

Plaias, Ioan

**Article**

## The Changing Business Landscape of Romania

Amfiteatru Economic Journal

**Provided in Cooperation with:**

The Bucharest University of Economic Studies

*Suggested Citation:* Plaias, Ioan (2014) : The Changing Business Landscape of Romania, Amfiteatru Economic Journal, ISSN 2247-9104, The Bucharest University of Economic Studies, Bucharest, Vol. 16, Iss. 35, pp. 431-439

This Version is available at:

<https://hdl.handle.net/10419/168834>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

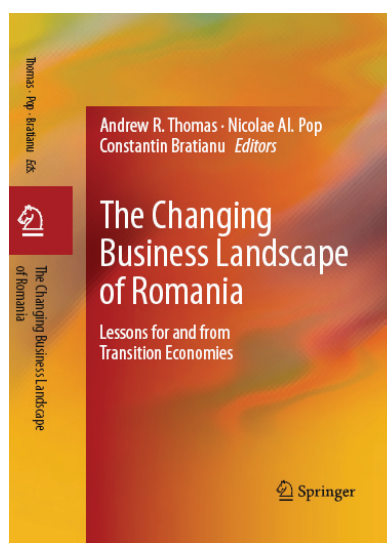


<http://creativecommons.org/licenses/by/4.0/>

## BOOK REVIEW

**THE CHANGING BUSINESS LANDSCAPE OF ROMANIA**Ioan Plăiaș<sup>1</sup>*Babeș – Bolyai University, Cluj- Napoca, România*

The transition of Romania's economy from a centralized economic system to another one (such as the market economy) did not take place instantly, when the political orientation changed since 1990. In addition to political will, this process also requires time to enable the creation of specific laws and establishments, the adaptation of people to the new system and the creation of a business environment appropriate to a market-regulated economy. Against this new backdrop, competition has heated up, the proper operation of organizations depends directly on their managers' skill, and the rules of the game have changed radically by contrast with those of the centralized system wherein Romania's economy operated before 1990. Consequently, it was necessary to implement a complete restructuring of the way in which businesses were being conducted. This required new competences, attitudes and know-how. The academic community also needed time and sustained effort to accustom itself to the western management system peculiar to the market economy.



This is the context within which the book “*The Changing Business Landscape of Romania (Lessons for and from Transition Economies)*” is published, with the stated purpose of adding clarity to the current stage of the business landscape and to the trends exhibited by the present transition economies. The book was published in 2013 at Springer Publishing House, New York Heidelberg Dordrecht London, under the supervision of distinguished professors and experts on the Romanian business environment (Andrew R. Thomas – University of Akron – USA, Nicolae Al. Pop and Constantin Brătianu – Bucharest University of Economic Studies).

The book approaches a wide range of aspects throughout its fifteen chapters (organizational knowledge, impact of culture on competitiveness, development of a new mentality about

<sup>1</sup> Author's contact: e-mail: ioan.plaias@econ.ubbcluj.ro

the healthy diet, relationship with the euro currency, measuring the management performance of public institutions, correlations between characteristics of organizations and the competitive strategies they implement, changes in consumer behaviour, the Romanian labour force market etc.) which, together, provide a faithful presentation of current concerns, changes and trends peculiar to a transition economy. According to the authors' own words, by its title, the book provides not only a realistic description of a transition economy but also a useful lesson for other similar economies. Romania, as well as other countries, may serve as examples for the other transition economies of how to do or not to do certain things.

The book begins with a coherent analysis of multifield structure of organizational knowledge, presented in the chapter "***The Multifield Structure of Organizational Knowledge***", authored by C-tin. Brătianu and Ivona Orzea. The purpose of this chapter is to bring a new perspective to organizational knowledge, based on the multifield concept and on metaphorical construct. Therefore, this chapter develops a theoretical framework which captures the complex structure of organizational knowledge. The authors' analysis is extended beyond the metaphor of knowledge as stuff or knowledge as stocks and flows, to the metaphor of knowledge as energy. They reveal the main characteristics of the dimensions of organizational knowledge and describe the multiple forms of knowledge (cognitive knowledge field, emotional knowledge field and spiritual knowledge field). In order to study this complex process, the authors resort to the multifield concept because they believe the knowledge within a particular organization, although covering several fields, is generically defined as organizational knowledge. Finally, the hypothesis of changing knowledge from one form into another was put forward, with special focus on changing cognitive knowledge into emotional knowledge and emotional knowledge into cognitive knowledge. It is useful to know this process in order to understand the complexity of organizational knowledge. This aspect may contribute substantially to improving management performance.

