness and high productivity as long as the management and the leadership in the organization will know how to train and capitalize the resources by putting them in a favourable internal contexts of the organization.

Using the human capital generate competitive advantages. Only those communities, those organizations and those nations which understand and act to preserve, protect and develop the human capital stock will gain the best profit. This ongoing process involves not only investment in education and training, but also in other areas which contribute to the "production" and maintenance of human capital. Firms/companies should see the human resources more than a cost - a price to pay to do. They have to consider them an investment that can provide high returns and strong competitive advantages. The knowledge human resources stock represents an important component of the organizations, human capital is individual and cannot be owned and, of course, human capital cannot be copied by the competitors. The organizational economic development can be considered the product of two factors: the human capital and the human processes of the company (knowledge management). The human capital consists in those skills and knowledge acquired in school or in other educational contexts which is used by the company under

a contract of employment. Hence, human capital can be highlighted through inspired and well-planned management strategies. When a company invests in human capital, it automatically increases its value, achieving a sustainable competitive advantage. Human capital was also individually defined as the combination of the following factors: genetic inheritance, education, experience, attitude towards life and business. In addition to individual skills, human capital is considering a dynamic of a company based on learning in a changing competitive environment and its own creative and innovative potential. Human capital depends on competence and intellectual abilities and skills of members of such organizations

An important role for an organization, in elaboration and implementation human capital strategy, is to identify the skills needed both in present and in future. To achieve this requirement there is a need for leaders who have a clear vision of the organization's future. Organization's leaders must value knowledge and experience within the company so that the organization per ensemble and each of its members can learn more effectively.

Leadership and management should be seen as a process that encompasses all levels of organizational hierarchy, each level having a corresponsive role in general strategy of organization. For each level it is identified a specific type of leadership:

- For the superior hierarchic level the pattern is the strategic leadership;
- For specific middle hierarchical level the pattern is team leadership;
- To the bottom of the hierarchy the pattern is the technical leadership.

The objectives within each hierarchical

level are different, and on the other hand, aim to achieve a common organizational climate as performance and efficiency. In the strategic leadership objectives are included: creating strategic thinking, understanding and sharing common values and organizational vision. The objectives for the team leadership are closer to the specific development of human capital through skills training and specific interpersonal team skills. Besides, the above two types, technical leadership helps developing human capital as its objectives include developing and highlighting the technical and professional skills of employees by finding the most suitable organizational contexts that lead to performance of employees and not to the erosion of human capital. The need for leadership at all hierarchical levels is justified by the fact that the lack of values and norms of joint action will lead to inefficiencies and will affect the competitiveness of any organization. Currently, in addition to economic changes, the absence or ineffectiveness of managerial leadership may be an explanation for many of the companies that lose a large part of the customer's portfolio and profit. Also, within these organizations, employees feel ignored and unvalued in terms of skills they possess. The absence of values and common vision on a long term break the ability of managers to increase labor productivity and competitiveness of its employees.

Changes occurring in the current economic and organizational level require an adaptation of vocational learning, and the role of businesses is essential, similar to how IBM spends about 500 million dollars annually for the training and education of employees, Intel annually invests 100 million dollars, including for employees in Romania and the positive examples are not limited to the IT industry, covering all industries.

Human capital - defined as those qualifications, skills, abilities, competences and knowledge held by a person who contributes to a production process by creating value, social or economic value - is a fundamental factor for economic development. These skills are acquired by a person through the formal training process (elementary / or higher education), vocational training and on the job training.

High levels of human capital facilitates the adoption of new technologies (Nelson and Phelps, 1966; Acemoglu, 2003). This concept is valued even in human capital theory which held that workers with high skill levels increases productivity more than those with low levels of human capital. The theory is developed and the American economist - Robert Lucas¹ - who, almost three decades ago, said that investment in human capital leads to increased economic activity that improves productivity by individual and organizational levels (Lucas, 1988).

At the specific level, the organizational decision of investment is linked to the company interest in increasing the quality of work. The company is acting for it in the following areas:

- a) Increase the general level of education and training of human resources;
- b) Ensuring a high level of health;
- c) Promote an effective system to motivate employees.

The characteristic of investment in human capital can be summarizing as follow:

- The effect will appear with a large gap in time, duration of payback is high;

¹ Lucas, Robert (1988), On the Mechanisms of Economic Development, Journal of Monetary Economics 22, pp. 3-42, North-Holland, <http://www.parisschoolofeconomics.eu/docs/darcillon-thibault/lucasmehanicseconomicgrowth.pdf>,

- Investments in human resources, on the long term, are most effective;

- Human capital is an intangible asset as it is not owned by the firm that employs it.

- It enhances the ability of agents to adapt to change and to respond to new opportunities.

The organization's investment in human capital has positive effect on:

- Productivity. The impact on productivity of training undertaken with a previous worker's initial productivity by 9.5 percent. Previous on-the-job training has more long-lasting benefits and increases current productivity by 16 percent.

- Profitability. The productivity increase is over twice the size of the wage increase caused by training. On-the-job firm-provides training sometimes generates considerable third-party externalities when trainees do not stay with the employer who trained them.

- Long term competitiveness. More highly-educated and more highly skilled workers have been found not only to be able to adapt more rapidly and efficiently to new tasks and technologies, but also to be direct source of innovation.

The Human capital investments involve an initial cost tuition and training course fees, forgone earnings while at school and reduced wages and productivity during the training period) which the individual or firm hopes to gain a return in the future. In other words, only employees who have value and uniqueness are qualified as human capital. The qualities of employees with core skills are the fountain source for a company to raise competence and profits.

Conclusions

The human capital strategy can be seen as a crucial element in the triad of business strategy - human capital strategy – human resources strategy. For this strategic triad to be effective, the organizational leaders need to support the vision, talent and management skills in order to create and develop strategies, making opportunities in the internal and external environment, in the current reality of the organization.

From an economic point of view, the transaction-costs indicate that firm gains a

competitive advantage when they own firm-specific resources that cannot be copied by rivals. Thus, as the uniqueness of human capital increases, firm have incentives to invest resources into its management and the aim to reduce risks and capitalize on productive potentials. In the same time, individuals need to enhance their competency skills in order to be competitive in their organizations. Studies also proved the fact that financial performance is positively impacted through the consideration of human capital.

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Barriers to Adult Learning with Some Evidence from Romania

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Abstract: The aim of this article is to explore some of the barriers which adult learners encounter and how to overcome them in the approach of lifelong learning. The literature usually recognizes two types of barriers to adult learning: external or situational and internal or dispositional. When facing internal and external barriers, students are not able to continue their learning. This article explores some reasons which they encounter in reaching their target of learning. The purpose of lifelong learning is to develop the required competencies in order to be permanently adapted and fitted in a continuous changing world. If learners acquire new competencies, they will be able to live more productively and have a better understanding of their own needs and how to better adapt to changes. After attending the training and some barriers are overcome, some learners encounter some changes which refer to a shift in mind and attitude changes, which increase their quality of work and social relationships. Some practical evidence is presented from the report "Implementarea Programului Învățare pe Tot Parcursul Vieții în Anul 2012" from Romania with respect to how some barriers were identified and overcome. Descriptive statistics is presented in a table of data for Romania that refers to persons aged 25 to 64 for the years 2010-2015 who stated that they received education or training in the four weeks preceding the survey.

Keywords: lifelong learning, adult learning, barriers to education, education, motivation.

JEL Classification: D83, I21, P36

1. Introduction

From the specialized literature, we find that the generally accepted scope of lifelong learning is to engage in self-directed learning. The self-directed learners are those individuals who think critically and can take responsibility for their state of learning. They do not wait passively to be taught and can anticipate certain situational changes and can learn the specific knowledge with or without the help of others. However, achieving the status of self-directed learner is not easy due to internal and external barriers encountered by the learners. The self-directed learners are those individuals who think critically and can take responsibility for their state of learning. They do not wait passively to be taught and can anticipate certain situational changes and can learn the specific knowledge with or without the help of others. The inquiring minds, the constant search for meaning and purpose in different contexts is a characteristic of the self-directed learners. Lifelong learners are in a permanent seeking of meaning throughout the life. Adult learners have different responsibilities from youth which are considered barriers to continue their learning. According to literature, lifelong learning is a particular type of education and adult learners have specific needs and barriers to overcome. "The European Agenda for Adult Learning" highlights the need for an increased attendance of adult learners in formal, non-formal and informal learning for personal development, acquiring new competencies or more active citizenship and social inclusion. A way of motivating adult learners is to improve the reasons for attending training and to decrease the barriers.

2. Literature review

The literature usually recognizes two types of barriers to adult learning: external or situational and internal or dispositional (Falasca, M., 2011). Gene E. Fusch. (2000) argues that some traditional industries have met some levels of resistance from their blue-collar workers because of perceived barriers to learning, like cultural, social, familial, personal, financial barriers, cultural, social, familial, personal, or financial barriers. Moody (1986) argues that a strong barrier to lifelong learning is the perceived barrier that education is not appropriate in late life, although there is evidence that people can continue to learn at any age. Moody (1986) points out that adult learners are generally interested in credentials or degrees, like tests, grades or competition, and they prefer learning about hobbies, personal growth or physical health needs; they prefer participative learning where they can be involved in and active.

Marina Falasca (2011) identifies some internal barriers to learning:

- having a certain mindset and fixed ideas that sabotage the process of learning like "memorization is how you learn in school" or "I'm too old to learn" etc.;
- having the wrong vision towards the objectivity of knowledge in the sense that they try to understand new concepts relying on their own past learned concepts;
- seeing just some elements "of the big picture" while failing to perceive the whole idea;
- being anxious about their own inability to learn and being skeptical of the values of the process of learning.

Marina Falasca (2011) describes some external barriers to learning:

- some physiological constraints like problems with seeing or hearing, which is a barrier to actually acquiring knowledge;
- some general problems in the capacity of learning, like illness or fatigue, which influence the learners' level of energy, preventing them from maintaining a certain level of focusing;
- some changes in family or workplace which have an impact on adult learning;
- motivational factors which are considered mandatory for acquiring a new job position, but which is not perceived as an internal need by the adult learner.

3. Lifelong Learning

A view to education is the concept of lifelong learning. The reason behind lifelong learning is that we live in a world with accelerates changes, which require a process of lifelong learning. Therefore, a continuous learning will develop the required competencies in order to be permanently adapted and fitted in a continuous changing world. Lifelong learning provides the means and support for self-directed inquirers (The Modern Practice of Adult Education, From Pedagogy to Andragogy).

The purpose of education is to achieve competencies from people and the generally accepted scope of lifelong learning is to engage in self-directed learning. Competency is a notion which is synonym in theory and practical training with people's attitudes, knowledge, skills, values and interests. Structured learning experiences enhance the quality of lifelong learners with respect to a better adaptation to the dynamic changes of the needs of society. If learners acquire new

competencies, they will be able to live more productively and have a better understanding of their own needs and how to better adapt to changes.

The European Agenda for Adult Learning highlights the need for an increased attendance of adult learners in formal, non-formal and informal learning for personal development, acquiring new competencies or more active citizenship and social inclusion. The participation rates of adults are stagnating from 1.4% to 31.6% (2012 data). The target set for 2020 is that 15% of adults aged between 25 and 64 should be taking part in adult education (European Agenda for Adult Learning). The participation rates are reduced mainly for low-skilled and older adults and there is a need for increasing the participation rates and different policies and actions are formulated to improve this situation.

Four objectives are included in the strategic framework to respond to the challenges for 2020: (European Agenda for Adult Learning)

- "Making lifelong learning and mobility a reality";
- "Improving the quality and efficiency of education and training";
- "Promoting equity, social cohesion, and active citizenship";
- "Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training".

The objectives addressed by the European Commission require working on these topics:

- raising awareness;
- validation of informal and non-formal learning;

- increasing the quality of the process;
- the monitoring of the adult learning sector;
- adults' access to higher education;
- financing the learning of adults;
- reaching the specific targeted groups.

The Council Resolution on a renewed European agenda for adult learning highlights some aspects like: (European Agenda for Adult Learning)

- "An Agenda for New Skills and Jobs, which calls on Member States to ensure that people acquire the skills needed for further learning and the labor market through general, vocational and higher education, as well as through adult learning" from the Europe 2020 flagship initiatives;

- "Adult-learning reforms are increasingly anchored in overall developments in education and training, notably the development of national qualifications frameworks and lifelong-learning strategies."

- "Quality assurance has been raised as an important issue in adult learning and strides are being made in developing the professional profile and training of adult-learning professionals, the accreditation of adult-learning providers and improved guidance services for adults."

4. The adult learner and barriers to lifelong learning

Stephen Lieb (Principles of adult learning) identifies some barriers for adult learning:

- a lower level of educational attainment;
- a lack of supervisory approval or the inability to leave the work;

- a lower level of formal education;
- a lower socio-economic status;
- a social pressure from family or the environment to attend the trainings;
- when they cannot identify the benefits of attending a training course;
- a lack of experience regarding how to apply to a training course;
- a lack of knowledge regarding how to identify some current opportunities for trainings;
- a lack of time to attend courses;
- insufficient financial resources or barriers regarding the transportation or other logistical obstacles;
- a lack of social support if they have a child.

The self-directed learners are those individuals who think critically and can take responsibility for their state of learning. They do not wait passively to be taught and can anticipate certain situational changes and can learn the specific knowledge with or without the help of others. The inquiring minds, the constant search for meaning and purpose in different contexts is a characteristic of self-directed learners. Lifelong learners are in a permanent search of meaning throughout their life.

Sarah Tullos Hutto (2009) believes that some personality traits are related to the thinking process and an individual has a "learning personality" which includes learning styles, frames of reference, beliefs about learning and theories on the self, which are changed by experience. Sarah Tullos Hutto (2009) argues that frames of reference for learning are not constructive and represent barriers to learning and self-fulfillment. A better understanding of the learning process

gives the trainer a better perspective to adapt to the internal learning processes of the student. If the student has a better awareness of the internal learning processes, then the barriers to his understanding will decrease and the communication with the trainer will increase.

A way of motivating adult learners is to improve the reasons for attending training and to decrease the barriers (Principles of Adult Learning). In this view, trainers learn what motivates the adult students and explore which are reasons that keep them away from attending the classes. The trainer will know better how to motivate the students, which is measured by their expected output from attending a training course. Usually, incentives include the need for acquiring new competencies, an increase of the job's benefits after attending training, an increase of quality at their job, a better adaptation to changes at the workplace and to satisfy the need for training from their job employers. The trainer will explore which are the incentives of their students to formulate and adapt a proper strategy related to the output of the training course.

Knowles (1980) cited in Falasca, M. (2011) identifies several particularities of adult learners:

- Adults need to feel free to direct themselves, they like to be autonomous and self-directed;
- Adults have accumulated a certain amount of life experience and knowledge and need reasons to learn something new;
- Adults are less subject-oriented and more problem-centered.

Kimmel, S. B., & McNeese, M. N. (2006) found out that:

- Adult students will differ significantly by gender in their motivations for seeking education;

- Adult students will differ significantly by gender in their barriers to higher education;

- Adult students will differ significantly by race/ethnicity in their motivations for seeking education;

- Adult students will differ significantly by race/ethnicity in their barriers to higher education.

Adults have different responsibilities compared to youth, which are considered barriers to continue their learning. These barriers include confidence, money, lack of time or interest, lack of information regarding the opportunities to learn, information regarding the output of learning, transportation and their responsibility to take care of their children (Principles of Adult Learning).

Gene E. Fusch. (2000) found out that after removing the barriers, workers changed some of their behavior and engaged in new productive behaviors. Some changes refer to a shift in mind and attitude changes, which increased their quality of work and social relationships. The existence of so many programs of lifelong training is itself evidence that the barriers can be overcome. If the financial and logistical aspects are overcome, then a shift in the mindset is possible and individuals will be able to become better learners.

5. Evidence for Romania with respect to lifelong learning

In "Implementarea Programului Învățare pe Tot Parcursul Vieții în Anul 2012", we find out some ways in which the barriers are perceived:

- a lack of implication from the individuals with low opportunities;
- the lack of communication competencies in a foreign language and some barriers regarding the alphabetization and other basic competencies in the case of individuals with low opportunities;
- the challenges and opportunities met in a learning mobility should be used as knowledge for a better future planning;
- the ways in which some teaching activities were developed had the purpose of creating an image of an educational system without barriers in communication, regardless of the country from which the participants attended;

- the necessity of continual training of the trainers to apply the new methods of learning in future classes;
- by attending an Erasmus Program, individuals will shift easier from certain prejudices and cultural barriers, they will interact better with the local students, will gain more interest in knowing and visiting Romania and will be better prepared for future experiences in mobility;
- organizational barriers can be overcome by the professionalism of the organizing team and by the common sharing of success.

space/time	2010	2011	2012	2013	2014	2015
EU (28 countries)	9.1	8.9	9.0	10.5	10.7	10.6
Romania	1.2	1.4	1.3	1.8	1.5	1.1

Source: Eurostat, 2016

In the table above, the indicators of Lifelong Learning refer to the percentage of persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer to the question 'participation in education and training'. Both the numerator and the denominator come from the EU Labor Force Survey (Eurostat 2016). The information collected relates to all education

or training, whether or not relevant to the respondent's current or possible future job. We can see that in Romania the participation rate in an educational or training program is much lower than in the EU (28 countries).

In the table above, the indicators of Lifelong Learning refer to the percentage of persons who did not want to participate in education or training. We can see that in 2007, the participation rate in EU (28 countries) was 19.7%, while in Romania was 9.6%.

space/time	2007	2011
EU (28 countries)	80.3	83.0
Romania	90.4	-

Source: Eurostat, 2016

6. Conclusions

Understanding the barriers to adult learning is a first step in having some insight into the factors which lower the efficiency of the educational programs. Attendance to lifelong learning programs in Romania is much lower than the average of the EU 28 countries. An explanation for these lower rates of attendance is related to the barriers which the adult learners encounter. The quest of the adult learners is to achieve the state of self-directed learners in order to think critically and

take responsibility for their state of learning and to gain specific competencies with or without the help of others. I consider that having a better understanding of the self, learning about the barriers that exist in the process of lifelong learning will foster the attendance and improve the results of training programs. If barriers are not understood by students and trainers, then the process of adult learning will continue to stagnate, as we can see from the descriptive statistics for lifelong programs attendance by Romanian students.

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Monetary policy under the influence of financial globalization

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Abstract: *The political, economical and social transformations that human society has known throughout its existence had as a basis the settlement of a wide range of relationships and interconnections among the different communities, populations, cultures and state formations, synthesizing gradually but surely the currently phenomenon that they called globalization. As part of globalization, financial globalization is highlighted by two main elements: the free movement of capital flows and the foreign participation in the share capital within the financial system at national level. Throughout its entire evolutionary process, financial globalization has brought some significant challenges for monetary policy that requires an investigation of the multiple macroeconomic issues involved and that are crucial in ensuring and maintaining price stability. Global financial and economic crisis in the years 2007-2010 was impact of a "tsunami" - as expressed Frederic Mishkin, a phenomenon that has not only damaged and endangered the economic environment globally, but also brought a series of challenges science rethink its monetary policy purposes.*

Keywords: monetary policy, financial globalization, agents of financial globalization, financial crises, floating exchange rate regimes, foreign capital flows

JEL Classification: E31, E52, E58, F36, F62, F65

1. Financial globalization and its determinants

The political, economical and social transformations that human society has known throughout its existence had as a basis the settlement of a wide range of relationships and interconnections among the different communities, populations, cultures and state formations, exacerbated since the age of the great explorations and voyages of discovery by creating the communication routes to areas of exploitation of natural resources or the areas of trade, by spreading various languages, customs and religious trends across the globe, synthesizing gradually but surely the currently phenomenon that they called globalization.

Joseph Stiglitz, Nobel laureate for Economics, defines globalization as follows: "it is better integration of the countries and peoples of the world [...] brought by the massive drop in transport and communication costs and by the lowering artificial barriers on cross-border flows of goods, services, capital, knowledge and people"¹.

An attempt to define globalization in a quasi-general way has been made by Nayef R.F. Al-Rodhan and Gérard Stoudmann in their article "Definitions of Globalization: A Comprehensive Overview and A Proposed Definition", namely "Globalization is the process that includes causes, paths and consequences of integration of transnational and transcultural human activities [...]"².

As part of globalization, financial globalization is highlighted by two main elements³: the free movement of capital flows and the foreign participation in the share capital within the financial system at national level. These two elements of financial globalization can be measured by the following indicators:

- for capital mobility they are taken into account the holdings of cross-border financial assets and liabilities and the volume of in and out cross-border flows of the domestic financial system;

- for foreign participation in the share capital shall be deemed foreign participation in the domestic banking assets and liabilities and the easy access of foreign financial institutions in the domestic market.

A careful management of both components of financial globalization brings significant benefits to the economy⁴, such as:

- access to international capital markets financing;

- free access of foreign financial institutions to national financial markets, which leads to competition, innovation and new technologies implementation, along with the application of best practices;

- ensuring a greater transfer of technology in order to share more broader risks in relation to earnings and a more efficient allocation of global capital.

¹ Stiglitz J. E. (2002) *Globalization and Its Discontents*, New York: W.W. Norton, Print, p.10

² Nayef R.F. Al-Rodhan and Stoudmann G. (2006) *Definitions of Globalization: A Comprehensive Overview and A Proposed Definition*, Geneva: Geneva Centre for Security Policy, p.5

³ Menon R. (2012) "Financial globalization: why, how and when?", in *The future of financial globalization*, BIS Papers 69, 11th BIS Annual Conference, Basel: BIS, p.16

⁴ Schmukler S. (2003) *Financial Globalization: Opportunities and Challenges for Developing Countries*, Financial Sector Issues and Analysis Workshop, Washington: World Bank, p.34

On the other hand, there are a number of costs associated with the process of financial globalization⁵, one of which can be identified:

- financial crises and contagion phenomena such as sudden changes in foreign capital flows, higher exposure of national financial markets to external shocks, contagion to the real economy or the financial account;
- declining trends in local financial markets correlated to the international ones;
- appealing to international financial markets at the expense of enforcement by national funding.

The key factors that led to the aforementioned changes on capital flows and global financial market structure are highlighted below:

- the liberalization of the national financial market and an increased competition among the financial institutions;
- the IT and telecommunications technological progress;
- the timeliness and standardization of information flow;
- the integration of national economies at different levels (commercial, institutions, ownership structure, capital flows and knowledge);
- the developed countries transition to floating exchange rate regimes, the emergence of the single European currency zone and other supranational integration initiatives;
- the setting of principles for effective banking supervision developed by the Basel Committee on Banking Supervision (BCBS);
- the adoption and the implementation

of international accounting standards (IAS) or International Financial Reporting Standards (IFRS) in over 100 countries;

- the implementation of the agreements regarding transactions in the financial market
- ISDA (International Swaps and Derivatives Association) and ISMA (International Securities Market Association);
- the development of statistical methodology unit by specialized global institutions International Monetary Fund (IMF), the Bank for International Settlements (BIS) and the World Bank to ensure compliance of the data collected with the guidelines statistics and international comparability of them;
- the adoption of good practice principles developed by international professional associations.

In the paper "Financial Globalization: Opportunities and Challenges for Developing Countries"⁶ the authors present four main types of agents of financial globalization, namely governments, borrowers, investors and financial institutions of whose interests and actions strongly influence the development of international financial markets.

Governments are strong elements of financial globalization by liberalizing restrictions regarding the domestic financial sector and the capital account of the balance of payments.

Borrowers and investors, that are mainly households and businesses, affect consumption and investment through their operations in financial markets regarding saving, borrowing or investing.

Financial institutions act as agents for internationalization of financial services,

⁵ Schmukler S. (2003) Financial Globalization: Opportunities and Challenges for Developing Countries, Financial Sector Issues and Analysis Workshop, Washington: World Bank, p.42

⁶Schmukler S.L. & Zoido-Lobaton P. (2001) Financial Globalization: Opportunities and Challenges for Developing Countries, Globalization Policy

including global international institutions that can be specialized as UN agencies (the IMF and World Bank Group) or regional financial institutions (BIS, the European Bank for Reconstruction and Development and so on).

2. The impact of globalization on inflation

Since the mid-80s, the world economy has undergone such profound transformations, that sources and effects of these changes are not perhaps fully understood yet. This process of continuous integration in trade, production and financial markets in different countries and economic regions, defined as globalization, directly affect the conduct of monetary policy in a variety of directions⁷:

- induces structural changes which increases the uncertainty of the economic environment in which monetary policy operates
- uncertainty in the interpretation and explanation of data and indicators and the use of monetary policy transmission mechanisms;
- intensifies international competition that leads to a change of conditions and constraints in which monetary policy acts;
- influences the external environment due to the influence of national economies on the global business cycle and prices of goods and services in global markets;
- influences the internal environment of national economies by changing the mechanisms of domestic prices and wages;
- steps up international labor migration changing conditions in the local labor market, especially concerning wages;
- influences financial markets leading

to an increased uncertainty regarding the central bank's decisions on macroeconomic variables.

The economic literature shows that, the last twenty-five years have been characterized by low inflation, which resulted some specialists refer to this phenomenon as the "Great Moderation" . This refers to a reduction in the volatility of business cycle fluctuations since the mid-eighties of the twentieth century, attributed to the deregulation at the institutional and structural level in developed countries. Among important economic variables which were highlighted, in particular a decrease in volatility has included: GDP, industrial production, unemployment and monthly salary. Totally unexpected, a series of global imbalances have begun to emerge in the last decade of the twentieth century, among them the increasing current account deficits of developed countries or "booms" of prices in various economic sectors - IT, real estate, which led to the end of the period called "Great Moderation"⁸ in the mid-2000s.

In this context, there could be made some considerations regarding the factors that had a major impact on the evolution of inflation during this period and are related to globalization:

- the improved management of monetary policy, as a major factor in the decrease in the level and the persistence of inflation;
- the relocation of production to countries with cheap labor, which made the supply of products to grow faster than demand, having a moderating effect on the general price level;
- the major changes in the relative

⁷ Manolescu Gh. (2009) Politica monetară în perspectivă globalizării, București: Universitară, p.289-290

⁸ Moutot Ph., Vitale G. (2009) Monetary policy strategy in a global environment, Occasional paper series no.106/2009, Frankfurt am Main: European Central Bank, p.6

prices of goods and factors of production, so that relative prices of raw materials rose sharply, while the emergence of workforce from countries with cheap labor has pushed down the relative prices of manufactured products;

- the international competition, which inhibit inflation temporarily via four channels⁹ : domestic firms reduce their profit margins; companies are encouraged to invest more in research and development to increase productivity, so that increased international specialization enables the capitalization of comparative advantages; the fall of product margins and, on the other hand, the strong expansion of cheap labor, which decreased the relative price of labor; the decline of the relative prices of manufactured goods that can produce as a side effect, a change in the geographical structure of imports;

- the structural changes in the industrialized economies, such as the decline of the share of industry in GDP over the last thirty years, in favor of the tertiary sector, the transfer of manufacturing production to the low-cost countries and the increased efficiency of the industry in using raw materials;

- the classic Phillips curve was flattening, which seems to be a global phenomenon that can be explained both by better conduct of monetary policy as well as structural changes in the industry.

3. The impact of financial globalization on monetary policy

Throughout its entire evolutionary process, financial globalization has brought some significant challenges for monetary policy that requires an investigation of the

multiple macroeconomic issues involved and that are crucial in ensuring and maintaining price stability.

Scientific literature identifies as relevant characteristics of globalized financial markets the following factors:

- a) the decline of investments in national markets made by local investors. The fast growth of cross-border investment flows stimulated by the liberalization of national financial markets, associated with reduced communication costs and accelerated by financial innovation has led to a drop of investments on the domestic markets made by local investors.

- b) the strong growth in the volume of financial transactions by size of business transactions in developed economies as a result of interdependencies between the financial markets and innovation; this had serious consequences on the role of global financial markets in the transmission of economic shocks, both domestically and internationally;

- c) the rapid spread of monetary policy regimes such as exchange rate targeting and inflation targeting, within central bank practices. In the 90s, it was considered to be an affordable way for emerging countries to achieve monetary stability with low costs by targeting rates against the dollar or the euro, but later it became clear that capital inflows attracted and then invested in real estate or in areas with low productivity, can lead to the appearance of financial risks in case of appreciation of those currencies. Inflation targeting has been adopted successfully by a number of central banks both in developed and developing countries, but it was focused on the pursuit of price stability over short horizons for two or three years.

⁹ Ibidem, p.11

The widespread use of inflation targeting regime implied the emergence of a debate in the early 2000s called "lean against the wind" in search for a response on the tremendous increase of asset prices exacerbated in financial markets. The concept considers using monetary policy to counter the expansion phase of the business cycle by tightening them to restrict lending and mitigate the extent of a subsequent recession. The opposite view of the concept "lean against the wind" believes that asset prices should not have a special role in the conduct of monetary policy, vision called "doctrine Greenspan" by taking the name of the former Chairman of the Board of Governors of the Federal Reserve System of the United States. He said about modern and technologically advanced financial markets that it is best to be allowed to drive alone because monetary policy should not attempt to take action against bubbles in asset prices, but rather should clean only after they exploded ¹⁰

Because asset prices are a central issue to monetary policy transmission mechanisms, the theory of optimum currency policy requires monetary policy to respond to an exacerbated increase of asset prices, in order to achieve good results in terms of inflation and output. In this connection, there was a debate over the question: Should monetary authorities respond directly to the creation of possible bubbles in asset prices or should instead respond only after the burst of the prices balloon in an attempt to stabilize the production and inflation? These two

positions were characterized the debate as "lean versus clean"¹¹.

As shown by some authors¹², in an less open economic environment, the implementation of the inflation targeting in the presence of an expansionary balloon could lead to encourage misconduct of persistent price assets, which explains - say the authors - the development of these types of balloons in an environment of low inflation: the central bank pursues inflation targeting, but not enough monitors monetary and credit developments.

d) the financial innovation and the risk transfer. The integration of global financial markets has been accompanied by an increased use of financial instruments designed - according to some theorists - to support growth and the efficient allocation of capital. In this sense, the new technologies of computing and information processing have favored the emergence of new financial instruments (many of them totally unique and therefore called as "esoteric"), tools designed explicitly to "pack" and "re-pack" debts and the risks associated with conventional financial products. This phenomenon - originally intended to improve the distribution of risk depositors - was stimulated by banks in search of higher returns, which led to an exponential growth of credit derivatives, such as swaps credit risk (CDS) and bonds to guarantee debt (CDO).

Taking into account other effects

¹¹ Mishkin Fr. (2010) Monetary Policy Strategy: Lessons from the Crisis, Graduate School of Business, Columbia University and National Bureau of Economic Research, p.18-19

¹² Christiano L., Ilut C., Motto R., Rostagno M. (2008) Monetary policy and stock market boom-bust cycles, ECB Working Papers No. 955, October, Frankfurt am Main: ECB

¹⁰ Greenspan A. (2002) "Opening Remarks", Economic Symposium Rethinking Stabilization Policy: 1-10, Kansas City: Federal Reserve Bank

produced by financial globalization, it can be said that these, to a certain extent, caused the interest rates to be less sensitive to changes in monetary policy interest rate. A possible explanation is that inflation expectations are more firmly anchored so that fluctuations in short-term interest rate adjustments do not trigger long-term interest. The progressive evolution of globalization has been a discouraging factor with regard to developments in government bond yields in the US, due to the fact that excess liquidity obtained from the economies of emerging countries and oil-producing countries is used partly to finance US economy located in a large savings deficit by buying US government bonds. Since 2000, foreign demand for these securities has increased, especially from Asian central banks, having significant influence on lowering long-term interest rates in the US.

