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2nd International Conference Global Ethics -Key of Sustainability (GEKoS) | May 14, 2021 | Bucharest, Romania

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https://doi.org/10.18662/lumproc/gekos2021/15

How to cite: Popescu, E. (2021). Strategic Process of Recovery and Development of the Romanian Economy. In A. Grigorescu & V. Radu (vol. ed.), *Lumen Proceedings: Vol. 15. 2nd International Conference Global Ethics - Key of Sustainability (GEKoS)* (pp. 174-188). Iasi, Romania: LUMEN Publishing House. https://doi.org/10.18662/lumproc/gekos2021/15

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Selection and peer-review under responsibility of the Organizing Committee of the conference

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Strategic Process of Recovery and Development of the Romanian Economy

Elyana POPESCU[1]

Abstract

The sequence of rapid transformations from a material resource-based society to a society based on intelligence and creativity demonstrates the need to accept, integrate and implement knowledge-based management in any organization, regardless of its status. Major changes, both globally and nationally, oblige us to reflect carefully on the diversity of requirements and to identify the best strategies for the recovery of the Romanian economy. A critical assessment of the situation of Romanian organizations in all fields of activity, compared to changes at international level, will lead to the approach of new strategies and rapid measures for the recovery and development of the economy, with a view to maintaining the pace of competitiveness, with the major players in the international market. Change and economic evolution mean intelligence, information and creativity. The external environment is a competitive, and in need of survival. It depends on the social, legal, economic evolution, the technologies and services used, but also on the adaptation to evolutionary changes in order to resist the competitive market. We must be aware, however, that each country has its peculiarities, and I am referring here to the mentality, customs, but also to the relief, demographic state, national and human resources that Romania has. We're looking to keep up to date with the new research on the respective domain. The research of the literature, in order to identify the most effective and affordable strategies for the recovery of the Romanian economy, are extremely beneficial, but we must have the capacity to adapt them to the existing reality both nationally and globally.

Keywords: *economy, strategies, recovery, development, human resources.*

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1. Introduction

The concept of change is an important step in the organizational system, as it obliges, in most cases, an observable change in the individual's mentality, attitude and behavior. There are certainly managers who accept the idea of change only at the declarative level or face problems that go beyond them, which is seen in most businesses and even systems of interest at the national level. Change management is closely linked to competence management, which is the main factor in the process of change, recovery, growth and, by implication, the improvement of performance in areas of national importance.

Disruptive factors in case of change can be:

- Lack of managerial training
- Inefficient competence and training of human resources
- Vision, creativity and openness to newly misused
- Negative influence of the internal and external environment
- Harmful mixing of politics

Change must be seen as a necessity imposed by the external and internal environment, by forces acting from all spheres of activity:

- Economic
- Legislative
- Technological
- Informatics
- Politically, etc.

To say that the importance of human management matches a crucial point in the process of defining the organization will be an understatement. The reality is that we need a balance between human resources and technical instruments in order to ensure that the organization never truly loses on the long term. As Vasciuc said in her research:"The purpose of any business is its development. Thus, besides the technical and logistical improvement, the emphasis must be placed on the personal development of the employees, because there is a close connection between the well-being of the employees and the performance of the company. Human resource management uses the personal development approach to increase employees' skills and capabilities, which increases productivity and encourages creativity. Through a personal growth program, the company can increase its level of competitiveness and performance."(Vasciuc, 2020, p.140).

However, there is no need for change where the organization has a solid foundation, where development strategies are based on the solidity of the present. Such an organization adapts on the go to new technologies and will be able to improve its performance.

2. Problem Statement

Competition is the basis of an organization's success or failure at any level. The competitive strategy aims to establish the most profitable parameters to ensure the organization's competitive advantage and performance in competitive markets. Strategic planning can't be perfect and can't solve everything in an organization. Strategic planning issues predictions that can be made over time or undergo certain changes due to the process of change both internally and externally.

Strategic planning is needed as a vision for an end point, regardless of the hardships or benefits we may have. Monitoring of the path of a strategy must be always present. The problem is how to adapt that strategic planning to restore the economy of this country.

3. Research Questions/Aims of the research

The most basic question is how to create a business plan, powerful enough to sustain all resources: human, financial and technical.