Proceeding with an approach to the concept of culture and its impact on competitiveness and on knowledge-sharing within an organization, a group of authors (Zoltan Gaál, Lajos Szabó, Nóra Obermayer-Kovács, Zoltán Kovács and Anikó Csepregi) at the University of Pannonia (Hungary) have developed the chapter "***Investigation of National Culture's Impact on Competitiveness and Knowledge-Sharing Competences***". Their stated purpose was to describe the characteristics and effects of the national culture on various aspects of the corporate management. The role of culture in the management processes increases in importance as organizations expand their activity on the international markets. One of the important aspects where the elements of the national culture have a strong bearing on the management processes is sharing the knowledge within the organization. That is why the authors claim that the knowledge management refers to the managers' ability to motivate people to share knowledge among them.

The theoretical analysis is supplemented by an empirical piece of research (conducted in 42 countries) which establishes the existence of important cultural effects on a country's competitiveness. The authors highlight the cultural dimensions which make a major contribution to this effect.

The chapter also contains an empirical piece of research carried out among middle managers working at medium- and large-sized enterprises in Hungary. The study revealed that the three groups of competences (methodological competences needed for thinking,

methodological competences used for work method and style, and social competences connected with communication skills) feature some differences between middle managers' individual characteristics.

Since Romania has one of the highest levels of agricultural production in the European Union, in the third chapter of the book – *Development of an organic Food Mentality in Romania*, the authors Nicolae Al. Pop and Dan-Cristian Dabija present the way in which Romanian consumers' mentality toward organic food evolves during the transition period and the effect thereof on producers and importers.

Owing to the fact that organic food has been subsidized by the government in many European countries, it has become more easily available to consumers in terms of price and the place where it can be purchased. A field study conducted through the observation method in the Romanian retailing reveals that a growing number of retail brands have enhanced their product assortments by introducing organic items under the producer brand as well as under their own brand. The observation as a whole revealed 15 different assortments of organic food items sold in hyper- and supermarkets as well as in specialty and proximity stores. The retail chains carry a wide range of organic items, customers being sometimes willing to pay an extra price of 50 to 100 percent higher than that of the conventional product.

With the aid of a semi-structured interview conducted with different environmental professionals in Romania (researchers, representatives of producers, processors, specialized associations, control and certification bodies and of authorities empowered to enforce and verify compliance with standards, customers), the observation revealed the consumers' knowledge level of organic products in general and the effects customers perceive following their consumption. Although not all respondents are fully aware of how important it is to consume organic food, the interviews highlighted the respondents' increased interest in those aspects that contribute to maintaining their health and ensure a living standard governed by the principles of a balanced diet.

The conclusions of the research are expected to be harnessed by means of an active marketing policy capable of developing an "organic food mentality" among the Romanian customers.

With Romania's accession to the European Union in 2007, to many it seemed reasonable to expect that the next immediate step would be the adoption of the euro currency. The ensuing economic crisis altered that vision. These aspects are dealt with at length in chapter four "*Euro Adoption in Romania*", authored by Ionuț Dumitru. Basing his research mainly on the optimal currency area criteria, the author carries out an assessment of the degree of the new member states', including Romania's, preparedness to adopt the euro currency. Although there are several new member states of the European Union which are woefully inadequate to meet the real convergence criteria and adopt the euro currency, Romania seems to be one of the least prepared in this regard, at least in the medium term, as it failed to implement the structural reforms. Based on the results of the empirical analysis, the author draws the conclusion that Romania, like other new member states, needs extra time to achieve substantial progress in the real convergence criteria before adopting the euro. Otherwise, this endeavour would incur major costs for the states involved.

