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CUPRINS
SECTION III
BUSINESS MANAGEMENT

SWOTT ANALYSIS, METHOD OF IDENTIFYING THE TREND INFLUENCES ON THE BUSINESS	5
Albu Mădălina	
EMPOVERING THE ANTREPRENEURIAL COMPETENCES IN THE EDUCATIONAL MANAGERIAL PROCESS	11
Antoaneta - Roxana Georgescu Anda Ileana Necula	
THE CONTRIBUTION OF ENTREPRENEURSHIP IN THE DEVELOPMENT OF THE EUROPEAN BUSINESS ENVIRONMENT	18
Liliana – Victoria Gherman	
THE RESISTANCE STRATEGIES OF SMALL COMPANIES AND MICRO-ENTREPRISE, TO THE COMPETITION OF LARGE AND “ONLINE” STORES	23
Florin Iordanoaia	
WORLD ECONOMIC FORECAST TO 2025	33
Lucian Ivan Cornel Ștefan Stanila	
MANAGING GENERATIONAL EXPECTATIONS: THE PSYCHOLOGICAL CONTRACT	44
Anișoara Melnic	
METHODS AND TECHNIQUES FOR IMPROVING COMMUNICATION IN PUBLIC INSTITUTIONS	52
Mihalache (Sorescu) Laura Luminița Mieilă Cristian Necula Anda-Ileana Dafina Liviu Constantin	
PROPERTY BETWEEN ECONOMIC RELATIONS AND LEGAL REPORTS	59
Elena Florentina Mircea (Popescu)	
ECONOMIC WELL-BEING, JOB SATISFACTION AND JOB PERFORMANCE IN THE WORKPLACE.....	62
Crenguța - Ileana Sinisi Alina-Ștefania Stroe	
PSYCHOLOGICAL WELL - BEING AND ALTRUISM AT THE ORGANIZATIONAL LEVEL	71
Crenguța - Ileana Sinisi Alina - Ștefania Stroe	

THE INFLUENCE OF LEADERSHIP ON THE RESULTS OBTAINED IN THE PRE-UNIVERSITY EDUCATION SYSTEM AND THE POTENTIAL OF PARTICIPATIVE MANAGEMENT IN A MILITARY INSTITUTION	78
Mihaela Florentina Ștefan (Boboescu Pațica) Tuță Alexandru-Constantin Ion Stegăroiu	
LEVEL OF SATISFACTION OF TEACHERS WITH THE WORKPLACE	86
Cristina Tanislav Diana Moisevici - Șerb Anda Necula	
THE SYNERGY BETWEEN TAX OPTIMIZATION, COST CONTROL, AND INCREASING PROFITABILITY, AN INTEGRATED APPROACH FOR BUSINESS SUCCESS	91
Valerica Tataranu (Soare) Elena Toader (Vasile)	
DEFINING BUSINESS PROCESS REENGINEERING	99
Sorin-George Toma	
CHANEL: THE WOMAN, THE BUSINESS	107
Sorin-George Toma	
DEFINING THE SOCIAL ECONOMY	117
Constantin - Daniel Văduva	
SOCIAL ECONOMY IN EUROPEAN UNION: AN OVERVIEW	124
Constantin-Daniel Văduva	

SECTION III BUSINESS MANAGEMENT

SWOTT ANALYSIS, METHOD OF IDENTIFYING THE TREND INFLUENCES ON THE BUSINESS

Albu Mădălina¹

Abstract:

Defining a business strategy or establishing the parameters in which a project will be put into practice, represent important stages in the development of an idea and the establishment of actions through which it will be realized. The SWOT analysis, a well-established strategic tool, is based on the identification of strengths and opportunities as positive aspects from the internal environment, respectively from the external environment, and on the establishment of critical aspects from the internal and external environment, weaknesses and threats. The purpose of this analysis, emphasized by the specialized literature and confirmed by practice, is to maximize what the organization has as strengths and what the environment offers it as opportunities. Also an important aspect is that of establishing decisions by which critical aspects are reduced or eliminated. However, recently, due to the frequent and important changes that appear in customers' tastes, in the way in which they relate to everyday economic activity, aspects with great influence on business, but which cannot be framed, have been identified very precise in the classic version of the analysis. That's why specialists in the field come to propose an improved version, which also takes into account market trends, SWOTT analysis. The present work tries to test the usefulness of this new method by carrying out an applied case study.

Keywords: *SWOT analysis, trends, customers, strategy, development*

Clasificarea JEL: D81, L1, O1

1. Introduction

Defining a business strategy or establishing the parameters within which a project will be implemented are important stages in the development of an idea and the establishment of actions through which it will be carried out. SWOT analysis, a well-established strategic tool, is based on identifying strengths and opportunities as positive aspects of the internal and external environment, respectively, and on establishing critical aspects of the internal and external environment, weaknesses and threats.

Considered a main strategic tool for characterizing a business, SWOT analysis aims to highlight the positive aspects of the company - respectively strengths, and the negative ones - weaknesses. Using these elements in assessing the current state of a company's activity is a common way of analysis. However, often, unexpected, momentary changes in consumer tastes or market trends determine a deeper analysis, reflecting these aspects.

Lately, an improved analysis model, called SWOTT analysis, is being proposed, which will help determine ways to highlight those characteristics that were not efficiently marked in the classic analysis version.

2. SWOT analysis – classic strategic analysis model

The SWOT analysis aims to highlight the positive and negative aspects of the internal and external environment in which the organization operates.

An analysis based on the SWOT matrix focuses on concrete aspects noticeable in the internal and external environment of the analyzed business. From these analyses, strengths and weaknesses, opportunities and threats are identified. These elements are positioned in the SWOT matrix.

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In order to be able to identify these elements as precisely as possible, it is recommended to use checklists that synthesize a series of questions intended to direct the analysis in the most comprehensive direction of the initiated approach.

Table no. 1. SWOT matrix model

	Positive	Negative
Internal environment	STRENGTHS	WEAKNESSES
External environment	OPPORTUNITIES	THREATS

The SWOT analysis can be practiced in two major situations:

- when a crisis situation requires the establishment of the causes that generated the difficulty
- when methods of improving the activity are sought, without a specific cause generating this approach.

The preparation of the SWOT matrix, known by its 4 quadrants, can have its origin in a brainstorming session. The members of the analyzed company can be stimulated to think, being presented with the defining aspects for the internal and external environment. To let their creative spirit work, the brainstorm group can use a checklist model.

A checklist model that can be easily applied for strategic business analysis can be drawn up in the areas in which the organizational skills of the company under analysis are manifested.