4. The impact of international financial crisis on monetary policy

Financial and monetary systems were created and developed in order to improve the efficiency of the real economy and to allocate better the resources, thus triggering a financial crisis marks a disruption of the normal functions of these systems and harms the economy.

After the bankruptcy of Lehman Brothers, almost all systemically important financial institutions that were in difficulty have been saved ("too big to fall"), by providing liquidity by central banks. Many of these central banks have resorted to unconventional measures, in addition to providing liquidity in the banking system.

Throughout the crisis, the three important central banks in the world - the Federal

Reserve System, the European Central Bank (ECB) and the Bank of England (BoE) - have reacted in a similar way, showing themselves once again their role as "a lender of last resort". All three banks have extended collectively the short-term loans worth hundreds of billions of dollars to both commercial and investment banks. In addition to these measures, in 2008 all three banks made a coordinated and simultaneous reduction in policy interest rates, which represented a significant signal for the markets. Central banks have worked together, too, to promote new and innovative monetary instruments to respond in this way the impact that has had the global financial crisis. Among others, Bank of England and European Central Bank were coordinated with the Federal Reserve System to create TAF (Term Auction Facility) - a product designed to provide long-term funding to banking institutions on an open market. Similarly, the Fed was coordinated with the ECB and other central banks (but not with BoE), in a cross-currency swap mechanism, in order to confer availability to loans in dollars worldwide.

According to Frederic S. Mishkin¹³, unconventional monetary policies during the crisis experienced four forms: 1) the provision of liquidity by central banks that expanded lending for banks and other financial institutions; 2) the purchases of government bonds and private securities that lower the lending costs for households and businesses; 3) the quantitative easing applied by the central banks increased their balance sheets and 4) the management expectations that central

¹³ Mishkin Fr. (2010) Monetary Policy Strategy: Lessons from the Crisis, Graduate School of Business, Columbia University and National Bureau of Economic Research, p.10

banks have pledged to maintain their monetary policy rates at very low levels for a long period of time.

Decisions and actions taken by the three major central banks - Fed, ECB and BoE - were unprecedented, characterized by exceptionally fast responses and proactive, which has prevented a collapse of the financial systems nationally and globally.

Despite overcoming major difficulties induced by the global crisis of 2007-2010, many decision makers have acted undecided in the field of macroeconomic policies under uncertainties such as:

- Uncertainty about the magnitude of the crisis that may have lasting effects over the growth rate of the potential output, and this has consequences for the possible emergence of deflationary pressures and monetary policy decisions;
- Uncertainty about the impact that an output gap could have on fiscal deficits mainly structural rather than cyclical, with implications on strengthening fiscal policies;
- Uncertainty about the effectiveness of the transmission mechanism of monetary policy in terms of decreasing the level of financial intermediation, which complicates

decisions regarding the moving on with conventional and unconventional measures and how to phase them.

The global financial and economic crisis in the years 2007-2010 has a "tsunami" impact - as expressed Frederic Mishkin, a phenomenon that has not only damaged and endangered the economic environment globally, but also brought a series of challenges to rethink the science of monetary policy in decisions and actions. The author of the aforementioned features five lessons¹⁴ believes that the crisis has provided us some teaching which should change the way monetary policy science is thought and monetary policy strategy is applied:

1. Developments in the financial sector have a much greater impact on economic activity;
2. Macroeconomics is largely nonlinear;
3. The level zero of the interest rates is a problematic one;
4. The costs of cleaning after financial crisis are very high;
5. Price stability and the output does not ensure financial stability.

¹⁴ Ibidem, p. 22

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SMEs Development in Contemporary Economy

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Abstract: *The paper approaches important issues on the small and medium enterprises sector as a vector of economic development in the contemporary period. It presents the SMEs delimitation criteria in the microeconomic landscape used in the European Union, USA and Japan. It also highlights the preoccupations manifested at European and world level in terms of promoting entrepreneurship activities, materialized in organizing summits and major events dedicated to small and medium enterprises, as well as in the operationalization of funding programs for them. The last part of this paper reflects issues related to the support SMEs receive at institutional level, emphasizing areas of assistance, support programs and services that various institutions and bodies offer to develop the small and medium sector.*

Keywords: SMEs, defining criteria, financial support, institutional support, programs, areas of assistance.

JEL Classification: L25, L26, M10, M21, O10.

1. Introduction

Currently, the small and medium enterprises sector is a factor of sustainable development, with a significant contribution to GDP creation and providing jobs in most economies.

Economic strategies and policies in the European Union, USA and Japan lay major emphasis on encouraging entrepreneurship and the development of the small and medium enterprises sector as a balancing factor at micro- and macroeconomic level.

According to the data published in the "Annual Report on European SMEs 2014/2015", there are 22.8 million SMEs in the European Union generating more than EUR 3.7 trillion of value added (58% of the sector's total value added), and employ almost 90 million people (67% of the sector's total employment) [6].

In a speech given on 19 November 2015 at the "European SME Week", the commissioner for internal market, industry, entrepreneurship and SMEs, Elżbieta Bieńkowska, said that the progress registered in the Community represents a positive and encouraging challenge to continue the policies for the development of this microeconomic sector [6].

In the USA, the world's first economic power, small and medium enterprises have a share of 99% in all firms, account for over 50% of GDP and provide approximately 80% of the total number of jobs created annually in the American economy [2].

Japan has granted, in time, constant attention to the development of the small and medium enterprises sector. These firms are absolutely predominant in the Japanese economy and employ 80% of the labor force employed.

The paper aims to provide a perspective on the development of small and medium enterprises in the three economic areas, structured on the following coordinates: delimiting such firms in the microeconomic landscape, promoting entrepreneurship by organizing major international events, funding and institutional support programs.

2. Delimiting SMEs in the microeconomic landscape

The delimitation of these organizations in the macroeconomic landscape was, in time, a difficult and controversial topic. A study by the Massachusetts Institute of Technology has identified about 50 variants to define this type of organization, which resulted subsequently to the application of quantitative and qualitative criteria.

Quantitative criteria take into account the number of employees, size of capital, turnover, production volumes, production capacity and market share. Each of these quantitative criteria has certain limitations.

Capital assessment requires updating calculations from time to time, especially in economies affected by the phenomenon of inflation, turnover allows comparative analyses aimed at businesses in the same industry, the production is inextricably linked to the specific of the activity, production capacity is a criterion applicable to companies having similar conditions for the combination of production factors, while the market share refers to the type of market (product market, local market, regional market, domestic market, international market) [10].

The number of employees is not a sufficiently rigorous criterion, yet with its help small and medium companies activating in

distinct branches of a national economy (industry, construction, services, etc.), but also organizations belonging to different countries can be analyzed and compared.

Qualitative criteria provide a broader analysis of small and medium enterprises that includes the influences of the sector of activity, the technology used, the integration modality in the economic environment, as well as organizational and managerial conceptions [10].

In the European Union, according to Recommendation No. 2003/361/EC, the small or medium enterprise is an entity that employs less than 250 people and has a net annual turnover of up to EUR 50 million and/or total assets of up to EUR 43 million [4]. It should be noted that both the turnover and the total assets present different values depending on the activity branch of the organization.

Accordingly, to compensate for the lack of specification of the industry in which the undertakings activate, in addition to the obligation to comply with the threshold regarding the number of employees, the European Commission has given the opportunity to choose one of the other two criteria, i.e. the net annual turnover or the total assets value [1].

Thus, the definition issued by the European Commission is aimed at treating and classifying SMEs fairly, regardless of their activity [5.7].

Currently, in the Community the SMEs sector comprises three classes of companies, defined as follows [3.7]:

► Microenterprises - up to 9 employees and a net annual turnover or total assets of up to EUR 2 million;

► Small enterprises - between 10 and 49 employees and a net annual turnover or total assets of up to EUR 10 million;

► Medium-sized enterprises - between 50 and 249 employees and a net annual turnover of up to EUR 50 million or total assets not exceeding EUR 43 million.

In the USA, Small Business Administration (SBA) regulates the delimitation of small companies in the microeconomic landscape. According to SBA, the small enterprises sector includes the following classes of organizations [15]:

- Small - family enterprise (1-4 employees);
- Small - small enterprise (5-19 employees);
- Small - medium enterprise (20-99 employees);
- Small - large enterprise (100-499 employees).

Therefore, in the USA a small business has a staff of up to 500 employees, but there are differences between the industries regulated by the Office of Size Standards within the Small Business Administration. Moreover, the criterion "sales value" is also considered in the USA.

In Japan, the delimitation of SMEs by reference to other organizations is achieved depending on capital (total investment value), number of employees and industry. The Japanese Ministry of Economy, Trade and Industry has established the following thresholds defining small and medium enterprises [1]:

- for the manufacturing, construction and transport sectors, a capital below JPY 300 million and a number of employees below 300;

- for wholesales, a capital below JPY 100 million and a number of employees below 100;
- for the services sector, a capital not exceeding JPY 50 million and a number of employees below 100;
- for retail trade, a capital not exceeding JPY 50 million and a number of employees below 50.

According to the above, it appears that there are more complex and nuanced approaches in the USA and Japan as regards the definition of SMEs compared with those in the European Union, given that the first criterion used in delimiting the small and medium enterprises sector is the sector of activity.

3. Development of the SMEs sector - a priority

In recent years there have been concerns at European and world level in terms of organizing summits and major events dedicated to small and medium enterprises.

Thus, in 2007, the International Labor Conference was held at Geneva. The tripartite delegations, formed by governments, unions and employers representatives, came up with a series of conclusions, one of them being the one according to which the sustainable organization, who is mostly of small or medium in size, represents the „engine“ of future development, of which the economic and social performance level of each country depends on [8].

Also, the sustainable organization represented one of the major themes approached during the 8th European Regional Reunion of the International Labour Organization, which took place in Lisbon from the 9th to the 13th of February 2009.

The participant delegations to this reunion proposed a series of measures which target a stable and sustainable economic growth. From these, we remind [9]: adopting some measures concerning access to financing, in view of stimulating entrepreneurship and the capacity of small and mid-sized firms to keep their employees and to create new jobs; promoting favourable environment for sustainable organizations, as a main support for economic recovery and growth; reestablishing a normal flow of human and investment capital in mid and long term, in order to avoid a serious deterioration of the production base from certain countries; ensuring a functional financial system to facilitate growth and to create a more dynamic private sector; the development by some organizations of the initiatives of corporate social responsibility, in order to complete the sustainable strategies and the results in cause.

An eloquent proof of shown preoccupation in European Union concerning SMEs is organization, in the spring of 2006 (6 – 7 of April), of European SMEs Summit in Graz. This Summit launched the European Union principle, “Think Small” and three priorities of community politics were established in SMEs domain.

- Decrease bureaucracy by 30%;
- Increase skills level of young people who will carry out economic activities;
- Increase community direct and indirect funding for SMEs by 50% during 2007 - 2013.

In November 2010 Bruxelles held the SME Summit entitled “How green makes money”, which focused on the wide range of opportunities in “ecologic” marketing that can bring the benefit for small European enterprises, from distributing energy to

information technologies.

The Summit's message was centered on the idea that "SMEs are the vital energy Europe needs for the future and they must take profit on eco-revolution business opportunity. Ecologic provisions must not be seen as a burden, but a chance for small European firms."

This major event dedicated to small and medium enterprises was attended by over 600 participants / business organizations, decision makers, economics specialist and so on.

However, at Community level, the "European SME Week" has been organized since 2009 [12].

The European SME Week brings together entrepreneurs, academics, media and policymakers of the European Union. The event's main objective is to establish innovative ways of cooperation and further development of EU policies for SMEs.

The 2015 edition of the "European SME Week" took place in the period comprised between 16 and 22 November 2015. The commissioner for internal market, industry, entrepreneurship and SMEs, Elżbieta Bieńkowska, delivered a speech at the Assembly of SMEs on 19 November 2015. On this occasion, the "Annual Report on European SMEs" was published.

On 1st of January 2007 the VII Frame Program for Technological Research and Development became operational (FP7). Between FP7 main objectives, we may remind:

- Increase innovation capacity of small and medium enterprises;
- Enhancing research activities in SMEs;
- Developing several cultural - organizational models based on innovation;

- Capitalization of scientific research results in organizational practice;

- Acquisition of technological know-how, in order to increase economic competitiveness.

Financial support of FP7 is allocated through 2 programs. First program, entitled "Research for SMEs" is meant to support small groups of small and medium businesses concerned with innovation, in order to solve some technologic problems they face in the contemporary European context. The second program, entitled "Research for SMEs organizations" aims to identify viable solution to specific problems of large groups of SMEs, especially of those working in industry.

In 2013 the Program for Research and Innovation "Horizon 2020" was adopted; this program is a financial instrument used for implementing the Initiative "A Union of Innovation" within the reference period of 2014-2020 [16].

Benefiting from a budget of 70 billion of Euro, allotted for 7 years (2014-2020), "Horizon 2020" is the most important program of research and innovation in the world if we consider the fact that the precedent multiannual Framework Program (FP7) has benefited from a budgetary allotment of 53 billion of Euro for 2007-2013.

4. Institutional support for SMEs

The development of the small and medium enterprises is supported institutionally also, by structures and bodies created in order to underpin and operationalize strategies and policies to encourage entrepreneurship.

The General Direction "Enterprises and Industry" functions within European Commission, which have an important role

implementing "Europe of 2020" strategy, answering two of the seven main initiatives, such as [13]:

- "An industrial politics adjusted to globalization era", with the role of improving business environment, especially for SMEs and to support development of solid and sustainable industrial basis, which can compete worldwide level;

- "A Union of Innovation", with the role to improve general conditions and access to financing for research and innovation sector, to allow transformation of new ideas on products and services to generate economic growth and employment.

The two initiatives are essential for Europe economy to become more competitive and innovative to a more efficient use of resources, thus to face present and future challenges.

According to provisions of European Commission Work Program, activities of "Enterprises and Industry" General Direction aim substantiation and take on measures to allow implementation of "Europe 2020" strategy within industrial and business sector [14].

In the USA, Small Business Administration offers assistance programs for small enterprises in the following areas [2.11]:

- financial;
- investments;
- guarantees for operations with securities;
- state procurement;
- research-development;
- consulting and training;
- information and economic services;
- supervision and legal and legislative advice.

In addition to the abovementioned fields, there are another eight complementary areas in which support is provided for small and medium enterprises, i.e.:

- support for exporters;
- support for small disadvantaged enterprises;
- support for people facing catastrophic situations;
- support for Armed Forces veterans;
- support for Native Americans (Indian natives of North America);
- support for women;
- support for areas and communities facing major problems;
- support for the creation of jobs.

Within a year, Small Business Administration offers loans worth USD 10 billion to small businesses (for working capital and, respectively, for purchasing real estate, machinery and equipment). Also, the small investment companies backed by SBA offer funds of USD 2 billion to small businesses annually.

For example, in 2009 SBA granted loans of USD 18 billion to small businesses, as follows:

- 35% - start-up business;
- 32% - small entrepreneurs;
- 23% - women entrepreneurs.

In recent years, the activity areas funded mainly by Small Business Administration were services, retail trade and construction.

Small Business Administration also carries out other support programs for small businesses, of which we mention [15]:

- programs for minorities, especially for Africans, Asians and Hispanics;
- a program for identifying markets and opportunities for small businesses that have a high potential for export;

► a program whereby retired entrepreneurs offer management advice for start-ups or distressed businesses;

► collaboration programs with universities, operationalized through approximately 900 “Centers for Small Business Development” providing technical and management assistance;

► programs through which low-interest loans are offered to enterprises that suffered losses from floods, hurricanes, tornadoes or other disasters.

In Japan there has been an ongoing concern regarding the development and implementation of coherent strategies and policies for the development of small and medium enterprises, considered as the key for the achievement of the so-called “Japanese miracle”.

An essential landmark in the evolution of SMEs in Japan was the exchange of generations of entrepreneurs. Thus, a generation of entrepreneurs with a lower level of education, yet with a strong desire to

conduct their businesses, was followed by a generation of people with a higher education level, open to planning, managerial tools, technology and entrepreneurship networking.

At the initiative of the government, institutions were created with specific tasks in the small and medium-sized enterprises sector, such as the Japanese SME Corporation (JASMEC), the Finance Corporation for SMEs, Prefectures’ Foundations for SMEs, the Credit Guarantee Association and, highly important, the Research Institute for SMEs [2.11].

SMEs in Japan benefit from the assistance of financial institutions specialized in the provision of funds for starting and

developing businesses. In Japan there are 830 such financial institutions, both private and governmental.

5. Conclusions

Economic strategies and policies in the EU, USA and Japan lay major emphasis on encouraging entrepreneurship and the development of the small and medium enterprises sector as a balancing factor at micro- and macroeconomic level.

In the European Union, the delimitation criteria for the small and medium enterprises in the microeconomic landscape are the number of employees, the net annual turnover and the total assets value. Compliance with the “number of employees” criterion is mandatory. Given that the sector of activity is not taken for a criterion, the European Commission has given (regulated) the opportunity to choose one of the other two criteria, i.e. the net annual turnover or the total assets value.

In the USA and Japan there are more complex and nuanced approaches as regards the definition of SMEs compared with those in the European Union, taking as criteria the sector of activity, the number of employees and the sales value (in the USA) and, respectively, the capital, the number of employees and the sector of activity in Japan.

The development of the small and medium enterprises is supported institutionally also, by structures and bodies created in order to underpin and operationalize strategies and policies to encourage entrepreneurship. The General Direction “Enterprises and Industry” functions within the European Commission, having an important role in the implementation of the “Europe of 2020”

strategy and answering to two of the seven main initiatives, namely "An industrial politics adjusted to the globalization era" and "A Union of Innovation".

In the USA, Small Business Administration offers assistance programs for small business in fields such as finance, investments, state procurement, research-development, consulting and training,

supervision and legal and legislative advice, etc.

In Japan there are institutions with precise duties in the small and medium-sized enterprises sector, such as the Japanese SME Corporation, the Finance Corporation for SMEs, Prefectures' Foundations for SMEs, the Credit Guarantee Association and the Research Institute for SMEs.

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Intellectual Capital. Knowledge and Competitive Advantage in the Organizational Management

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Abstract: The turbulent business environment has inevitably led to an increase in competition, especially in saturated markets of products and services. The economic development of the organization will indisputably depend on the multidimensional concept of intellectual capital. Man continues to be the primary factor within the organization through his creative capacity and also by his receptiveness to self-development. Obtaining strategic advantage is based on innovation, intangible resources of the organization and the use of competitive intelligence. In this paper we present a few aspects regarding the reflection of knowledge and intellectual capital focused on organizational processes in relation to the creation and development of the competitive advantage.

Keywords: knowledge, organizational management, competitive advantage, intellectual capital.

JEL Classification: M19, O34, L25.

1. Introduction

Increasing competitiveness and obtaining competitive advantage are major objectives in the organization management. Intangible resources represent a hidden component of the economy of an organization and that is why they are difficult to assess, but, at the same time, they are a priority due to the competitive advantage that they offer.

“Indeed, the competitive advantage of companies in today’s economy lies not in their position on the market, but in the development of knowledge as intangible resources hard to replicate and the modality in which it is used. Its allocation and use extent – involving both strategic and entrepreneurial elements – is actually the extent to which the

company’s dynamic capabilities become very important”. [10] The existence of a capital does not offer any guarantee for the proper development of the organization unless the company’s dynamic capabilities become very important”. [10] The existence of a capital does not offer any guarantee for the proper development of the organization unless the intellectual capital is capable to pivot within a knowledge society, by reference to other forms of physical capital.

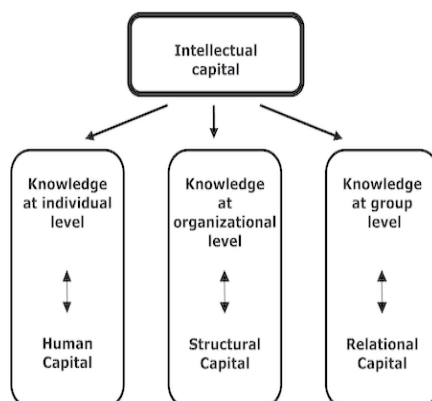
The value of intellectual capital makes the difference between the organizations that have invested in this capital and have a much higher welfare as compared to organizations which are similar, but which do not invest in this type of resource.

“Intellectual capital can leverage other resources in the economy and company, as the knowledge that it incorporates can replace, in the products that they carry out, to a greater or lesser extent, a part of the expenses related to physical assets and/or the difficulty of manipulating and transporting them, and/or can increase the income generated by the use of such assets.”[7].

2. The intellectual capital concept within the organization

In specialized literature [4, 5] there is a variety of definitions of intellectual capital. In a brief description, human capital is the knowledge, skills, components and abilities held by the employees of an organization; organizational capital consists of structured knowledge held by the organization and shareable (database, procedures, etc.); relational capital is defined by the totality of the relationships between the organization and all its stakeholders. [9]

Figure 1. Intellectual capital components [12]



The intellectual capital components are: human capital, structural capital (infrastructure) and relational capital.

The model proposed by Hubert Saint-Onge and Leif Edvinsson is known in specialized literature as the Skandia model and was taken and described in detail by Thomas A. Stewart in his works [11].

Leif Edvinsson, further to the Skandia experience, concluded that both the financial and the intellectual capital form an integral part of a company's market value, while the intellectual capital is made up of structural capital and human capital

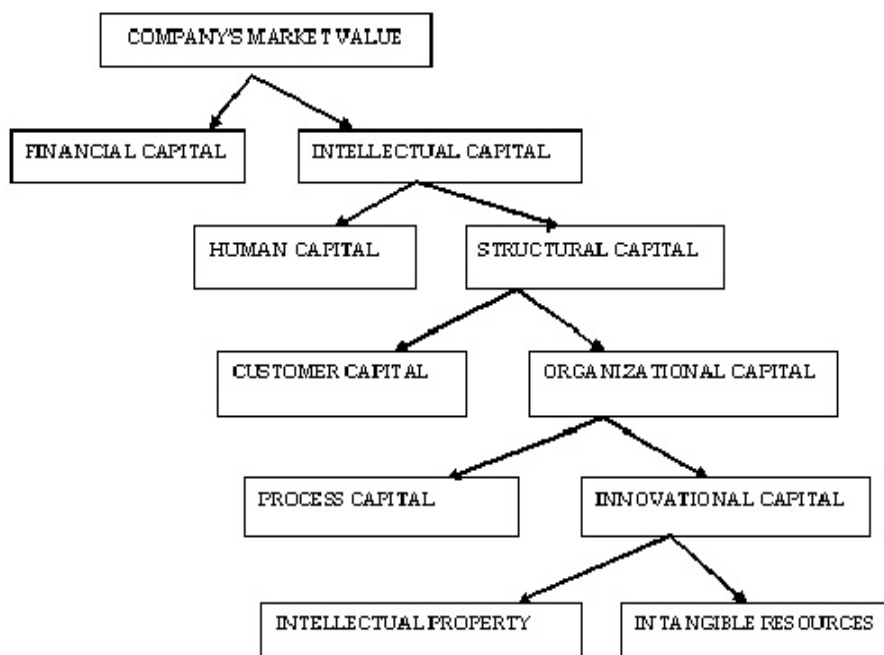
Thomas A. Stewart, editor of the American magazine *Fortune*, in his article "Brainpower", argued the concept of intellectual capital as follows: "Intellectual capital is the intellectual material – knowledge, information, intellectual property, experience – that can be put to use to create wealth."

[11] This definition is based on two main directions:

- within an organization there is intellectual material consisting of knowledge, information, intellectual property and experience that does not appear in the annual financial statement, but which may contribute to the performance of its products and services and that is the intellectual potential.
- the capacity of such intellectual potential to be transformed within technological and managerial processes in a series of value-creating elements included in the final product of the company.

Regardless of its nature and usefulness, each product contains material substance, energy and knowledge, while intangible services or products only contain energy and knowledge.

Figure 2. Skandia Model [8]



According to Edvinsson, the market value of the company is given by its social capital and intellectual capital, which, in terms of the model created by him, consists of:

- human capital, represented by the tacit or explicit knowledge that people possess, as well as the ability to generate it, knowledge that is useful to the organization's mission and includes values and attitudes, skills and know-how, philosophy and culture;
- structural capital, defined as a set of powers and support elements of the human capital infrastructure;
- organizational capital, representing the combination of explicit and tacit, formal and informal knowledge which, in an efficient and effective manner, structures and develops the organizational activity of the company, which includes culture (tacit and informal knowledge), structure (explicit and formal knowledge) and organizational learning (renewal of processes regarding tacit and explicit, formal and informal knowledge). [6]

Up to the 80s, the literature specialized in the field of strategic management considered the external environment of an organization as highly important for the understanding of the competitive advantage.

It was considered that the resources were distributed homogeneously and that they were quite easily accessible to companies from the same industry. Thus, the role of management was to find the best possible ways to combine products and markets, depending on the negotiation power of the suppliers and buyers, entry barriers and the strength of substitute products. [8]

3. The intellectual capital for the development of the organization

The intellectual capital, through its forms, is conditional upon the performance of the organization and the relationship existing between the intellectual capital and the performance of the organization leads to the establishment of a new career development trajectory based on the acquisition of a portfolio of skills as complete as possible.

The performances of an organization may be approached in terms of effectiveness and efficiency. They acquire new content in the case of the knowledge-based organization, under the influence of several factors which, preponderantly, are based on the quality and valences of the human capital of the organization, because it is the human resource, the people that are the carriers of knowledge. Such factors are:

- high weight of knowledge in the company;
- increase of the weight and importance of non-quantifiable inputs, represented by tacit knowledge;
- conversion of a part of the external stakeholders into components and/or participant in the intellectual capital of the company;
- the ecological environment of the company is an essential element of inputs and outputs of the knowledge-based company.

According to a survey carried out by Professor Michael Porter of Harvard University, 19% of the profitability variation of a company is due to the effects of the industry to which that company belongs [2], as belonging to a particular industry also produces effects on the profitability of the company.

The new economy is characterized by the increase of the amount of knowledge incorporated in material goods and by the unprecedented dynamics of immaterial goods [6]. In this regard, the domestic factors are much more important. This new internal perspective (resource-based view) suggests that the competitive advantage is due primarily to the differences between the resources specific for each organization.

Barney [1] has developed four criteria to decide which resources can lead to a sustainable competitive advantage:

- the criterion of value creation for the customer – in Barney's conception, to be valuable means to be able to exploit opportunities and neutralize threats;
- the criterion of rarity – a resource has to be rare among competitors in order to contribute to achieving a competitive advantage;
- the criterion of uniqueness – if a resource is easily replaceable, then its power to contribute to obtaining a competitive advantage decreases;
- the criterion of the cost of copying – perfect imitation leads to the loss of the capacity of that resource to achieve a competitive advantage

The market value of an organization and its economic performance are determined by the financial advantages obtained by the organizations that have invested in people, in their education and training. This investment has a high rate of recovery, i.e. benefits in the form of increased productivity of labor, development of professional skills, innovation capacity. [11]

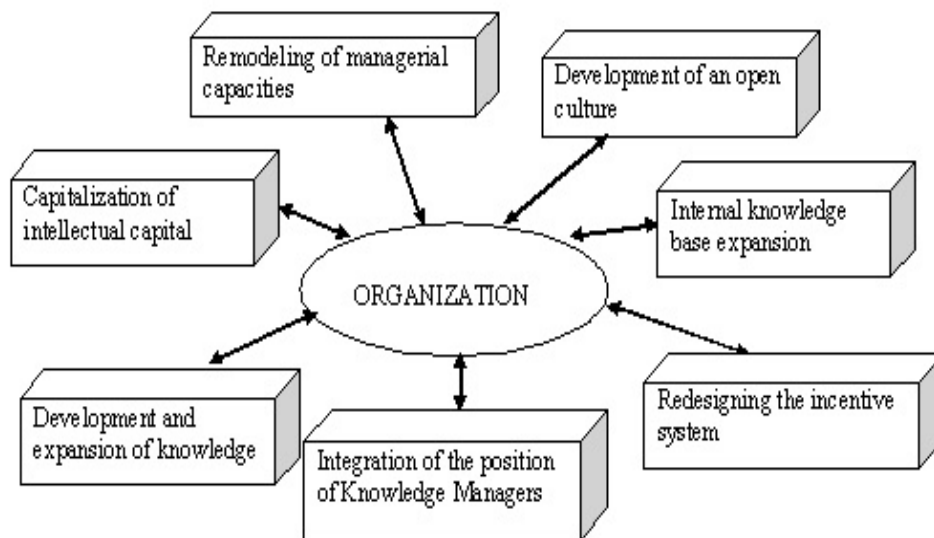
The orientation, in the knowledge-based economy, is given by the fact that the employees are considered assets of the organization, the human capital being considered an intangible asset along with the

other components of the intellectual capital. According to the latest trend, the employees are seen as potential investors in their own human capital. The organization needs human capital for the business to succeed. The knowledge-based economy suggests this vision, to look at people as major contributors to the success of the organization.

The main features of the knowledge-based organization are [7]:

- Giving major attention to the obtainment, use, protection and capitalization of intellectual capital;
- The strategic development of the organization will be based on the in-depth and/or in-width increase of the organization's knowledge, it having the capacity to develop its own knowledge and recognize opportunities for a type of synergetic cooperation in the field of knowledge;
- Remodeling the organization's managerial and economic capacities to benefit from knowledge through the options, decisions and actions that it practices;
- Redesigning the incentive system by amplifying reward depending on performance and merit for all staff;
- Developing the internal knowledge base and expanding the connections with clients, suppliers and external human resources;
- Integrating within the organization the position of "knowledge managers" who often begin their activity as consultants for change within the organization and decrease in the number of medium and lower level managers;
- Developing an open culture, with the organization inviting at its premises its customers and suppliers, who can watch how the decisions that concern them are operationalized, as well as other categories of stakeholders.

Figure 3. Features of the knowledge-based organization



The current economy is based on these modalities of company development because they are safe methods not only to keep the company afloat, but also to develop it.

The companies realize that, in order to remain competitive, they have to properly manage their intellectual resources and capacities.

The sustainability of the competitive advantage is given by knowledge, which is provided by the intellectual capital, trained through the opportunities to increase the knowledge resources. At the same time, the sustainability of the competitive advantage is also given by the fact that an organization has unique knowledge, which is complementary to the types of new knowledge assimilated by it, thus helping to create a synergy from which the competitors may not benefit. That is why we can say that the risk of the competition's benefiting from the intellectual

capital created within the company is minimal most of the times. [12]

The organizations should get more involved in the use of their own knowledge experiences to create a market position for themselves from which they would be able to create strategies so as to develop a competitive advantage.

In the current context, the economy is defined and renamed, gradually turning itself into the New Economy, which gives up on many of the old approaches, seeking to explain the much more complex reality that takes place. Therefore, the information that gives birth to intellectual capital is considered the currency of the new millennium.