Chapter five "*Is networking of People, Attitudes and Ideas Exploitable for Marketing of New Energy Solutions?*", authored by Klaus Bruno Schebesch, introduces the reader to an

in-depth analysis of the relationship between consumers and the energy sector in Romania. The author focuses mainly on how one could shape consumers' opinions and attitudes about the use of new technologies by means of social networks in particular. The alternative technologies deemed feasible to produce energy are incredibly diverse and, sometimes, interdependent. However, considerable uncertainty surrounds some alternatives owing to technological and societal risks (for instance, acceptance barriers). The author shows how psychological and socio-economic factors are involved in adopting a stable process of accepting new solutions to produce energy. That is why such adoption processes are based on collective mechanisms of information processing, formation of opinions and attitudes, formulation of ideas. This approach draws heavily on the relationship between people and technology. The author attempts to find out whether such a process can be used to make a mutually acceptable prediction of new regional solutions to supply energy. His goal is to put forward a problem-solving recommendation mechanism, without pointing to the most effective solution to produce energy.

Certainly, the author believes that the quality of predictions will depend on the researcher's ability to identify how the various sources of energy complement each other throughout their development. The characteristics of the groups of people and their attitudes will also play an important role in the proposed experimental mechanism.

The reason why great importance must be placed on transport services lies in the fact that, for most organizations, the expenses arising from these services influence substantially the overall cost of the purchased materials. The added transportation costs of materials affect production efficiency and the organization's competitive capacity, for that matter. Consequently, organizations that buy transport services as well as the suppliers thereof are in constant search of new methods of reducing the costs generated by these services. The authors of chapter six "*A Multi-Agent System for Acquiring Transport Services*", Constanta-Nicoleta Bodea, Radu-Ioan Mogoş and Ileana Ruxandra Badea, highlight the way in which buyers and suppliers of transport services can improve the planning and decision-making processes using software system adapted to the new business models. Therefore, they propose the use of a multi-agent system (MAS) which, in their opinion, represents a proper means to meet the needs generated by the urgency with which solutions must be found to the problems raised by the purchase of transport services. In this chapter, the authors develop a multi-agent system, in line with several FIPA compliant standards, which is called TranServ. Its role is to help managers in the decision-making process of purchasing transport services. The rightness of the solution proposed by the authors is supported by arguments based on the analysis of several MAS standards and methodologies. The system was developed in relation to four types of agents: agent-initiator, agent-customer, agent-carrier and agent-negotiator. The chapter contains the main analyses, the project and implementation of results. In order to facilitate understanding, a specific scenario of three customers and three transport service suppliers is presented at the end of the chapter. The authors' proposal may be viewed as a possible solution to the ongoing challenges faced by managers and transport service purchasers alike.

Romania's progress toward an open market during its first twenty years of free economy served as a basic ingredient for many topics addressed by Romanian researchers. In chapter seven "*Twenty Years After: Management and Performance Measurement in Romania State-Owned Enterprises*", Bogdan Băcanu deals with the issue of measuring poor performance of current public organizations in Romania. Here he analyses the theoretical

beginnings of some critical crossing lines in the public sector in order to explain some current controversial approaches to policies regarding the management of public organizations. Although the author draws on a great number of foreign scientific papers focused on issues related to the crossing lines of the public sector and the privatization and management of state-owned enterprises, the methodology of the current study is tailored for the Romanian setting. A collection of case studies describing actual and relevant events is used to explain a fairly strange behaviour of organizations operating in a perplexing environment. Due to a widely spread conceptual ambiguity related to the public sector, its organization and the proper privatization policies to be adopted, decision-makers are guided by indeterminate political reasons and not by economically and socially measurable and reasonable actions. This aspect is highlighted by the type of management performed by the public sector in general, and by the incoherence of the national strategy for economic development, in particular. The new public sector, so bitterly criticized at the moment, is actually the result of economic reforms introduced after 1990, including privatizations. If the end result is not something to be satisfied with, then the reform has not been properly undertaken. The poor performance in the management of the state-owned enterprises led to coining the concept of anti-management. In the last part of the chapter, the author resorts to several arguments to illustrate this concept.