For example, the following aspects with an important role in the SWOT analysis are highlighted:

1. Analysis of the internal environment
 - Organizational structure and culture
 - Resources used
2. Analysis of the external environment
 - General environment
 - Specific environment
3. Analysis of the company's current performance
 - Situation of the main economic and financial indicators
 - Objectives, policies, company strategy
4. Analysis of the management model practiced
 - Involvement of the company's management
 - Management model
5. Analysis of strategic factors
 - Key success factors
 - Strategic alternatives
 - Implementation of strategies
6. Evaluation of results
 - Feedback

- Performance rewards

Table no. 2. Questions used in conducting the SWOT analysis

Company competence chapter	Leading questions
Internal environment	<ul style="list-style-type: none"> • What type of structure is practiced? • What improvements can be made to the current organization? • Is the current organizational culture well defined? • What are the objectives, strategies, policies and marketing programs? • Are attractive prices practiced? • Is the concept of total quality promoted within the company? • What is the employee turnover rate?
External environment	<ul style="list-style-type: none"> • What are the elements that define political, economic, social and technological factors? • What are the forces of the competitive context? • What is the bargaining power of customers and suppliers? • What are the factors that determine market rivalry? • How is competitive position characterized? • What are the strengths of competition?
Current company performance	<ul style="list-style-type: none"> • In what field of activity does the analyzed company operate? • What are the values of the main economic and financial indicators? • How did the market share evolve during the analyzed period? • What are the company's objectives?
Management model	<ul style="list-style-type: none"> • What is the shareholding structure? • What management model is practiced? • What experience do the managers have?
Strategy	<ul style="list-style-type: none"> • What are the key success factors? • What are the strategic alternatives? • How are strategic scenarios implemented?
Evaluation and control	<ul style="list-style-type: none"> • Who are the evaluators? • What are their responsibilities? • What are the performance criteria? • What is the performance reward system?

3. Opportunity of SWOT+T Analysis

SWOTT analysis comes to complement all the aspects highlighted by the basic analysis, and brings into discussion essential aspects for a modern and complete approach to strategic analysis.

The opportunity to identify market trends and their use in carrying out a modern variant of analysis, derives from the need to find answers to two important questions for a company's activity:

1. What are the current trends in the market where the company operates?
2. Do the company's objectives, mission and strategy have the ability to give a favorable response to the identified trends?

The impact of trends on the company's activity has shown that, in recent years, defining the way to develop a business must take into account everything that is new on the market, both customer tastes and trends of any kind that manifest themselves in the respective field of activity.

Very often, in the activity carried out, analysts encounter situations in which certain aspects cannot be classified into the classic quadrants of the SWOT analysis. These aspects concern the market trend, given by the novelties in the field, the tastes of the customers, the analyzed period.

Therefore, more and more recently, the opportunity of a "+T" in the basic version of the analysis has been identified.

Among the most common trends that can influence the way in which the future strategy of the company will be structured, the following can be mentioned:

- the importance of data confidentiality
- sales variation trend depending on a certain period of the year
- sales variation depending on visibility on social networks
- influence of public figures on fashion design in a certain field.

Table no. 3. SWOTT matrix model

	Positive	Negative
Internal environment	STRENGTHS	WEAKNESSES
External environment	OPPORTUNITIES	THREATS
	TREND	

As is well known, the identification of strengths, weaknesses, opportunities and threats in the SWOT analysis has the role of establishing decisions on the basis of which the future strategy of the company will be defined. The decisions have the role of maximizing positive assets and minimizing or even reducing negative aspects.

Starting from these considerations, the introduction of this "+T" in the analysis helps to identify those market trends that, in a certain period of activity, we must manage to maintain in the positive area, without transforming them into negative aspects.

Identifying trends that, at first, do not seem to be either strengths or opportunities, can lead to establishing ways of developing the business, finding solutions to current problems.

As a general conclusion, trends must be seen as future opportunities, when they are managed to be defined before they "slip" towards the negative side of threats.

In order not to misidentify the quadrant in which a certain aspect generating an effect on the business can be placed, trends in the field must be established as a priority.

3. Illustrative example of SWOTT analysis

An important aspect in the analysis of a business is that of establishing decisions through which critical aspects are reduced or eliminated. However, recently, due to the frequent and important changes that occur in the tastes of customers, in the way they relate to everyday economic activity, aspects with great influence on businesses, but which cannot be framed, have been identified very precisely in the classic version of the analysis.

In order to attest to the usefulness of the improved variant of strategic analysis, namely the SWOTT analysis, the field of IT applications was approached.

This is an important field of activity in which many companies are involved, and they need permanent analyses of the market and their own activity in order to constantly adapt to customer requirements.

The industry responsible for the creation and development of software belongs to a branch of activity in full expansion. The IT field and especially that of digital applications tries to respond through the products and services provided, with the greatest possible precision, to the requirements of consumers, companies and end customers.

The most demanded software solutions on the market refer to:

- applications that use artificial intelligence
- digital wallets
- data privacy and security
- digitalization.

In order to create and maintain competitive advantages, companies in the field must be able to analyze the market as concretely and objectively as possible. In this sense, analyzing trends in the software field is a major requirement for conducting a company analysis. In order to adapt to permanent and major changes in the market, identifying trends in the field with accuracy and objectivity must be a major strategic objective of specialized companies.

Figure no. 1. SWOTT analysis variant



The software industry must be able to align itself with the trend imposed by consumer demands. Its identification is the basis for the modern variant of analysis, namely the SWOTT analysis.

In order to mitigate or even eliminate negative aspects from the internal and external environment, IT companies must be able to implement innovative solutions, designed to respond to market trends.

4. Conclusions

SWOT analysis, a well-established strategic tool, is based on identifying strengths and opportunities as positive aspects of the internal and external environment, respectively, and on establishing critical aspects of the internal and external environment, weaknesses and threats.

News from all fields of activity come to require companies to carry out improved variants of analyses, with the role of highlighting market trends.

Starting from these considerations, the introduction of a "+T" in the analysis helps to identify those market trends that, in a certain period of activity, we must manage to maintain in the positive area, without transforming them into negative aspects.

The case study presented, that of the software development field, represents a good illustrative example, which comes to confirm the theoretical specifications. The software industry must manage to align itself with the trend imposed by consumer requirements. Its identification is the basis for carrying out the modern variant of analysis, namely the SWOTT analysis.

Based on the considerations presented, it can be stated that the SWOTT analysis variant, developed by improving the classic analysis, has the role of maximizing the ability of companies to adapt their strategies to market requirements and trends.