A business plan is designed in the short term, while the strategic plan is developed in the medium and long term. There are seven stages of strategic planning, which we would analyze in the next figure:

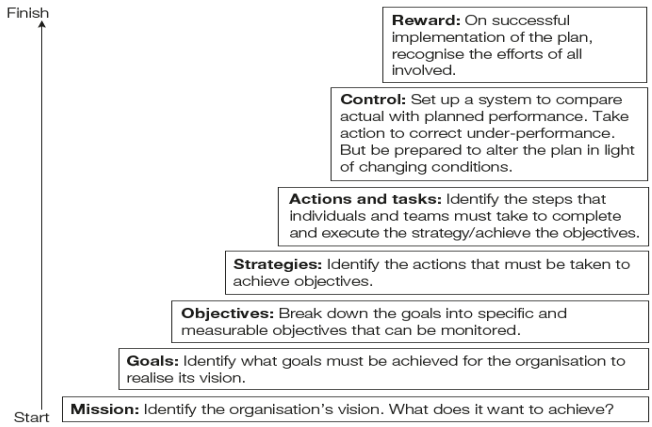


Fig. 1. Seven stages of strategic planning. Source: McGrath & Bates (2017, p. 156)

The approach to strategic planning in the seven stages is considered easier to adapt to the needs of any organization.

The use of the seven steps must be supported by a well-thought-out plan to achieve the objectives desired by the organization. The design of a strategic plan involves careful documentation, data correction at both the

organization level and highly trained specialists. If the strategic plan has the feedback of the organization, its implementation will have no problem whatsoever.

Here we will also talk of Michaels Porter and his five-force theory that changed the world. Michael Porter's five-force theory is the right environment for organizational evaluation and the evolution of business strategy.

Porter's five forces theory proves highlight competitive intensity and value a product or service:

1. The threat of new entrants is due to the fact that markets with high, profitable standards attract new entrants, which leads to a decrease in the profitability of those who frequent these markets

2. Threat of replacement products and/or services (spare parts) - if these products have an improved or newly created variant, customers look for the most profitable and qualitative alternatives, and in price

3. Customer bargaining power: the ability of customers to resist organizations when negotiating price

4.Supplier bargaining power: price increases when there are a limited number of suppliers in a particular area

5. Competition within the sector: the intensity of the rivalry of organizations is the main factor in the sphere of competitiveness

Michael Porter's five-force theory is illustrated clearly in the next figure:

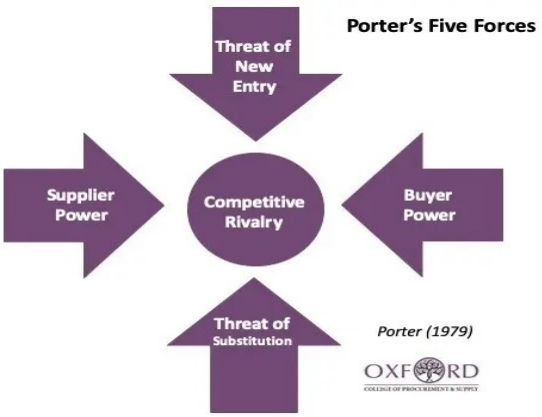


Fig. 2. Five-forces theory by Michael Porter**.** Source: Oxford. College of Procurement and Supply (n.d.)

4. Research Methods

In order to achieve the change of a management system, it is necessary to integrate newly formed behaviors and attitudes within the organization from an intrasystemic and intersystemic point of view. On the one hand, at the intra-systemic level, integration will be carried out by assimilate new skills and skills within the organization, with the manager aiming to harmonize change with particularities from different subsystems in order to eliminate conflict sources.

This, however, leads to a management focused on the resources needed for the integration process and which involves modifying the system of managerial relations with employees. On the other hand, at the intersystemic level, behaviors and attitudes will be integrated into the organizational context in relation to the environment.

The problem occurs when the organizational environment or entourages cannot support new behaviors, which leads to the blurring of change. Here come several ways of approaching the change, classified into several typologies (Chişu, 2002, pp. 433-436):

1. Socio-psychological typologies include:
- Empirical-rational approach
- Regulatory-reeducational approach
- Coercive approach
- Consensual approach
- Conflicting approach
- Marginal/counter-cultural approach

2.Typologies of organizational approach - refers to:
- Mechanical approach (classic bureaucracy)
- Organic approach
- Psycho-social approach
- Systemic approach
- Approaching the network of interactions

3. Objective approach typologies include:
- Change of routine
- Change in crisis
- Innovative change
- Organizational transformation

In order to define the process of integrating new behaviors and abilities into an organizational context through the prism of these types, we will analyze each approach individually.