The competition in a market economy may wreak havoc on organizations that are poorly prepared to get and maintain a market share big enough to ensure their profitable operation. In chapter 8 *“Factorial Analysis of the Correlation Between Competitive Strategy and Company’s Characteristics: The case of Romanian Business Environment”*, the author Alina Mihaela Dima pursues the analysis of the way in which organizations operating on the Romanian market know, understand and apply in their activity the coordinates of a competitive strategy. Secondly, the specific objectives pursued through the factor analysis relate to the existing correlations between the competitive strategies implemented and the characteristics of the studied organizations. In order to identify the above-mentioned correlations, the author applies nonparametric tests (Independent group t test, Mann-Whitney nonparametric test and Kruskal-Wallis nonparametric test) on the answers to the questions in the questionnaire administered to a sample of 425 managers belonging to organizations operating on the Romanian market. The following are the characteristics of the studied and tested organizations: experience, field of activity, profit from the previous year, and size of organization (measured by the number of employees and type of ownership). Some interesting conclusions are drawn and presented following the analysis of each factor, accompanied by detailed explanations relevant to the Romanian market.

Consumer behaviour is generally dependent to a great extent on the circumstances where it is exhibited. Therefore, the changes in the Romanian economy after 1990 led naturally to changes in consumer behaviour. This subject is approached in chapter 9 *“Changes in the Romanian Consumer Behaviour”*, where the authors Nicolae Istudor and Corina Pelau analyze the dynamics of the Romanian consumers’ behaviour. The analysis is channeled on the two categories of changes, namely, the changes at the individual level (triggered by consumers’ experience of different levels of the life cycle), and the changes brought about by societal transformations (values and norms, trends, technological development, etc.). From the management point of view, the key elements that the study attempts to ascertain are the reasons behind the discovered changes so that these reasons may be used later to make the so necessary economic forecasts. The findings of the current research provide useful answers with respect to the changes that take place at individual level.

The latest environmental changes have increasingly stirred up the firms' and governments' interest in mutual cooperation with a view to obtaining an as friendly environment as possible. In chapter ten "**Green Clusters as New Cooperation Strategy for Cleantech Companies**", authors Adrian D. Tanțău and Alexandra Chinie discuss green clusters, a new form of economic network that promotes cooperation among organizations in the domain of environmental-friendly businesses. The main feature of cleantech activities is the development of innovative technologies that enable the manufacturing of environmentally friendly products and services. Green activities are something organizations get involved in when developing strategies that lead to a positive impact on environment. Since the development of such businesses often incurs high costs, organizations become interested in establishing green clusters. As part of a cluster, organizations can create better technological synergy, attract more easily the needed financial support and increase their chance of collaborating with governments to gain their support. The most significant effects of the green cluster cooperation strategies are the information transfer, improvement of competitive advantage, and promotion of best practice and relevant knowledge among cluster members. This chapter analyses trends in green clusters' characteristics and how they may represent a successful cooperation strategy for the green business sector. The research methodology consists of case studies regarding cleantech business and green clusters as well as a study conducted by authors on 11 green cluster administrators and individual cluster members. The information obtained from the above-mentioned research was coupled with that from other 70 green clusters. The findings of the study helped the authors identify the main trends in the field of green cluster and how they will translate into a successful corporate strategy.

Marketers have always been concerned with influencing consumer behaviour. The methods used to this effect have evolved over time, increasing in number and, at the same time, becoming more and more effective. The authors of chapter eleven "**The Integrated Marketing Communication – The Consumer Behavior Impact: A Romanian Perspective**", Camelia Kailani, Felicia Stăncioiu and Nicolae Teodorescu, introduce one of the concepts developed along this line (integrated marketing communication) and its impact on consumer behaviour when implemented in various corporate activities. Through their research, the authors pursue two clearly differentiated dimensions. The first dimension is an approach to the concept of integrated marketing communication as a complex system that uses the four classical marketing mix elements (product, price, distribution and marketing communication) as means of communication. The second dimension refers to the development of a conceptual model describing its impact on consumer behaviour. As the authors also suggest, this model can be used to analyze the effect of the integrated marketing communication on consumer behaviour. At the same time, the model enables the identification of ways to develop an effective integrated communication strategy in the field of marketing, based on consumers' requirements and on how these respond to marketing actions. The conceptual model that the authors propose drew on the current literature on the researched topic and was tested sequentially by means of two types of research developed for this purpose (qualitative and quantitative research). The qualitative research was conducted by means of two focus groups (each made up of twelve respondents) and twenty in-depth interviews which revealed many important aspects related to the effect of each element of the marketing mix on the consumer behaviour. Using the information collected by means of questionnaires, the quantitative research highlighted the effects of the integrated marketing communication system on consumers' answers and behaviour for each