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EMPOVERING THE ANTREPRENEURIAL COMPETENCES IN THE EDUCATIONAL MANAGERIAL PROCESS

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Abstract

Entrepreneurial skills are essential for economic development. This article highlights how education needs to align with real-world needs, especially during the current economic crisis. This makes teachers an essential factor for the transition to the labor market. The research examines how an entrepreneurial culture can be integrated within educational organizations by focusing on training human resources. A survey conducted among teaching staff in the Dambovită pre-university education system (including theoretical, technological, and vocational high schools) provided data on the significance of entrepreneurial competencies in educational management. The findings underscore the value of entrepreneurial skills in enhancing the educational managerial process, offering insights into how such competencies could benefit organizational culture and effectiveness in educational settings.

Keywords: *entrepreneurial competences, educational management, human resources, managerial, training*

JEL Classification: M53/J24

1. Introduction

The ongoing economic, social, and technological transformations require employees' skills to adapt to the demands of the global business environment. This continuous adaptation process is essential for organizations to remain competitive and benefit from a workforce that is responsible, flexible, specialized, diverse and multicultural (Iamandi, 2020). The solutions identified at the global level for adapting human resources to novelty and change focus on integrating and developing human capital through education and culture, aiming to create new jobs, promote social equity, and encourage active citizenship (Popescu, Marinoiu, 2024). Human resources represent one of the most important assets of an organization. The efficient management of a company's human resources significantly contributes to achieving organizational objectives and ensuring the sustainable growth of the business in the long term (Armstrong, 2009).

Entrepreneurial, social, and civic competencies are becoming increasingly important for the development of human resources and their adaptation to social, economic, and technological transformations. The development of entrepreneurial competencies through continuous professional training ensures the alignment of future employees with the labor market, stimulates entrepreneurial initiative, and limits the comfort zone associated with being an employee. Encouraging entrepreneurship among young people has both social and economic impacts. In this regard, we highlight the reduction of unemployment, the promotion of social inclusion, the decrease in the risk of juvenile delinquency, the stimulation of innovation and creativity, and the increase in self-confidence.

2. Relevance and Importance of Research

The member states of the European Union continue to invest in education and lifelong learning, supporting the updating and development of skills throughout life, as these lead to flexible employees who can adapt to any type of economy, resulting in economic growth and reduced unemployment for each member state. Education not only contributes to

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achieving economic and social objectives, but it also ensures the right of every individual to free access to professional training and continuous education

Charter of Fundamental Rights of the European Union). These changes in the content of skills challenge both employers and employees to develop ICT skills, as well as "green" skills for all occupations; communication, teamwork, collaboration, decision-making, entrepreneurship; creativity, innovative thinking, problem-solving ability, flexibility, and the ability to learn throughout life (European Commission, 2022).

3. Theoretical approaches

In the view of specialists, entrepreneurs can belong to any professional group. It would be incorrect to state that there are specific professions that develop the skills necessary to become an entrepreneur (Markman, Baron, 2003). A vocation-driven entrepreneur can have any profession, but they require the development of entrepreneurial skills, and educational organizations, at any level, are the main institutions that have an impact on the personal and professional development of young people.

4. Materials and Methods

The investigative approach regarding the development of entrepreneurial skills in schools, especially in high school education, for adapting initial training to the global business environment, used a complex research strategy that combines both quantitative and qualitative research methods. We present these methods and techniques for data collection, as well as the purpose for which they were used.

4.1. The objectives of the research are:

O1 – The development of entrepreneurial skills within initial training and lifelong learning to enhance managerial performance, regardless of the type of organization in which the employee works.

O2 – The development of dynamic entrepreneurial behaviors through lifelong learning programs, for better integration and a smoother transition into the real business environment.

4.2. The investigative approach related to improving entrepreneurial skills in educational management is based on the following **hypotheses**:

H1 – The entrepreneurial skills of operational managers influence the performance level of the school organization.

H2 – Dynamic entrepreneurial behaviors, acquired through experiential learning, ensure a responsible, flexible, specialized, diverse, and multicultural workforce.

4.3. Documentary Analysis

The investigative approach related to the entrepreneurial approach to initial human resource training within an organization combines both quantitative and qualitative research methods. The methods and techniques used for data collection include documentary analysis of legislative regulations concerning the initial training of teachers in pre-university education, statistical analyses from the National Institute of Statistics (INSSE), the methodology for continuous professional development of pre-university education teachers, the priorities of the Ministry of Education, and sectoral action plans for 2024, as well as statistical data from the Dâmbovița County School Inspectorate (CSI), HR department. The actions taken by some EU member states to align with the priorities of the strategic framework for economic progress under ET 2020, followed by the United Nations 2030 Agenda for Sustainable Development, must become research and implementation directions at the national education system level, with a clear focus on implementing entrepreneurial

education at all levels of learning. In this context, Romania commits, through its national education system, in partnership with the private sector, to recognize entrepreneurship "as a cross-curricular objective," starting with pre-university education and continuing through to higher education. The comprehensive field of entrepreneurship in education and through education will focus on a cross-curricular approach, often found in human activities, with the aim of shaping a responsible human profile in resource management, anticipating imminent risks, fostering innovation, capable of evaluating viable opportunities, and responsive to the needs of others.

4.4. Selecting the Sample

For the 2023-2024 school year, on a national level, secondary school, highschool, female teaching staff represents 83,0%, also reflected on a European level. When addressing the subject of the residence environment, on a national level, it tilts the balance towards the urban environments (50 054) compared to the rural environment (3635)

The situation of human resources engaged in teaching activities in high schools in Dâmbovița County for the 2023-2024 school year is as follows: the total number of teaching staff is 1,403, of which 75.91% are women and the rest are men; 991 are residents of urban areas and the remaining 412 are residents of rural areas..

The sample of teaching staff in pre-university education, specifically high school, on which the quantitative research was conducted consists of 303 teachers.

The distribution of questionnaires among teachers in high schools in Dâmbovița County is as follows:

Table 1. Distribuția chestionarelor pe tipuri de licee

Total number	Number of Questionnaires	Theoretical High Schools	Technical High Schools	Colleges	Vocational High Schools
1403	303	62	131	87	23

Source: Prepared by the author based on statistical data provided by the HR of CSI Dâmbovița

5. Discussions:

Teacher participation in continuing education programs is, most of the time, a personal choice and is primarily driven by the need to accumulate continuing education credits (necessary for career advancement and job security—90 credits over 5 years, still in effect for the 2024-2025 school year), and less by the conscious need to improve the teaching-learning-assessment process. In many cases, continuing education programs are not aligned with various system-level priorities or the development objectives of schools, and their costs are often covered by the participating teachers themselves..

Over the past 5 years, there have been numerous continuing education programs funded by the European Union, in which thousands of teachers have participated. In addition to accredited programs, there is a multitude of non-accredited training programs, as well as other activities that can be considered part of professional development. Teacher participation in professional development programs in pre-university education is driven by the need to develop new competencies that enable adaptation to educational needs, the curriculum, and the requirements of the labor market.

