# THE IMPACT OF THE INTEGRATION TO THE EU ON THE MANAGEMENT CULTURE IN ROMANIA

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**Abstract:**

*The Romanian society evolved from an agriculture based economy to keep industrializing throughout the 20th century. On the way, many stages were crossed by the Romanian nation as the industrialization, the communism, the switch to the capitalistic system then the EU integration. Consequently, the evolution of the Romanian culture was influenced by each of these stages.*

*Since Romania's integration in the EU the Romanian people is opening up to the other cultures as never before in all fields, especially in the management area. In a context where a big increase of the European FDI in Romania was recorded and more than 11% of the private sector employees are enrolled in multinational companies, the Romanian management culture sees itself challenged and inspired by other ways.*

*This research aims to understand how the Romanian integration to the EU is influencing the management culture, and towards which direction it is taking it.*

*In order to achieve that goal, ten interviews are conducted with managers in several fields to allow us to discover and better understand how the managerial culture of Romania is changing.*

**Key words**: European Union, Management culture, Human resource management.

**JEL**: K4

## 1. Introduction

One of the oldest definitions of culture can be 'that complex whole that includes knowledge, beliefs, art, morals, law, customs and any other capabilities and habits acquired by man as a member of society' (Tylor 1871). Keesing (1974) defined it as 'a set of common theories on behaviour or mental programmes that are shared by a group of individuals'. Today, the contemporary researchers see the culture as a set of norms, values, symbols and beliefs. The expressive symbols are considered to be the consequence of the three other elements (Turner 1986).

Hofstede (1980), defines culture as 'the collective programming of the mind which distinguishes members of one category of people from those of another'. Based on that definition he compared countries work related values according to four dimensions which are : Power distance, uncertainty avoidence, individualism and masculinity. Each of these values had an index and was measured for each of the studied countries.

Discussions of cultures are invariably discussions of behavior. The Chinese have an indirect speech (Harris and Moran 1987), the germans avoid taking risks (Hofstede 1980, 1991), the Indians are conflict avoiders (Amado and Vinagre Brasil 1991), and some cultures don't follow rules (Montville 1992). That leads to the conclusion: In fine, culture is a way of learning doing and teaching a behaviour. The learned and adopted behavior is not random nor sensless. It comes from the environment, from the best found practices. The behavior can be a good way to observe and assess a culture.

## 2. The management culture
### 2.1 Defining organizational culture

Peters and Waterman's (1982) work, In Search of Excellence, uses the term « corporate culture », invented in the 1970s. A simplified definition can be : « the organizational culture is the way things take place in an organization. » (Bonciu, 2000, p. 79).

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Although strongly influenced by the national culture, the organizational culture is made of practices, behaviors and attitudes defined in relation with a series of concrete situations. (Mereut et al., 1998, p. 24). Even if the use of the term culture both for nations and for organizations suggests the two kinds of culture are identical, they are different (Hofstede, 1996, p. 209).

Johns (1998, p. 227) considers that at an informal level, the organizational culture can be defined as the style, atmosphere or personality of an organization. It includes the beliefs, values and hypotheses being a concensus within an organization.

### 2.2. Culture versus Climate: The Same or Different?

In a simplistic attempt to underline the difference between the organizational culture and the climate, Schwartz and Davis (1981) stated, "Whatever culture is, it is not climate". Traditionally, the climate has been measured with quantitative measurements. One accepted definition of climate is "the organizational environment that is experienced by the occupants, influences their behavior, and can be described in terms of the values of a particular set of characteristics or attributes of the environment" (Tagiuri & Litwin, 1968, p. 25). The similarity between this definition of the climate and the organizational culture definition made several researchers consider the idea that climate is a manifestation of culture (E.g., Hatch, 1993; Reichers & Schneider, 1990; Schein, 1984)

How can the organizational culture change:

Schein (1987, p. 198) suggests mechanisms that can implement and refresh an organization's culture are:

. what managers seek, appraise and control;
. managerial reactions to critical incidents;
. deliberate role modeling;
. fair rewarding and promotion criteria.

Cultures develop over a long time, through practice and exchange between the members of a group. They are deeply rooted, and difficult to change.