of the four elements of the marketing mix. The research conducted by the authors of this chapter is experimental in all respects, the analyzed group being subject to two divisions (1. based on age criteria and 2. exposed and unexposed). This division enabled the researchers to highlight the particular effects of using the integrated marketing communication system.

Providing employment for the young people has been a pressing concern throughout the world. In chapter twelve *“The Romanian Labour Market for Young People”*, the authors Gabriel Brătucu, Dana Bocșor, Bianca Axenia Boitor and Alexandra Tălpău examine the labour market for young people in Romania. The chapter contains the results of four direct studies conducted in 2011 on high school and university graduates, professors and employers on the Romanian labour market. The major objectives of the study are the collection of information on respondents’ opinions about the national educational system, the assessment of vocational counseling services and the perceptions about the integration into the labour market and the professional career. The research is based on a large amount of information provided by over 2,000 respondents (senior students) from 26 universities and over 2,350 senior students from 70 high schools. The data were collected using questionnaires adjusted to the two specific categories (university and high school senior students, respectively). The findings of the study are presented at the end of the chapter, accompanied by precise and detailed interpretations for each of the analyzed aspects.

Proceeding with the same topic, Sebastian Văduva, Ioan S. Fotea and Mihai Corcea, authors of chapter thirteen *“Engaging Faculty and Students: A premise for Excellence in Business Education at Romanian Business School”*, focus on explaining how important it is for the students of a business faculty to become acquainted with the paradigm of the quality management. From the authors’ perspective, the quality management unites the classical approach to the human resources management and the modern relational marketing. The Human Sigma Model was used by the authors to measure and reconcile the customers’ interests with the interests of educational service suppliers. The chief purpose of the analysis was to find out how the quality of the business education can be improved. In addition to providing interesting findings through the study, the authors undertake a pioneering initiative by implementing the first application of the Human Sigma evaluator at a higher education institution in Romania.

Advance preparation of decisions plays a key role in the business management. Therefore, the process of preparing business decision-making engaged the attention of many researchers concerned with this field of activity. However, no definitive answer or universally valid recipe was provided, the topic being always open to valuable contribution to this effect. In chapter fourteen *“Using Fuzzy Models in Managerial Decisions”*, from among the models that enable decision-making preparation, authors Dorin Lixăndroiu and Radu Lixăndroiu choose the Fuzzy Models which they view as useful tools in modelling unclear complex phenomena involving inexact information. This chapter presents two algorithms for the consultation process using the Delphi Method and several algorithms for multi-attribute decision models, modified for attribute values given under the form of FS and/or IFS. These algorithms are comparatively analyzed against numerical examples. The solution advanced by the authors to prepare a managerial decision allows managers to approach systematically a complex problem. The proposed models are only tools that can be used in the process of preparing decision-making. The final decision rests, in the end, on the shoulders of managers who can add value through their contribution based on personal experience and intuition.



The volume ends with an outlook on how customer relationship is managed in the Romanian telecommunication market. In the chapter “*Antecedents and Consequences of Customer Retention and Loyalty Orientation in Romanian Telecommunications Market*”, authors Cristian Hnatiuc and Florin Mihoc aim to build and provide a conceptual and methodological framework for innovative relationship market approaches in Romanian telecommunication. Consequently, the authors identified in the literature various concepts and how they interact with each other, and assessed the extent to which these concepts validate or fail to validate the proposed model. Special attention is focused on the importance of two antecedents—relational marketing and orientation towards innovation—to gaining customer retention and loyalty by telecommunications companies. The study also focuses on the importance of customer retention and loyalty programs and their effect on customers’ perception of the services provided. Overall, the chapter provides a broad outlook on the dynamics of the studied field, peculiar to an ever-changing market. Throughout the chapter, emphasis is laid on the key determinants and the challenges that must be considered to ensure customer retention and loyalty.