The *empirical-rational approach* refers to the discernment and reasoning of employees, in the sense that they identify those elements that can

contribute to changing their behavior within the organization (e.g. following a vocational training course, encompassing new techniques for assessing results from an economic and social point of view in an organizational context). This approach focuses not only on the reasoning of employees, who are able to change the level of performance in the organization, but also on the job of those ethicists, who really hold power over the managerial decisions, that can change the directive of the organization and assure the success on all levels. Geert Demuijnck said: "Like all rational beings, business people are perfectly able to assess the ethical aspects of a particular issue, but an ethicist can actually contribute to a clarification of the debate. They can bring up elements of comparison, but this contribution of expertise is limited without some safeguards against the risk of rampant cynicism and moral blindness. Their major role consists in being in part this kind or safeguard." (Demuijnck, 2020, p. 12).

The major disadvantage of this approach is that feedback is not carried out, as the information circulates from agent to recipient, which does not allow positive feedback to develop between them.

The *normative-reeducational approach* focuses on the emotional side of the members of the organization and on changing their own rules by which they are guided within the organization. In practice, changing attitudes, values, behaviors and abilities can only be achieved if there is a balance between the manager and his subordinates, both from an emotional point of view and from the perspective of management. For example: there must be understanding on the part of managers both on solving employee problems, some of which are personal, others on the organization, as well as changing the operational management system and regulations on which the organization is based. With this balance of managerial communication, there is also a discipline, which allows the effective change of indicators in an organizational context, in order to achieve high performance results, especially within the work teams.

The *coercive approach* is recommended in the short term and in emergency situations, especially when talking about major conflict sources, such as confronting employees within the organization, due to the need for change at its level. Indeed, the particular advantage is that in the managerial decision phase, the energy and time allotted are reduced, which allows the benefits to emerge much faster in the short term. On the other hand, it takes a long time to implement this approach, with conflicts that may be exacerbated over time due to the conflicting situations on the basis of which communication relations between the employees and the manager have been created.

Imposing change involves punishing those employees who oppose change and rewarding those who agree to its implementation, which leads to a major gap both socially and economically.

The *consensual approach* is most recommended in all respects in all organizations where opposition forces are reduced, as it is based on a consensus of the members of the organization. In practice, members of the organization contribute through their own opinions and solutions to managerial decision-making, which can lead to solving problems both in the short term and in the long term. For example: the employees and the manager of the organization agree on the working methods by which they can carry out a much more efficient project, while also calculating the risks that may arise in the future regarding its social development.

The disadvantage here is that, on the one hand, the managerial decision-making procedure is more difficult, taking a long time, and on the other hand, this approach is not constructive in organizations where opposition forces are much higher.

The *conflicting approach* is extremely risky, as it can lead to very tense situations between members of the organization, which can degenerate into much more serious events, such as employee revolt. This approach is based on the technique of identifying a worthy adversary and engaging a conflict in order to conquer it and achieve the desired change.

In many cases, however, this technique may fail, as opponents can direct change over time, already knowing the movements of opponents within the organization. For example: in a department specializing in public relations, performing results are achieved, thanks to the change of boss and working methods. Employees of another department within the organization, specializing in equipping it with IT and technical equipment necessary for easy resolution of work tasks, observe the performance results achieved by colleagues in the abovementioned department and together decide to stop working until a new boss is brought in and new working methods are implemented. This decision was taken by the employees because the results obtained by them, under the leadership of Chief X, were poor. Once the boss X changed with the head Of, and used new working methods, their yield became much higher in the organizational context.

The big risk this approach poses is the loss of short-term gain. If the gains are not achieved in a short time, as a result of this, the organization suffers greatly in the future, which will, of course, require new approaches to resolving the conflicts that arise within it.

The *marginal/counter-cultural approach* requires the creation of a culture of its own by a smaller group of individuals within the organization. Unfortunately, this implies a rift between that group and the other groups

formed in an organizational context, a rupture caused by a very large need for personal change, enough that that group creates an environment and a culture of its own. For example: if we are talking about an organization where industrial bureaucracy is the key to conducting large managerial and operational decision-making processes, then a particular group of employees can form a participatory communication system through which decisions are made much more easily.

Of course, the advantages of this approach are multiple, which denotes greater freedom of expression of group members in relation to the requirements of the organization, a much more efficient transformation at organizational level, by consensus, and better relation to the external environment. However, the major disadvantage is due to the risk of a return to the original state before this is done, caused in turn by conflicting situations arising in the process of strengthening change at the level of the organization. At best, this approach can be effective in the short term in an organizational context.

Once the *socio-psychological typologies* are completed, we will analyze the typologies of the organizational approach, starting from a *mechanistic approach* (or, *classical bureaucracy*). This approach involves three levels: hierarchical, rational and technocratic. Combined, they act on the basis of the classic principle: *"the boss thinks, the members execute"*. Even if this process emphasizes the segmentation of work, the organization being described as a machine that employees must handle in the right way, the solutions are prescribed and elaborated by experts.