Organizational culture is based on the history, the structure, the cumulated experiences the members of the organization went through. That's the main reason why how it can remain unchanged for a long time despite the coming and going of an employees. Other researches have revealed the presence of subcultures, also known as "nested" cultures (Parker, 2000)

Because of the importance of the organizational culture, a culture analysis must take place in order to study the behavior that indicates the prevailing norms and values of its members.

### 2.3 The role of the specialist in human resource management

The most fit position in the organization for assessing the organizational culture is the human resource specialist's as it is able to analyze the existing culture and to produce diagnoses for the top management. They can provide more visibility on the current shared values and bliefs and give advice on how to capitalize on them or change them.

Besides, the human resource management help implement the change programs through education and training, performance management and trough setting new management systems. External consultants can be useful too as they have a more objective opinion, yet they need to collaborate with the internal human resource managers and don't work independently.

*2.4 Consulting methods in support of culture management*
Schein (1987, p. 98) claims process consultancy, suggesting either external consultancy or internal human resource management specialists. Meyerson's (1991) research has focused on the framing of culture within three parts: Integration, ambiguity, and fragmentation. Fragmentation and ambiguity, are about differences in perceptions among organization members. Many researchers, use Meyerson's classification when assessing culture. In the case of absence of consensus regarding some matter, it cannot be considered as a part of a culture.

## 3. The Romanian management
Until its late modern history, Romania was a feudal society. Since its national independance in the late 1870's, a shallow democracy was formed in the country (Deletant 2006 conversation). Power has always been held by foreign overlords or Romanian aristocrats, the autocratic state did little to spread the values of popular participation as the population was addressed as subjects (Gallagher 2005).

The communist rule in Romania is considered to be repressive during the 70s and 80s it dominated the Romanian life in many senses (Simpson 1990; Glenny 2000; Roper 2004). During that period, 'Scientific Socialism' was bringing down the directives from the top to the bottom repressing the independant will of individuals and suffocating the spirit of initiative.

According to Kelemen (1999), Romanian managers had to use their social networks to secure supplies, recruit and solve problems. The best way to succeed in business was to hack the system, make exchanges of favours and bribe those who could provide the resources (Scarborough 1998).

After 1989, a wave of privitisation of state enterprises got Romania into a market based economy moved by competitivness. According to Catana (1997) the post communism Romanian managers kept a deep need for stability, lack of management skills and a strong uncertainty level. They had a high of social responsibility as a main characteristic of a Romanian management culture.

Since 2007, Romania joined the European Union and opened up to a new era of developpement

In 2008 European Year of Intercultural Dialogue the EU launched an initiative to encourage Union members and their civil societies to talk to each other. An interesting event that shows the importance of the intercultural exchange as an impacter of national cultures. In 2016 Romania recorded one of the highest GDP evolution rate in the whole Europe[1] and positioned itself as a hub for foreign investments. In such a context it is important to know how the organizational cultures of the Romanian organizations would be influenced.

### 3.1. Research Methodology
In a constructivistic paradigm, we decided to choose a qualitative research methodology. In that sense we were less concerned with the number of answers we were getting than the homogeneity of the answers and the overall image they give about the change process in the Romanian organizations cultures. We report the answers by integrating direct quotations in the text which gives more insight about the given information. To keep consistency in the answers we standerized the answers (Smith 1998). The choice of the the survey size is based on the empirical saturation, we keep interviewing managers about the cultural change in their organizations until the given answers become repetitive. In that framework, we choosed a selection of companies, NGO's and Public institutions. The results of the interviews showed an interesting level of cohesion and permitted to make up a clearer image about the change know by the Romanian management culture over the last decades.

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[1] http://www.business-review.eu/news/eurostat-romania-posts-biggest-economic-growth-in-eu-in-2016-q2-115455

### 3.2. The Romanian Economy and management conditions

The communist system and its oppressive ways dominated not only the political and economical life but also the way of being of the Romanian citizens (Simpson 1990; Glenny 2000; Roper 2004). That situation changed probably a lot in the Romanian culture. By the time of Ceaucescu, people were very afraid of the system, they were controlled and dominated, and achieving their interests needed a lot of getting round the system (Simpson 1989). Commonsense dictated to people, to bribe, rely on contacts to get personal favours… (Scarborough 1998).