Overall, the book provides a comprehensive overview of problems and trends in a young market economy where actors attempt to shift from the norms, values, knowledge, attitudes and approaches peculiar to a centralized economy towards those proper to a free market economy. Although transition began more than twenty years ago, evidence suggests that there is a long way ahead. If one stated that a single year would theoretically suffice for such a transition, the harsh reality shows that twenty years have fallen well short of the mark. Naturally, transition speed and effectiveness varies across countries, depending mainly on political will and the quality of the programs developed for this purpose. However, the problems needing to be solved during transition are basically the same. With this aspect in mind, the book under consideration contributes to clarifying some transition issues that cross Romania’s borders because, in a particular sense, they are common to all transition countries.

#### About the coordinators



##### **Associate Prof. Dr. Andrew R. Thomas**

Andrew R. Thomas is Associate Professor of *Marketing and International Business* at the University of Akron and a bestselling business author, whose 15 books include, most recently, *Soft Landing: Airline Industry Strategy, Service and Safety* and *The Final Journey of the Saturn V*. His book *The Distribution Trap* was awarded the Berry-American Marketing Association Prize for the *Best Marketing Book of 2010*. Another work, *Direct Marketing in Action*, was a finalist for the same award in 2008. Andrew Thomas was a Fulbright Scholar at the U.S. Department of State (2005 & 2006) and has been a member of the National Academy of Sciences, Transportation Research Board, Training and Education Subcommittee since 2008. Andrew is founding editor-in-chief of the *Journal of Transportation Security*, contributing editor at *Industry Week*, and a regularly featured analyst for media outlets around the world. He has traveled to and conducted business in 120 countries on all seven continents. Professor Andrew R. Thomas has got his PhD degree in marketing at Marketing Department from Bucharest University of Economic Studies, Romania.

**Prof. Dr. Dr. h. c. Nicolae Al. Pop**

Nicolae Al. Pop is professor of *International Marketing*, *Strategic Marketing* and *Relationship Marketing* at the Marketing Department, Bucharest University of Economic Studies, Romania. Between 1996 and 1997 he was Professor of *International Marketing* at the University of Applied Sciences Bochum (Germany). He has been *Visiting Professor* at several universities from Germany, Austria, Morocco and Hungary. Professor Pop is a PhD Advisor in marketing, an expert for the system accreditation of the Foundation for International Business Administration Accreditation (FIBAA) – Bonn (Germany), a permanent expert of the Economic Sciences Commission of the Romanian Agency for Quality Insurance in Higher Education. Professor Pop is a member of the *American Marketing Association*, *European Marketing Academy* and *Marketing Management Association* (USA). Professor Pop has published over 150 papers in scientific journals and Proceedings of international conferences and over 25 books and book chapters. He was granted the „*Virgil Madgearu*” Award by the Romanian Academy (1994).

**Prof. Dr. Dr. Dr. h. c. Constantin Brătianu**

Constantin Brătianu is professor of *Knowledge Management* and *Strategic Management* at the UNESCO Department of Business Administration, Bucharest University of Economic Studies, Romania. He is the founding Director of the Research Center for Intellectual Capital (2007-2011), and the former head of the UNESCO Department of Business Administration (2008-2011). He has been *Visiting Professor* at several universities from Japan, Egypt, Austria, and USA. Professor Brătianu published over 200 papers in scientific journals and Proceedings of international conferences, and over 30 books and book chapters. He developed the *Theory of organizational integrators*, and a new perspective on the dynamics of the intellectual capital. Professor Brătianu is a member of the *American Academy of Management*, *Southern Management Association*, USA, and of the *Romanian Academy of Scientists*.