The value of knowledge management is directly linked to the efficiency with which the managed knowledge enables the members to treat the organization to date and to shape the future. Without access to the

knowledge management application, each situation is handled individually. Only through on-demand access to managed knowledge, every situation is dealt with in the possession of knowledge about the organization of a similar situation. Knowledge is not discontinuous, separate in individuals or groups of individuals working more or less, but becomes a continuum, at hand to everyone. [3]

4. Conclusions

Consequently, knowledge is often the advantage that an organization may have over competitors, and such knowledge is derived from intellectual capital. This intellectual capital is used to create a competitive advantage within the organization, a strong-point that solely the organization that created it can use constructively, but not only. In the context in which physical things no longer have the same amount of importance, the emphasis is laid on knowledge. It is important that every organization invest in the

creation of intellectual capital, both through the agency of the human capital, by means of formation and development methods for managers, and for the implementation of the structural capital. The large companies prefer to recruit people above average and to form them within the company.

It is to be noted that in 1996, when he proposed the Skandia model, Hubert Saint-Onge was vice president of organizational learning and leadership development at the Canadian Imperial Bank of Commerce, and Leif Edvinsson was director of intellectual capital at the Swedish insurance company Skandia. The creation of such totally new managerial positions shows that the practical life of business has gone way ahead of the theoretical concerns.

An expansion is attempted at the level of each organization through the agency of the intellectual capital, which shows a great endeavor on their behalf to ensure their competitive advantage, to increase their market value, but also to become market leader.

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The Power Of National Political Leaders In Stimulating Economic Growth

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Abstract: The present paper analyses the impact of national political leaders on the economic growth of a country, trying to reveal the favourable contexts and the available mechanisms at their hand, allowing them to exert such positive influence, as well as the constraints impeding the same to succeed in their attempt to outperform. Considering the examples of great personalities in the entire world, having imposed themselves as true leaders, who have constructively changed the history of their nations, we undertake to detect how much their decisions and actions were actually supported by the circumstances of the time, therefore identifying the extent of the real merits of the former. Leaders, by their conceptual meaning, represent individuals able to inspire trust to fellows and to move them to action, so that their behaviour is, without any doubt, significantly important in setting the patterns for the well-being of the people coordinated by the same, but without stimulating grounds, the synergic effect of their endeavours may remain ineffective.

Keywords: national leaders, political leadership, economic growth, decision-makers, synergic effect

JEL code: F43, O10, O15

1. Introduction

Although endless discussions have arisen and progressively developed, for centuries, on the topic of economic growth, this being one of the subjects the most largely approached by specialists in economics, its correlation with political leadership and the analysis of the impact of the latter on the former has not been highly considered in the literature.

Few studies have been dedicated to such analysis, some of them, deserving to be mentioned in this respect. Gray and McPherson (2000) launch a discussion about the relevance of the quality of national leadership on the progress towards sustained economic growth, analysing for this purpose several continental countries. The conclusion they reach relates to the fact that in a society characterised by rather fragile institutions and by unstable coalitions, a powerful, visionary leader has the capacity to attract the support necessary for implementing policies which, while promoting economic growth, will also generate and enhance welfare. Kaufmann et al. (2002), analyse developing countries in view of detecting the association of good governance, reflected by items such as political stability, regulatory quality, corruption control and many others, with economic growth, finding a strong correlation of the two for most of the studied countries. As the related items are embodied by national leaders, the authors conclude that the latter exercise a significant influence on the well-being of a nation.

Jones and Olkens (2005) study the growth rate changes registered at national level on the succession of political leaders, the leadership variation being reflected by their death, the authors outlining the

eloquent impact of leaders on the development of a country, mainly in non-constraining circumstances, given several tools being at their disposal, especially the one related to the control of the monetary policy. In the same line, Jones (2008) illustrates the impact of national leaders, especially in autocratic circumstances, not only upon the economic development of a nation, but also upon the trajectory of state institutions, therefore revealing the importance of electing adequate leaders and of adopting pertinent economic policies.

Brady and Spence (2010) capture, via several examples from real life, the close relationship between the macroeconomic policies adopted by the entitled organisms, based on the decisions of leaders, and the economic growth, stating that, usually, the selection of the same is not necessarily the best one, given that such choice is made while dealing with a coalition of interests. Also, they suggest the inclusion of their research-related results into a more general theory, enriched and, ultimately, tested. Kigabo (2010) dedicates himself to the analysis of a particular economy affected by deep structural problems, having generated challenges as to the adoption of proper decisions for its economic growth, challenges favourably faced by the related leaders through the increase of the decentralization level, the collective actions of citizens being intensely promoted. Considering the positive influence of such decisions, the author draws some general conclusions about the importance of an open attitude of leaders regarding the participative governance to plead for when confronting with similar patterns. Ying et al. (2010) focus on a more extensive empirical approach of the economic growth process, aiming at understanding the

key elements being at the basis thereof. Their study reveals that the adoption of proper policies and the establishment of sound public institutions are at least equally important as the traditional factor accumulation in impacting on the sustainable development of a nation. The role of leaders, in this context, is vital, these ones contributing to an adequate macroeconomic policy implementation, by their capacity to foresee, to move people and to create a convergence-based consensus for the adopted policies.

Iyoha (2010) talks about a nation characterised by the inability of its leaders to take benefits from the favourable existing conditions and arising opportunities through resorting to a dedicated management meant for the increase the overall competitiveness. Therefore, the author identifies short periods of economic growth, largely due to the adequate policy making and implementation by the leaders of those times, and the much larger contrasting periods, of economic decline, caused, despite of the favourable financial context, by the poor leadership, unable to build viable strategies for a real economic development. Cardoso and Graeff (2010) stress that it is essentially important for a nation, particularly in a global world, to have true leaders, with a coherent vision, able to outperform instead of just reproducing the decisions and actions of their predecessors, ready to set a better direction for the inherited past and to lay the grounds for a desirable future evolution. To this end, a key element should be considered, namely democracy, allowing citizens to freely deliberate, given that an autocratic leader would be limited in comprehensibly thinking and, as a consequence, in making and implementing the best possible policies.

Lin and Monga (2012) are rather pessimistic, stating, based on the information provided by the social science literature, that there are no incentive-based compatible mechanisms that help national leaders in improving their governance and in eliminating the existing corruption. Acemoglu and Robinson (2012) sustain, based on historical examples, considering the intimate relationship between the economic side and the political one, that a prosperous evolution of a country is largely determined via the establishment of adequate economic institutions, this being achievable by adopting a competitive pluralistic political system and by electing open-minded, visionary political leaders. They antithetically analyse good leadership, transposed into appropriate regimes, having entered a virtuous spiral, and bad leadership, transposed into inappropriate regimes, having reached a vicious spiral, therefore strengthening the importance of finding the right national leaders, selecting the same from the larger mass including powerful individuals exclusively interested in grabbing the governing control, while undermining, for greed-related reasons, the national progress. Myerson (2014) insists on the idea that decentralisation and orientation towards democratic governance are visibly relevant in increasing the chances for achieving a reasonable level of economic development. In this respect, a highly representative political competition is recommended, allowing the people entitled to vote to elect the most qualified leaders, with proper reputation in exercising such responsibility, able to put in place efficient governmental institutions.

Given the existing literature, we undertake hereinafter, after providing a review of the most important theories on political

leadership, to make a brief synthesis of some important moments having marked the history of the world in this respect, trying to reveal, at the same time, the main causes having led to the beneficial effects of the decisions and actions made by different national leaders and the miraculous results generated as a consequence thereof.

2. Theories of political leadership

The reality evidences that leadership is tremendous important in making political institutions perform at their best capacity, this clearly transposing into highly productive social systems and, hence, into an efficient operation of the entire economy, therefore into a sound economic growth

Given such evidence, entitled specialists dedicated themselves to the identification of several theories applicable to political leadership, trying to capture in this way the characteristics of leaders and thus allowing for electing the right individuals, at the right moments, for the right positions, given the existing circumstances.

Therefore, we can mention some basic theories revealing different types of national political leaders, briefly depicted hereinafter and graphically represented in Figure 1:

► Dispositional or trait theory

Allport (1950, 1975) focuses on the psychological analysis of individuals, providing a basis for the identification of their personality traits, such as openness to experience, conscientiousness, extraversion, agreeableness, self-esteem, novelty seeking, perfectionism and so on, traits that can naturally explain the efficient assuming by innate leaders of a leadership role, mainly in political leadership cases.

► Crisis or cause theory

The causes of economic ineffectiveness in a capitalist system and its related consequences are associated with the crisis theory of Marx (1965, 1972, 1978). While economic crisis are difficult and sometimes even impossible to impede, their quick and yet smooth surmounting, without persistence of negative effects, depends on the quality of the crises leaders, ordinary individuals who, in case of unfavourable political or social events, face the challenge of proving extraordinary leadership abilities.

► Transactional theory

This theory encompasses, in the vision of Weber (1948), two types of pure political leaders, as well as other subsequent mixes of the same, considering their inevitable superposition, to a lesser or larger extent, making a clear delimitation thereof: bureaucratic leaders or legal-rational leaders, respectively traditional leaders, trying to reach the established goals by grounding their decisions and actions on both the acquired knowledge and the legal authority with which they are vested.

Burns (1978), while taking over the political leadership advanced by Max Weber and considering the usual cases when political leaders may be immoral, those not being included into the class of true leaders, resorts to a coherent classification of them into the same bureaucratic leaders, following their goals based on an exaggerate formalism, via the political power held, opinion leaders, pursuing to accomplish the set aims by making use of their capacity of influencing the public opinion, political party leaders, desiring to achieve the same by holding positions at the level of the political parties of a country, legislative leaders, engaging in accomplishing their objectives by acting at the

backstage of the political scene while dealing with its related system, respectively executive leaders, dedicated to their goals from a privileged position, such as the one of heads of state.

► Transformational theory

Weber (1948) includes herein a third type of political leaders, charismatic leaders, taking advantage of their particular, special charisma to achieve their aims when acting upon the political system.

More exhaustive in his appreciations, Burns (1978) renders such classification more consistent, by addition to the charismatic leaders considered by Weber other types of leaders, like scholar leaders, aiming at reaching their goals given their visionary personality, reform leaders aiming at reforming the political system, respectively revolutionary leaders, pursuing at quickly bringing revolutionary changes to societies, at political level.

This type of theory, centred on the idea that individuals benefit from equal initial opportunities, having to distinguish themselves by innate and acquired leadership skills in order to be elected, is the form of political leadership theory the most commonly implemented in democratic societies.

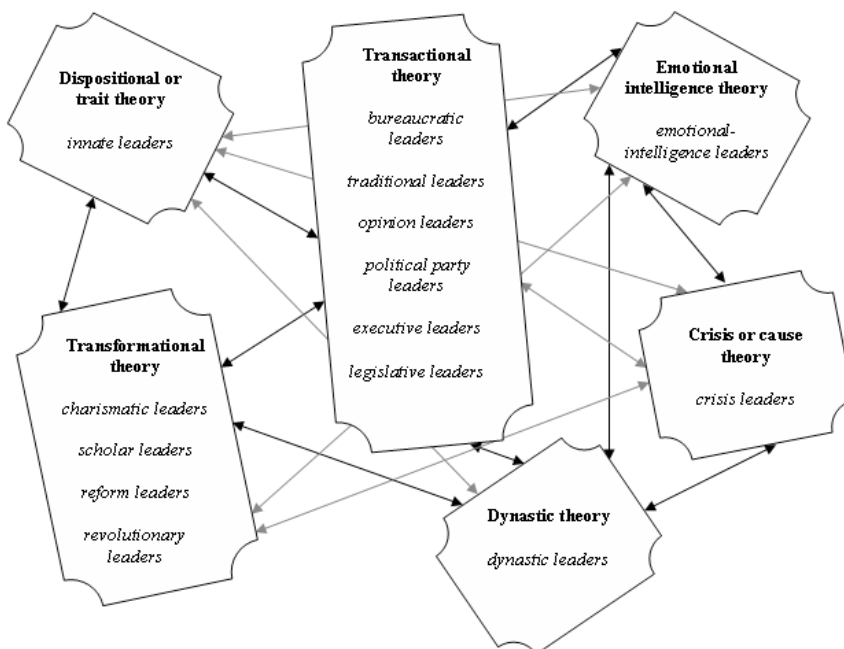
► Emotional intelligence theory

Goleman (1995) undertakes to analyse political leaders from the perspective of their behavioural patterns, therefore capturing a distinctive category thereof, emotional-intelligence leaders pursuing their objectives by resorting to self-awareness, self-regulation, social skills, empathy and motivation.

► Dynastic theory

This theory, ancient and, yet, contemporary, refers to dynastic leaders, individuals becoming political leaders under the influence of their family, represented by parents, brothers/ sisters, husbands/wives or other relatives.

Figure 1. Network of political assimilated leadership theories and related specific leaders



3. Political leadership and economic growth

A question that might arise when discussing about national political leadership is how influential is this on the economic growth of a country, considering that, on one hand, political leaders usually quickly alternate one another to key positions, therefore having diminished opportunities for bringing significant changes to the national economy as a whole and, on the other hand, that any economy is not only cyclical, facing ups and downs in economic terms, but it is also dependent, to a large extent, on the international conjecture that can annihilate potential positive actions of the related political leaders.

Another question requiring an answer, given the debates existing in the studied literature in such respect, concerns the impact degree, determined by the type of adopted political regime, mainly by the autocratic versus the democratic style.

Yet, the world history comes with a lot of examples of great leaders, having succeeded, by their vision, charisma, revolutionary or reformatory impetus or otherwise, in favourable or restrictive times, during revolutions, wars or economic crisis, to find in themselves the power to build something sustainable, standing out in front of their contemporaries as true leaders.

Winston Churchill, prominent figure of UK, lord of the admiralty and Prime Minister during World War I and II, has greatly contributed, with the support of Allies, to the winning of the battle against the Nazi Germany, and to the development of the British foreign affairs. By his determination, force and devotion, he succeeded in imposing himself as one of the greatest world political leaders of all times.

Franklin Roosevelt, American statesmen having ruled for about 12 years, one of the most impressive figures of the 20th century, is credited not only as the main saver of the American and, most important, of the global economy during the Great Depression, but also the one having highly contributed to the defeat of the Nazi Germany during World War II, therefore proving to be a crisis political leader, able to successfully face extreme challenges.

Ronald Wilson Reagan, the 40th President of the United States, is well known for the adopted economic and political measures that have highly contributed to the prosperity of his country, turned into a world super-power, as well as for his intransigent attitude in dealing with the Soviet Union during the Cold War, setting the premises for the falling down of Communism in Eastern Europe.

Margaret Hilda Roberts Thatcher, first female having lead a major political party and first female having become Prime Minister of UK, has adopted a clear position in relation to the conservative policies considered, like the privatization of the state industries or the decrease of the level of taxes, providing the British economy with a fresh, entrepreneurial posture, all this being done by exceptionally facing the quite strong resistance of her opponents, reason for which she is usually designated as the "Iron Lady".

Nelson Mandela, first president of South Africa democratically elected, Anti-Apartheid movement representative figure, fervent anti-racism and anti-poverty fighter, has emerged as a world symbol of the struggle for peace, social justice and reconciliation, aiming at turning the same into a land of freedom and equal chances and at increasing the welfare of his people.

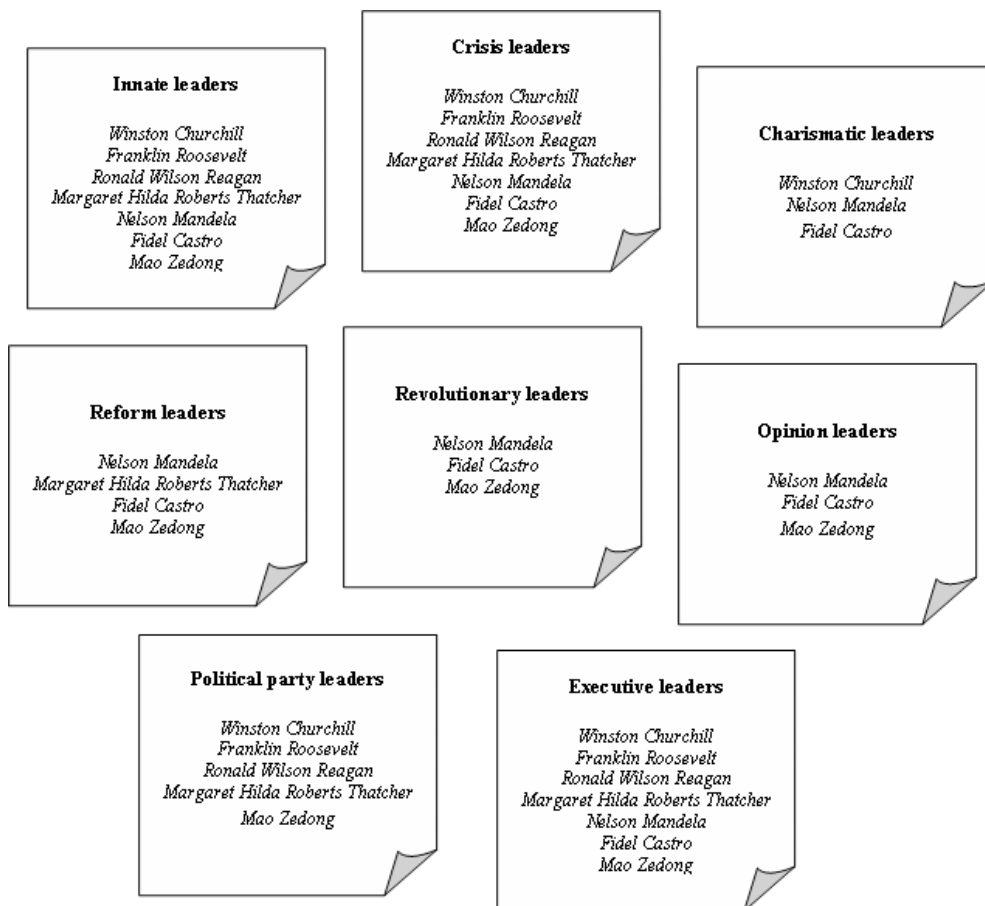
Fidel Castro, initiator, beside Che Guevara, of the Cuban Revolution, afterwards successively holding the positions of Prime Minister and President of Cuba, has succeeded by his courage, strategic and analytical thinking and vision to bring Cuba to a higher level of economic development, therefore standing out as a remarkable national political leader.

Mao Zedong, central figure of the Chinese revolution, founder of the Public Republic of China, and one of the most important one hundred people of the 20th century, has greatly contributed to the transformation

of China, from an agrarian economy into a world super-power, all this due to his extraordinary vision, doubled by a well defined ideology and adequate governance.

As we can see, all such political leaders had a significant impact on the economic development of their countries, either directly, as in the case of Franklin Roosevelt, Ronald Wilson Reagan, Margaret Hilda Roberts Thatcher, Fidel Castro or Mao Zedong, or indirectly, by laying the basis of a climate of trust and stability, as in the cases of Winston Churchill or Nelson Mandela.

Figure 2. Distribution of real prominent figures into political leadership theory specific classes.



The distribution of real prominent figures into political leadership theory specific classes, rendered in Figure 2, helps us in defining a pattern for such leaders. Even if some of them are more charismatic than others, have a more revolutionary attitude, are clearly dedicated to reformatory approaches or evidence a higher capacity in influencing the mass opinion, the greatest leaders of all times are innate leaders, able to efficiently act in crisis conditions, usually holding executive positions, providing the same with the authority of making decisions and of requiring their implementation as such.

The highly exhaustive list of prominent leaders, herein captured to a less extent, just for exemplification purposes, strengthens the idea that irrespective of the length of service, national and international circumstances, economic phase or ruling style, individuals can still make the difference if they are visionary, dedicated to the well being of a nation, willing and ready to act as a true leaders, and not dissimulated persons, affected by corruption and blind to the needs of people.

4. Conclusions

The intention of this paper was to briefly render contexts in which national leaders with various personalities, different ideals,

distinct perceptions and perspectives succeed in creating synergic effects around their decisions and actions, thereby adding significant value to the political and economic life of their nations.

Although the literature review might make us wonder about the actual contribution of national leaders belonging to one class of another of political leadership, as depicted in the associated theories, to their country well-being, the real examples of great individuals deemed to be political icons at worldwide level, captured from a vast list of such international distinguishable figures, help us in realising that the circumstances, be they favourable or unfavourable, are just a subsidiary element for veritable leaders. True leaders is not synonymous with perfect individuals, incapable of making mistakes, but with people able to turn apparently disadvantageous situations into advantageous ones, capable of surmounting difficult periods, ready to continue when the environment seems totally hostile.

The positive examples presented herein are not intended to suggest that political leaders never fail in achieving a desired level of economic growth. They only reveal the potential of such leaders in concentrating positive energies and in making surrounding people move into the right direction.

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Performance evaluation of employees in private enterprises in the Municipality of Vushtrri, Kosovo

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Abstract: Nowadays, enterprises face major economic issues and in order to eliminate these, they intend the best use of their financial assets. Among the most crucial assets impacting significantly the enterprise performance are human resources - the performance evaluation. Throughout this research, we have aimed to highlight their findings and the areas of study of which they have focused on. Given that managers - leaders evaluate the performance of their employees, make annual analyses on their staff and on how they feel at the workplace, by assessing the performance of all employees, we have collected data from them and analyzed it statistically. This subject arouses our and managers' - leaders' interest precisely to get introduced with the evaluation of performance as one on the main factors in managing human resources, fairly attractive and necessary in the new enterprises and in their continuous development. The evaluation of staff performance is one of the most fundamental functions in the human resources management (HRM). This evaluation begins instantly when the personnel is hired and continues throughout the process of employment. The research is of practical nature. Throughout the study we will be able to see not only the current practices used in evaluating the performance in an enterprise but also the involvement of development and perception of the managers - leaders regarding the assessment of the performance based on the analysis of a concrete study backed up by questionnaires completed by the managers - leaders themselves. The work aims to explain the practices performance evaluation. Finally, it was necessary that, before presenting the results, to face the thought we encountered during our work and the effect the latter have had on the results. The last part of this material contains the conclusions coupled with the recommendations, the part where we had the possibility to share our thoughts regarding the results gained from the study.

Key words: Human resource management, performance management, staff performance evaluation, enterprise, manager, analysis, case study

Introduction

"The quality of human and intellectual capital which companies possess is generally treated as a key factor in distinguishing them from their rivals and for achieving qualitatively high results" (Armstrong & Brown, 2001). The performance evaluation is one of the main functions of HRM in accomplishing organizational goals of enterprises as well as in other fields of human activities. On the other hand, performance evaluation is a key function of managing human resources which, by getting implemented efficiently, increases even more the value of the enterprise. According to McCloy and Cudeck (1994), "performance includes actions related to personal and organizational goals". "Performance is related to the capacity of perform a work" (Somers and Birnbaum, 1998). Orpen (1985) reported that, "the performance is affected by the characteristics of the work, the perception of the job roles, and the perceived organizational support including both training and instruction". Vroom (1984) looked into studies which are related to the effects of groups, supervision, job content, wages, and the paths of careers. His findings involve: a) employees perform more efficiently if they are connected to the achievement of the set goals, and b) employees perform more efficiently if the rewards include wages, promotions and social recognition. An observation by Neale (1991) continues to be penetrating: "Assessment is a mandatory topic marvelously filled in with paradoxes and love-hate relationships and evaluation schemes are very debatable". Employee performance evaluation is one of the most difficult tasks HRM (Neale, 1991). "A primary purpose of the dimension in assessing the performance is to evaluate

or measure the individual or team achievement of commonly set goals." "Evaluation is a process which can contribute to reaching a broad range of targets, not only regarding the activities undertaken by the individual or the group, but also regarding programs and policies" (Caiden and Muussari, 1999). "The change in the conception of HRM in the twentieth century lead to HRM becoming not only a responsibility of HR managers but also of the linear ones" (Guest, 2002). The theoretical part of this research talks about performance evaluation which includes: understanding and objectives, criteria, most appropriate evaluators, methods of performance evaluation. While the empirical research – csau study – includes the staff performance evaluation in small and medium enterprises in the municipality of Vushtrri, Kosovo. The research is of practical nature. The empirical research consists of a survey conducted with managers of the sample enterprises; 113 managers were requested to fill in a questionnaire in March 2014 aiming to evaluate their employees and their effective use of their employees in order to created conditions for the latter to be available in the right place at the right time, as this is key for the success of each enterprise.

I. Theoretical concepts on performance evaluation

1.1. Meaning and objectives of performance

"People are our most significant asset"; this is a saying frequently used in seminars, trainings and various workshops of today's enterprises. Businesses often face major financial issues and in the attempt to avoid these, they do their best in using their assets.

Companies are paying more attention to the contributions made by their employees and are turning this to a key factor in what they are looking for. Human resources are the entirety of individuals who make up the labor force of an organization, business, or of an economy. The professional discipline supervising human resources and their functioning in an organization or company is called human resource management.

Human resource management is a fundamental organizational function which gives important contribution to achieving objectives not only in the field of business, but also in other areas of human activity. The quality of human capital and intellectual capital enterprises possess is generally considered a key factor to their differentiation from rivals and for pursuing qualitatively high results (Armstrong and Brown, 2001). Performance evaluation is among the most crucial functions of HRM. It begins directly when an employee gets hired and is present throughout the whole process of employment. Continuous and fair evaluation is associated with further employee motivation and performance in their workplace. Only when employees feel motivated and appreciated they can perform effectively and will not want to leave the company in which they are working. Employee evaluation is a process which occurs constantly.

For enterprises in the Municipality of Vushtrri, Kosovo, the problem of performance evaluation is often conducted by formal/informal procedures through which enterprises seek to evaluate the performance of their employees. Generally speaking, Kosovo is continuously attempting to be a part of the external market, including labour markets. Therefore, it is important that the process of

preparation and development of these human resources is in accordance with the standards required by those external markets. The main capabilities of these resources will be object of measurement, which, stated differently, is called performance. The question is, to what extent are the formal evaluation practices of employees applied in private enterprises in Kosovo, especially in the Vushtrri Municipality what fraction of the personnel feels as if these practices are fair? Armstrong defines performances management as an effort to attain good results from the whole organization by understanding and managing, within a defined framework, the set performance and objectives, and the required standards and competencies.

It is important to understand the perception the employees have for their work in order for the managers to see the fairness of this perception and the employee-supervisor relationship. At the same time, attention should be paid to the opportunities for professional growth at the workplace and how much this impacts the achievement of work satisfaction. Any enterprise, organization or institution which intends reaching its objectives should not only get engaged in ensuring technical and financial resources but also in ensuring human resources which are essential for an enterprise's success.

1.1.1. Most appropriate measures of performance evaluation

The majority of businesses use at least some quantitative indicators for the performance to evaluate whether the determined objectives are being implemented. Enterprises usually hold a range of quantitative data such as data on sales, productivity,

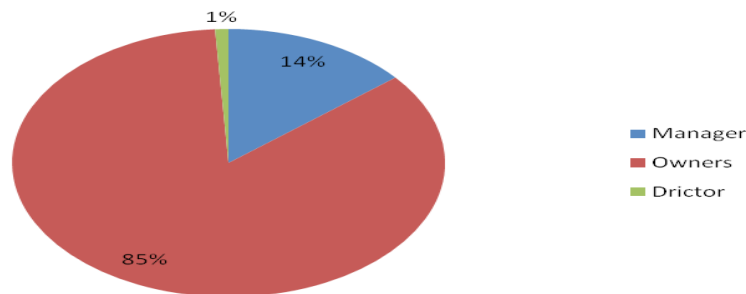
absenteeism, and so on. By using quantitative measures in a performance management system, two sorts of problems can arise, namely sufficiency and quality. In this way, qualitative measures can evaluate whether a person is competent or not, however, it appears to be complex to give an exact rating mark. The quality of any measure or indicator of the performance will depend on its reliability. The validity refers to the correctness of the indicator in actually measuring what it is supposed to. "Reliability reflects repeatability, while the validity explains whether we are measuring what we aim to measure" (Koli and Llací, 2005). A good what we aim to measure". A good measurement should be: direct, comprehensive, and not too costly. The defects of the performance evaluation system will depend on the level unfulfillment these terms. Any assessment procedure

requires a comparison between the real situation and a desired one. Besides the criteria and measurements, the rates of comparing the outcomes or behaviors must also be defined. The rates may be absolute or relative. At absolute rates, employee performance is compared to defined levels with terms such as "excellent", "very good", "average", and "bad". Conversely, at relative rates, employee performance is compared to other employees carrying out same or similar work.

II. Enterprise practices and their effect in managing performance evaluation

Below, we are presenting the data analysis on the answers received by the 113 questionnaires from private enterprises in the Vushtrri Municipality which have been processed by the SPSS programme.

Figure 1: Respondent's position in the enterprise

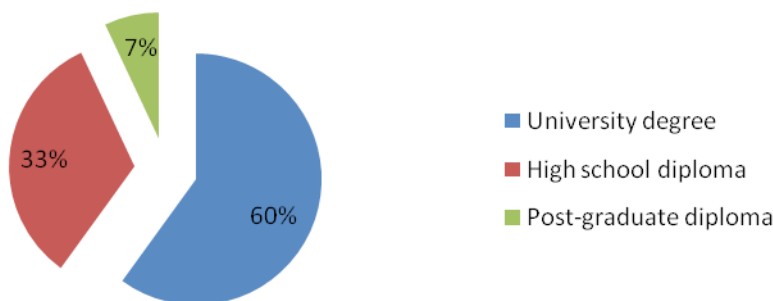


Source: Survey with 113 SME in Vushtrri Municipality

Regarding the respondent's position in the enterprise the results show that 84.1% are which means indicates that the enterprises are managed and controlled by the owners themselves (since the majority of enterprises are perhaps individual businesses), and 14.2% of the respondents are managers of the

enterprises without also owning them. These results indicate that there is a larger number of small individual enterprises compared to medium or large ones. In addition, it seems that the owners' role as managers appears to a considerable extent in small as well as medium enterprises

Figure 2: Professional qualification for the respondents

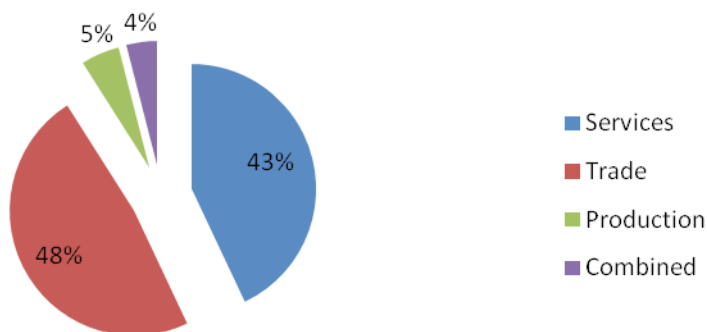


Source: Survey with 113 SME in Vushtrri Municipality

The above figure above presents the results on the professional qualification of the owners/managers. According to their responses, 60% of the owners/managers hold a university degree, followed by 33% who hold only high school diploma, whereas only 7% possess post-graduate diploma. These results indicate that companies are very often driven and managed by individuals who have high academic preparations and this is a hope for a sound business growth and sustainable development. Probably this has been enabled

by the opening of many University Colleges in Kosovo in order for, in this case, owners or managers of different enterprises to adequate education. However, the quality of education in general and of those private colleges in particular, is one of the greatest concerns of the Kosovo society. As a consequence, the higher-qualified owners/managers may still be far from possessing the necessary (basic) knowledge and skills in executing their duties properly and in managing their enterprises successfully.