Over the past 5 years, the teachers interviewed have participated in a number of continuing professional development programs, as shown in the data below:

Table 2. Teacher Participation in Life long Professional Development

Type of High School	Number of Life long Professional Development Programs						
	1	2	3	4	5	>5	I did not participate
Technical High School	11	27	30	16	18	34	4
	8%	19%	22%	11%	13%	24%	3%
Theoretical High School	3	6	9	12	5	8	0
	7%	14%	21%	28%	12%	18%	0%
Secondary schools	13	6	24	18	10	19	1
	14%	7%	26%	20%	11%	21%	1%
Vocational High School	5	4	4	5	3	3	0
	21%	17%	17%	21%	12%	12%	0%

Source: created by the author based on the interpretation of quantitative data

Based on the public data available on the websites of training providers in Dâmbovița County, it was observed that teachers have not participated in life long professional development programs in the field of entrepreneurship over the past 5 years. The Dâmbovița Teacher Training Center (TTC) offers such a training program, *Entrepreneurial Education*, but no groups of teachers interested in this field have been formed. Valahia University has conducted, at the initial training level, entrepreneurship courses for young people through projects funded by European funds, but not at the lifelong learning level. Additionally, NGOs in the county do not offer lifelong learning courses in the field of entrepreneurship, except through projects funded by European funds, which are predominantly targeted at young people.

By correlating the participation of teaching staff in professional training programs over the past 5 years with their gender, we obtained the data in the table below:

Table 3. The correlation between the participation of teaching staff in training programs and their gender

	Male	Female	Total
1 program	6.8%	9.1%	8.6%
2 programs	21.9%	18.3%	19.1%
3 programs	20.5%	15.7%	16.8%
4 programs	23.3%	17.0%	18.5%
5 programs	11.0%	10.4%	10.6%
more as 5 programs	12.3%	27.0%	23.4%
I did not participate	4.1%	2.6%	3.0%
Total	100.0%	100.0%	100.0%

Sursa: created by the author based on the interpretation of quantitative data

Romania is, according to some studies (www.i-interact.ro), a feminine country. Femininity is partly explained by the country's affiliation with the Orthodox religion, which tends to favor the complementarity of the sexes rather than the subordination of women to men. Women are less active than men in starting and managing new businesses (approximately 6% of women in the EU and 9% of women in OECD countries have actively worked on a launch or managed a new business, compared to 8% of men in the EU and 11% of men in OECD countries). These disparities are due to a range of factors, including

differences in motivations, personal resources (e.g., skills, funding, networks), and access to external resources, which affect business initiation (Pines, Lerner, Schwartz, 2010).

The responses of the respondents to the question: to what extent do the entrepreneurial skills of operational managers influence the performance level of the school organization?

Table 4. The influence of entrepreneurial skills on school performance

	Technical high school	General high school	Vocational high school	College
total disagreement	4,6%	0%	4,3%	1,1%
disagreement	4,6%	3,2%	8,7%	4,6%
partial agreement	26,0%	29%	17,4%	25,3%
agreement	42,7%	35,5%	39,1%	51,7%
total agreement	22,1%	32,3%	30,4%	17,2%

Source: created by the author following the quantitative research

The results indicate the interest of teaching staff in developing entrepreneurial skills within Initial Training.

Teachers understand the role that entrepreneurial education plays in shaping a responsible, flexible, creative human profile, capable of solving problems.

Teachers recognize that these skills, acquired through initial training, whether as a standalone academic subject or integrated into other disciplines, are essential for a well-prepared generation with skills suited to the 21st century.

The relevance of the private sector in the development of entrepreneurial skills is presented in the table below:

Table 5. The relevance of the private sector in the development of entrepreneurial skills

Models of entrepreneurial education	Type of school	The respondents' opinion regarding experiential learning with the help of the real business environment										Total
		fundamental		very important		important		less important		not important		
Method of starting and developing a business	Technical	37	28,2%	50	38,2%	31	23,7%	12	9,2%	1	0,8%	131
	General	12	19,4%	23	37,1%	19	30,6%	4	6,5%	4	6,5%	62
	Vocational	3	13%	11	47,8%	7	30,4%	2	8,7%	0	0	23
	College	12	13,8%	28	32,2%	34	39,1%	6	6,9%	6	6,9%	87
Part of an integrated curriculum	Technical	37	28,2%	35	26,7%	52	38,9%	7	5,3%	0	0	131
	General	12	19,4%	29	46,8%	20	32,3%	1	1,6%	0	0	62
	Vocational	8	34,8%	4	17,4%	8	34,8%	7	5,3%	0	0	23
	College	15	17,2%	37	42,5%	30	34,5%	5	5,7%	0	0	87
Dynamic entrepreneurial behaviors with the help of the real business environment	Technical	38	29%	36	26,7%	47	35,9%	10	7,6%	0	0	131
	General	19	31,1%	28	45,9%	14	23%	0	0	0	0	62
	Vocational	15	21,7%	11	47,8%	4	17,4%	3	13%	0	0	23
	College	19	21,8%	35	39,1%	26	29,9%	7	8%	0	0	87

Source: created by the author following the quantitative research

6. Conclusion

According to GEM, entrepreneurial education in schools consistently receives low scores. Improving this aspect could represent an effective solution for strengthening the entrepreneurial environment. By implementing educational programs that encourage entrepreneurial skills in school, a considerable impact could be achieved on the development of entrepreneurial culture. The following table presents the correlation between the entrepreneurial skills of teaching staff and the performance of the school organization.

Table 6. The correlation between the development of teachers' entrepreneurial skills and the performance of the school organization

entrepreneurial skills development		school organization performances	Type of school	Seniority in education	Teaching degree	Curriculum area	Age	Gender	Status	Residence
school organization performances	Pearsons correlation	1	-0.08	-0.064	-.126(*)	0.065	-.153(**)	0.027	0.046	0.007
	Sig. (2-tailed)		0.166	0.268	0.029	0.256	0.008	0.64	0.429	0.908
	N	303	303	303	303	303	303	303	303	303

Source: created by the author following the quantitative research

The following aspects result from the previous table:

- ✓ between the causal variable, of the entrepreneurial skills development that play a role in organizational performance, and the resulting variables: teaching rank and age, there are inverse links, a very weak intensity, and a significance threshold within the statistically accepted limit;
- ✓ the impact of the entrepreneurial skills development on the organization's results does not influence the following variables: type of institution, teaching experience, curricular area, gender, teaching status, and place of residence, as supported by the very high values of Sig (above 0.005).

In this context we reject the hypothesis that the entrepreneurial skills of operational managers influence the performance level of the school organization.

In the following table, we present the correlation between entrepreneurial skills acquired through experiential learning, with an effect on the adaptability of human resources to current requirements, and the personal characteristics of the interviewed teachers.