In practice, the members of the organization do not contribute to the management decisions, which could lead to conflict situations and, by implication, to the opposition of change within the organization. As mechanistic as this approach may be, in my opinion, a balance should be created between the *mechanical* work required by the members of this current and the freedom of expression of the employees of the organization.

The *organic approach* is very advantageous because it includes long-term organizational development strategies and involves a planned vision of change, based on the interrelationships between members of the organization. The assumption is that the interactions between the groups formed within the organization are the most beneficial in the process of organizational change.

Through this approach, the manager can focus on developing communication relationships between working teams formed within the organization, listening to the opinions and solutions proposed by them, in order to achieve effective change of the operational management system in an organizational context.

One of the most effective methods of organizational change is the use of *psycho-social approach*, focused on the effects of high-level organizational learning. Theoretically, this organizational learning, through which employees can become much more competent about the work tasks assigned to them, is based on certain rules imposed by the manager, designed to develop the ability "to learn how to become better in everything you do within the organization". In practice, organizational learning depends very much on the willingness and motivation of employees to improve in an organizational context, to form specific interests relative to the objectives of the organization and to have a clear vision of the results they want to achieve in the workplace. In order to stimulate organizational learning, a balance would be needed between the requirements of the organization, the expectations of the customers, the results obtained by the employees, the reward system, so that there would be no conflicting situations that distort the change within the organization.

If we are talking about a *systemic approach* in the process of organizational change, we will face a set of information from both inside and outside the organization, which is necessary to create the mechanisms that balance this change. The tactic based on a strategic positioning of the organization in the work environment defines the organization from a social and technical perspective, as a set of interdependent elements and instruments, constituent and adapted to the activities caused by environmental factors. Processes based on a systemic approach become very effective in achieving the implementation of change at the organizational level.

In the case of the *interaction network approach*, a political perspective is involved, the main axis of the implementation processes being determined by the negotiation of power within the organization. In practice, managers identify who are the most suitable people to achieve the desired change, their contribution being crucial in this process. The big disadvantage is the conflict situations that arise within the organization, due to a number of employees who oppose the change generated by a particular person, who is at the head of the organization. In this case, it is necessary to fully understand the reasons why that person was appointed to lead the organization in order to achieve the desired change in an efficient and smooth way.

The last category is the *typologies of approach by objectives*. *Routine change* is beneficial when there are no conflicts within the organization and no big economic, social and political problems. However, this approach becomes ineffective for organizations based on very high opposition forces, or when the organization is facing a strong economic crisis and, for this reason, other

measures must be taken as a matter of urgency. The tactic of routine change is often found in organizations, as long as the balance of managerial communication between members of the organization is kept intact.

With regard to addressing *change in crisis*, it can be said that a quick decision is needed, at central level, without prior consultation and being unilateral in nature. In this case, the manager resolves the situation, the employees radically changing their behavior to cope with the crisis they are going through, whether it is social or economic.

At the heart of the *innovative approach* to change is creativity, accompanied by a number of elements on the implementation of new working methods, to address the effects of problems arising within the organization and to meet its objectives in relation to the external environment. While it is a method that emphasizes the attempt to change and the risk of error to which it is subjected, decentralization is a key point of this operation, accompanied by a minimum operational system.

In practice, it is the introduction and use of personnel policies, manifested in order to meet the work needs of employees. The more satisfied employees are at work, the faster the productivity of the workforce and, by implication, the process of efficiently changing the management system in an organizational context.

The latest approach concerns an *organizational transformation*, which rarely occurs in the organization, due to massive changes in personnel. It is a radical strategy, based on a simultaneous synchronization between the culture of the organization and its structure. The approach manifests itself at the top of the pyramid, where there is a new management team, which has the ability to make managerial decisions without resorting to "feelings". This tactic does not work in many cases, given the need to solve both individual and organizational problems. In these situations, a balance between *sentimental* and *rational* is recommended, which serves as a foundation in the decision-making of management and the stability of a management system within an organization.

All strategies and approaches presented apply, to a greater or lesser extent, within an organization, according to its needs, resistance to change, flexibility and adaptability to the national and global requirements of the external environment. In particular, what matters the most here is how the employees are trained and motivated trough the strategies. Morosan-Danila et al. (2020, p. 271), during their research, came to the conclusion that: "The most important factors of the motivation considered to maximize the organization's profitability are those that are concerned with increasing employee loyalty and increasing working conditions, in contradiction to the factor training and formation."

Therefore, it can be said that managerial strategies are adapted to the motivation, creativity and ingenuity shown by the members of the organization in implementing the process of changing the management system in an organizational context.