Figure 3: Sector in which companies operate

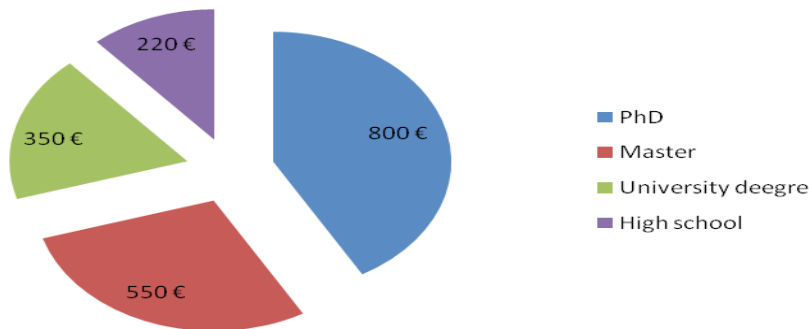


Source: Survey with 113 SME in Vushtrri Municipality

Based on previous research done by Riinvest Institute, there are indications that the sector structure of the SME in Kosovo, including Municipality of Vushtrri, is starting to improve regarding production. Changes include reduction of the proportion of trade enterprises and increase of the proportion of manufacturing service enterprises in the total number of businesses. Nevertheless, the main activity of the surveyed enterprises is

concentrated in services (43%), trade (48%), and manufacturing (5%) which means that the remaining 4% includes all other activities combined. This may be commented as it is less difficult for enterprises in general, and particularly for enterprises located in Vushtrri, to exercise trade and seervice activities, while manufacturing appears most challenging because of major investments required and the higher risk experienced.

Figure 4: Average monthly income according to level of education

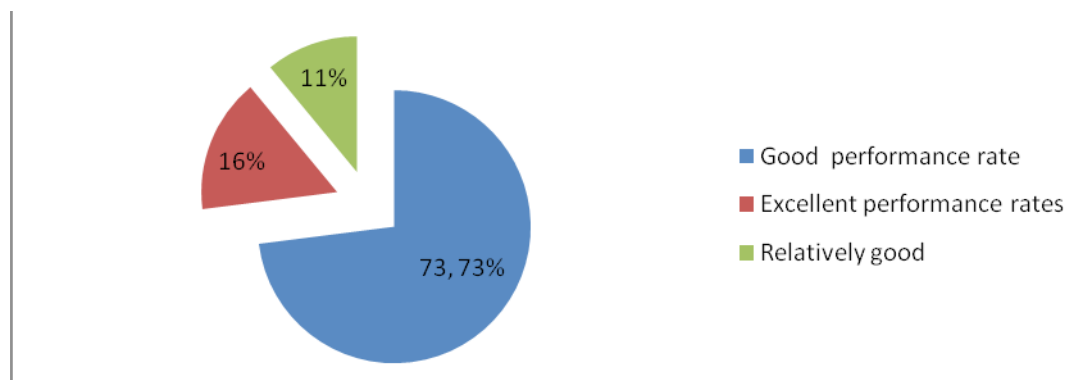


Source: Survey with 113 SME in Vushtrri Municipality

Figure 4 shows that the average monthly income for high school qualified is 220 €. The average monthly income for individuals holding university diploma is 350€. Alternatively, the average monthly income for people with a Master degrees is 550€, while the average. Last but not least, the monthly income for those holding a PhD degree is 800€. Since employees differ a lot from each other and so do their personal goals, what we need to achieve from their presence and work in the enterprise is highly diverse. It is a manager's duty to identify and understand individual divergences and to assist the personnel towards achieving the set goals of the organization. In some companies, the rewards of employees do not differ with regards to qualification - education;

it also depends on the nature of the work and the growth as well as the development of enterprises. However, highly educated employees – assuming they are also competent as per their qualifications - should be paid better because whenever this part of the staff shares their respective knowledge, they will be able to contribute to the company more than the rest of the staff. To a certain degree, this has been noticed by enterprises in general and this resulted also due to the higher supply of highly educated employees. Yet, in some cases, this may make enterprises choose to offer low wages to highly-qualified employees, since enterprises may be able to still pay low wages to higher qualified staff due to a for-the-employer favourable demand-supply relationship in the labor market.

Figure 5: Level of performance evaluation of employees in organization

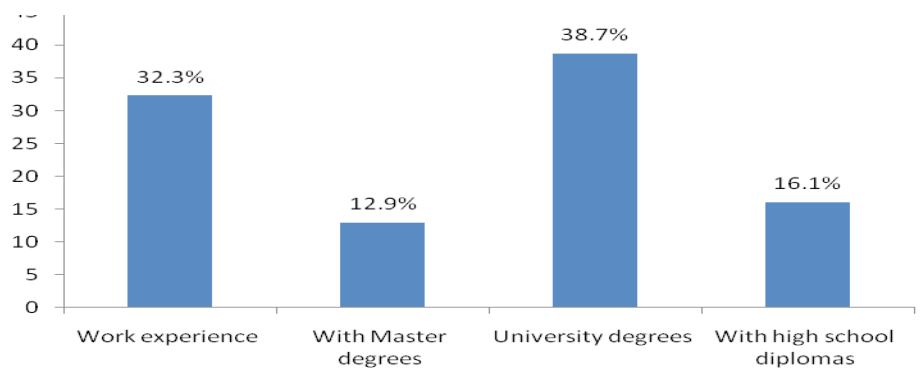


Source: Survey with 113 SME in Vushtrri Municipality

Figure 5 shows that, 73% of owners/managers think that the level of employee performances in their enterprises is very good which is a good overview showing that employees generally do their tasks the way the owner/manager desires them to, and that the enterprise leaders have great performance rates. 16% of managers believe they have excellent performance rates. On the other hand, 11% see their employees' performance as relatively good and seek to increase

the performance level. Based on the above-stated, it could basically be said that 89% of employees have an above average level of performance, indicating they do what they are supposed to and take the responsibility and consequences for the outcome of their work done, while 11% of the responding enterprises have not showed a high level of employee performances which appears not sufficient enough in harmony with the goals the enterprises aim to accomplish.

Figure 6: The preferred level of education in enterprise employment

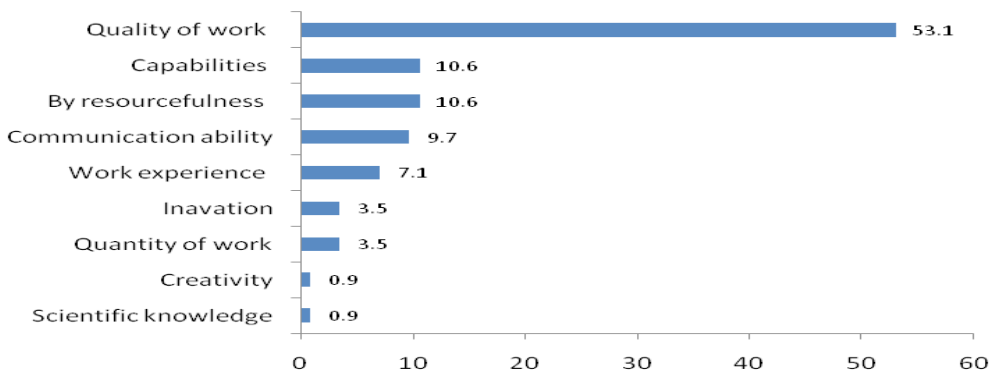


Source: Survey with 113 SME in Vushtrri Municipality

Figure 6 presents the expected hirings in 2014 with regard to employer's preferences on the employee's qualification. The highest percentage goes to individuals who have university degrees (38.7%), followed by people who have work experience (32.3%), next being employees with Master degrees (16.1%) and eventually individuals with high school diplomas (12.9%). This indicates that, even though the demand differs depending on the type of enterprise and areas where

they choose to perform their activity, however, it is evident that employees having a university diploma and/or work experience are the most wanted by enterprises. The demand of the enterprises is easily fulfilled by the high supply of workforce in the labor market (due to very high unemployment rates in the country), hence enterprises prefer not having to invest in the adaption of employees, they rather hire experienced workers instead.

Figure 7: Most important criteria in performance evaluation

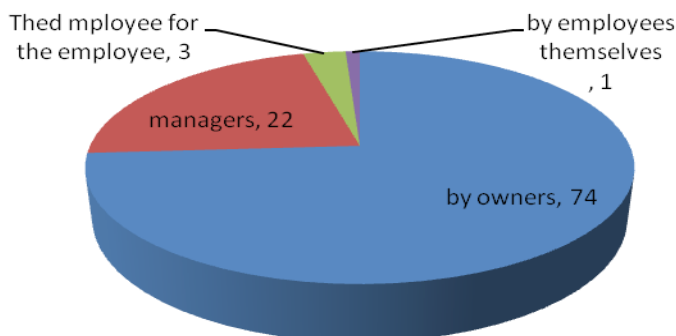


Source: Survey with 113 SME in Vushtrri Municipality

The most important criteria which gives the highest priority to employee performance, appears to be the quality of work (53.1%), followed by resourcefulness (10.6%), capabilities (10.6%), communication ability (9.7%), and work experience (7.1%). A minor role play the remaining criteria such as innovations and creativity. The determination of criteria

should always be preceded by a job analysis. Ideally, the criteria of performance evaluation should be set for all type of jobs or for one particular series of jobs. The general interest in HRM is oriented towards evaluating and recognizing the performance of these resources, i.e. knowing the person and other organizational as well as managerial features.

Figure 8: Methods of evaluating employee performances

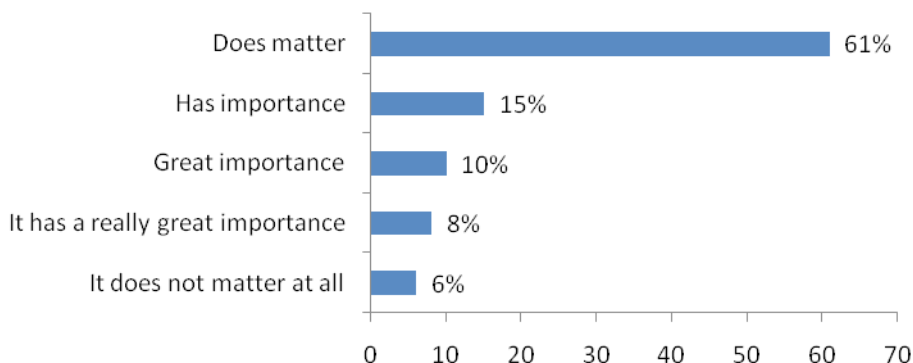


Source: Survey with 113 SME in Vushtrri Municipality

According to the results presented in Figure 8, the performance evaluation in 74% of enterprises is done directly by owners, while in 22% of the cases the evaluation is done by non-owner managers. Enterprises evaluating the performance by employees themselves represent only a symbolic share of 1%. This way, by means of qualitative measures it could be evaluated whether an employee is proficient or not, yet it is difficult to give an exact mark on how competent this person is. The quality of any measure or indicator of performance will depend on their reliability. The employee gets evaluated

by the owners on a regular basis over the ways he/she meets his/her own as well as the team's goals. This high percentage is present because most enterprises are managed by one owner; most likely these businesses are individual enterprises where the owner is also the manager of the enterprise. As a result, the performance evaluation too is done by this individual. Regardless of the accountability of management, the evaluation can often be unfair. Perhaps the most fair evaluation could be the one conducted in collaboration with the owner.

Figure 9: Promotions to higher positions based on performance



Source: Survey with 113 SME in Vushtrri Municipality

The importance of the advancements in higher positions is observable also from the processed data where 61% respondents have declared that it does matter, 15% have said that it has a great importance, 8% have stated that it has a really great importance, and 6% have stated it matters a little or it does not matter at all. These enterprises belonging to the category "not important" and "not important at all" assumingly are small enterprises which have not yet understood the significance of advancements. Yet, the assessment of the annual achievement is a complex process which, if not being evaluated properly, risks to turn into a subjective process. Therefore, employees who have work experience and perform at a high professional level have to receive motivational possibilities for higher positions within the company, being either managerial or hierarchical. This is easy to comprehend considering the fact that motivation is a crucial factor for the personnel which reflects directly or indirectly on the development of the enterprise, or awarding the employee/s with a range of methods depending on the need so that he/she can find long-term motivation believing that he/she is contributing a lot to the company's success.

III. Conclusions

Performance management is studied within the field of HRM. In an organizational analysis, it is assumed that an enterprise which has a good performance, is an enterprise which accomplishes its objectives successfully, i.e. an enterprise which effectively implements a suitable strategy for the company. For the employees to take place in the performance of the enterprise it is a must to analyze it as an function of motivation,

aptitude and opportunity. This means that an organization would have more income if it organizes the process of work in a way that ordinary employees can have the opportunity (O) to contribute and this is achievable when them is given the chance to make decisions by having convenient communication and participating in groups led by them or someone else. In their efforts to become effective, employees need to have the suitable skills (A) and the sufficient knowledge. Enterprises of various kinds can make this happen by making the access possible for employees who acquire this knowledge, or training the staff in either formal or informal ways. Bringing to a close, the enterprise has to motivate (M) the personnel to put their proficiencies to the service of the company. The importance of the effective or productive performance is a fundamental phenomenon for every enterprise since every performance evaluation done incorrectly may affect the enterprise to take a negative turn and could cause issues of various kinds which in many cases end up in failure. From the theoretical aspect, performance evaluation has been treated in this study intending to create a good ground for this topic. The practical part, consists of data analysis gained from the questionnaires which, in a qualitative way, make this study possible to take form and to be conducted, and support the hypotheses raised in the beginning of the study.

The effective performance evaluation is one of the main factors in achieving success since the efficiency of a good performance reflects the good financial position as well as organizational position of the enterprises surveyed in the Vushtrri Municipality. This in turn, impacts them to develop a healthy and genuine competition in their markets.

IV. Recommendations

1. Every small enterprise should support the capacity of its performance in participating in its market activity.

2. Performance evaluation needs to be done in accordance with the objectives and strategic goals of the enterprise.

3. Small and medium enterprises should think about the distribution of necessary funds for their employees' advancements in order for the latter to develop, get certificated by means of courses - professional seminars in the area of business and management. Enterprises should pay attention to the part of the staff which has higher education and because they are most likely to be more productive than those who have only completed secondary school.

4. Enterprises should enable the opportunity for their employees to participate in the decision-making processes, considering the fact that a great part of the staff is specialized in the work they do, enriching them with a lot of knowledge about nominating alternatives and best solutions. Consequently they may take better decisions and make more fair judgments on employee performance and on the enterprise in general, and so, assisting in achieving the objectives set by the enterprise.

5. If enterprises are to make performance evaluations, they have to correctly and carefully assess in order to achieve the

targets by setting the evaluation criteria depending on in what field it operates its business activity, and by accomplishing the proper use of the set criteria.

6. The quality of every measure or indicator of performance will depend on their credibility. The employee gets evaluated constantly by the owners - managers to see how he/she is meeting and facing objectives and tasks he/she has. However, differently from owners, when managers evaluate employee performance they need to do this in consultation with the owner, supervisors, and employees so that the evaluations can be as fair as possible. The objective of the performance evaluation should also be to expose all potential weaknesses and difficulties as well as the priorities of the employees who can along themselves develop themselves in the relation of work processes and in the achievement of firm's goals.

Discussions and interactions between employees and employers should be applied since this could increase job satisfaction, motivation and employee performance. At the same time, this is expected to have an impact on the organizational successes, as employees of an enterprise should be aware of the objectives the enterprise has and they also need to know that employees who show high performance in carrying out their duties and accountabilities as well as achieving company goals, will be promoted.

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Managerial skills and the managerial culture in the knowledge society

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Abstract: Organizational performance is considered, in last decades, to be not only the result of using the capabilities and resources of the organization, but also the result of “how things are done” in the organization towards the achievement of the objectives set. The most complex evaluation and performance improvement programs are giving due importance today to issues such as organizational culture and human behavior; skills for change, managerial skills and managerial competences models, or intangible assets such as knowledge management and organizational learning. The emergence of knowledge management, further developing the concept of intellectual capital from the 1990s, led to the creation of a knowledge society in the last three decades. Moreover, the corporate culture is perceived as a shift in thinking for employees and managers, and the managerial culture puts its full mark on it – through the role models offered by managers who continue to be the “hard core” of it. Putting into practice this approach, we will consider some aspects of how managerial skills and the managerial culture are shared and manifested today in the knowledge society.

Keywords: managerial skills; managerial competencies models; managerial culture; knowledge society.

1. Introduction. Theoretical approaches

In the last decades, the role of managerial thinking in creating a strong company culture is consistently recognized - as in turn, organizational culture is seen as a management tool, closely intertwined with the effects of managerial thinking. "It is recognized that (this) would help managers enormously in the struggle for organizational control: if they could get their employees to subscribe to corporate convictions entered in the corporate Bible - especially if they themselves could write this Bible." (Watson, p.256, Watson, 2006). During the nearly 15 years that scientists have intensively analyzed the phenomenon of the managerial culture (1994 to 2008), there were found plenty of evidence to demonstrate the impact of managerial culture on organizational performance and on the organizational capabilities for change. According to Edgar Schein (1980, 2004) - one of the leading authors in the field of organization and work culture - organizational culture refers to the internal environment of companies and to the habits (or practices, or "ways of doing" things, or manners) existing therein. Back in 1999, he observed many manifestations of the culture of the company defined as "the way we do things here, "rite and rituals of our company", "climate of the enterprise", "reward system" or "our core values" (Schein, 2004, p. 15).

Returning to the roots of the concept of organizational culture as redefined by Schein in 2004, there are three distinct levels in defining an organizational culture:

- the artifacts and behaviors - that "what is" or "what part" of an organization and their level most visible is composed of attitudes, initiatives, actual behaviors, "schemes" of work and physical

environment, other observable patterns and outward manifestations of culture, such as the dress code, the language used (or accepted) at work etc.

- the values manifested and lived by - or "operational" values, which translate into work strategies, goals and philosophies of the organization; they are so named in contrast to the "established" or "declared" values, which are not as noticeable as the concrete work behaviors or physical artifacts - although employees within organizations will assign their working behaviors to the declared values;

- the beliefs, assumptions and the core values: these are the "inner" values, intrinsic beliefs and priorities - this is the real and most profound level of culture, being the home of exhibited values, of manifested and outside behaviours. Here are stored the learned values, the internal beliefs and assumptions of managers and leaders, shared and considered safe ("guaranteed" or implicit) by the organization - by members of the organization which is aligned with this set of values and beliefs, for being believed „the right ones" for the company's success. They are the ultimate, paramount source of thoughts and actions.

Schein (1998, 2004) also defined five primary mechanisms that leaders can use as important tools to shape the way how their organizations perceive, think, feel and behave, due to their own values and beliefs, of awareness or not.

1. The aspects and elements which leaders pay attention to, which they regularly measure and control;

2. How leaders react to critical incidents and organizational crises;

3. How leaders allocate resources, rewards and status;

4. The deliberate roles modeling - training and development of managers through coaching;

5. How leaders recruit, select, promote and dismiss staff.

We recognise in these five mechanisms some fundamental activities that define the day-to-day work of managers - resource allocation, monitoring, evaluation and control, team working and human resources organization, training of the management team or management succession planning, decision making and implementation in specific contexts, organizational communication. The formation mechanisms of this organizational culture creates the frame of skills through which the business results and performance of the company are acquired. The first interpretation that we can assign to the organizational culture, in terms of its system of management and organization, is finding its intrinsic and indissoluble connection with the concept of managerial culture: how "the manager is", the same goes for the company he manages (whose manager he/ she is appointed). The managerial culture is dialectical unified with the organizational culture, which - as a consequence - it can largely determine, shape or modify.

The organizational culture has been researched also by Ch. Handy (1985, 1999), who defined four types of culture as being dominant:

- the „power-type“ of culture, in which performance is judged by results - because organizations tend to be tolerant to the means by which they were obtained. Culture may appear harsh and abrasive and successes can be accompanied by high turnover, but also by low morale as some employees do not reach their target or waive competitive atmosphere;

- the „task-type“ culture: the structure of this organization can best be represented as a net or a network - jobs, due to work-based projects or targeted at bringing together adequate resources and the right people at the right level to assemble these resources, for the accomplishment of a particular project and tasks ("get the job done").

- the „role-type“ culture: such organizations are characterized by highly specialized or functional areas, coordinated by a narrow segment of superior managers (top or senior managers) with a high degree of formalization and standardization; functional business areas and their interactions are controlled by rules and procedures that define the workplace, the level of influence and authority that characterizes them, how dispute communication and resolution are done. It cultivates the power of position at the expense of personal power, and the expert power is tolerated only to the post held by same expert. The efficiency of this culture type depends on the rationality of allocating tasks and on the perceived responsibility, less on the personality of managers.

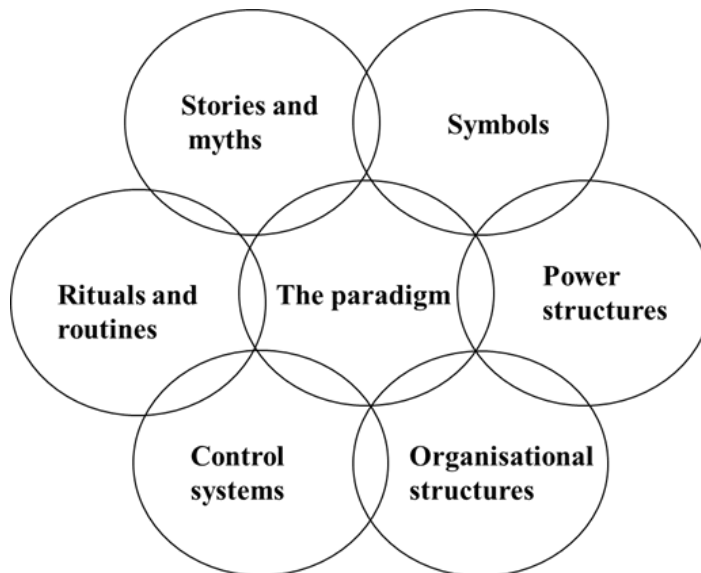
- the „person-type“ culture (or support type): a culture less common, although many employees and managers expose its values. In this culture the individual is the focal point; where there is an organizational structure, it exists only to serve and assist individuals within it, to promote their interests first, having no other priority objective.

Gerry Johnson & Jonathan Scholes (1998) deepened the concept of organizational culture by defining it as a "cultural web" that aligns strategy and culture of any organization ("a new paradigm for working environment"). The cultural web (or cultural network) is an organization composed of six

elements (see diagram below) and these are: his Stories, rituals and routines ; its Symbols - any visual representations of the organization; the Organizational Structure of the company; the Control systems - including financial systems, quality assurance systems

and reward system - how they are measured and distributed within the organization; the Power structures - employees who have the greatest influence on decisions, operations and strategic direction.

Fig. 1. Diagram of the organizational culture: "the cultural web" (source: Johnson și Scholes, 1988)



Analyzing the model of „cultural web” leads us in the most direct way to fundamental managerial tasks and managerial culture - see the elements: power structures and control systems, also organizational structures.

We note from this review of main theories in the field that the managerial activity determines and is determined in its turn by the managerial culture; that the action levers of culture (organizational, managerial culture) are faithfully reflected in all the components of basic managerial functions (Fayol, 1916), which ultimately generate the economic performance of the organization.

2.The managerial competencies. Models of managerial competencies

In a general definition, competence is the sum of the basic characteristics of a person who lead or cause actual or higher performance in an activity performed by this person. Managerial skills are a specific, particular type of individual skills; they are the activities, knowledge, skills and attitudes and also personal characteristics of managers, needed to ensure and improve the managerial performance. When they wish to specify in more detail the managerial skills, experts often mention analytical skills, interpersonal

skills, decision making skills, processes orientation and focus on results, the ability to work independently, loyalty, empathy and emotional competence, the ability to self-regulation / self-control, resistance to stress and motivation.

Based on a comprehensive study, Richard Boyatzis defined in 1982 the skills as being the individual's abilities to behave in a way that meets the requirements of the workplace in given environmental parameters (internal and external) of the organization - and to obtain desired results. In his work he called "threshold competency" those critical skills essential to the management, which does not necessarily have a causal relationship with significant efficiency and superior performance of an organization. In other words, they are generic skills demonstrated by those who occupy the position and perform its tasks to the standard level. Taking further his study (for over 30 years), in 2008 Boyatzis showed that high performant managers seem to have clusters of "threshold" competencies (expertise and experience, specialized knowledge, a set of basic cognitive skills) and clusters of competencies that differentiate high performing managers from standard executives, for the results, that are: cognitive competences, emotional intelligence and social intelligence.

Harold Schroder (1989), a psychologist and professor of Princeton University, uses a similar classification that distinguishes

between basic skills and core competencies for high performance. Basic skills are defined as the knowledge and essential abilities needed for realising the managerial tasks - skills that are associated with specific behaviors that ensure the effectiveness of a manager. High performance skills are relatively stable behavioral manifestations of managers, due to which the entire team led by that manager can achieve excellent results, over standards. Schroder's model is a behavioral analysis framework for managers' and leaders' performance, which operates 12 competence (or behaviors) selected to measure and develop their performance. Due to its validity rigorously tested, the model is now widely considered a landmark for the development of individuals and teams in organizations anywhere in the world. The model is underlying management and talent development programs implemented by numerous major companies, for their managerial structures.

The model uses some specific behaviors that have proven to be consistently associated with superior performance (and therefore they can anticipate it) where the companies and their leaders face complex situations, rapidly changing or very competitive environments. Schroder has identified that the leaders of these teams or organizations will not only survive but will thrive when possessing the following groups (clusters) of specific behaviors:

Fig. 2: The 12 behaviors grouped into clusters: the Schroder Behavioural Framework (1989)

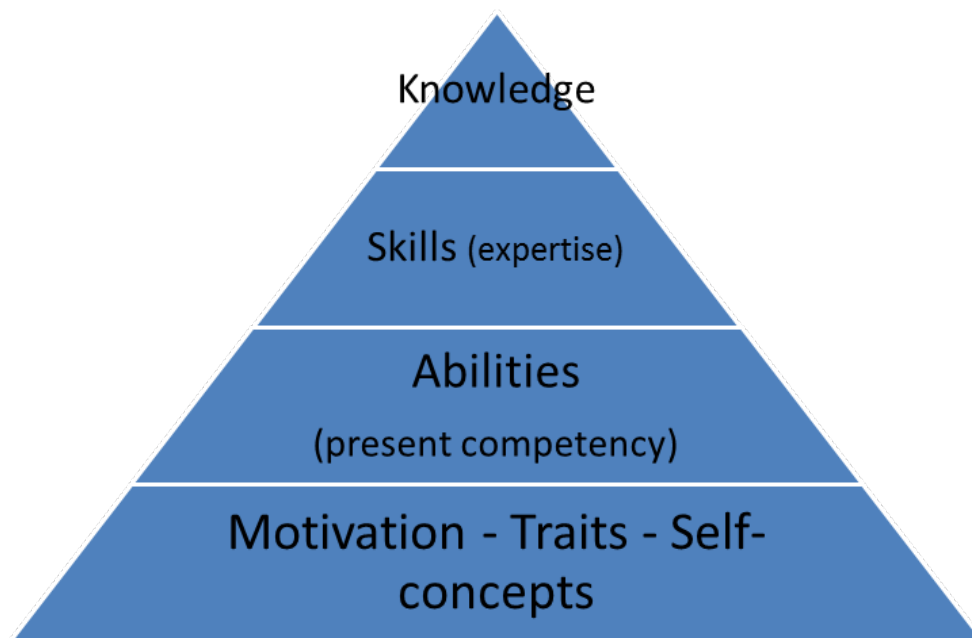


We see in the chart the subdivision of high performance competencies in cognitive skills (thinking), motivational skills (implies), directional (inspires) and performance related skills (acting). It is important to note that these clusters of behavior are not like other skills and technical attributes, such as the abilities and managerial skills as defined by the specific activities of the managerial work - which are important as skills, but are not a differentiating factor between average performance and superior performance. Other features of the Schroder model: these skills can be developed - they are not innate; they are well defined - they cannot require or influence each other, and over time they remain relevant to performance. Although they were listed 12 different behaviors, successful

leaders demonstrate an average of five or six of them at high level. In addition, a leader does not need to show all 12 behaviors at a strong level to drive team performance: different combinations of behavior manifested can bring the same results, even when they are complementary behaviors of its members.

According to Spencer and Spencer (1993), managerial skills are a subset of specialized skills, expressing the intention to have some specific effects. These specific intentions are particularly important for managers, but remain a subset: the "iceberg" model proposed by Spencer shows the positioning of these managerial skills over work motivation, self-awareness and self management.

Fig. 3. The Iceberg model of managerial skills (Spencer, L., Spencer, S., 1993)



Most organizations are using today their own competencies assessment systems as helpful tools in making decisions on recruitment and selection, staff promotions, career development and succession plans - or staff development through training programs. These systems, however, are effective only when they contain procedures and working methods based on validated behavioral standards in their organization, which reflect the internal organizational culture and management. The systems non-validated internally could not describe an efficient management to achieve organizational objectives - in other words, these systems skills cannot be simply imported, in theory or practice, from other players, but should reflect the attitudes, beliefs, characteristics underlying the desired behaviors - reflecting the culture of the organization - but also the way in which those characteristics can be acquired or how

they can be affected by future environmental changes, internally or externally.

Creating a competencies assessment system enables a stronger link between the initial education and training and the continuing one, allowing greater mobility in the labor market system for employees or managers. A competencies assessment system is necessarily linked to the global business strategy, to the vision of the organization and its growth goals.

Managerial skills deemed necessary for a standard performance level or for superior performance determines the creation of models for managerial competencies within the company. These competencies based on performance are evaluated only through observed behaviors - therefore the difficulty of a metrics' association is inherent in the process.

3. The Knowledge Society

Industrial society has been replaced in the last decades by the postindustrial society, where the means of production is strategic knowledge, strongly supported by innovative engine systems and information transmission systems, which created the framework for creating new intellectual technologies (D. Bell, 1989, J.J. van Cuilenburg et colab, 2004).

Information is "a common good" with the corollary: "once created, the information is by its nature accessible to all" (D. Bell, 1980). The concept of knowledge society was pre-figured by Academician Mihai Drăgănescu since 1986, from the philosophical concept of law trends; but in the 1990s the concept of knowledge society (Knowledge-Society) became widely known and grandfathered due to the works of Peter Drucker (Peter Drucker, 1989, 1993). Knowledge Society is currently the phrase used worldwide as an alternative to the name of "knowledge based society".

According to acad. M. Drăgănescu (2001), "Knowledge is information with meaning and operating, acting information. Therefore knowledge society is possible only grafted on information society and can not be separated from it." (M. Drăgănescu, 1986, 2001).