Table 7. The correlation between the development of entrepreneurial skills and the personal characteristics of teachers

dynamic entrepreneurial skills development		Human resource adaptability to current conditions	Type of school	Seniority in education	Teaching degree	Curriculum area	Age	Gender	Status	Residence
Human resource adaptability to current conditions	Pearsons correlation	1	-0.044	-.132(*)	-.169(**)	0.077	-0.109	0.043	0.083	.116(*)
	Sig. (2-tailed)		0.448	0.021	0.003	0.178	0.058	0.459	0.149	0.044
	N	303	303	303	303	303	303	303	303	303

Source: created by the author following the quantitative research

We have identified the following aspects:

- ✓ between the causal variable, the adaptability of human resources to current conditions, and the resulting variables: experience, teaching rank, and place of residence, there are inverse links, but they are statistically insignificant (very weak), and the significance threshold exceeds 99%;
- ✓ between the causal variable, the adaptability of human resources to current conditions, and the variable place of residence, there is a direct and very weak link, and the significance threshold exceeds 99%;
- ✓ the development of dynamic entrepreneurial skills through the adaptability of human resources to current conditions does not influence in any direction (positively or negatively) the following variables: type of institution, curricular area, age, gender, and teaching status, as supported by the very high Sig values.

In this context, we confirm the hypothesis that dynamic entrepreneurial behaviors, acquired through experiential learning, ensure a responsible, flexible, specialized, diverse, and multicultural workforce.

This research has its own limitations, namely: the information collected belongs to the respondents, and it is subjective, dependent on the teachers' state during initial training/lifelong learning programs. The empirical research has a limited scope, as it was applied only in Dâmbovița County. The application of the questionnaire has a static nature, related to the moment of the analysis of teacher training in initial training/lifelong learning programs.

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THE CONTRIBUTION OF ENTREPRENEURSHIP IN THE DEVELOPMENT OF THE EUROPEAN BUSINESS ENVIRONMENT

Liliana – Victoria Gherman¹

Abstract

The European economic market is characterized by intense competition with challenges that require innovative solutions and decisions. Aspects such as taxes, profit, inflation, recession, unemployment, productivity, digitalization, have a major impact on decisions and strategic actions in the development of the business environment.

Entrepreneurship represents one of the main sources of market transformation and economic development in Europe.,

Digitalization of the entrepreneurial world represents a solution to economic instability, but also to bring in new customers and increase employee productivity in all european countries.

Keywords: *entrepreneurship, inflation, profit, productivity, digitalization*

J.E.L. Classification: M13, P31

Entrepreneurship is a process of discovering, evaluating and exploiting business opportunities at national or international level that can become new businesses. The term 'entrepreneurial' has been set to describe entrepreneurial activities within an organisation, also known as corporate entrepreneurship.

Entrepreneurship is considered to be an important activity in economic theory, which has been adapted to transpose innovations to the specifics of those times. Entrepreneurship is often difficult, with many businesses having a very short life, going bankrupt not long after. The business environment has an important influence on entrepreneurship.

The European economic market is characterized by intense competition with challenges that require innovative solutions and decisions. Aspects such as taxes, profit, inflation, recession, unemployment, productivity, digitalization, have a major impact on decisions and strategic actions in the development of the business environment.

Business options have focused over time on services or the purchase of goods, but also in the field of production, i.e. manufacturing and distribution methods in the context of a permanent change. Through creativity and innovation, new products have been made, which have changed people's living standards. However, there are other opportunities to take advantage of for those willing and able to take the risks of new businesses. Everyone is affected by the evolution of the business environment, making daily decisions on how to use income.

Peter Drucker believes that entrepreneurship is associated with risk-taking. The entrepreneur is the person willing to put his career, time and financial security at stake, to take risks in the name of an idea, the person who "looks for change, is receptive to change and exploits it as an opportunity" (Stokes, 2002, p. 32).

Business development is based on studies of people's desires and choices. Whenever incomes are on the rise, the desire for better products and services increases accordingly. The economic system can never produce enough to fully satisfy human needs, which is why the demand for an efficient system of allocation of insufficient resources, in relation to the unlimited desires for goods and services, is always up-to-date.

Thus, the role of entrepreneurship is increasingly important, becoming a global phenomenon. New types of entrepreneurs are emerging: social, political, business, etc.

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While the business entrepreneur can create entire industries, the social/political entrepreneur can find solutions to the social/political problems he implements at a high level. At the same time, business, organisations and communities can be influenced by the evolution of entrepreneurship. The economic system, the way a company chooses to allocate its economic resources, includes both ownership, capital and human resources, work and entrepreneurship. That is why the changes in the economic system along with the modern technology that accompanied them have turned entrepreneurship into a practical option for many people.

Entrepreneurship is one of the main sources of market transformation and economic development in European countries.

The systems with which the business interacts are studied due to the scale and complexity of the problems it raises in relation to the management of the enterprise. These include issues related to changes in the technological environment, as a result of the explosion of new technical solutions, the development of advanced communication systems, as well as the order of priorities and traditional values of the society. The impact of economic, political and social changes in Europe makes it necessary to reassess the relationship between the business environment and investment, with a view to rescaling the development of the enterprise in society.

At the same time, entrepreneurial relations are important in relation to the economic, technological, socio-demographic, legislative and cultural external environment. Their study is useful because it highlights the broad nature of entrepreneurial activity and its involvement in the life of the community.

A system is defined as a set of interconnected elements, which in turn constitute subsystems. The elements of the system are interdependent and form its internal environment.

If the economy as a whole is considered a system, then enterprises must be regarded as subsystems, and if the enterprise is considered a technical-material, socio-economic, competitive and adaptive organic system, the specific functions are its subsystems, those that interact in achieving the objectives set.

The business functions as an open system, permanently influenced and shaped by external factors. As a result of the information received and transmitted, the company continuously adjusts itself in order to adapt to its environment and to influence the external systems with which it comes into contact. The macroeconomic analysis highlights the relations between the enterprise and the business, respectively, with the other component systems in the external environment. Entrepreneurial relationships are based on mutual flows of information and responsibilities between entrepreneurs and customers, employees, shareholders and the local and European community.

Specialists take into account both economic growth and market transformation in the process of economic development of developing countries. In this context, it is considered that entrepreneurship is the force that generates growth and transformation, being a necessary tool in the process of economic development.

Because entrepreneurs are associated with innovation, the transition to new production methods and goods in a country or geographical area is linked to their existence, with entrepreneurs transforming the market. Despite the important role of entrepreneurship, few countries have developed programmes to encourage it, many supporting it only in the form of multinational companies and less in the form of specific domestic entrepreneurship.