5. Discussions

In theory, changes within organizations can be made at any level, important being how and according to what factors of influence. Basically, change in any field involves a succession of factors. The organization or system must change the way of thinking and perception of existing reality in order to be able to approach a new vision.

Research of the literature in order to identify the most effective and affordable strategies for the recovery of the Romanian economy is extremely necessary and beneficial, but we must have the capacity to adapt them at national level. For example, we should take in account SWOT analyses, an instrument that will define our organization.



Fig. 3. SWOT analysis. Source: Shewan (2021)

Skills-based management is one of the important factors in the process of change, recovery and economic growth. The concept of competence is defined by Mansfield (1999, cited in Mansfield, 2004) as the result of the superior performance of the individual. It suffices to say that skills are as the language of performance. The result of Boyatzis' research (2011, p. 94) on the concept of competence has shown that there are several

factors that differentiate success and performance from moderate or very poor results. Factors are of a social nature (such as behavior and poor professional training).

The level of competence both technical and behavioral in an organization depends on the degree of managerial training, but also on the degree of training of human resources.

For example: In a case study of the Hotel Industry in Indonesia and Malaysia, the authors reached the conclusion that: "Human Resources can be improved through education, training and experience mechanisms in the form of developing individual knowledge, skills and abilities, so that individuals can develop their abilities to give their best performance and get fair compensation for the contribution or performance has given. Individuals with low human capital tend to have a low contribution to the company or organization so that the income generated by these individuals is also low The human capital investment serves to increase human capital in individuals to increase their contribution to the organization. "(Boella & Turner, 2013; Lee & Kartika, 2014 as cited in Rusmingsih et al., 2021, p. 71).

Therefore, we can understand why the training of the employees is so important in the organization, but also the analyses of the SWOT points in the organizational context. All of this can lead to the very best performance of an organization at both national and global levels.

6. Conclusions

In an economy where Romania was putting a large base in small and medium-sized enterprises, a real source of creativity, innovation and economic development, it is regrettable that at the beginning of the road only 35% survive four to five years, and around 10% to ten years of life. For all the problems they face, SMEs still remain the hope of recovery of the economy.

The competitive environment, both internally and externally, must be carefully studied, as well as technological developments, competitiveness and market research. Strategic management helps the organization keep up to date with the competitive environment, technological change and market competitiveness.

Strategies must be well-founded, built on a solid basis, based on the material, financial and human resources available to the organization. The role of the strategies is to follow up on planned actions and to continuously monitor market changes and requirements in order to be able to intervene in

the adoption of the future strategy. Creative and innovative ideas are the ones that can save the economy.

Recovery solutions at the national level, I am convinced that they will be found, because Romania has creative intelligence, young people capable of projects that will restore the economy of the country. But in order to do so, these young people need training, discipline and they need a very well-founded base to go on further with their research in all domains.

Like Robert Freeman said: "We need to rediscover the moral center of our profession: developing responsible leaders for our institutions and developing more responsible models of these institutions. We need a recommitment to our students and to the executives and organizational members that will depend on them in the future. We need to become the generation that makes business better. There is no time, better than right now, to lead the way." (Freeman, 2020, p. 3).

Also, if we are to analyze other solutions concerning the recovery of the economy of Romania, we should take in consideration the measures taken by the governments of other states, such as Portuguese government, who placed the pressure on municipalities and local authorities to deal with the financial crisis and the pandemic Covid-19, in a very specific way of helping the poor and those in need to recover both socially and economic. In the research they made on the response of Portuguese government to Covid-19, the authors reached the conclusion that: "Municipalities and local councils have also assumed a major role in detecting and supporting the most vulnerable people. Although the economic impact has been smaller, projects in this area are notable for their impact on the social dimension. In these initiatives, the existing partnerships with the local business community and Civil Protection stand out. Several projects emerged such as the creation of volunteer banks, the delivery of medicine and food to the most disadvantaged populations, psychological support to the most fragile, and the production of masks and personal protection goods that are extremely useful, especially for health professionals who are at the forefront of the fight against COVID-19. " (Almeida & Monteiro, 2020, p. 8).

I believe that the measures taken in Portugal are good to be applied here, in Romania, as well. It is a good solution to economic recovery on the national level of this country and it can help a lot of people in need, to save their lives, their careers and to support them in the education of their children. After all, the children will be the future to this country.

Paul Getty said, "True leaders are the ones who deal with small problems, so that they do not become large and impossible to solve". Well, I believe that the strategies I presented in this work will constitute the basics

of many works to come, in the purpose of becoming a sustainability of the economic recovery in Romania.

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