The leverage action of the knowledge society are (M. Drăgănescu, 2001):

- "Expand and deepen scientific knowledge and truth about existence;
- Use and management of existing knowledge as technological and organizational knowledge;
- Production of new technological knowledge through innovation;
- An unprecedented dissemination of knowledge to all citizens through new media,

using mainly the Internet, eBook and methods of learning through electronic processes (e-learning)".

The knowledge society is a new economy where the innovation process (the ability to assimilate and convert new knowledge to create new products and services) is crucial and that, unlike the old economy where tangibles received matter, in the new economy matter first the intangible assets, non-material ones, indescribable and especially not easy to quantify and measure, but that possess value and generate value (Iancu Șt., 2008).

The concept of social and economic knowledge society is promoted and implemented by all major international organizations to guard the fundamental aspirations of mankind - global peace and economic development by reducing disparities among the world (ONU, OECD, UNESCO etc.). As specified in the framework-documents of these institutions (e.g. UNESCO's Treaties, 2001, 2004, 2011), the knowledge society "is an innovative learning society and lifelong extended, possessing a community of scientists, researchers, engineers, technicians, research networks, and companies engaged in research and production of goods of high-tech and providing services."

This forms a national system of innovation-production, which is integrated into international production networks of knowledge, into the dissemination, the use and protection of them.

Its technological tools of communication and information make large amounts of human knowledge readily accessible. Knowledge is used to empower and enrich people, culturally and materially - and to

build a sustainable society. The fundamental assumptions by which the knowledge society makes the difference in the socio-economic development of humanity are:

- all forms of knowledge (scientific, tacit, vernacular, built-in, practical or theoretical, multi-sensory or textual, linear/ hierarchically organized or organized in network structure) are communicated in new ways;

- population's equal access to knowledge is vital, because the use and misuse of knowledge have a greater impact than ever before;

- the accessibility of information should not be a new form of social inequality;

- decreasing the widening gap between developed and developing countries should be a top political priority - no one can be left behind;

- whereas knowledge can not be understood without culture, research at the interface between indigenous knowledge / local knowledge and scientific knowledge must be developed;

- the access to knowledge should be considered as a right and must be protected by industrial interests in the short term, limiting such access;

- there should be a continuous dialogue between society and science, thereby promoting scientific literacy and strengthening the formative and advisory role of science;

- the scientific discourse should not be "gender blinded", and the barriers that prevent many women to choose careers in science and reach top positions should be overcome;

- the interest of younger generation in science and its commitment to a future of their countries driven by knowledge should be boosted by introducing innovative

teaching methods and by changing the image of science, using the media and the involvement of mentoring. (source: <http://www.sciforum.hu/previous-fora/2003/permanent-update/knowledge-based-society.html>)

The knowledge society has important connotations and ethical principles designed to ensure partnership between knowledge and society (scientific knowledge must stay "human" in terms of community and environment, with a perennial moral responsibility in protecting the cultural and linguistic heritage of humanity, its diversity); in a pluralistic society there are individuals in local or regional communities, but also in a national community as well at the same time, so that's why global ethic is a must.

As a result, topics such as managerial culture and managerial competencies put in the context of the knowledge society are supported by new concepts and tools such as: information society services; development of processing capability and use of information capacity, through education and access to new forms of communication; information and knowledge that have become drivers of economic growth and development; new systems of organization, coordination, leadership and managerial control and economic activity in general, etc. Rules have changed dramatically both in managing, maintaining and developing business, as well as in the administration of the formal education for their leaders - their "guarantors", the managers. And continue to change.

4. Correlations and practical tools

At the end of the day, managers are expected to generate performance tracked in the new socio-economic and informational evolving medium of their companies, defined as the knowledge society. For any managerial competencies system they would propose to take, in order to monitor and develop their dependable performance level, contemporary organizations must first develop a new type of culture based on trust and genuine sharing of knowledge. Only a strong culture of knowledge supports further investment in training and development, supports the organizational learning that today is no longer limited to the classical formal training or specializations. Organizational learning includes all modes of acquisition of skills, competencies and knowledge that technology has made possible: long distance learning through e-learning platforms, opportunities to share work experience supported by internet and remote communication (teleworking or home work, team projects working etc.).

The managerial culture adapted to the "circuit " of knowledge facilitates this process of integration methods and new paradigms of work for employees and managers alike: learning organizations are more team and their people oriented than on results, but the people who work for them are able of sustainable superior performance. If by competence we mean a set of specific knowledge, abilities, skills, motivation and personal traits, attitudes and values that are important for personal development and the successful involvement of each manager or employee in an organization, all these aspects that define competence are involved directly or indirectly in performance, through the work conduct demonstrated by each manager / employee.

The managerial competencies model widely used today - validated also for Romanian organizations (<http://profilesinternational.ro/produse/checkpoint-360-cp360/>) – is the system (or profile) CheckPoint 360°, based on feedback to the defined managerial competences. This model is the most widespread of the models created from Schroder one (1989) and it was developed in about three decades of complex work by teams of Profiles International (a UK company, british and american experts). The research began in 1992, when an impressive team of clinical and professionals psychologists gathered to identify behaviors and attributes of effective managers and leaders. The first study involved 3,600 leaders with outstanding results. Over the past 13 years, the initial study has been refined with more than 500 000 profiles evaluated.

The most effective leaders have demonstrated strengths in 8 key areas (communication, delivering results, leadership, adaptability, managing activities, managing relationships , personal growth, developing others) later described each one by sub-sets of skills. The performance of a manager at work is analyzed by eight groups (clusters) of 18 universal skills and competencies, described as follows:

Listen to others | Processes the information | Communicate effectively | Inspires confidence | Provides guidance | Empowers | Adapts to circumstances | Thinks creatively | Builds personal relationships | Facilitates Team Success | Works efficiently | Demonstrates competence | Takes action | Gets results | Cultivates individual talents | Motivates Successfully | Displays Commitment | Seeks to improve.

Used as an organizational management diagnostic tool, the model is based on an customized, multi-layered evaluation process, which gives managers and leaders the opportunity to receive an evaluation of their performance at work from the people around them - the boss, peers/colleagues on same hierarchical level, subordinates/ people whose work they supervise. From this feedback, managers can compare the opinions of others with their own perceptions, can positively identify their strengths, they also identify areas where performance could be improved to work more effectively. It is an assessment tool for identifying development opportunities, based on performance - by combining the feedback from subordinates, peers, superiors or customers / partners, in order to design a specific and customized program, for the development of management and leadership skills and abilities.

CheckPoint 360° helps managers to identify the degree of development of their own managerial skills and to prioritize their development. At the same time, it helps the organization to reduce costs through better planned trainings and investments in managers' development, by reducing misunderstandings between senior managers and the second line, by increasing the employee productivity and job satisfaction. It is successfully used in several essential areas of human resources management, such as skills development, managerial abilities and competencies; developing and prioritizing the needs for managerial and leadership development; identification, management and talent development; strategic workforce planning and succession; teams' development; conflict resolution; guidance and self-improvement. CheckPoint 360° reports have

a special section dedicated to the personal growth, that coaches the manager and helps improve the performance in the relevant development areas. Thus, CheckPoint 360° is an effective system of managerial development that rewards properly the evaluation efforts, leading to improved performance through its systematic use.

When an organization chooses to integrate a model of managerial competencies in its major human activities and practices, the model must be shared with all managers and staff; employees' participation in the development of an internal, own competency model, leads to both a better awareness of the model, and to the acceptance of it: the involvement of managers and employees reduces resistance to change, unifies the meaning of individual and group expectations of the organizational performance and how it can be reached; helps "filling" efficiently the managerial skills gaps by proposing more refined, customized training and development training programs, faster and "better targeted" for acquiring desired knowledge, behaviors, attitudes. Being based on consensus, choosing such a system of managerial competencies includes all the organizational and managerial culture elements that provide decision support and contribute to its smooth implementation - value systems, beliefs and assumptions, the structure of power and control systems etc.

5. Conclusions

The managerial culture, by the value system running through its functions and roles as a separate component of organizational culture, makes important connections between variables outside the organization

and its internal environment. Managerial competence, as a variable within the organization with maximum impact reflected in the external environment, is strongly influenced by corporate culture - which makes the learning processes, adaptation and potential growth in the organization. The content, the features and the roles of the organizational culture show a growing interest in recent decades, as a result of multiple influences and direct dependencies referred to them in practicing organizations' management, between establishing development plans for the organization and the effective realization of these plans. Areas of impact of cultural elements are now recognized by specialists and non-specialists - they are: organizational communication, employee motivation, commitment and rules of socio-organizational behavior, planning, coordination, management, implementing change and leadership, economic performance of organizations and competitive advantages, and so on. As a primary vector of organizational culture and a performance analysis paradigm, managerial culture is still a new theme from the scientific and practical point of view, and is inextricably linked to the type of knowledge that organizations cultivate.

On the other hand, as the culture itself, knowledge and expertise are held by people - be they the managers or the employees of the organizations; they are intangible assets that exceed in importance technology and financial capital, in the knowledge society. The integration of managerial competencies with the human resource management system is critical to achieving their strategic objectives. Today, increasingly more organizations recognize and adopt the competencies based approach of their managerial structures, but

face cultural difficulties in using or setting up the managerial competencies systems required: common consensus regarding the competencies that managers must possess, to generate performance to the required level (or higher), is difficult to achieve.

The phenomenon and the concept of "knowledge society" offered interesting research topics, that have captured the curiosity of researchers interested in studying management and business or social sciences for at least a decade (1991-2000) - and continued with this common interest for the managerial culture, but - as a hint from personal observations - in the last 15 years, the managerial culture as a concept associated with the knowledge society has been replaced by the entrepreneurial culture, a concept more congruent with the intrinsic values of the knowledge society.

The influence of knowledge society context on the work of managers, on organizations and on the managerial culture has been attested in numerous works, for representing essentially a new cultural paradigm. Many works show its support in creating the knowledge society by developing intellectual technology (such as: the open source software or the franchise systems).

The managerial culture can constitute, in fact, an early signal of alignment with the principles and working mechanisms of the knowledge society, as well as a managerial culture we believe that progress quickly adapted general informational support this alignment. It is well known the saying: "Organizations do not change. People do." (Dufour & Berkey, 1995; Goman, 2000, 2005; Hiatt, 2002). From this perspective, considering the change as starting from each employee or manager in the organization, it is

necessary to take the first steps at the individual managerial level and at managerial team level as well - from the point that any change really starts.

The individual context of a manager (Stewart, 1982) is decisive for his/her performance and the organization he/she manages. According to the circumstantial theory, the organization must adapt to the environment - technologies, expectations and needs of people, new operations or tasks, other changes imposed by the environment - and this need for change brings up elements of managerial and organizational culture as: how they perceive ambiguity, risk or safety; the impact of potential changes on manager's work - and on his/her team; how they perceive the external pressure and the need for control; the need for additional specialization for integration of work with increasingly more abundant and more available information, with new technologies, processes, know-how in the industry, to ensure a new level of economic performance etc. Managerial skills are also context-specific - they can vary with the position held or with the level of hierarchy; as a consequence, the managerial competencies systems used must be scaled for their levels of competence: for entry-level managers (beginners), middle or top managers (the current stratification used for the levels of expertise and competence in management).

If the emergence of knowledge based society constitutes a cause for change at macro and microeconomic level, the managers most likely to integrate norms, values and beliefs of the knowledge society are those who can contribute to the effective implementation of its practices and principles, in real life. In other words, managers able to show flexible thinking, orientation towards new forms of

work organization and collaboration, adaptive capacity through fast learning, critical information processing capability as well as sharing know-how capability, or stress management - they are representatives of a certain type of managerial culture that is based on values and elements shared with those of a knowledge-based society - they are managers in knowledge-based organizations.

In terms of managerial style - which is part of the managerial culture and an important variable of it (Likert 1960-2011) - adopted by the management of the organizations, certainly we can say that participatory-consultative style, based on empowerment, communication and effective delegation, contributes to achieving the objectives of social, educational and economic type top that the knowledge-based society necessarily develops. The authoritarian, autocratic, task oriented and less oriented to people styles are not compatible with the rules and principles of a knowledge society. Moreover, in the last 15 years about entrepreneurship and infopreneurship are "displacing" sensitively (or appropriately complement, sometimes) the classical doctrine of management as a philosophy for business success. Knowledge should be used to empower and enrich people, culturally and materially, and to build durable. Managers and entrepreneurs must identify the internal cultural elements that require restatement or adjustment, must use managerial competencies models consonant to their organizational culture, to adapt the managerial training, in order that their organizations become able to respond better to the complex external challenges posed by the knowledge society.

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The Management of the University of the Future. Values or mercenarism?

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Abstract: *In this article we intend to do a review of the main issues faced by the higher education in Eastern Europe, the causes which generate these problems, but also the economic, social, political and cultural effects on the level of those countries, but also on international level. The process of explaining the political factors will never be able to replace the realities and that is the reason why we propose to have, on an European level, an analysis of the way in which the economic discrepancies deepen the educational ones thus creating a spiral of disparities within all areas. It is obvious that we cannot only conclude that certain policies have been bankrupt, but to seek and find solutions for the future. The demographic deficit in the Eastern European countries has created even bigger problems in the educational field favouring the emergence of some problems in pension systems also, but in the systems of distributing the revenues as well.*

Keywords: flow of human resources, selection, business environment, motivation, personal, performance management, discrepancy.

Introduction

We cannot analyse the evolution of the UNIVERSITY of the Future without emphasizing the role played by the invention of computer and Internet in such evolution. It is obvious that we must the reality introduce into the equation alongside with the virtuality. We may even suggest a corporate virtual university model, one in which it is essential to seek the understanding of "the roles of academic and professional institutions as external forces in developing rigorous models of virtual corporate universities that meet the learning needs of individuals and organizations"¹. The University of the Future will undoubtedly be a virtual university with nodes in a worldwide network and with a personalized educational system. The individual will configure the educational needs in relation to his own potential, but also in relation to the labour market needs. Until then, we witness experiments that often highlight the discriminations faced by parts of the world which cannot throw into the competition ring anything but their own "unrefined, raw" "human which are emphasized by educational systems that already have decades of "PERFORMANCE EXERCISE". At the moment, within the European educational field, it is difficult to find a clear dividing line between patronage (activity to support arts, literature, science and education) and mercenarism (work carried out for money or some material benefits).

The line of demarcation is determined by the ratio between the givers and the receivers. The patronage is a state of those who have (Countries or Individuals) and can

provide, while the mercenarism becomes a state of those who offer their own abilities in exchange for some material benefits.

The purpose of this article is not only to inform, but also to be a signal regarding the need for establishing a balanced educational system across Europe offering equal opportunities to both educators and those who are educated.

Changes in society and population dislocations have the ability to facilitate the action of individuals and economic entities that have a high mobility and ability to adapt.

The development of entrepreneurial skills becomes a commandment on the individual level, as well as on the global level.

The developments of an individual's own business, its rapid, sustainable and profitable growth, constitute the goals of any responsible entrepreneur.

The most common obstacles faced in the development of a business may consider the following: health and stress problems, the lack of initial capital, professional risks, the possibility of financial losses, lack of self-confidence, etc.

Managerial decisions and measures that influence relationships between an organization and its members are analysed from the perspective of the elements it generates, but also from the perspective in terms of the consequences of their application.

This is the reason why education becomes the main dynamic factor defining contexts that facilitate the professional training and creates the entrepreneurial spirit. We need to understand this, because the key principle is that learning is used to "unlock

¹ Sandelands, E., "Developing a robust model of the Virtual Corporate University" *Journal of Knowledge Management*, Vol 1, No. 3, 1998, p 182;

value”². The universities of the present cannot evaluate without a balanced human resources policy which mainly focuses on meeting the needs of the most important client – the student.

First, we need to identify the components specific to the activity of the University that are part of the human resources management.

On the other hand, one must assess the effectiveness of human resource management practices in academia and how such can be improved.

The human resource practices applied within the University must be identified (recruiting new employees, establishing the wage level, defining training policies, etc.).

The flow of human resources, the performance management, defining work positions and employee involvement represent key areas of human resources management.

When analysing the flow of human resources, one must keep in mind the following: planning the staffing needs, selecting and promoting the adequate people, induction programs (training on job acceptance), ensuring internal staffing and decisions regarding promotion, “organizational exit” management from voluntary or involuntary reasons.

The collaboration between faculty deans, department managers and human resources managers must be optimal to define and manage a fluent and coherent flow of human resources compared to the needs of the faculties.

There is often the temptation to attract specialists from other Universities without taking into account the development of some generations of academic teachers originating from University graduates. It would be an advantage that would highlight their attachment to a clearly defined set of values.

Otherwise, the mercenarism idea propagates; mercenarism highlights temporary commitments that are unrelated to the pecuniary component. In terms of performance, it is essential to attract young people who will unconditionally adhere to environmental values among which, moreover, they have grown. Creating a single group should be the aim of any university manager.

On the contrary, there is the tendency and temptation to build-up real “gangs” that will encourage and trigger the emergence of conflicts and stress. There is a close connection in the cause and effect reporting between conflictual situations, stress, the poor use of the TIME resource and, consequently, obtaining mediocre results.

Personnel policies and not only, should be defined and applied based on the expectations of the employees regarding the application of a non-discriminatory treatment, the process of developing a career and the acceptable workplace safety.

Policymakers must establish an optimal balance between the temporary staff and the permanent staff because, otherwise, there are major risks of unbalancing the budget of the organization. The fast promotion, without a solid economic analysis, may lead to “the overthrowing” of the pyramid of positions resulting in a large number of higher positions within the hierarchy and a very small number of employees at the bottom of the pyramid.

² Robert Sullivan, (2000) “The Entrepreneurial Spirit: Learning to Unlock Value”, *International Journal of Entrepreneurial Behavior & Research*, Vol. 6, Iss: 2, pp. 91 – 94;

Within the human resource management policies one should also consider the development of the need for graduates on an increasingly fluid market, but also should consider the demographical dynamics. The process of supersaturation of the organizational structure with higher-level positions will undoubtedly lead to imbalances that cannot be controlled.

In such situations, it is possible to find solutions to attract financing sources that can balance budgets.

It is participation in large projects with external funding, but also the creation of some entrepreneurial entities throughout the collaboration between Universities and the business environment. Thus, the conditions to favour the making of some training and consultancy programs emerge. It is obvious that the future teacher has to respond to a multitude of challenges that means:

When talking about a university of the future, one must take into consideration the fact that in order to thrive; inventions, innovation, creativity and knowledge are sine qua non imperatives. Innovation is defined as "the creation of new knowledge and ideas"³ and individuals are the ones that generate and store knowledge, human resource management "play an important role as drivers of innovation" (Dewinne, S., Investment Weekly News editors, Human Resource Management; Reports from University College advance knowledge in

human resource management, 2010)⁴. Thus, there can be no achievements without realizing that the vital role of organizational success resides in the people and the way academic management understands this. In this case, the university is regarded as an enterprise, having to perform as any other economic entity would with the exception that it should not entirely pursue "unlimited profit maximization"⁵ because this kind of institution also undertakes a "moral role", thus a duty towards society. Thus, it is to our understanding that "CSR and profits do not always go together"⁶. From this point of view, we may regard the academic environment as a social enterprise. In this case, we suggest the creation of an "enterprise social network system (ESN) to engage in learning activities within its community"⁷. Another attribute similar to a company's aim is the degree to which its activity and outputs satisfy the customer's needs.

Establishing a balance between the temporary staff and the permanent staff, the flexible working hours, investing resources in training and staff development, a balanced

³ Plessis, M.D. (2007), "The role of knowledge management in innovation", *Journal of Knowledge Management*, Vol. 11 No. 4, pp. 20-9;

⁴ Investment Weekly News editors, (Dewinne, S.), *Human Resource Management; Reports from University College advance knowledge in human resource management*, Atlanta, United States, 2010, p1, ISSN: 19458177, <http://search.proquest.com/docview/762230275?accountid=15533>;

⁵ Kolstad, I., "Why firms should not always maximize profits", *Journal of Business Ethics*, 2007, p.138, Springer, Vol. 76 Issue 2;

⁶ Kolstad, I., "Why firms should not always maximize profits", *Journal of Business Ethics*, 2007, p.138, Springer, DOI 10.1007/s10551-006-9262-7;

⁷ Scott, S., K., Sorokti, K., H., Merrell, J., D., *The internet and higher education*. Vol.29, April 2016, p. 75;

relationship between supply and demand for skilled labour represent elements which decisively influence performances in the Universities of the future.

They are influenced by the following: legislation, the skill level required for each job position, the existence on the labour market of qualified personnel in such field, the time and budget for the training of the existing staff qualifications, the dynamics of the educational flow.

Very often, legislation imposes limitations that are unrelated to the real contexts. In the masters' programs there are sometimes restrictions that limit the educational performance. Here we refer to the number of specialists in the business, MBA graduates but without doctorate programs that could teach study courses with a strong practical character. It is obvious that such specialists can be invited to some themes but is important to have continuity in presenting a course. There are concerns to address these problems through the creation of partnerships with entities from the economic environment through which internship programs are created.

The skill levels required for each position are sometimes in total discordance to the quality of the payroll system.

Moreover, the current system of performance management in academia requires a package of abilities that takes into account the following: the publication of books, attending international conferences, publishing of some scholarly articles in journals with high visibility and impact on the areas concerned, taking part in the realization of certain national and international projects, teaching courses specific to the position occupied within the organization, participation in extracurricular activities.

Analysing the multitude of tasks and their variety, one can observe that their majority require the involvement and spending significant financial resources (conference participation fees, fees for publishing articles, etc.).

When comparing the salary of a professor in Eastern Europe and the salary of a professor in Western countries, we discover a huge and profound unbalanced ratio. For equal requirements, the revenues are dramatically unbalanced.

On the other hand, traditional Universities from the developed countries have become real multinationals that have the ability to impose through budgets even the quality of the educational process, but also the of selection high school students from Eastern Europe who thus become the breeding ground of these Universities. If we refer to the competition, to the free market and the supply and demand ratio, this thing is not reprehensible. Yet we cannot simplify the argumentation. We must logically notice that when talking about equal obligations we do not have equal rights. This represents the starting point of the dramatic discrepancies between the developed countries and the Eastern Europe countries, discrepancies which, instead of decreasing are increasing.

In order to decrease such discrepancies (unless the national and European policy-makers really want to) instant and real measures need to be taken for all the employees of these European Universities starting from establishing similar income in all European countries and setting strategic objectives to define the European interest not only the interests of some European countries. United Europe cannot be "the Europe with two or three-speed". The same lucid observations

we make regarding the overqualified workforce in Eastern Europe (formed here) that leaves in the developed countries where revenues are higher. This discrimination in facts cannot be eliminated just by declarations of good intentions.

Of course that Eastern academia must make sustained efforts to align itself with the high standards of the Universities from Western Europe.

Therefore we believe that, in order to increase the performance of the educational system national strategies are needed, strategies to be related to European strategies, but also concrete operating methods that are considering monitoring, control and assessment processes that aim: designing of some systems to reward and rebalance, to motivate, attract and maintain the employees within the system, establishing some training and development systems that are synchronous with the systems from the developed

countries, designing a non-discriminatory system of performance management, setting some clear and realistic objectives for the employees.

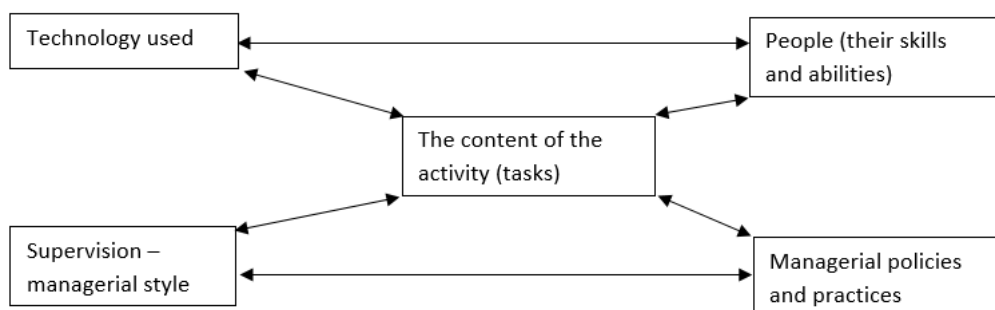
There is no doubt that in terms of performance management, Universities' managers must find a balance between: surveillance and firm control and staff motivation, the rewards and performance system, performance at organizational, department and individual level.

The quality of the activities' content activities is given by the following: the quality of technology used, the managerial style (the supervision), people and their skills, managerial policies and practices.

The Beer Model presents us a suggestive image on these connections ⁸.

⁸ Beer, M., Spector, B., Lawrence, P.R., Mills, D.Q., Walton, R.E., Human Resource Management: A General Manager's Perspective, New York, Free Press, Londra, Collier Macmillan, 1985.

Image 1. Work systems (adaptation following the Beer Model)



It is obvious that through its specificity, the educational system is not fully compatible with the work systems based on a very tight control where employees are closely supervised, or with the other extreme where there exists only individual commitment to achieving the objectives of the organization

having a complete freedom of decision. Starting from the above presented model, we believe that a hybrid model can be used on the level of the university environment.

Therefore, one must seek a balance between the work system based on control and the work system based on commitment.

There are significant differences in terms of treatment, but also in terms of the results between the managerial systems that treats employees by: the strict or general definition of job positions, the specialization of the employees or the rotation of the employees, the remuneration based on the content of the work and results and the remuneration depending on the employee's skills, treating employees as individual persons or treating them as members of teams, large differences in status and small difference in status, etc.

Obviously a theoretical model has the virtue of defining a standard (optimum) but "the reality exceeds fiction". We are supporters of the process of applying some states of the model that relates to the contexts in which the organization evolves.

The key word that defines the evolution of the University of the Future is ACCOMMODATION in conditions of permanent change.

Conclusions

In the future, the individual will probably be his own trainer since he will have a variety of technological means and will be able to create a variety of contexts in which to use the information architecture created by his own imagination. These will lead to changing reality which can be extended with "VIRTUAL FACILITATORS".

Education will become an essential component of "THE EXISTENTIAL VECTOR".

Possible directions of development of the individual will be given also by the individual responsibility, but the group responsibility as well, the social needs, the economic needs, but also by a large variety of factors: political, demographic, environmental, etc.

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Comparative Management – A Performance Vector

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Abstract: Through this analysis we intend to briefly present some of the common elements of management in each country and, at the same time, to point out some of the notable differences. Within our analysis, we consider some peculiarities of the specific management models of enterprises in the United States, Germany, Great Britain, France and Spain. In this regard, we shall use, inter alia, Geert Hofstede's model regarding the cultural dimensions in management (individualism / collectivism, certainty / uncertainty, masculinity / femininity, high power distance / low power distance). Meanwhile, comparative management studies (parochial, ethnocentric, polycentric comparative, geocentric) allow us to define the scope of investigation starting from specific cultures, the similarities and differences between various cultures, from investigating multinational corporations, thus establishing the meaning of the evolution of management in the globalization era.

Keywords: management, result, effect, individual, global, managerial culture

Introduction

Each company has its own management; each management has its own functional values, structures and architectures. Definitely, managerial policies and strategies, as well as the management itself (management of companies and enterprises of all kinds, management of big corporations and multinationals, etc.) have dynamic and complex similarities and differences. Even if the trend is for all of them to evolve towards the same horizon of expectation imposed by an increasingly more pronounced process of transition to a knowledge-based society, dominated by profound interfacing systems of values, information, cognition, leading technology and network effect, the peculiarities and differences continue to remain, the competitive spirit does not fade, but instead develops itself, the individualizations and regrouping on new coordinates gain new and consistent aspects. Their management becomes both a universal science and especially an art, switching increasingly from a strictly individualised dimension, competitive and even isolated, to one which is at least compared, before becoming integrated.

In 1978, William Newman demonstrated that "comparative management deals with the study of the similarities and differences local of managerial practice from different countries."¹ Comparative management is not a supra-management, but a means of analysing the various forms of management within different cultures and even within the same culture, in order to identify similarities, areas of intersection, differences and even conflicts.

¹ W. Newman, *Comparative Management: A Resource for Improving Managerial Adaptability*, in "Columbian Journal of World Business", vol. 13, 1978;

It is true that the civilizational identities and cultures that define and individualize them meet increasingly more in an essential way (so to avoid saying that they merge), in a new and consistent horizon of expectation, the one of the culture of the knowledge-based society which, in our opinion, defines a new type of civilization, a global civilization, a civilization of earthlings, the civilization of knowledge, the cognitive civilization. Cognitive civilization will not lead for sure (at least, in a predictable perspective) to absolute uniformity, nor to zero entropy (meaning the death of civilization and humanity), but to new systems of value, new configurations and civilizational identities that require new management formula. Well, comparative management tries, even as of now, to analyse the current formulas and forms of management (organizational management, human resources management, financial management, etc.) in their cultural, national, regional, international, multinational, global areal, so that the conclusions which emerge from such to lead to performance increase and the rational use of resources, to the permanent adaptation of culture and managerial experience to new requirements and especially to new intercultural and multicultural configurations.

Below we shall selectively approach only a couple of the numerous aspects that concern such a topic, generally sticking only to the managerial particularities of the national management of enterprises, companies and organizations and the global one, existing in some countries, as well as to the entirety of the effects and their implications.

1. Cultures, experiences and managerial typologies

Although management science usually operates with the same principles almost all over the world, the management itself, no matter what forms and formulas would have, is not and will probably never be the same. And the reason for such is that people and their communities, companies, enterprises, countries and even multinationals are different. And, within the comparative analysis, differences are essential.

American Management seems to be miraculous. Americans have an inherent managerial culture, a very special type of culture, which integrates in itself, as an essence, the managerial aptitude and attitude (every American is a manager) and profit, result, effect-centred managerial vocation. Americans place the effect before the cause because the American culture, including the culture management, emerged from effect, not from the cause. Here, for example, while most European countries scored stagnations or even negative economic growth (the oxymoron is used here deliberately to describe an endogenous conflict within the space of the civilization of money), Americans recorded growth in their economic analyses. Another interesting phenomenon is constituted by the increasing of the cleavage between the social classes, there being an acute concentration of wealth for those who are already rich, thus affecting the middle class and the poor, the younger generations being particularly affected. Is it the famous American managerial miracle? Or something else?

The American management, at all levels, has several features that make it unique and miraculous in its own way. It is not an empty saying the one that states that, for the

Americans, when they want to build something, there is no obstacle they cannot overcome. As a rule, Americans do not avoid obstacles, but they approach them directly. Should there be a mountain ahead a road under construction, Americans would climb it or dig through the mountain but under no circumstances they deviate from their project.

The American management, at all levels, but especially at the level of the enterprise, is both:

- direct;
- pragmatic;
- based on the omnipotence of the effect;
- based on the unimportance of the hierarchical differences;
- unsympathetic, individualistic, business-centred;
- mercantile (profitable in terms of purpose and means).

With all its limitations - that it singularizes it and, at the same time, puts it into conflict with other types of management - the American management represents one of the most performant management in the world. It is interesting to notice that the American global management (the United States of America being one of the few countries in the world that benefit from such an effective global management), is equally direct, pragmatic and based on effect, as the management at the level of enterprise. In addition, the American global management is based on the following:

- info domination;
- techno domination (total technological and informational domination);
- global strategic dominance;
- financial engineering (speculation);
- economic and technological dominance;

- political, geopolitical and military dominance;

- dominance based on a pragmatic culture, on the culture market.