In recent years, changes in the global market have had a significant impact on business development. Trends are manifested in the direction of reducing the complexity in hiring the workforce in favour of increasing efficiency and profitability, both for employees with a work contract and for those temporarily employed. Moreover, the new ways of delivering goods and services are radically transforming the way of working.

These changes, together with the modern technology that accompanied them, turned entrepreneurship into a practical option, beneficial to business development.

Although economists have offered many theoretical interpretations of entrepreneurship, there has not been much empirical research on this phenomenon compared to research on other factors of production. It can be said that economic development has suffered due to the neglect of the role of entrepreneurship.

The literature identifies the existence of two simultaneous steps in the process of economic development of countries in Europe: economic growth and market transformation. For a country to increase its per capita income, it needs to move from less productive techniques to more productive techniques for each worker. This process of market transformation can manifest itself in the creation of goods, new qualifications and new markets, a context in which entrepreneurship is the force that generates both growth and transformation. Without entrepreneurs there would be no innovation, so the transition to new methods of production and goods would no longer take place. Entrepreneurs are the ones who transform the market, offering goods and services, but also jobs. Therefore, it is considered that entrepreneurship is a necessary tool in the process of economic development, it equally serves the transformation of markets and economic growth, offering new opportunities for jobs and increasing the income of the inhabitants.

Multinational companies can indeed increase a country's income, provide business management innovations and act as a catalyst for market transformations, but it is preferable that governments also promote entrepreneurship.

In a modern market economy, economic agents aim to make as much profit as possible. The operation of firms relies on the use of economic levers such as: profit, credit, interest, investment, etc. (Nicolescu, 2001, p. 88)

The domestic and European market economy highlights the competitive advantage of entrepreneurship that promotes free enterprise and performance. Thus, economic agents have the capacity to adapt to market demands by introducing innovation and creativity, modern technologies, the result being to obtain a maximum profit.

Business means innovation and entrepreneurship, contributing greatly to the creation of much-needed competition in a market economy.

For a business to be able to take birth and grow, those who carry it out must be among the strongest, most inventive and better prepared, i.e. their actions must be based on theoretical knowledge to be applied according to market requirements.

Tracking the evolution of a business requires an initial analysis and then periodic analyses, which will prove whether the business falls within the coordinates of this economy.

The business concept can be found in any activity of social and economic life, which is present in both the private and public sectors.

PhD. Dan Voiculescu, a renowned theorist and business practitioner, points out that: 'A real business is only one that solves material or spiritual needs and in the process produces financial profits' (Voiculescu, 1996, p. 110), and Dan Popescu in 'Conducerea afacerilor' considers that the business consists of: "an entrepreneur's initiative, embodied in a contractual relationship and having a specified economic and financial purpose, appropriate for a specific purpose". (Popescu, 1995, p. 92).

On the basis of the above, we can say that: business is an important market economy activity that is carried out on the basis of a contract between two or more parties in one or more countries for the purpose of making a profit. (Cyokine, 2009, p. 19)

The definition of the business concept differs depending on the specifics of the company, of the market or of the market segment, of the theoretical or practical training of the specialists in the field and of the businessmen involved in a business, thus, any business must offer practical solutions to the problems of the European countries.

At present, there is an increase in the importance of management from the traditional industrial management to the management of economic affairs, especially the international one. At the same time, it was found that, in a market economy, managers participate directly in the conduct of international economic affairs.

The management of economic affairs is considered a component of scientific management, because in the market economy, which is clearly prevalent worldwide, all economic decisions are made on the basis of profit-making based on the highest possible performance.

In the context in which business becomes more and more complex, the survival of firms being more and more problematic in an unforeseen and competitive environment, it is considered that the achievement of business management as a component of scientific leadership must constitute the art and the science to mobilize the intelligence of each member of the collective in order to be able to cope with the demands of the competitive environment of the world economic market in which technological novelties appear very often.

The manager who has a strategic thinking must think in the future, to see the national and international perspectives and to apply the latest leadership methods based on innovation and creativity.

In the design and running of a business it is necessary to have a strategic thinking, which must be known not only by the general manager but by all employees, associates or collaborators, in order to know in which direction the business is heading.

Strategies can be accurately thought of as a key to the choices a company makes about some of the issues that departments will undertake and how they will carry-out in a unique and distinct manner.

The formulation of strategies helps companies and employees to know which areas are subject to attention, what advantages may exist and what results are expected. "A strategy leads to success or failure depending on the adaptation of the firm's capabilities to the variant chosen." (Chatterjee, 2004, p.135)

Strategic management within a company involves the management of three distinct categories: people (represents a sum of prides, personalities and professional qualities), information and technology. Obviously, the three categories are interlinked, the people being the ones who will manage the information, largely with the help of technology.

Regardless of the type of business, strategic thinking must also take into account the planning process. It must correlate with demand in the logic of the market economy, lead to more efficient production, satisfying consumers, obtaining profit.

The term 'entrepreneur' originated in Europe and is of French origin focusing on the primary function of the entrepreneur: 'Person running a business'.

In the modern sense of the market economy, an entrepreneur is an economic agent who adopts an active and innovative behavior, who deliberately accepts financial risks in order to develop new projects. In this respect, a significant number of companies pay great attention and recognition to entrepreneurs, due to their contribution to the evolution of the entrepreneurial environment and their influence on macroeconomic indicators.

The recognition of the entrepreneurs value is associated with risk-taking in different areas of activity. In Europe, i.e. in England, when the Industrial Revolution made its presence felt and entrepreneurs were given the first opportunities to play an active role in transforming and exploiting resources, the first influences on macro-economic indicators are recorded.

In entrepreneurship, there is an understanding that we make about a certain type of behavior that includes: initiative, organisation and reorganisation of socio-economic mechanisms and acceptance of risk and failure. Entrepreneurship was introduced by economists in the 18th century and continued to attract the interest of businessmen in the 19th century throughout Europe and even globally, and nowadays entrepreneurship is increasingly present.

The main characteristics of entrepreneurs are: innovators, leaders, risk takers, independents, creators, tenacious, energetic, original, optimistic and result-oriented.

There are also other characteristics of entrepreneurs:

- determination and perseverance: They consist of total dedication to success, so that the entrepreneur can overcome obstacles. Strong determination and perseverance can make an entrepreneur resist any difficulties that other people would find difficult to overcome and even compensate for the lack of experience and skill of the staff employed.

- the desire to win: entrepreneurs examine a situation, determine how they can increase their chances of winning and continue what they have set out to do. As a result, risks considered high by ordinary people are risks that can be outweighed by entrepreneurs.

- feedback search: Effective entrepreneurs are often described as having the ability to learn quickly and a strong desire to know how well they are doing and how they can improve their results. Feedback is important because the entrepreneur is willing to learn from mistakes and previous experiences, and the results are improved in this way.