In 2007, Romania joined the European Union, which was an important step in the country's development. To prepare for it, certain conditions had to be met, they were mainly connected to the economy, political system and a sat of laws and regulations concerning specific fields. The change of regulation had an important impact on the management culture in the public as in the private sectors.

### 3.3. The public sector

The integration to the European Union showed most of it's impact on the public sector, as the public institutions had to follow a set of standards and regulations to line up with the European expectations. In return, the EU, gives appealing funds to the concerned institutions. "We received funds from the EU that we would have needed to gather in sixteen years, but in return we had to reorganize most of our processes and structure". "The change in the organization made transparency more important, and brought new criterias to juges situations… now the environment, the interest of the citizen about certain topics and the work ethics became more important, that changed the way we approach our jobs". The EU provides trainings to Romanian public managers, "those trainings orient their attention and interests to certain points and helps them aquire different mindsets, management styles and work techniques".

According to some interviewed, "The mentality is changing over time as much as the system is evolving. Sometimes we don't feel it, but when in a crossborder cooperation project we deal with other non EU countries, we realize that the mentality in Romania is developing pretty fast".

For some institutions (particularily, universities), "There is an old mentality that is power centred, Getting rid of it is difficult, but happening… for that we need to use pressure, fire those who get bribed, give a salary incentive for research… the EU is giving research grants, that helped orienting the professors to research (now it's not seen as a hobbie anymore) the students are more seen as possible partners and are perceived differently since many of them pay their studies, they become clients, therefore they are more seen as clients now"

### 3.4. The private sector

The opening of the borders to the European union brought the Romanian companies access to a bigger market, "now we have more prospects but much higher standards". In some fields like restauration "the adaptation was very difficult, many companies closed because they couldn't satisfy the requirements. It took us two years of hardwork to level up". The laws became tougher, "but the team had bigger challenges to face, we needed to set processes and organize our-selves in a way that will allow us to survive and that made the management evolve, when you need the cooperation of your employees, you have to treat them differently".

Besides of the regulation it became easier, to send employees for exchange with other companies participate in trainings to acquire new knowledge and developpe the quality of work. "That develops the companies' immaterial capital a lot".

Besides of the new opportunities and the opened, encouraging behavior, a very specific change is happening in the Romanian culture that is connected to work: "in the past people believed in hard work, that it can bring a better life quality. Today most of the young people believe that they can get a better life by working in Europe. If they decide to stay in Romania, they should get some special advantages. "And here is our problem, the main competitive strength of the Romanian companies is the low price, if we increase the salaries to line up with the western European companies we ruin the business". From that point many Romanian private companies went for a change of their work culture, "we need to have a different mindset, we need to attract employees, make them faithful to us and build a strong partnership with them", because "they became a valuable resource". Some companies offer knowledge and appealing environment, flexibility in the work conditions, more holidays. And some other companies prefer taking non college graduates "as they have less chances to find a job in Europe, they can be more potentially stable". Then they offer them trainings and keep them, "but without pressure, as they might leave for a place where they will have less obligations".

**4. Conclusions**

Over the last decades the Romanian society and with it the Romanian management culture evolved considerably, from a discipline oriented management to a fake discipline, to a management more HR oriented. This change is perceived both in the public and private sector. In the private sector, the fact that, today, the skilled workers have chances to find better opportunities in Europe, while the Romanian companies have difficulties to offer them more attractive salaries. This situation obliges the companies to developp other competitive advantages. The "employer brand" is one of the main tools used to attract skilled workers in a sense that the Romanian companies that need valuable skills try to present themselves as good alternatives to Europe thanks to a knowledge their offer, an enjoyable work environment and the best opportunities of growth. In the public sector on the other hand, the reform in the regulations and law oriente the attention and form a new attitude towards the work processes, which leads to instoring a new work culture more quality centered and less power and process oriented. In fact the public workers, are more conscious of their mission than before the integration to the EU. In the same time, the Funding received from the EU helps improving the structures and procedures which reinforces the change of mentalities.

In fine, the change of the management culture is slow but is happening and it is mainly due to the change in the labor market structure and the reglementations.

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