Although in all types of management Americans consider, first, the profit (therefore, the result), they never miss the point, the direct way and the detail with essential value. Almost all countries in the world are

fascinated by the American management and, even if they do not have a culture in this regard and no such vocation, they take it as a model.

The main elements, in our view, of a possible comparative management in the American-Romanian relationship are presented below (Table no. 1)

Table no. 1 Characteristics of the American and Romanian type of management

MANAGEMENT			COMMENTS (DIFFERENCES)
	AMERICAN	ROMANIAN	
Internal	Direct	Often uncertain, hesitant, uneducated, tricky, servile (copy paste)	Although intelligent and capable, Romanian managers do not have a management culture and do not know what they want (usually, they do what others want from them). Therefore, they imitate (and they are doing it wrong) or do what is demanded of them.
	Pragmatic	"Rascal" / oriented (fluid and unsecure)	Romanian managers do not have a culture of pragmatism. Usually, they mistake pragmatism with resolutions in the form of some casts made of conglomerates that have no direct complementarity.
	Based on the omnipotence of the effect	Based on group interests, often imported and insufficiently adapted	Romanian managers do not have a culture of effect, a culture of the planned and pursued with perseverance outcome, a culture of the priority and the job well done. Romanian managers think of themselves as omnidirectional, omniscient and they do not focus on the possible outcome analysis or on the effects of the outcome.
	Based on the unimportance of the hierarchical differences	Dominated by bureaucratic excess and hierarchies	For the Americans, work is essential, while for the Romanians property, hierarchy, pride of the job function, position and megalomania are of utmost importance.
	Unsympathetic, individualistic, business-centred	Unsympathetic, individualist, prolix	Under normal circumstances, for Romanian the unsympathetic, the individualism and selfishness matter as well, and not the business itself as it is the case of the Americans, but the position, the culture of the unconscious and self-important ego.

	mercantile (profitable in terms of purpose and means)	Inessential, petty purpose	Immediate gain, without concern for the future / the unsustainable). Romanian managers have a humble mentality of national helplessness, of dependency, of non-sovereignty. Sovereignty, for some of them, represents a burden.
Global	Info domination	Obedience	Romanian managers do not consider the global competition.
	Techno domination (total technological and informational domination)	What can be obtained from others, at prices established by them	Romanian managers do not trust the technological capacity and capability of Romania and, therefore, they do not include it into the management equation as a contributing factor, as a relevant potential.
	Global strategic dominance	Global strategic humiliation. Global strategic disinterest	Romanian managers believe they do not have and cannot have such competences. Most of them believe that the domination, leading and rapid actions strategies are too far away.
	Financial engineering (speculation)	Financial servitude financial "pulling through"	After the 1990, Romanian managers did not rely on the financial possibilities of Romania and for the sake of attracting foreign capital, they have completely destroyed their own financial resources and have facilitated the cornering of the financial sector by the foreign actors...
	Economic and technological dominance	Humble economic survival	Once the resources have succumbed and, without knowledge or by stupidity or selfish interest, have contributed to the destruction of the national economy, the concept of survival as well cannot enter any national economic management strategy ...
	Political, geopolitical and military dominance	Political, geopolitical and military dependency. Niche dimension.	The geopolitical vision of the Romanian managers is completely devoid of knowledge, understanding, wisdom and strategic interest. Army country is dependent on imports of military technique...
	Dominance based on a pragmatic culture, on the culture market	Cultural niche	Romanian managers are not considering such dominance and not even a healthy participation alongside those who have such a capability.

The management of an organization from a culture and, especially, its analysis compared to the management of an organization from another culture, involves many things, starting with the very culture of that organization and continuing with the concept of leadership, with its philosophy and physiognomy, with its brand, with the human resource (the only one which is intangible and creator of value) and continuing with the relational systems, flows and actions that characterize the organization, the concepts and management techniques and many others. We believe that the landmarks are enough to understand, especially the differences. And this is a very important issue.

What it results from the information presented above, it seems that, apart from names and some absolutely general landmarks, the Romanian organizational management is very far from the American management, mainly because the managers' lack of personality, the asymmetry of perception, representation and managerial attitude.

In other words, American management, no matter how performant, it cannot be copied *ad litteram*, neither imitated nor taken selectively, but only analysed and used inspirational support, as an efficient and functional model. The same thing happens with the strategies that come along with it: the direct ones, the strategies based on effect, the pragmatic ones, etc.

The German management and the French model. "The German model"² is increasingly brought into discussion especially within the complex French-German

² Gerald Lang et Nicolas Mottis, *Le management à l'allemande : un actif méconnu?*,

<http://www45.essec.edu/professorsCV/showDeclFileRes.do?declId=11224&key=Publication-Content>;

relationship, in which the historical reconciliation plays a very important role. It is a German management model. The French know the Germans as being very organized individuals. The main features of the German model, as it is known in France, derive from this feature of the German, namely the fact that he is very organized. The meetings are carefully planned and have a very specific agenda. The French prefer meetings or briefings without agenda. Someone writes a protocol. The Germans have the patience to hear the speaker, unlike the French who prefer meetings without an accurate agenda, meetings which usually ends without conclusions. Other features of the German model are the ones we all know from the literature and the German brand: the punctuality; the activity of providing attention to detail ("The devil hides in the detail" says a German proverb); the careful management of everyone's career (people have a long career within the enterprise, they are not replace at someone's will, neither for applying a principle of rotation, etc.; the careful management of projects by following very precise and unanimously accepted rules (Germans do not reinvent the wheel); the compliance with the principle of hierarchy, that the Germans understand as a strict compliance of skills in a register of collegiality (unlike the Americans, where this principle is generally unimportant in the enterprise management, but very important in the military); the careful preparation of starting work on a project, unlike the French who do not share this opinion; explicit and direct communication.

In many ways, the German management style is similar to the American one, especially in terms of rigor, precision and respect for labour. In terms of communication,

the Germans are explicit and direct. Communications (written or verbal) are clear, precise, explicit and leave no room for interpretation. With Germans there is no such thing as reading between the lines.

The way of decision making is also of utmost importance. In France, the employer makes the decision, after previously, during a meeting, listens to (or not) everyone's proposals (which he take into account or not). In Germany, all the participants contribute in the process of decision making, while the decision actually represents a compromise. The German decision-maker takes into account all the details and all the significance.

The German management style that generates the German management model is based on a rigorous culture of detail, on the respect of each member of the group and on his important role in drafting the decision and putting it into practice. The Germans actually work as a team where everyone has an important and irreplaceable role, even if the basic principle is represented by the hierarchy. The hierarchy does not mean a succession of pedestals, but a whole pyramid of competences.

The most important principles of the German management model result from the above features. They can be summarized as follows:

The fundamental principles of the German management model are the following:

- the process involving participation and codetermination;
- competence, hierarchy, team spirit, results;
- respect for detail, discipline, rigor, diligence, creativity;
- fairness, stability, ensuring the welfare of all employees.

The information recounted above says almost everything about the culture of detail

and the well and thoroughly done job, which represent the foundation of the German management model. Such a model seems to be perfect, valid for everyone, regardless of the value systems and culture to which one belongs to. Everyone wants rigor, accuracy, punctuality, precision, clarity and efficiency. In reality, in terms of culture, theory and practice of management things are not so simple. Not all men are Germans. Even if all Germans are rigorous people and own the culture of detail. Other people have as well the culture of rigor and detail, for example people such as the Chinese, Japanese, Czechs and even Romanians. Numerous of the important inventions of this world were made by Romanians. But this respect for detail and, generally, for doing things right can be implemented in redundant processes as well, only if such redundancies provide the necessary framework to the cultures in question so that to generate managerial performance.

From those related above, results also some of the features of the French model of management. Even if currently in France, the German model seems to have an increasingly substantial audience (to be read: respect), however, the French prefer their model, which is based on one of the richest cultures of the world – the French culture.

For this reason, the principles of the French model of management seem quite different from the German ones, sometimes even opposed, but these models – the German and the French ones - coexist in the social and economic engine of the European Union, in the peace, stability and prosperity of the Union. It is not at all negligible that the European Union, on parity with the United States, with a GDP of more than 17,000 dollars, has the most advanced economy and the most dynamic and performant culture within the horizons of knowledge and the process of

generating value systems of the world. And even if Union faces numerous problems in the current formula and bureaucracy, there is no doubt that European management will find in due time, the most appropriate way to optimize and revitalize this giant pillar of culture and planetary civilization.

The following are also part of these principles:

- the authority and the interventionism of the state as the main managerial pivot of the country;
- the individualism having ancestral roots and notable performances in the creative managerial dimension;
- the endogenous, rigorous and authoritative bureaucracy;
- the traditionalism, the respect towards a huge heritage that generates the managerial force of the culture;
- the creative spirit, the technological and artistic creativity;
- the role of elites and the role of a creative competency based management.

The economy of France, its performance in generating global and European values is based on a strong, flexible and creative management and on its completeness relationship with the aforementioned German management. There are numerous examples of performance resulted from this completeness. Such examples prove that a style of performant management is not enough, but a wider range of shapes and forms of different creative management is needed so that to generate those potentials without which the sustainable development is not possible.

In our view, the British model of management is part of the same areal as this type of management is based on the global culture of this great maritime force, on the extensive experience, a large vision on a long-term and an Euro-Atlantic geopolitics of greater depth.

The main characteristics of the British model of management are:

- the capacity and capability of achieving some ingenious projects, based on independence in thought and action and on encouraging such spirit in all the structures and all over the regions of the British areal;
- stylistic rigor and the geopolitical culture of determinations, meaning the accurate and effective accumulation and dissemination of cognition, as a precondition to self-accomplishing managerial performance;
- the employees' respect and the careful use of their capacity and intelligence;
- the culture of the ancestral superiority;
- the safety and security of the productive action and of any other activity.

The main features of the management of enterprises and organizations in Spain are determined by the different conditions of the regions in this country, by the quite high differences in the process of developing regions, by a much too high dependency on foreign, imported technologies, just like in Romania and other Eastern European countries, by the way too emphasized dependencies on foreign capital, by the lack of consistency and solid support for sustainable development, etc. However, since 1990, Spain, as well as Italy, has been benefitting from the huge intake of qualified and generally well-trained force, a force coming mainly from Romania, due to the destruction of the national economy of this country. But it is possible that Romania and other countries from Eastern Europe to have been sacrificed for saving Spain and Italy from an economic disaster caused by the insufficiency of the human potential as an intangible resource.

2. The role of culture in the architecture and style of the performance management

Culture is, by far, the most essential concept of civilization. And the value is the monad of culture. Values are large deposits in time of the results of the effective vaulted human action. Basically, any form of management represents a connection between value, capability, interests, the processual characteristic and the method of generating efficient action, having performance as main effect. But such a chain is not possible without a strong cultural foundation, without a stimulating environment and without a generous expectation horizon. Management does not only mean to manage potentials, resources and actions, but it also represents a solid concept, a significant creation, and a style. The managerial style is given specifically by this heritage, meaning by the value systems, more precisely by culture.

Over time, many researchers, sociologists and other scientists were concerned by the assessment of the role of culture in the process of generating similarities and differences between populations, as well as management styles specific to enterprises, companies, countries and even civilizations. It is about the role of culture in human typology and thereby the effective role of culture and civilization in the process of generating and conditioning of managerial styles.

Geert Hofstede³ was the first specialist

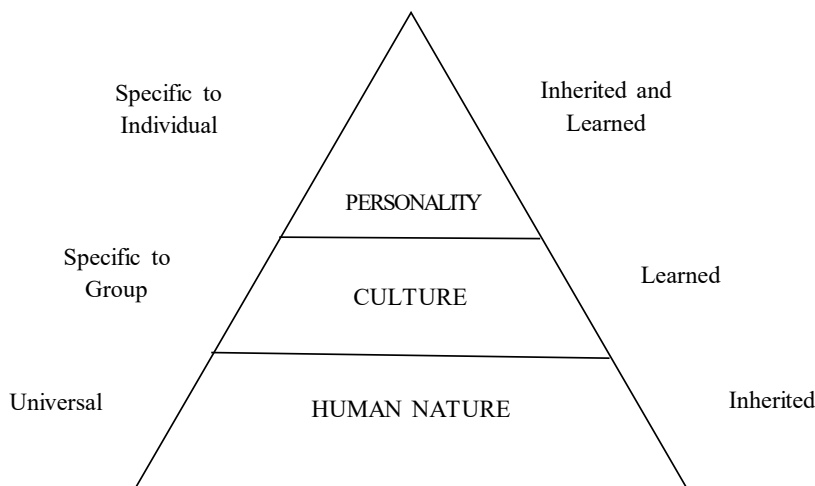
who has dealt with the issue of the role of culture in human typology, in building and setting the collective mind. What distinguishes a human community from another and even a team from another team is precisely this mental. The physical man, as we see him every day, is a given of nature. But the human nature includes within not only the physical man with his primary necessities but also the cognitive man, the man who thinks and builds in the thinking ground, in an abstract world which is specific only to him, meaning in the culture and knowledge ground. Culture is learned, being an effect or result of education. Man is essentially a cultural being. He lives in a universe of cognition, of values, of faith, beliefs, attitudes, skills, experience and cultural and heritage accumulations. Therefore, the differences in terms of management practices and successes of individuals, groups, companies and countries and, after all, the whole mankind are explained by Hofstede through the existence of some cultural differences.

Hofstede says that culture is a way of mental programming of thinking. It is not something inherited, a genetic product, but it originates from the social environment. Culture – the most important component of the individual's personality – is assimilated, formed in time during the whole lifetime. The individual is as he develops. And he develops through learning, through education, through culture. A person's character and the other traits of his personality, of the group and the society are a product of interactions within the culture ground.

Hofstede represented these components of an individual's mental programming with the help of a pyramid (Figure no. 1)

³ Geert Hofstede - *Culture's Consequences International Differences in Work, Related Values*, Beverly Hills CA: Sage Publications ; Geert Hofstede - *Cultures and Organisations, Software of the Mind*, Institute for Research on Intercultural Cooperation (IRIC), Published by McGraw - Hill Book Company Europe, London, 1991;

Figure no. 1 The pyramid of the mental programming of an individual



Even if globalization ⁴will end (if it will ever finish) cultures will continue to exist as expressions of uniqueness, differences and diversity.

Interculturality is defined precisely on these differences, on these sets of cultures, having two concentric essential configurations:

- the central zone which consists of shared values;
- the mosaic zone composed of all the values which are part of the culture of a civilization.

Culture represents a product of human activity, which is assembled in great systems of values. Values appear as a huge mosaic assembled in value systems.

Therefore, in Geert Hofstede's vision, the following are among the determining factors of the business culture:

- "traditions, beliefs, ethnic values

transmitted from generation to generation, representing important landmarks of the national consciousness;

- the dominant religion;
- the level of the economic development, economic structures and mechanisms, habits of consumption;
- the legal and institutional framework;
- the natural, geographical and climatic environment, etc." ⁵

Of course, there are other determining factors, the attitudinal ones, the ones belonging to the human personality, and the ones which reveal the differences.

But also in terms of cognitive culture in the age of knowledge, there is a reversal of the Hofstede's pyramid - we shall define it the cultural pyramid of cognition - which we believe to become essential in the new type of society based on knowledge, in the cognitive

⁴ Source: <http://www.rasfoiesc.com/business/management/ASPECTE-METODOLOGICE-IN-MANAGEMENT16.php>;

⁵ Apud, Ioan Popa, Ibidem, p. 127, Geert Hofstede, Cultures and organisations. Software of the Mind, McGraw-Hill Company, London, 1991;

or epistemic society, a society which is characterized by a knowledge-based economy or by an epistemic economy.⁶

All these determine the management style adopted by an organization, a company, a country or even humanity.

Instead of conclusions

Comparative management is nothing but the analysis (of course) by comparison of

⁶ University Professor PhD Adrian Curaj, *Capital intellectual*, Bucuresti, 2011-2012, pp. 2-3, <http://www.slideshare.net/andreeacalin77/capital-intelectual-15384059>.

different shapes, formulas, types and styles of management, to discover, mainly, the differences between them, the intersection areas and the conflict zones, in order for them to be used in managing conflict and achieving economic, political, social, informational, cultural and even military performance.

In our opinion, the fact that there are structural and functional differences and dissimilarities in terms of style and method does not represent vulnerability, but a field where optimization procedures and techniques and management of differences can be used, and these can generate new horizons of expectation and new managerial performances.

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Organizational Management And Economic Development From A Fiscal Point Of View

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Abstract: Management is that tool of the manager who helps seek and find the path to progress toward development of the organization.

An effective organizational management must lead to finding those levers to motivate all stakeholders in the development of the activity of entities, managers, employees and shareholders. Today, more than ever, CEOs and financial ones are facing complex issues that are basis for achieving their business objectives and strategic vision. An organization cannot conduct business without resorting to its management coordination function, coordination that takes place throughout the activity. Profit and loss control represents means to exercise overall control of the output of the organization activity. Management functions exist in a mutual inter-conditioning, they should not be viewed separately and none of them should be neglected or ignored. This paper tries to develop an understanding on the important functions of management and the relationship it has with fiscality.

Keywords: functions, management, company development, organizational management, management process, fiscal policies.

JEL Classification: G0, H25, H30, M12

I. Introduction

Management and its functions at company level. We cannot talk about a company's development or existence, or management, without talking about its management.

Management is "the main factor for increasing efficiency of the work performed", is the "main" animator of "economic development". In fact management is accomplished within organizations, by people and with people, in a continuous and uninterrupted way which leads us to say that besides the technical side we can talk about a humanistic side of management.

In modern organizational management focus is more on responsibility and less on control, which leads us to a new approach of the position and role of the human factor and communication.

Management is that tool of the manager who helps seek and find the path to progress toward development of the organization.

An effective organizational management must lead to finding those levers to motivate all stakeholders in the development of the activity of entities, managers, employees and shareholders.

Science is based on concepts, principles, methods and techniques; management is an art that comes from mastery of a manager. Within the management process the manager works with three fundamental elements: ideas, things and people, thus achieving their objectives through others, as said by A. Mackensie.

The management process is done through 5 functions:

1. forecast;
2. structure;
3. training;
4. coordination;
5. control.

The first attempt to divide management process into functions belongs to Henry Fayol in the „Administration industrielle et generale" 1966, Paris.

2. Forecast

The most important management function, that of forecasting, through which the goals of the organization are established, materializes in three activities:

- forecast
- planning
- programming.

In other words, forecasting is based on available resources, past results, present situation and future goals analysis.

Instrument of investigation and knowledge, foreshadowing of the future forecasting provides managers with strategic alternatives, which may be way ahead.

Forecasting is characterized by:

- field of activity covered: economic and social, demographic, energy;
- the reference object: production, consumption, costs;
- coverage area: macroeconomic, territorial;
- time horizon: long term 10-30 years, medium and short 1-5ani 5-10 years.

A forecast is so much better when it is turned into plans, and these plans are carried out.

If the forecast concerns how development trends might evolve in the future, it actually represents a probabilistic approach, the planning aims to "establish and substantiate (...) objectives and targets for achieving them, and the resources necessary for a determined period (...) to ensure prerequisites indispensable to achieving the objectives set."

The foreground is determined to achieve both objectives and how they will be achieved and by what means.

The main steps of planning are:

- setting goals, levels, actions, terms;
- awareness of opportunities in terms of market, competition, customers' own weaknesses;
- evaluating assumptions: determining environmental conditions which will be applied to plans;
- comparing alternatives and choosing one of them;
- setting budgets: the budget of income and expenses, sales volume, operating expenses for the preparation of the plan.

When it comes to plan or planning, we have to talk about budgets too. The budget is really a plan that requires specific managerial actions. The budget "is a planning document prepared ahead of the anticipated Workflow".

The budget includes financial data, non-financial operational data and a combination of these two categories. Objective pursued by drafting a budget of income and expenses is to predict future financial operations. Information contained therein must be accurate and relevant to users and presented in a logical way. In addition to forecasting and planning, forecasting function - as a function of management - is also achieved through programming.

This sequence of function prediction "represents the breakdown of the updated objectives of the organization in time and space (..) and the coordination of activities that contribute to the implementation of programs established". An important part of the Programed budget, is the profit planning that is essential for all companies carrying on a profitable activity.

As profit is the difference between incomes and expenses, any planning of diminishing of costs lead to a maximization of profit. When we talk of budgeting expenses we talk about budgeting expenditure with taxes to be paid.

The goal is to budget payment of taxes as low as possible, while respecting national and international legal framework, and secure maximizing profits earned by shareholders.

In the context of economic globalization and the internationalization of production and sale markets, companies are developing their structures / group entities in areas with fiscal facilities, driven by the desire to optimize the tax burden.

Tax planning structures have become increasingly sophisticated and there are voices who say that they are based on the letter of the law but they don't respect the spirit of the law. In fact the phenomenon is based on outsourcing, distribution of profits taxed and, consequently, the volatilization of the tax burden to the taxpayer to less restrictive tax jurisdictions. Tax planning is to exploit inconsistencies between two or more tax systems in order to reduce tax liabilities.

3. Structure

Depending on the leading process, structuring is the most visible function of management because it is felt by everyone who operates in the organization.

This function catalogues all activities (technical, economic) that contribute to achieving these objectives and is divided into directions, working compartments and people.

"The leadership of an organization is exercised in the management system" system that has two base components:

- a) management structure;
- b) management process.

The buildup side of system management, reflected in the management structure is represented by:

- the organizational structure;
- information system.

The organizational structure includes "anatomy" of a company, all work divisions, the people, as they are grouped, and the main links between them. The organizational structure prepared by management of the company is called formal structure.

The organizational structure of an organization is represented through simple and workable organizational structure.

The basic elements of organizational structure are:

- the position: the simplest organizational subdivision comprising a set of objectives and tasks, customizing tool;
- the function: totality of responsibilities, of some sort, to be met regularly and organized by an employee. Functions can be the management and execution;
- the divisions: components of the organizational structure consisting of a group of people united under one authority, "ensuring permanent activities determined precisely."
- hierarchical levels: the positions of the leaders of the different divisions compared to the supreme leading body;
- the number of direct subordinates to a leader;
- relations: contacts established between the functions and the divisions of the organization;
- work: totality of responsibilities grouped according to the role they play in the organization.

Returning to the divisions with responsibilities in planning and fiscal optimization, they are:

- top management of the company -that is General Meeting of Shareholders together with the Executive Director;
- financial-accounting division -in this case the CFO and fiscal expert;
- legal department: namely lawyer trained in taxation and financial and tax restructuring.

Today, more than ever, CEOs and financial ones are facing complex issues that are basis for achieving their business objectives and strategic vision.

Business and transactions model analysis related to tax planning strategy creates opportunities for financial efficiency and tax savings in the long term. Their role is to think of a business development across national borders (regardless of where the resident parent company is), in order to optimize production costs, streamline the time of obtaining products and services, optimizing of taxes paid by the group and last but not least to increase profit and maximize profit margins.

However the sole purpose of these is to satisfy the requirements of shareholders to obtain higher dividends. Information system within the management system covers all methods, procedures and means used in the information process.

The basic elements of informational system are data and information, informational circuits, technical means, etc. For a CEO and a CFO, data and information provided by the accounting and legal departments are very important in making decisions.

To think of a strategy, namely, fiscal planning at companies group level the following information is needed:

- the amount of taxes paid;
- what is the business model that needs to be implemented / changed;
- Legal Department - fiscal lawyers-should keep us informed about relevant legal regulations, amendments to the day, tax advantages and opportunities - from geographic areas where they plan to expand the business.

4. Training

Another function through which is achieved the leadership of a company is the training one.

This feature focuses on the human factor, it is "closely linked to the interpersonal relations of the leader and it consists in influencing the members of the organization, so that they can participate effectively in achieving its goals."

Koontz and O'Donnell "believe that training is a complex function of management which includes all activities in order to encourage subordinates to work effectively, both in the short and long term."

In other words, managers are directly involved in achieving the organization's objectives, they have to push its members to make best use of their potential in order to achieve their own objectives and thus to contribute to the achievement of the company.

A major role in training function is played by staff motivation towards achieving the objectives set.

In practice this will be rendered much easier through a participative management and staff relationships move from a formal area to an informal area. In this context the decision making process can be viewed from the bottom up subordinates' opinions, to the

extent that they can contribute to achieving the objectives of the organization thus including them in the decision-making process.

But training as a process should be continuous and take place at all the levels of an organization. Training is influenced by the activity of the entity, the level of development of the employees and of the organizational culture. The most important tool of the training function is the way the management team and employees of the entity are motivated.

It should be noted that there are several theories on motivation of staff, theories that have been improved and diversified over time.

Among them F. Herzberg's theory seems to be the most important because it speaks of other incentives and not only of the material incentive, such as "professional fulfillment, social recognition, career development possibilities.

Including incentives as management participation in the results of the organization, by material reward and not only that, could lead to a greater involvement of managers in the process of tax/fiscal planning.

The result of this fiscal planning under the sign of economic substance and in a legal framework, results in improving financial indicators and thus economic development of the organization.

5. Coordination

Corneliu Rusu in his work "Management" said that "The coordination function of the leader is to ensure harmonization of individual and collective efforts and their orientation toward achieving the organization's goals."

This feature is designed to ensure managers synchronize their actions with the actions of their subordinate staff in order to develop efficient activities to achieve the set objectives.

Coordination is usually done by the manager through the coordination of communication, this means that between managers and subordinates, and among them there has to be a good communication system.

Coordination is achieved through guidance and order, and according to Koontz and O'Donnell „the essence of management is coordination.”

An organization cannot conduct business without resorting to its management coordination function, coordination that takes place throughout the activity.

Coordination functions, forecasting and organization functions are achieved through an intense exchange of information and cannot exist without the other.

Coordination is based on several principles:

- personal contact principle: focuses on direct communication, face to face contact;
- coordination as soon as possible principle: since starting the activity;
- the principle of reciprocity: to coordinate your actions with the other team members;
- the principle of continuity: continuity about the existence, as long as the organization has activities.

The coordination function, along with forecasting and structure, perform an intense exchange of information and they are interdependent.

To achieve efficient coordination, management should constantly communicate the objectives and development strategy of the

organization.

The border between coordination and control is easily passed; therefore we can say that after the coordination function follows the control.

6. Control

“The control function consists in measuring and correcting registered performance in the work of subordinates in order to ensure proper performance of all the established objectives and plans.”

In other words control actively contributes to achieving the organization's objectives. Control is accomplished by evaluating the results through measuring outcomes and comparing achievements with the objectives set.

The link between control and forecasting is undeniable, control is the reverse of planning, and any control is based on plans initially set.

The control function can be exercised only within an organizational structure where responsibilities are clearly specified to the employees, thus the link between the organization function and the control function.

The control process comprises three basic phases:

- setting standards (performance criteria) through them achieving plans and programs;
- measuring performance in light of standards;
- correcting deviations.

From a management perspective control is not limited to actions by finding, meaning to control what has happened in the past, but to develop the concept of preemptive control(“feed-forward control”).

From my point of view the two types of control must be interlinked but the greatest importance should be given to the preemptive side.

"Control orientated towards the future is interfering with forecasting, because based on forecasts that use the most recent information available, managers compare them with what they want to achieve and modify programs to ensure the consistency of their predictions and desires."

Among control techniques, traditional budget control is a form of management control using budgets.

Budgets are "statements of expected results in financial terms (for example: balance of income and expenditure) or non-financial (for example: sales volume budget ...)".

The most significant budget is the budget of income and expenses that is based on sales budget -which is the foundation of budgetary control -and on the expenses budget.

Fiscal planning, which aims to optimize taxes, towards reducing them - through legal means - and expenses with taxes paid, is a tool for the expenditure budget. Meaning that the result of fiscal planning consists in a lower expense with taxes and duties paid to the state budget, and hence an increase in the financial result (profit) of the organization. Profit and loss control represents means to exercise overall control of the output of the organization activity. Management functions

exist in a mutual inter-conditioning, they should not be viewed separately and none of them should be neglected or ignored.

7. Conclusions

One conclusion that emerges from the above mentioned is that efficient management of an organization, if we refer to it in economic terms, is best and immediately reflected in the total profit and in the net profit dimension and the level of these indicators is directly proportional to the degree to which customers are satisfied.

Although in the last period, at international level, we talk more about social responsibility of the management in the sense of following of creating a balance between economic development and welfare of local and national organization, the management of an economic organization will be faced with the problem of obtaining permanent profit and maximizing it, as a result of the implementation of all the organization's objectives.

In the actual economic climate, the recommendation to an organization's management is to efficiently use all the levers, functions and management tools to achieve its objective, but it must take into account the cultural traditions, social and political realities of each country.

Peter Drucker said that "management is the main way of economic growth."

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The Agency Problem in the Romanian State Owned Enterprise: The “Contractual Paradox”

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Abstract: This article is an analysis of a “contractual paradox” which exists in the relation between an agent and a principal, in the presence of rent extraction. This case focuses exclusively on the State Owned Enterprise – SOE in Romania. If the model built by MC Jensen and WH Meckling examines the agency costs occurring in the presence of an information asymmetry and conflicts of interest between the agent and the principal, “the contractual paradox” that I consider in this article assumes that the “agent” and the “principal” cooperate to extract a rent/profit detrimental to a State Owned Enterprise and, in this case, the conflict of interest between the two disappears or subsists only as regards rent extraction and risks sharing. The “contractual paradox” refers to the coexistence of two agency contracts in the same State Owned Enterprise. The first is informal and the latter is formal. Both contracts are concluded between the same actors. The first transaction sets the rent extraction from the firm, while the second contract establishes the decision-making mechanism for the allocation of the firm’s resources.

The “rent” is not treated in this study as a surplus, as in Ricardo-Marshall model, but as a profit.

Keywords: corporate governance, agent – principal, agency costs, rent seeking, rent extraction

I. The Sub-Optimal Contracting

The lastingness of the captive institutions distorts the corporate governance pattern within the Romanian State Owned Enterprises in order to favour the rent extraction. For this reason, the principal – agent relationship within a State Owned Enterprise is established in two agency contracts, not in only one. The first contract is informal (T1), while the other one is formal (T2). The first contract sets the terms of the relation between the principal and the agent as regards the distribution of resources in the State Owned Enterprise as well as its future market transactions. The second transaction is endogenous, correlated with the first one, appoints the management of the State Owned Enterprise and establishes its organization.

These two transactions are the source of the cooperation and conflict between the agent and the principal in relation to a risk assumed by both parties.