- solving persistent problems: entrepreneurs are not intimidated by difficult situations. His self-confidence and general optimism make him see the impossible as something that only takes more time to solve. Simple problems bore him, entrepreneurs are extremely persistent but are real in appreciating what they can and cannot do and where they need help to solve difficult but unavoidable problems.

- initiative and responsibility: entrepreneurs have always been considered independent persons, they seek and take the initiative, they put themselves in situations where they are personally responsible for the success or failure of the entire operation. They like to get involved in issues where their personal impact can be measured.

- opportunity orientation: one thing that clearly distinguishes entrepreneurs is their focus on opportunity rather than resources, structure or strategy. When they decide to take an action they do it in a calculated way, they try to do everything to get as many chances of winning as possible, but avoid taking unnecessary risks.

- self-confidence and optimism: although entrepreneurs often face major obstacles, confidence in their personal abilities leads them to overcome them and makes others maintain their own optimism.

- high energy level: the large amount of work done by entrepreneurs involves the existence of increased energy. Many entrepreneurs dose their energy by carefully monitoring what they eat, drink, exercise and know when to retire for relaxation.

- teamwork: the desire for independence and autonomy does not stop the entrepreneur from wanting to work in a team. In fact, while the entrepreneur knows clearly at what level the company is (or where he would like to be) the staff deals with the day-to-day activities in the company.

The entrepreneur is a key player and a symbol of the market economy. Entrepreneurs' roles and contributions are significantly increasing, simultaneously with their qualitatively superior manifestation, which is reflected in the current entrepreneurial evolution.

In the countries of Europe, in order to allow access to new fields, many universities develop real business incubators, which are made available to entrepreneurs, teachers and students to be able to experiment and verify new business theories.

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THE RESISTANCE STRATEGIES OF SMALL COMPANIES AND MICRO-ENTREPRISE, TO THE COMPETITION OF LARGE AND “ONLINE” STORES

Florin Iordanoaia¹

Abstract

Due to the fact that large and “online” stores have begun to obtain increasing market shares in the “en-details” sales category, small traders have begun to feel this competition, to perceive it as “unfair” and even to take steps to have the political factor adopt certain legislative measures, so that they can be protected or even favored. Can this situation be considered a “real problem” for the national economy or is it a false problem, given the principles of the free market economy, the freedom to establish commercial companies in any legal field of activity? Following the situations and developments of some commercial companies, some stores, warehouses, markets and stalls, from several localities, I observed, questioned and recorded several opinions coming from their administrators. At the end of the paper I developed a series of resistance and development strategies for small companies and micro-enterprises.

Keywords: *trade, store, warehouse, strategy.*

JEL Classification: *L81, M21.*

1. Introduction

The outbreak of the Covid19 pandemic, in addition to its many negative effects, also had some positive effects on “online” commerce, in terms of its development. However, with the end of the pandemic and the return to a normal health situation, a number of companies in the field of “wholesale” and “retail” distribution of consumer products, as well as public catering, found that their business and sales had not reached the level before the outbreak of the pandemic.

If companies in the public catering sector have maintained their production and sales capacities, based on “online” orders, taking products directly to customers or through intermediaries, who use applications by phone or computer, to take orders, and large stores, through all kinds of “special” offers, have managed to return to much higher sales. On the other hand, small companies, family associations and authorized individuals (micro-enterprises) have suffered and are suffering. These have not reached the level of sales before the pandemic, have many problems and many have already closed their businesses. With this situation, the fact that after the pandemic, the level of sales has not increased, is faced by small neighborhood companies (shops), in cities and villages, small producers and sellers from market stalls or from various kiosks in localities. In big cities, where competition between large store chains is fierce, the situation is much more serious for neighborhood stores, market stalls and bazaars.

2. Literature review

The specialized literature contains a very large number of works on the Management of medium, large and very large companies, but fewer on small, family-owned companies, small “neighborhood” traders and micro-enterprises. Likewise, there are many specialized works in the field of Marketing, which present situations, tactics and strategies for promotion, resistance to competition, for all types of medium and large commercial companies, but fewer for small and very small ones. Most published works refer to large companies, which have economic potential, which can afford to hire specialized personnel for marketing and market communication, which can set up marketing offices, departments or departments.

Periodically, works also appear that refer to micro-enterprises, such as those in the form of “business guides”, (Alexander, 2024). Other works emphasize how to find and use the resources of these micro-enterprises, (Goncalves et.al, 2016). Other works focus on the human resources of these micro-enterprises. In a comparative study, between micro-enterprises and medium and large firms, it is considered that “*due to the small size of the number of employees, micro-firms do not have the*

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necessary bandwidth to implement practices that require more extensive human capital”, (Rodrigues et.al, 2022). In another work, the authors emphasize the “theory of entrepreneurial action”, following the decisions and actions of entrepreneurs, their way of managing and conducting businesses, on how they find solutions for development, (Duarte et.al, 2020).

In order to be able to determine what kind of strategies are necessary for some micro-enterprises, we must follow the legal and fiscal aspects, developed in the government program, depending on the negotiations with the European Union. In this sense, I read the “National Medium-Term Budgetary-Structural Plan”, (MF, 2024). In this plan, the Romanian Government has committed to the European Commission to gradually reduce, by 2027, from 500,000 euros to 88,500 euros, the turnover threshold for companies to be subject to the 3% tax on micro-enterprise income. But the 3% tax does not solve the problems of micro-enterprises. The problem of the resistance of small companies and small traders, of small producers and sellers at the same time, is not treated at the same level, compared to other types of commercial companies.

3. Research Methodology

The research methodology consisted primarily of observing, researching, questioning and recording a number of 52 stores with different profiles, 5 markets with a variable number of stalls and kiosks, 2 bazaars with a variable number of stalls and kiosks and 4 local warehouses, with different profiles, from 17 localities in Constanta County. Secondly, I studied the legislation in force, regarding small businesses and micro-enterprises, where I followed the aspects regarding taxation, but also other aspects that may influence the decisions of administrators. Thirdly, I studied the specialized works regarding the management and marketing for small businesses, for micro-enterprises, individual traders or family associations, in the field of sales “en details” and “en gross”.

Based on the information and data obtained from the research conducted, I used the “concept transfer” method, because I took over a series of marketing tactics and strategies from the specialized literature, and based on the real situations recorded, I looked for a series of solutions and managerial strategies that would help these categories of companies and individuals to resist the competition on the market from large “mall” type store chains and “online” stores.

4. Findings

4.1. Situation for small, neighborhood stores

I organized and conducted the research over 30 months, between 2022-2024. I monitored the situation and evolution of small stores, stalls in permanent markets and bazaars, according to table 1.