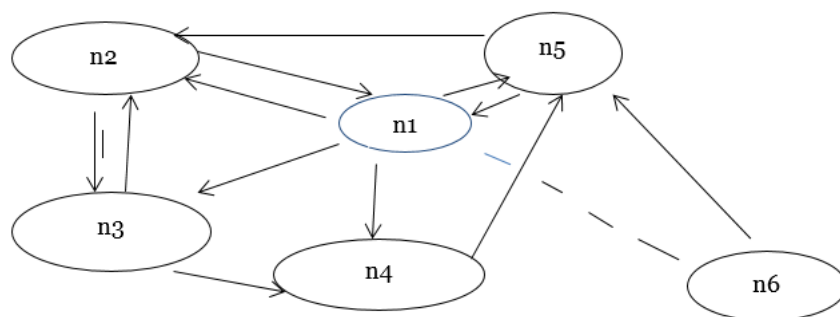
1.1. The Competition for Winning / Securing the First Agency Contract (T1) and the Future Prize (the Rent)

The agency relationship in a State Owned Enterprise is built on condition that the principal and the future agent are members of the same social network which could be a political one or an interest economic group, made up of a sum of actors. The social

network is multiple by its nature because the actors of this network have a wide variety of interests tallied to the hierarchy of their own preferences. The actors of the network behave differently not only due to these interests, but also due to the constraints they face in order to maximize their utility and as a result of their propensity to risks. All of them might pursue a position in the Board of Directors or the position of executive director within the same State Owned Enterprise and for this reason they will enter in a competition. However, they might as well target a privileged relation with a State Owned Enterprise, procurement contracts, for example. At the same time, the actors have a central or marginal position in the network, and different ranks. Some of them could have several connections and thus they become a “node”, while others are isolated.

The number of connections and their typology (communication, cognitive, affective, proximity, formal, financial) is not the same for all the actors of the network. The typology of links between among the actors determines their strength: strong or weak.

Therefore the principal and the future agent are in the same social network $R_m = (N, L)$ which is a finite directed oriented graph consisting of $n-1$ actor („nodes”) $N = \{n1, n2, n3, n4, n5, n6, n7, n8, n9 \dots\}$ and more edges $L = \{l1, l2, l3, l4, l5 \dots\}$ where $L < n1, n2, n3, n4, n5 >$.



The connectivity is bi-directional between $n1$ and $n2$, since the relations among these actors are based on mutual trust and gain. The connectivity among other nodes can be directional, bi-directional or non-directional, meaning that there are strong connections among certain actors (nodes) only. In the graph above are strong connections between $n1$, $n2$ and $n5$.

The policy maker/principal (noted " $n1$ ") determines who will be the agent in a SOE, but not in any conditions. The policy maker represents the State, therefore he/she acts as an "agent" for the State, but as a "principal" in relation with the person who will become the manager within the SOE, namely any of the nodes ($n2$, $n3$, $n4$, $n5$, except $n6$) if they will compete for the same position.

In this example, the distance between $n1$ and $n2$ is 1. The same is valid between $n1$ and $n5$. The „principal" $n1$ and the agents $n2$ and $n5$ are linked among them within the same network R . $N1$, $n2$ and $n5$ have equal degrees, as follows: $R_m(n1) = 1$ and $R_m(n2) = 1$, $R_m(n5) = 1$ and R_m is regular. $L = \{l1, l2, \dots, l5\}$ does not change unless R_m extends onto nodes $\{n3, n4, n5, n6, n7, n8, n9, \dots\}$ given that $n1$ becomes a "hub". If $n1$ becomes a "hub", he will use the same mechanism with each agent entering the network.

In the event that the network members $n2$ and $n5$ share the same target, for instance the manager position in a State-owned company, they will compete in order to win this position hoping for a prize (income) at least equal to the cost of the effort they made and with the expected utility.

The chance of winning the prize depends on each player's skills and on the amount they invest (G. Tullock model ¹).

¹ Tullock Gordon: The Welfare Costs of Tariffs, Monopolies, and Theft, Western Economic Journal, 5:3 (1967:June) p.224

Their chances increase if their efforts are stronger, yet their chances decrease if other actors come into play. The competition takes place within a continuous and unequal distribution of costs (Fey)², each actor having incomplete information about the other. The information asymmetry implies both the number of players entering the game, and the cost that they incur. Consequently, the two actors ($n2$ and $n5$) competing for the same position do not have a complete information about the costs incurred by each of them and about the rent they might gain, which they can only estimate.

The effort cost incurred by $n2$ and $n5$ will increase if other competitors come into play.

According to Tullock, D. and T. Houser Stratmann " $PA = Ar / (Ar + Br)$ where $r = 1$, $n2$ and $n5$ are the two actors, P is the prize, while r is the parameter that shows the difference in terms of expenditure". If $r = 1$, then the chances of $n2$ and $n5$ are equal to the amount spent, and when $r > 1$ for one of the competitors, the odds are higher for this one, therefore the game it is not balanced any longer. The game is sequential and for this reason each competitor assumes a marginal cost, but the cumulative amount incurred may exceed the expected rent ("the prize").

Taking into account their utility function, each actor – competitor ($n2$, $n5$) can make unanticipated decisions, meaning that he has the option to continue the game or to leave it. If a player increases his effort (financially quantifiable), then he could eliminate, in every sequence of game, the other

² Mark Fey: Rent-Seeking Contests with Incomplete Information, Department of Political Science University of Rochester, September, 2007, pag.1

competitor and win the game, on the condition that the level of the rent expected to gain in the future is equal or higher than the costs incurred.

If during the game the number of competitors increases, all of them having chances to win, the degree of the rent dissipation is equally higher taking into account that a SOE can have several agents on the same level or on different levels (i.e. executive managers, members of the Board)

The arrangement underlying the informal agency contract intervenes among the principal (n1) (the policy maker) and those members of the network (either n2 or n5) who win the game and already have close and bi-directional connections when the opportunity arises to control a SOE. In this regard, I determined that first there is a social network in which the principal and the future agent belong. I also emphasized that the future agent competes with other members of the same network, estimating that his efforts will be rewarded with a prize which he had estimated at a value at least equal to the cost incurred in order to join the game and to the expected utility.

Once the competition among the actors of the network is over, the principal and the future agent (the winning competitor) enter a second game that makes the foundation of the informal agency contract (T1). This pre-existing transaction between the principal/the political decision-maker (n1) and the future agent/manager (n2) relies upon an interdependence of expectations within a cooperative game with a non-zero sum, each of them trying to anticipate the strategy of the other, yet in possession of incomplete information. The T1 transaction determines the distribution of the rent extracted from the State Owned Enterprise.

The principal (n1) chooses his strategy depending on his own utility (U1) and on what he estimated that the agent (n2) aims regarding his utility function (U2), i.e. a „first order expectation” (J.C. Harsanyi)³, as well as on what agent n2 thinks about his strategy in terms of the U1 utility function, namely „the second order expectation”. The strategy of n1 depends on the second order expectation, while the strategy of n2 depends on the third order expectation. There is a mutual conditionality based on what each one thinks about his utility, but also the utility (U1, U2) envisaged by the other player. Not all the agency costs are taken into account at this stage.

The actors do not pursue the maximization of the company's profit. The „principal” (n1) is a policy maker (n1) with no ownership rights and residual rights in the State Owned Enterprise. He does not behave like an entrepreneur focused on the company's profit, but like a consumer. In order to maximize his utility, the principal (n1) will seek any pecuniary and non-pecuniary advantage he can get from the State Owned Enterprise, rough the hidden activities performed by the agent. The principal is subject only to political constraints enhanced by the social network he belongs to, not to public constraints.

Maximizing the State Owned Enterprise's profit has no positive effect on the utility function of the principal (n1) as a result of the efforts made by the agent (n2). For this reason there is no interest in increasing the efficiency of the mechanisms for monitoring the efforts made by the agent.

Under these circumstances, an informal “agency contract” (T1) is concluded between the future agent and principal (policymakers)

³ John C. Harsanyi: „Games with Incomplete Information Played by BAYESIAN Players, I-III, Management Science Vol U No 3 November, 1967, page 164

(the “agreement”) setting up the conditions which make it possible for the two parties to maximize their welfare, to improve the information system and to share the risks. Each actor will consider a utility reserve and a cost of the effort they have to make.

The informal agency contract (T1) is a “hub”, i.e. that nexus around which is structured any contract in the State Owned Enterprise, including the formal agency contract (publicly known), as well as the networks of individuals who conclude a set of transactions. Under in the conventional Jensen and Meckling’s model the goals pursued by the principal (for instance expansion, the equity increase) entails the (formal) agency contract and gives it substance, while in the case of a State Owned Enterprise the informal agency contract (T1) distorts both the organization of the firm and the formal agency contract (T2).

The informal agency contract is the source of the moral hazard that will appear at a given time in the company’s financial results. The situation I describe is confirmed by the financial results of SOE’s in Romania over the last 25 years that, except for a few ones, have constantly faced commercial and fiscal arrears and losses, while the agent and the principal inputs have been mostly unproductive. At the same time, the informal agency contract was the cause of the discretionary mechanisms for the selection of managers within the SOE, at least until the revision of the primary regulations in 2011 (GEO No.109 / 2011).

Taking into account that the ownership over the SOE is diffuse, the agent and the principal will not bear the cost of pecuniary and non-pecuniary benefits they consume; consequently this state of property right over SOE, there is an opportunity to maximize their own welfare. With each unit consumed by both actors, the firm value will decrease.

In other words, there is a dissipation of the company’s income. In the SOE with a monopoly rent or a dominant market position and with a relatively constant profit, the opportunity to extract a rent is higher compared to those SOE that supply rival goods.

For this reason, the rent-seeking competition is stronger within the State-owned companies that hold a legal monopoly in comparison with the firms that supply rival goods and have not been privatized. This can be verified by comparing the financial data of State-owned Enterprises. For instance, between 2012 – 2014, the Transgaz company which holds a monopoly on natural gas pipeline transport recorded a total cumulative debt of 1,3 billion RON (295 MEUR), revenues of 1,3 billion RON (295 MEUR) but with a deferred income tax of approx. 80 mil. RON. Transgaz agents were paid approx. 7 mil lei (1,69 MEUR/year) with an increasing trend every year. This company does not have a negative cash flow because it enjoys a monopoly rent. In 2013, the profit of the Transelectrica State-Owned Company (energy transport monopoly) was higher in comparison with the previous years due to the increase by 52,6% of the tariffs. The State-owned companies providing rival goods such as Termoelectrica and the National Coal Company went bankrupt, while CFR Marfa (The Romanian Commercial Railway Transportation) recorded losses ever since 2007 until now.

1.2. The second agency contract (T2)

The second transaction, which is the “formal agency contract” in the SOE establishes performance criteria for the protection of the agent in case he loses his position.

Agent n2 receives an income calculated on the following formula : $v = r + \beta - c (e + e') + \phi$, where r is the income received by n2

plus the utility reserve; β represents the incentive (bonus) for the effort made by n_1 in favour of n_2 , as well as for the risk taken; c = the total cost of the effort made by n_2 ; e = the obvious effort made by n_2 ; e' represents the hidden effort made by n_2 , at an observable output (0.1). The revenue r does not depend on q , but β depends on q . At the same time, q depends on the observable and not observable effort.

In the case of a relation between the principal and the agent existing before the T2 formalizing based on the common agreement for a mutual gain (the rent extraction), the adverse selection in the agency contract (T2) is void of purpose. The principal does not have any incentive to make a probable estimation of the "signal"-type information neither ex ante nor ex post in order to check the agent. Moreover, in the absence of competition for the agent selection, the agent will not manipulate the information ("Signal") about his own abilities.

The principal has a neutral risk position, since he does not have any role in the company's management of which he wants to extract a rent as a result of his political influence, while the agent has a risk preference boosted by the first contract (T1) – the informal one. However, in any observable and unobservable activities, the agent will seek to share the risk with the principal. The agent's cost of effort is constant in the presence of symmetric information and the effort is bigger under asymmetric information conditions (the principal doesn't assure the agent against the risk).

In any situation, the State Owned Enterprise's strategy depends exclusively on the agent, so that any decision taken, for instance, in the Board, is influenced by the agent.

Trying to maximize his utility or to

preserve it in relation to the cost initially incurred in order to win a prize (the rent), the agent has at his disposal "hidden information", which over time creates a power asymmetry with the "monitoring agents" (Board members), if they do not belong to the same network and possibly with the principal, if he assumes risks that have not been negotiated in T1 (informal contract).

The T2 transaction is incomplete, because the principal cannot monitor any future action carried out by the agent. The asymmetry consists of an information gap, because, through the second transaction/agency contract) the agent distributes the resources and takes risks. Therefore, in any circumstances the agent will have an opportunistic conduct, regardless of the original arrangements of the T1 agency relationship.

Therefore, if the initial phase between the principal and the agent involves a cooperation, a conflict situation will arise at a given time. Cooperation relies upon the convergence of interests and the conflicts appear depending on how opportunities are capitalized in the SOE in order to allow the rent extraction.

2. Consequences

The agent controls the inputs and outputs in the firm. Therefore, the rent extraction might be shown in the agency costs (e.g. compensation, golden parachute etc.) as well as in those transactions for the acquisition of the firm's inputs.

Identification of the rent extraction cannot be done directly. Most times it takes a preliminary investigation of the inputs and outputs for each activity of a firm, to identify the rent extraction. Data Envelopment Analysis method is an example which can be used.

2.1. Agency costs

As regards the SOE, the structure of the agency costs is not the same, because the hierarchies are inverted, meaning that maximizing the utility of the principal and of the agent is more important than maximizing the company's profit. This situation stems from the fact that the agent and the principal have no residual rights that could correlate their income to the company's profit. Consequently, there is no conflict between the principal and the agent as regards the hierarchy of priorities (maximizing the profit versus maximizing one's own utilities); instead, there is a conflict as regards the way of the welfare maximization and risks distribution.

Given that there are two (2) agency contracts - the informal one (T1) and other formal / "enforceable" (T2) then, the agency costs may include the compensation of the agent, "the monitoring cost" which is the board members compensation, but not the residual loss. The last is not estimated.

Although it is referred into the second agency contract (T2), the compensation of the agent intended to reduce the moral hazard in both T1 and T2 agency relations. The agent's compensation must be equal to or greater than the previous cost covered by this person when she entered into the competition to win her present position. This compensation is not similar with a risk premium paid to an agent in a private listed firm. Agent compensations in a state owned firm don't include securities such as shares in the firm or "stock options", whereas the local stock market has a low capitalization.

The principal aims the agency contract T1 (an informal contract) and secondary the agency contract T2, which is a formal one. The principal will monitor the agent's actions, so as to ensure maximizing of his utility.

The principal will engage the state owned firm into a cost that includes

pecuniary and non-pecuniary benefits for other agents who are members of the Board. This Board⁴ has a hybrid role as principal transfers the power to the persons who set up the firm's strategy and a monitoring function of the agent/manager of the company (CEO). In this way, the principal mitigate a risk that can arise in relation to the decisions he might take instead of Board members. In these circumstances, the board plays a role in monitoring the agent actions? In no case, mostly if the agent is member of the board. The principal retains a semblance of legality.

If the agent / manager of the company/ CEO is member of the Board, and the state holds residual rights in the firm, the internal control mechanism is weakened or completely annihilated, as there is no clear demarcation between the agent /manager/CEO of the firm and the "monitoring agents", i.e. persons who are member of the Board and who should supervise the agent / manager/CEO. Besides, it matter if the agent / manager/CEO of the firm belongs to the same social network with "monitoring agents". Therefore there is an asymmetric position (stemming from the information) between the manager of the SOE and the "monitoring agents" (the Board members). Apart from that, whether they are or not independent or subject to a dependency relation towards the principal, the "monitoring agents" have no incentive for evaluating the activity carried out by the agent / the manager if the level of their reward is low. If the "monitoring agents" see no pecuniary advantage from the role assumed, their interest in monitoring the company's agent / manager fades away. The "monitoring agent" may behave in such a way as to diminish the risk whenever he has to make decisions on a par with the company's agent / manager, because the joint and

⁴ The Board might be shaped in a traditional model or double tier (co-determination model).

several liability will urge him to censor the agent's / manager's actions or just try to get a rent from the State company, and this drives him into a transaction with the very actor he was supposed to monitor.

There are three factors whose impact on the monitoring of the agent is negative. These factors are the property rights, the structure of the Board of directors (either in-house or external general manager) and the inefficiency of the rules on the compensations given to the "monitoring agents".

The situation of the bargain costs and the „golden parachute“

In SOE's, the compensations take the form of a monthly payment, "bonuses" "premiums". If these payments are not connected to performance indicators or this connection is unclear, the contractual approach is not based on optimality. These compensations are neither paid as a means of risk diminishing (as it happens in the private companies), nor correlated with the performance of the SOE or set in accordance with the agent's skills, because the latter was arbitrarily selected.

Actually, on each power shift occurs a quite significant fluctuation in the designation of agents – company managers and of "monitoring agents" although formally they are selected on a competitive basis. The instability of the agent's position within the SOE encourages him to extract the highest possible rent on a short term.

This opportunistic behaviour is also triggered by the fact that after his appointment in the company the agent can realize that the initially estimated rent value is below the cost incurred in order to compete for the position of agent.

At the same time, there is a situation where the agent seeks an alternative income source and, in order to extract a rent, he will

therefore exploit any transaction made by the company.

Consequently, the State companies choose two "compensation" types : some of them are granted depending on the results so that we can name them "bonuses / premiums", while others are severance payments. In the latter case, the "compensation" is similar to a "golden parachute".

Residual loss

Under the conventional model (Jensen and Meckling), the residual loss is included in the structure of the agency costs and represents the loss of the firm's value when the principal reduces his ownership rights. In other words, it appears to be an opportunity loss because, if the principal disposes of a part of his shares, he would not have any agency cost, as he is also an agent.

Actually, the "residual loss" is a risk, namely a potential loss which, under certain circumstances, can turn into a certain loss due to management errors or possibly even to bad faith. SOE's in Romania do not anticipate this risk. Therefore we should ask why? One explanation would be that the principal and the agent do not have residual rights in the SOE which would result from the payment of the dividend. However, the agent receives a performance bonus that I can consider a residual right. The principal, in his capacity as political decision-maker, can have no residual rights. He has only an informal decision power within the SOE.

Rent extraction from the SOE's inputs

The agent has an advantage over the principal in terms of the input and the output values of the SOE. The agent is aware of all the SOE's transactions draws up both the production and the financial plan taking into account the two agency contracts (the informal T1 and the formal T2).

The principal has a probabilistic estimate of the costs / input value of the production. Even if he had accurate information, the principal would face an information gap compared to the agent, because the input prices do not remain constant. Consequently, there will be permanent asymmetric information in the relationship between the principal and the agent, irrespective of the fact that they belong to the same social network and share the same interests concluded in the T1 agency contract. Besides, the decisions made by the principal are not influenced solely by his utility, but also by a political context or by a political interest emerging irrespective of his own will (i.e. the level of the regulated tariffs on public utilities). This brings about factors that change the arrangements provided in T1 for the principal and for the agent as well.

At the same time, in order for both parties to maximize their utility (to the detriment of the SOE), the agent will assume all the risks, while the principal remains neutral. This imbalance in terms of risk sharing in the context of an information asymmetry motivates the agent to hide from the principal his activities with a view to extracting a rent only for himself. This rent extraction can be identified by verifying the optimum ratio between the inputs and the outputs, namely by measuring the technological and economic efficiency.


3. Conclusions

The reason for which an actor enters a game in order to extract a rent from a SOE is the cost, which is lower in the presence of captive institutions than the cost likely to be incurred by the same person within a competitive institutional environment where his effort should be greater in order to obtain a productive income. Therefore, the main causes of the distorted relationship between the agent and the principal are the diffuse nature of the ownership rights in the SOE, as well as the existence of other captive institutions, the existing monopolies and the rules on tariffs and licensing, all of them giving a negative incentive to the principal (the policy decision-maker) and to the agent as well. Eventually, the rent extraction leads to a certain configuration of the corporate governance model which, although formally it is identical to any other model of a private company, actually it functions differently and with other costs.

Another cause of rent extraction is that the state keeps firms producing rival goods, and a combination between public services with business. A diminishing rent competition and extraction occurs whenever the deregulation is non-selective and the State cannot keep under control the rival-goods suppliers.

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The Importance of Change Typology – a Key Element in the Enterprise's Organizational Dynamics

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Abstract: The paper entitled „The Importance of Change Typology – a Key Element in the Enterprise's Organizational Dynamics” focuses on the support given to the organizational dynamics.

Our study comes to support the organizational dynamics, by presenting the development of the concepts of „marketing” and „human resources”, by providing some relevant definitions for them, as well as the links that exist between them, in the context of small and medium enterprises (SME's).

Key words: organizational dynamics, enterprises, small and medium enterprises (SME's), human resources, quality, profit

Introduction

The key focus of our paper is centred on the enterprises' main objective: achieving responsibility and/or profit. This implicates defining „social responsibility” and the „responsibility of the company” (the organizational level); defining the „role of the responsibility centres”; defining the „profit centres”; defining the role of „profit” and its importance for the enterprise.

In the same time, the enterprises should be constantly aware of the resources' use, the quality of their products and the profit. Our work focuses, under these circumstances, on the definitions and the importance of the resources for the enterprise, as well as the relationships between resources, quality, quality assurance and profit.

In order to be able to show the manner of achieving the organizational dynamics the study takes into consideration the following aspects:

► Clarifying the situation of small and medium enterprises (SME's) versus large and very large enterprises/profiles, the relationships that exist at this particular level, the types of activity developed according to the profile of small and medium enterprises (SME's):

- The definition of small and medium enterprises (SME's) and large enterprise and very large ones;
- A comparison between the small and medium enterprises (SME's) and the large and very large enterprises;
- The advantages and the disadvantages of the small and medium enterprises (SME's).

The importance of change typology – the processes of change at a pace never seen before

Nowadays, humanity finds itself in a time period in which the processes of change occur at a pace unknown before. Change itself happens in various fields – technological, economic, social, and environmental and at all the levels of the organization.

There is a broad paradigm-changing action that can clearly be distinguished. Some examples are necessary in this particular case: in the production processes the customer orientation is crucial and the main trigger of all the actions being taken, the prevalence of the processes with a great intellectual strength is also distinguishable; in the areas regarding the organizational and the managerial fields flexibility is a tendency belonging to the organizational and the management environment meant to promote cooperation and competition; human resources are sustained by intellectual labour actions, which means concentrating on efficiency, productivity and quality of work processes recognized by beneficiaries¹.

For the implementation of these trends are used, primarily, both the managers and the management.

The following figure represents in a synthetic manner the involvement of the managers in the change process (see, in this case, Figure no. 1: „The managers and change”), are reflected the factors connected both with the need to change internal processes data, as well as the evolution of internal processes reported based on recent experiences at the national and the international levels. In its content, the scheme draws attention to the fact that during the processes of change it can generate certain factors able to generate resistance, such as the old attitudes, the lack of information and training, and the fear of new and others.

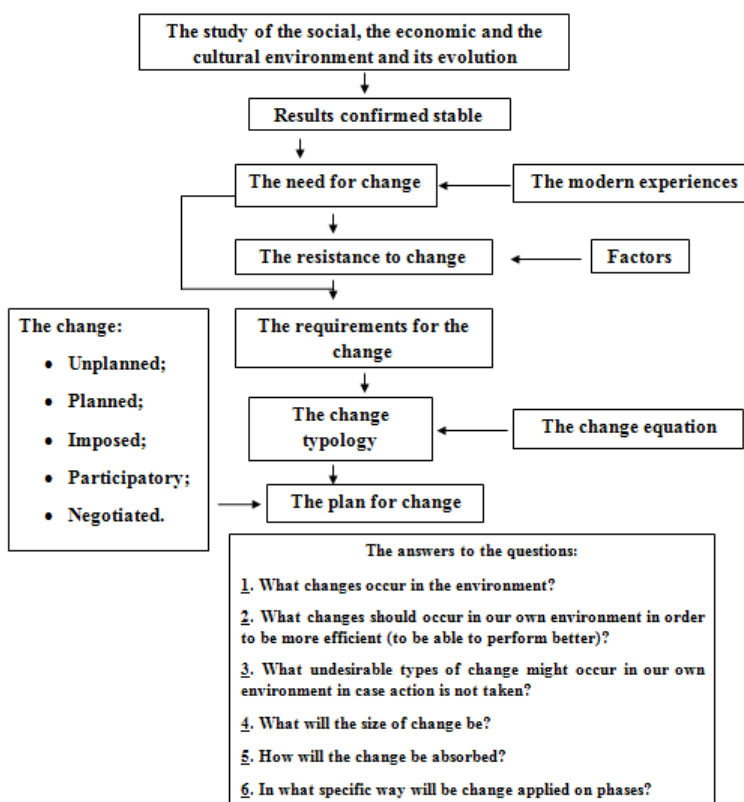
¹ Costache Rusu, „Managementul schimbării”, Editura Economică, București, 2003, pp. 24 – 25.

In our opinion, references to the importance of the change typology and the change plan are believed to be also extremely relevant^{2 3}

² See also Colin Carnall, „Managing change in organizations”, Editura Prentice Hall, UK, 1990.

³The authors’ adaptation after Richard Hilti, Jean Neuman, „Schimbarea profesiilor și noile forme de organizare”, The Tavistock Institute, London, 1993, p. 21.

Figure no. 1: „The managers and change”



Source: The Authors’ adaptation after the ideas presented in Costache Rusu, „Managementul schimbării”, Editura Economică, București, 2003, pp. 24 – 25; Colin Carnall, „Managing change in organizations”, Editura Prentice Hall, UK, 1990; Richard Hilti, Jean Neuman, „Schimbarea profesiilor și noile forme de organizare”, The Tavistock Institute, London, 1993, p. 21.

The change equation (E_c) can be written as follows⁴:

$E_c = f [I \times (K + P) \times D_g \times E_p]$ where:

- D = the dissatisfaction concerning the existing situation;
- K = the level of knowledge;
- P = the level of practice;
- D_g = the main direction of action generally accepted;
- I_p = international standards for performance.

From this equation it can be deduced that the impact concerning the process of change ($I_{ec}E_c$) should be higher than the costs of change (C_c), $I_{ec}E_c \geq C_c$.

The evaluation can be done both by using the logic elements, as well as by benchmarking sized forms of analyses.

Especially in practice, by using the elements above, it was able to bring into discussion and point out the errors to be avoided in the process of change. These errors are formulated as follows: (1) avoiding to create a sense of urgency so powerful; (2) avoiding

⁴ Mihail Dumitrescu, „Strategii și managementul strategic”, Editura Economică, București, 2002, pp. 170 – 172.

engaging in change without the support of a strong team; (3) the sets of targets being taken into consideration are not sufficiently clear and measurable; (4) neglecting the communication policy; (5) lack of concern for the removal of the main brakes of change; (6) the delay in the presentation of the first results and knowledge; (7) assuming the “victory” (the success) far too quickly; (8) not being able to implement change in the internal culture of the organization.

In essence, change requires a comprehensive restructuring process which should have the aim, in addition to the strict criteria of efficiency, of preserving the employees’ rights.

However, the priority given to the economic and the social efficiency should emphasize the efficiency features to which the organizations might add the managers’ contributions (see, in this case, Table no. 1: „The characteristics of efficient organizations and the managers’ contributions”).⁵

⁵ Mihail Dumitrescu, „Managementul resurselor umane”, SNSPA, Curs, 2008 - 2009, București, pp. 25 – 26.

Table no. 1: „The characteristics of efficient organizations and the managers’ contributions”

No.:	The characteristics of efficient organizations:	The managers’ contributions:
0	1	2
1.	❖ The organization is flexible, powerful, focused on performance, self-renewable and it is capable of creative adaptation to a continuously changing environment.	<ul style="list-style-type: none"> ▪ The innovative attitude; ▪ The ability to rejuvenate the organization.
2.	❖ The organization as a whole, its units and the managers carry out their work in accordance with the objectives and the plan.	<ul style="list-style-type: none"> ▪ The ability to make predictions, as a main function of leadership.
3.	❖ There are clear objectives belonging to the organization, to which the employees are devoted.	<ul style="list-style-type: none"> ▪ The widespread application of the method of leadership by objectives.

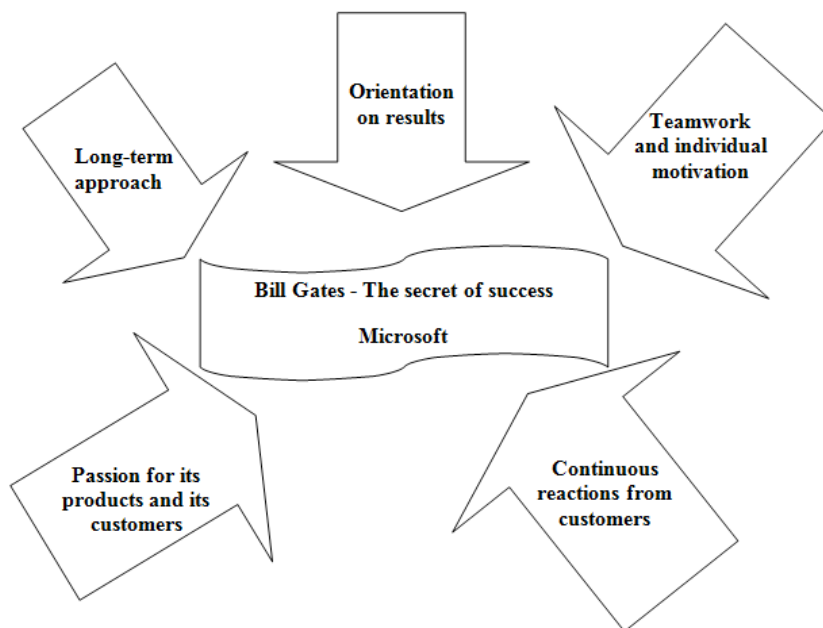
4.	❖ The organization has internal mechanisms of self-motivation and a feedback on performance.	<ul style="list-style-type: none"> ▪ Sustaining motivation and a real scale of values; ▪ Fluent communication.
5.	❖ The communication is open, there is a high level of trust and a culture oriented towards solving problems.	<ul style="list-style-type: none"> ▪ Precision in tasks, duties and responsibilities; ▪ Systems able to develop autonomy.
6.	❖ The organizational structure and its systems are closely related to the objectives, the functions and the environment in which the organization is operating.	<ul style="list-style-type: none"> ▪ Flexibility in designing organizational structures.
7.	❖ Taking decision in routine problems and in current issues belonging to operations is delegated to the lower end of the hierarchy.	<ul style="list-style-type: none"> ▪ The widespread application of authority delegation; ▪ Modern working system.
8.	❖ The managers and the controllers are rewarded for the short-term profits and for the production, growth and the development of the collaboration system by building an effective team.	<ul style="list-style-type: none"> ▪ The balance of shares on short, medium and long term; ▪ Permanent/Constant performance.
9.	❖ On one hand, the collaboration and the teamwork are both emphasized and on the other hand, the unfair competition is discouraged.	<ul style="list-style-type: none"> ▪ Reducing the influence of the hierarchical system/relations and assigning a greater role to cooperation; ▪ Encouraging competition's growth and professionalism.
10.	❖ There is an integration process of individual goals together with the objectives of the organization with a high level of self-direction and self-control belonging to the employees.	<ul style="list-style-type: none"> ▪ The development of independent working systems with different types of correlations of essential indicators in the organizations.

Source: The Authors' adaptation after Mihail Dumitrescu, „Managementul resurselor umane”, SNSPA, Curs, 2008 - 2009, București, pp. 25 – 26

The managers' efficiency is given by the organizations' results. These results are evaluated by quantitative, qualitative and social indicators (salaries, social welfare equipment level, unemployment, and so on and so forth) and psychological indicators (among which can be mentioned working climate, misbehaviour/misconduct, and so on and so forth).

The finality of the change processes should be reflected in the organization's success. Our belief is that the presentation by Des Dearlove's concerning the vision belonging to Bill Gates is extremely suggestive (see, in this case, Figure no. 2: „The managers and change”).

Figure no. 2: „Des Dearlove's ideas concerning the vision belonging to Bill Gates”



Source: The Authors' adaptation after the ideas presented by Des Dearlove, „Big Shots: Business Bill Gates Way. 10 Secrets of the World's Richest Business Leader”, Publisher: Capstone Publishing Limited (a Wiley Company), Second Edition, United Kingdom, 15 December 2001.

The concept of “New Economy” incorporates and combines successfully all these elements and, moreover, it places a particular emphasis on the issue referring to the role of information and communication technologies (ICT).

It has been shown that the information and communication technologies affect economic growth through a series of actions, such as making large investments in information and communication technologies, improving the quality and lowering the price of information and communication technology products, the external effects concerning the extension of the Internet and also, a particularly relevant aspect, simplifying organizational structures.

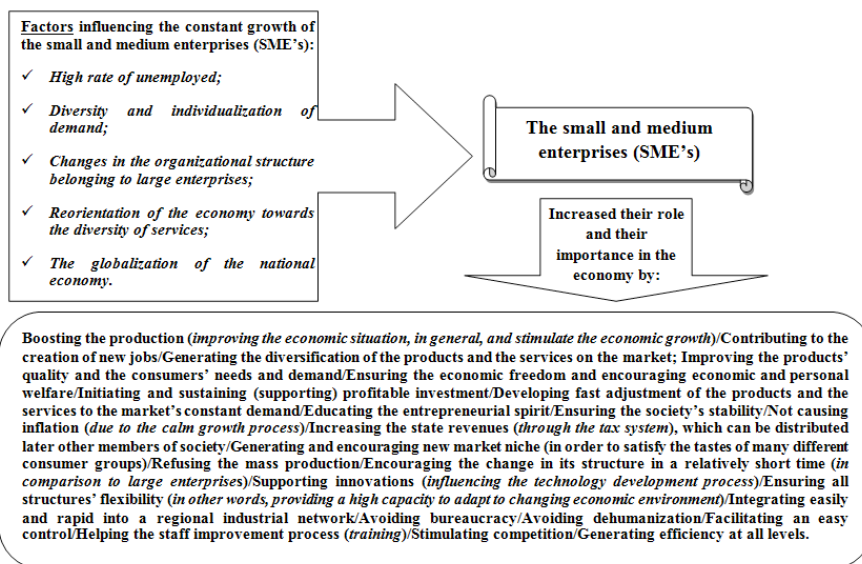
The New Economy stresses the following elements: the major trends in the growth

of the services' sector, the increased workload in the information and communication technologies and also increasing the future trends, among which can be found the globalization process.

Conclusions:

The small and medium enterprises (SME's) constitute the most widespread form of business organizations and they represent the key trigger of the economic growth process, due to the fact that the development of this sector provides increased prosperity and higher living standards for the population (see, in this case, Figure no. 3: „The small and medium enterprises (SME's) – factors influencing them and their role and the importance in the economic growth”).

Figure no. 3: „The small and medium enterprises (SME's) – factors influencing them and their role and the importance in the economic growth”



Source: The Authors

In other words, the small and medium enterprises bring a crucial contribution to achieving the fundamental objectives of any national economy.

Acknowledgment:

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A New Configuration: Management's Paradigms – Acting in the Context of Social Economy

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Abstract: Our study entitled „A New Configuration: Management's Paradigms – Acting in the Context of Social Economy” centres itself on three main directions, as follows: a) the functional reconsideration of the enterprise: the independent work blocks; the type-one-two blocks; the influence of social economy, social enterprise, social responsibility; new features belonging to the managers, new paradigms of management and their influence on the organizational dynamics; b) the role associated with informatics and the informational support mechanisms of the enterprises and beyond them, as well as the role of information in real time; c) the methods able to show how to interpret the market's dynamics, by using medium and long-term studies, and the marketing, economic, social and political development.

Key words: enterprises, small and medium enterprises (SME's), organizational dynamics, quality assurance, profit, social responsibility, social economy, social enterprise, knowledge economy, human resources, human resources training

Introduction

The three pillars that constitute the target of this paper are mentioned and analysed below:

A. Providing a functional reconsideration of the enterprise:

- The independent work blocks;
- The type-one-two blocks (specialized, complex);
- The influence of social economy, social enterprise, social responsibility (another vision of profit creation, use, distribution, reorganization, investment);
- New features belonging to the managers, new paradigms of management and their influence on the organizational dynamics.

B. Showing the role of informatics in the informational support mechanisms in enterprises and beyond them; the role of information in real time.

C. Interpreting the market dynamics based on medium and long-term studies, the marketing economic, social and political development:

- Research and its role in the economy and its development (in each enterprise or centralized - mechanisms of relationships, new structures and existing collaborations);
- The staff training, the knowledge economy, the role of human resources in the new organization, attention to employment and training, the "specialist - generalist" dilemma;
- The specificities of the organization able to survive the crisis and its organizational new mechanisms.

The way to the new configuration: management's paradigms – acting in the context of social economy. Influences on the Enterprises's organizational changes

Before presenting some factors influencing the organizational dynamics of the enterprise it is important to make a statement such as:

According to the developments that took place in the economy and not only, today one can no longer operate in the organization's chart or in the structure or frame type of the organization, due to the variety of situations encountered nationally and internationally. Items like the company's size, the market's relations, the business partners, the technologies used, the availability of resources, including human resources, and so on and so forth, require original solutions able to meet the needs and objectives of each business; so, nowadays, the organization and its appropriate structures represent the main trigger.

After this statement, it is extremely important to underline several factors with direct or indirect influence on organizational dynamics of the enterprise:

- Developing creation activities;
- Renouncing or restricting the concept of "functional organization" (organizing the functions of the enterprise);
- Reconsidering and enriching marketing and human resources activities;
- Approaching in a careful way the organizational structures and their dynamics in small and medium enterprises (SME's):

➤ The organizational and the structural impact that can constitute a market economy;

➤ The impact of new management paradigm on the future of organizational changes businesses.

a) In order to support the organizational dynamics, there exists the requirement of a strong development of conception activities

at the level of organizations concerning the research, design, studies, programs, and elaboration of development strategies that are able to challenge the configuration of departments focusing on such activities. The process related to the developing mechanisms of conception relationships in the organization's design with similar activities of some institutions in a country and abroad appears today more than in the past. For example, in this case, one can mention specialized research institutions and prestigious universities in the area.

In the same instance there exists the need of a process able to reconsider the profile of some activities such as marketing and human resources, which have an increasingly content-rich development activities and not one of administrative or bureaucratic nature¹.

In highlighting the significance of "marketing" there is usually taken as a starting point the definition formulated by the American Academy of Marketing (AAM), which has enjoyed a wide circulation among specialists. According to this definition "marketing" represents achieving economic activities that direct the flow of goods and services from the seller to the consumer or the user itself², or in other words, which takes into account the dynamics of those development activities that impact the essential elements of an organization.

About human resources, it can be said

that they represent one of the most important investment whose results become more evident over time and that the effective "use" of all the other resources depend very largely on the effectiveness of the human resources.

The requirements of an effective human resources policy can be summarized as follows:

- Integrating the human resource management in the organization's management;
- Obtaining the implication of the entire staff for the activities arising from the need to achieve strategic objectives that the organization has undertaken;
- Ensuring a climate of involvement and valuing properly the potential of each employee;
- Positively motivating the individuals who obtain good results and stimulating those who can reach this stage;
- Orientating each employee to self-improvement;
- Implicating the individuals who wish to participate directly in the adoption of decision.

In all of these requirements the influences on organizational dynamics can be observed, as well as the direct relationship with the dynamic development which represents other resources.

It is worth noting that the modern vision establishes the role that will be played by the human resources in the dynamic of the organizational environment, these knowledge economy „new elites" being identified in the area of education, research and development of informatics and technology (IT) activities (collection, processing and dissemination of information, the process of soft creation, and the list can continue). These various "knowledge elite groups" have specific roles

¹ Mihail Dumitrescu, Adelina Dumitrescu – Peculea, „Strategii și management. Dimensiuni socio-umane contemporane", Editura Economică, București, 2014.

² Committee of Definitions, Ralph S. Alexander, Chairman – „Marketing definitions: A glossary of Marketing terms", AMA, Chicago, 1960, p. 15.

– related to ensuring a higher step compared with the old approaches and making sure that desirable and accessible alternatives will exist³⁴.

b) A new version of the concept of „functional organization” occurs as well in the organizational dynamics, representing a form of organization based on the company’s

³ Ion Glodeanu, Oscar Hoffman, „Noi actori sociali în promovarea tehnologiilor informatice și de comunicare spre SI-SC”, Institutul de Sociologie al Academiei Române.

⁴ Mihail Dumitrescu, „Analiza diagnostic a sistemului de formare a elitelor în România”, în volumul Mihai Dinu Gheorghe, Mihăiță Lupu (coord.), „Mobilitatea elitelor în România secolelor XX”, Editura Paralela 45, București, 2008.

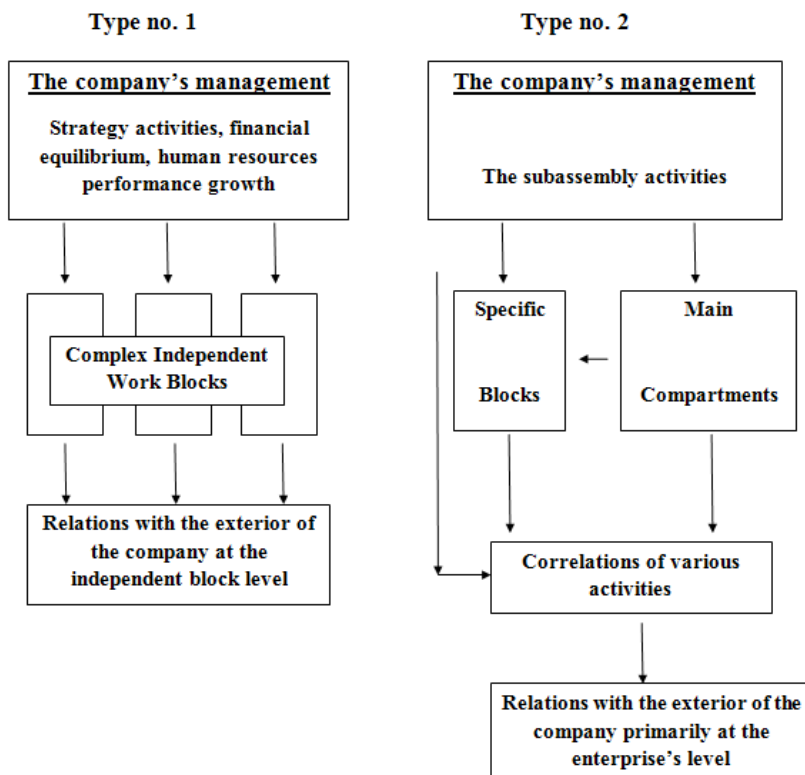
functions that begin to reduce its influence.

The organization recently organizes itself in independent work blocks that can contain all kinds of activities, at the top being seen only those that relate to the strategies, the financial balance and the issues related to the increase of performance of human resources (see, in this case, Figure no. 1: „The organizational dynamics”).

These blocks can belong to the first type, having a profile which link up with other teams across the enterprise, with all the types of activities in their structure. These are complex blocks.

In the second type are the blocks that need a specialized role and top departments of the enterprise.

Figure no. 1: „The organizational dynamics”



Source: The Authors

c) The organizational dynamics of the enterprise is influenced by the way in which the small and medium enterprises (SME's) function and their relationship with large and very large enterprises.

The small and medium enterprises can be distinguished by their simplified and specialized structures, especially when they supply the large enterprises that provide them the most of their input.

It is noted that, in these conditions, the small and medium enterprises are the most vulnerable especially when large enterprises have difficulties.

However, the small and medium enterprises physiognomy may have a complex configuration, with well-defined structures and acting independently on the market.

It is understood that in the latter case, the activities belonging to these enterprises'

structures, characterized by a unique dynamic, can generate organizational flexibility according to the objectives to be met.

Organizational creativity is therefore the contribution of the small and medium enterprises which represent over 98% of the total number enterprises on the market.

From the content of the National Strategy for the Digital Agenda for Romania (July 2013)⁵ the small and medium enterprises which are active in Romania registered the following dynamics (see, in this case, Table no. 1: „The dynamics registered by the small and medium enterprises active in Romania”):

Guvernul României, Ministerul pentru Societatea Informațională, „Strategia Națională pentru Agenda Digitală pentru România”, iulie 2013, p. 5 și p. 97.

Table no. 1: „The dynamics registered by the small and medium enterprises active in Romania”

Year:	2009	2010	2011 (the first semester)
The number of active small and medium enterprises	517.870	468.561	463.404

Source: Romania's Government, The Ministry for the Information Society, „The National Strategy for the Digital Agenda for Romania”, July 2013, p. 5 and p. 97 (in Romanian: Guvernul României, Ministerul pentru societatea informațională, „Strategia Națională pentru Agenda Digitală pentru România”, iulie 2013, p. 5 și p. 97)

It is obvious that the strategy aims to develop the economy and seeks to increase Romania's competitiveness by increasing efficiency and reducing the public sector's costs, improving productivity of the private sector by reducing administrative barriers in relation to the state and other measures to which the information and communication technologies sector should have an essential contribution which, in turn, requires a much

larger contribution from the small and medium enterprises.

This can be achieved due to the fact that the small and medium enterprises have a great capacity to change the structure within a relatively short period of time compared to large enterprises.

Through their dynamics, the small and medium enterprises largely contribute to the achievement of fundamental objectives

of any national economy. They play an important role in the economy for the following reasons:

- The flexible nature of their structures which gives them a high capacity to adapt to changes in the economic environment;

- It is relatively easy to integrate into a regional industrial network, which provides, on the one hand, the economic development of the region, and, on the other hand, which reduces unemployment and help the rising process of living standards because it provides jobs;

- Their small size helps avoid excessive bureaucracy and avoid dehumanization;

- The small and medium enterprises form an assembly at the individual level more easily controlled and targeted, able to:

- a) Encourage innovation and flexibility;

- b) Improve the staff;

- c) Stimulate competition;

- d) Help to smoothen the activities of large enterprises by providing products and services;

- e) Encourage efficiency.

- d) The organizational reconsideration is being produced also by the role and the content of the social market economy, social business, social enterprise or even social industry.

These concepts reflect that social economy, according to some researchers, is the best form of organization because it has a social purpose.

Naturally the concepts of social economy and other derivatives have been circulated by many contributions of which the most important, in our opinion, are:

- Germany promoted the social market economy as being "a widely shared prosperity, a flawless social network and liberal institutions embodying a political concept". This approach was developed combining the market freedom together with the social balance/

social equilibrium and occurred under a major economic boom.⁶

- The most important (the most relevant) parameters of the market economy based on social aspects developed in a less prosperous country, Bangladesh, where Professor Yunus, Nobel Laureate in 2006, has developed the foundations of the newest form of capitalism – the development of the social business⁷.

- The concept of social industry has been highlighted already since a very long time, to be more precise, since 1879, in his "Precis de Cours d'Economie Politique" by Paul Cauwes, with the specific mention that the concept prioritises activities to individuals' benefit⁸

- A physiognomy of businesses with their economic and managerial dimensions and as a synthesis of values is represented as a balance between traditional American values and future values of businesses, which, for the latter, put price, among other things, on the role of individual, sustainable development, business in service society and other elements described in the table below⁹ (see, in this case, Table no. 2: „The traditional American values change in values of future businesses”):

⁶ Mihail Dumitrescu, „Introducere în management și management general”, Editura EUROUNION SRL, Oradea, 1985, p. 439 – 441, cu trimitere la Betina Berg – „Economia socială de piață – Bunăstare pentru toți”, Revista Prisma, Nr. 5/1985.

⁷ Mohamad Yunus, „Dezvoltarea afacerilor sociale. Noua formă a capitalismului, menită să răspundă celor mai presante nevoi ale umanității”, Editura Curtea Veche, București, 2014, pp. 14 – 15.

⁸ Paul Cauwes, „Precis de Cours d'Economie Politique”, Paris, La Larose, Librairie Editeur, 1879, p. 4 (din biblioteca Prof. univ. dr. Mihail Dumitrescu).

⁹ Gh. Gh. Ionescu, „Marketizarea, democratizarea și etica afacerilor”, Editura Economică, București, 2005, p. 673.

Table no. 2: „The traditional American values change in values of future businesses”

The traditional American values	shape themselves into	the values of future businesses
1. The dignity of the individual (Human dignity)	→	1. The central role of the individual (The key role of the individual)
2. Entrepreneurship and democratic spirit	→	2. Participation in decision-making – both effective cooperation and efficient collaboration
3. Self-support	→	3. Controlled and sustainable development
4. Planning (taking decisions, making business arrangements, making business plans)	→	4. Long-term perspective
5. Business as a provider/supplier of products and services	→	5. The business as a key trigger for the well-being of the society/humans/humanity
6. Growth and progress	→	6. Technology and innovation - using resources carefully (self-awareness, social and corporate responsibility)
7. Democratic nation	→	7. A nation among nations. Distinction between nations
8. Respect for the Earth	→	8. Harmony with the natural environment (the ecological broad vision plan: ecology, eco-economy, eco-industry, durable/sustainable forms of development)
9. Border (imposing strict limitations) and self-sufficiency (producing having in mind the limitations of one nation)	→	9. Local control: small is beautiful. Extensions justified and advocacy for progress
10. The influence of both religion and the church to the American	→	10. Spiritual roots of new business missions open not only to profit (harmony with everything related to humanity)
11. Helping the neighbours (building households, trade unions, charities)	→	11. The clear interest and concern in others. Social responsibility
12. The individual, the family and the local community, seen as the centre of life	→	12. New measures (dimensions) of success for themselves and the community
13. Optimism and openness	→	13. Vision and hope

Source: The Authors' adaptation after Gh. Gh. Ionescu, „Marketizarea, democratizarea și etica afacerilor”, Editura Economică, București, 2005, p. 673

These indications point out to the fact that they are obviously the basis for the organizational transformations of the enterprises, that their intention is to highlight the social purpose of their final scope, that they change the meaning in which profit is being obtained and distributed, which also impacts on the structural configuration of businesses and their peculiar structure. These new amendments highlight, for example, the social marketing, which is able to focus its actions generating a greater social impact. Also, in the same manner, the refocus of the investments will be claimed by these changes.

In the business development process, the concept of "corporate social responsibility" of companies/corporations (CSR) can be better understood in terms of change that takes place in the nature of the relations that exist between a business and the society itself, the structural dynamics of these relations. More and more organizations are beginning to realize that they can contribute to the sustainable development process, leading their own operations so that they become able to achieve growth and competitiveness in terms of environmental protection as well as promoting social responsibility, including the protection of consumer interests.

The first reference to the term belongs to H. R. Bowen. He argues that an organization has an obligation to "pursue those policies, to make those decisions, or to follow those lines

of action which are desirable in terms of the goals and the society values"¹⁰.

D. Wood extends these ideas, identifying three principles that determine the social responsibility in the context of the organizational dynamics¹¹:

- The companies are seen also as "social beings", and this undertakes them to use their power responsibly;
- The companies are responsible for the impact they create on the environment in which they operate;
- The managers are "moral agents", representing models at the Community level, thus being forced to exercise their decision-making powers responsibly.

e) As mentioned, organizational dynamics is determined by these new features of management embodied in the new content belonging to the missions and the paradigms that should operate in the future.

As far as the leaders' missions they are as follows¹² (see, in this case, Table no. 3: „The leader's missions and the specific elements of the market economy"):

¹⁰ Bowen H. R., „Social Responsibilities of the Businessman", Harper and Row, New York, 1953.

¹¹ Wood D., „Corporate social performance Revisited", Academy of Management Review, Vol. 16, Nr. 4, pp. 758 – 769, 1991.

¹² Mihail Dumitrescu, „Managementul resurselor umane", SNSPA, Curs 2008 – 2009, pp. 18 – 19.

Table no. 3: „ The leader's missions and the specific elements of the market economy”

The leader's missions:	Specific elements of the market economy:
1. The process of leading individuals (leadership):	
a) Knowing the individuals:	<ul style="list-style-type: none"> ❖ Curriculum Vitae; ❖ Determination of the potential; ❖ Knowledge of personal problems.
b) Human development:	<ul style="list-style-type: none"> ❖ Preparing and training the human resources; ❖ Realization of retraining; ❖ Accumulation of new knowledge (multipurpose functions); ❖ Preparation of predictable shifts in the structure of the employed work force.
c) Motivating the individuals:	<ul style="list-style-type: none"> ❖ Promoting a real competitive environment; ❖ Correct order of the values; ❖ Wage and self-motivation.
d) The community integration:	<ul style="list-style-type: none"> ❖ Designing an appropriate staff policy.
2. Getting results:	<ul style="list-style-type: none"> ❖ Answering the following questions: <ul style="list-style-type: none"> ✓ What is being done? ✓ Under what conditions? (With what resources?) ✓ How to program? ✓ What purpose is achieved by the use of various actions?
3. The introduction of new elements (novelty):	<ul style="list-style-type: none"> a) Fostering a creative climate; b) Growing an image which implies the new complex of economic, social, technological (or specialist), managerial environmental, and so on and so forth.
4. Team organization:	<ul style="list-style-type: none"> ❖ The adoption of a vision both global and localized in the organization; ❖ Interpretation of success in efficient organizing of anticipated socio-economic progress; ❖ Rapid improvements in the functionality and the configuration systems.
5. Mastering the relationship with the environment:	<ul style="list-style-type: none"> ❖ Receiving messages through direct contracts; ❖ Sociological studies and market studies, and other modern methods; ❖ Producing influential messages; ❖ The accuracy and timeliness relationships.

Source: The Authors' adaptation after Mihail Dumitrescu, „Managementul resurselor umane”, SNSPA, Curs 2008 - 2009, pp. 18 – 19.

Also, the new configuration emphasises the management's paradigm, that designs itself especially as acting in the context of social economy^{13 14}.

1) Paradigm no. 1 („The Objective Paradigm”): The management science is re-considering the role of the human factor, defining it as a core value, which is crucial for the economic, social and political evolution;

2) Paradigm no. 2 („The Knowledge Paradigm”): The knowledge management associates human enhancement by using information, knowledge, considering that the access to the institutional knowledge is an obligation that creates the potential human liberty and the wellbeing.

3) Paradigm no. 3 („The Support Paradigm”): The management science comes as an enhancement for the technologies able to serve and to protect it, by restructuring the work and the new statute of man.

4) Paradigm no. 4 („The Environmental Paradigm”): By focusing itself on human beings, the management science is supporting sustainable development processes capable of creating an internal environment associated to the international one, which turns out to be appropriate to the normal evolution of the human species and not only to it.

5) Paradigm no. 5 („The Equilibrium/Balance Paradigm”): Concerned with the human welfare, the cultivation of social responsibility, and its creation as well as the development of other and new balances,

the management science, acts upon other resources whose use is able to diminish the human discrepancies of all types, to support the new values belonging to the culture's and civilization's plan.

In the end, there are some questions that arise: „Is the management science able to contribute to the understanding and the application of these new paradigms?”; „Is this question merely rhetorical?”; „Does it come from the sum of references catalogued at best utopian?”.

Our strong belief is that there are sufficient premises which reflect, in regard to the management plan, an increase in the awareness of the international organizations, a renewal of the global and the national policies in the direction of these five paradigms, a beneficial role and increasingly higher one in the scientific world, a transformation in the human behaviour (the human behaviour is not always positive, but it is still improvable), a certain “awakening” in front of the threats that may affect the whole humanity - each and all these together being able to define the human society of tomorrow, whose values will be most certain others than those of that can be found today.

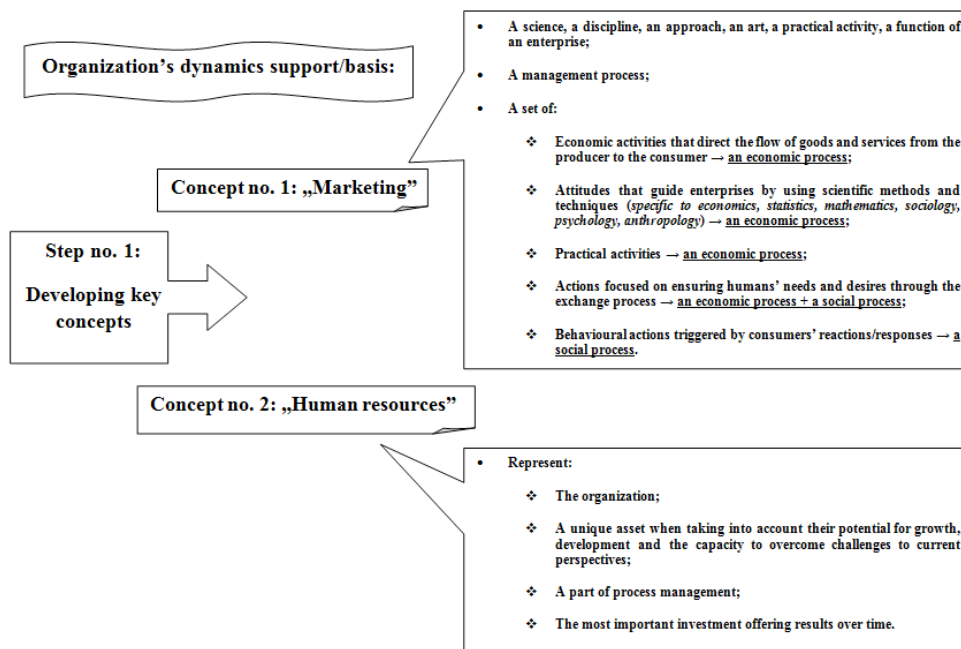
Conclusions

The study „A New Configuration: Management's Paradigms – Acting in the Context of Social Economy” analyses the elements connected to the organization's dynamics (see, in this case, Figure no. 2: „Organization's dynamics support/basis – Step no. 1: Developing key concepts” and Figure no. 3: „Organization's dynamics support/basis – Step no. 2: Enhancing the links between key concepts”).

¹³ Mihail Dumitrescu, „Strategii și management strategic”, Editura Economică, București, 2002, p. 89.

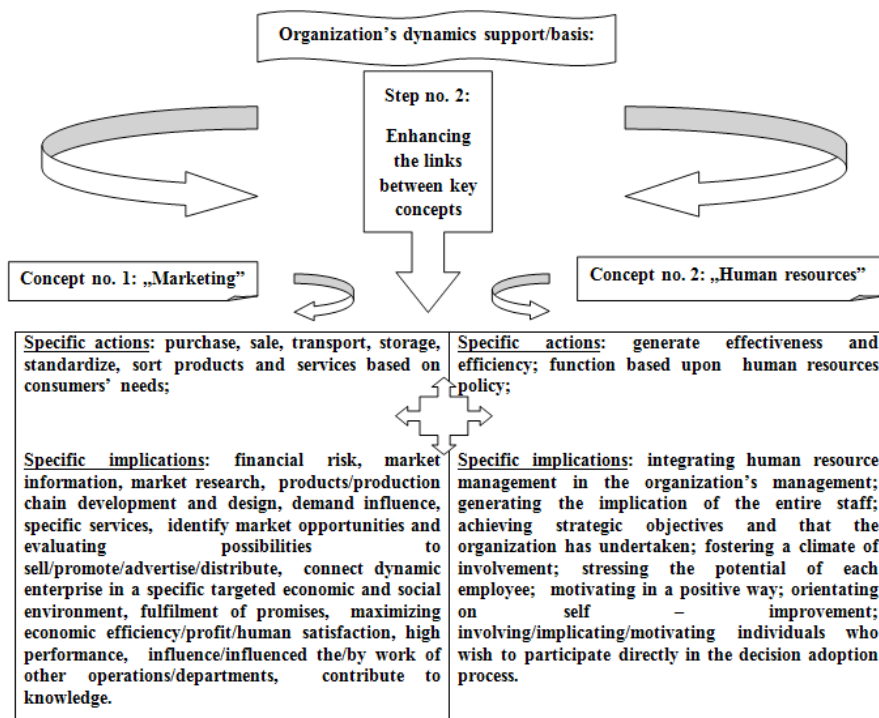
¹⁴ Mihail Dumitrescu, „Managementul și unele probleme ale globalizării și ale altor procese generale de viitor”, Revista de Management, București, nr. 3/2000

Figure no. 2: „Organization's dynamics support/basis – Step no. 1: Developing key concepts”



Source: The Authors' adaptation after the ideas presented in: Committee of Definitions, Ralph S. Alexander, Chairman – „Marketing Definitions: A Glossary of Marketing Terms”, American Marketing Association, Chicago, 1960, p. 15; Kotler, Ph., colectiv autori – Principiile marketingului, Ediția europeană, Ed. Teora, București, pp. 55 – 56, pp. 38 – 39 și p. 60; Balaure, V., coordonator colectiv autori – „Marketing”, Editura Uranus, București, 2000, pp. 20 – 22

Figure no. 3: „Organization's dynamics support/basis – Step no. 2: Enhancing the links between key concepts”



Source: The Authors' adaptation after the ideas presented in: Kotler, Ph., colectiv autori – *Principiile marketingului*, Ediția europeană, Ed. Teora, București, pp. 55 – 56, pp. 38 – 39 și p. 60; Balaure, V., coordonator colectiv autori – „Marketing”, Editura Uranus, București, 2000, pp. 31 – 34; McCarthy, F.J., Perreault, W.D. – „Basic Marketing”, Irwin, Homewood, Illinois, Ninth Edition, 1987, p. 18; Hill, E., O'Sullivan, T. – „Marketing”, Editura Antet, București, 1997, p. 9; Baker, M (editor) – „The marketing Book”, Third Edition, Butter Worth, Heinemann, Oxford, 1994, p. 60; Demetrescu, M.C. – „Analiza inter și intrafuncțională de marketing”, Buletin de marketing, nr. 2/1977

The scope of the paper is aimed to the reconfiguration the management's paradigms based on the following elements:

- Corporate social responsibility (CSR) (seen far deeper than philanthropy, having the purpose to strengthen the roles, rights and responsibilities of enterprises in society) is the new key generator of change in nature of the relations existing between businesses and society.

- Enterprises exist not only to make profit, but also to respond to the fundamental

expectations of society, having representative agents first of all with a distinguished morality and responsibility towards society itself.

- Enterprises function as social structures, using their power responsibly and acting in the society as moral representatives.

- Moreover, enterprises relate to their business and maximize profits, but, in the same time, they guide themselves after a strong moral philosophy with a special stress on social responsibility.

- Enterprises act as economic and social agents aware of the proper resources' use, quality assurance, profit, competitiveness.

- Corporate social responsibility has main internal dimensions: human resources; human resources management; change adaptation; natural resources management and environmental impact.

- Human resources management focuses constantly on lifelong learning, delegation and participative management, transparency and better information throughout the organization.

Acknowledgment:

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