Table 1. Localities included in the study, types of shops, markets, bazaars and warehouses

No	LOCATION	TYPES OF SMALL STORES AND THEIR NUMBER	MARKETS, BAZAARS AND WAREHOUSES
1.	Constanta	Grocery store =2. General store =2. Confectionery =1. Pastry shop =1. Bakery =1. Fast food =1. Fruit and vegetables =1. Wines =1. Florist =1.	-Grivitei Square, Square km 5. -“Gorbachev” Bazaar*. -Fruit and vegetable warehouse =1. -Wine warehouse =1.
2.	Mangalia	Grocery =2. General store =4. Fish shop =2. Cosmetics =1. Footwear =2. Confectionery =2. Pastry shop =1. Grocery store =1. Fast food =1. Fruit and vegetables =1. Florist =2.	-Central Market, South Market, -Central Bazaar. -Fruit and vegetable warehouse = 1. -Miscellaneous materials warehouse = 1.
3.	Eforie	Grocery = 1. Clothes and shoes =1.	Eforie Nord Central Market.
4.	Techirghiol	Grocery = 1.	-
5.	Negru Voda	Grocery = 1.	-
6.	Murfatlar	General store = 1.	-
7.	Limanu	Grocery = 3.	-
8.	2 Mai	Grocery = 1.	-
9.	Albesti	General store = 1.	-
10.	23 August	General store = 1. Clothes and shoes =1.	-
11.	Dulcesti	General store = 1.	-
12.	Pecineaga	General store = 1.	-
13.	Costinesti	General store = 1.	-

14.	Tuzla	General store = 2.	-
15.	Agigea	General store = 1.	-
16.	Valul lui Traian	General store = 1.	-
17.	Poarta Alba	Miscellaneous materials store = 1.	-

Source: author's study.

** Upon completion of this work, the closure of this bazaar was announced.*

Most shops are limited liability companies, others are family associations, and the stalls in markets and bazaars belong only to family associations. Shops in seaside resorts, which only have seasonal activity, were not studied. Following the research and observations, I made the following records of the shops situations, according to table 2.

Table 2. Situation of small, neighborhood stores

No	TYPE OF SHOPS AND STALLS	PRODUCTS FOR SALE	TYPE OF SALE
1.	Food.	Food, bakery and pastry products, sweets and confectionery, alcoholic and non-alcoholic beverages, vegetables, fruits and tobacco.	-In detail.
2.	Food and various products.	Food, sweets, drinks, vegetables, fruits, tobacco, cosmetics and detergents.	-In detail.
3.	Food, household products.	Food, sweets, beverages, vegetables, fruits, tobacco, plastics, household appliances and toys.	-In detail.
4.	Food, miscellaneous goods, household products, clothes and shoes.	Food, sweets, drinks, vegetables, fruits, tobacco, plastics, household appliances, toys, clothes and shoes.	-In detail.
5.	Various household products.	Plastics, metal products, glass, household appliances and toys.	--In detail.
6.	Various household and garden products, construction materials, metal products.	Plastics, metal products, glass, household appliances, toys and construction materials. Metal products, construction profiles, various products for the home and garden.	-In detail. -In bulk.
7.	Clothes and shoes.	Garments, knitwear and various footwear.	-In detail.
8.	Fast food, bakery, pastry shop, confectionery.	Fast food, bagels, pies, cakes, etc.	-In detail.
9.	Florists.	Flowers, floral arrangements, wreaths.	-In detail.

Source: author's study.

The staffs employed in these types of stores are usually family members, relatives, but also employees. The level of specialized training of the employees is mostly without economic or commercial studies, most employees are unqualified, many have not completed their studies (general, vocational or high school), and very few of the owners or employees have higher education.

The salary of the employees is not motivating. Most are employed with the minimum wage in the economy, without bonuses or other benefits. It is possible that in certain situations, the administrators give them a larger amount of money than the one in the contract, that is, "on the black", without paying the related taxes.

The market segment for this type of stores is represented by the following categories of customers, as presented in table 3.

Table 3. Market segment of small, neighborhood stores

No	TYPE OF CUSTOMERS, CHARACTERISTICS	DISTANCE FROM THE STORE	OBSERVATIONS
1.	Neighbors on the same street and adjacent streets. They have the following characteristics: -Employed people. -Retirees. -Children, adolescents and young people.	0-500 m	-People who come to the shops on foot. -Shop daily or often, within the limits of quantities that fit into 1-2 nets.
2.	People who come from longer distances.	500-1500 m	-People who come to the stores on foot. -People who come by car, who live further away from the store.
3.	People who happen to arrive at the store.	> 2000 m	-People who come on foot or by car, rarely or very rarely.

Source: author's study.

4.2. Situation of market stalls and bazaars

Table 4 presents the situation of market and bazaar stalls. Markets have large areas, include several sections, compartments or stalls, many of them have almost the same products, with differences related only to the source of supply (from producers or bulk goods warehouses). In the bazaars studied, most kiosks or stalls have clothes and shoes for sale, fewer have toys and various products (electrical, locksmith products, etc.).

Table 4. Situation of stalls in markets and bazaars

No	TYPE OF STALL IN THE MARKET AND BAZAAR	PRODUCTS FOR SALE	TYPE OF SALE
1.	Food.	Food (meat, cheese), alcoholic beverages, vegetables, fruits and flowers.	-In detail.
2.	Various products (in the Bazaar).	Clothes, shoes, toys, tools, accessories, cosmetics, small electrical appliances, etc.	-In detail.

Source: author's study.

Their customers are about the same as those who go to small, neighborhood stores. As a rule, they look for cheaper products, even “second hand”. The employees at the market stalls are, in most cases, members of the same family, but other people are also employed at the stalls and kiosks in the bazaars. Salaries are at the minimum level in the economy.

4.3. The situation of a small, detailed and bulk neighborhood warehouse

Table 5 presents the situation of small neighborhood warehouses. These warehouses are supplied by manufacturers, importers, national and county wholesalers. Are also named “local wholesalers”, (Iordanoaia, 2024).

Table 5. Situation of small neighborhood warehouses

No	DEPOSIT TYPE	PRODUCTS FOR SALE	TYPE OF SALE
1.	Food storage.	Food, sweets, alcoholic and non-alcoholic beverages, vegetables and fruits.	-Bulk and in detail.
2.	Warehouse of various products.	Clothes, shoes, toys, tobacco, cosmetics, hygiene products and detergents.	-Bulk and in detail.
3.	Specialized warehouse.	Construction materials, household goods, electrical and electronic appliances, protective equipment, home and garden furniture, etc.	-Bulk and in detail.
4.	Fuel storage.	Wood, coal and liquid fuels (gas, petrol and diesel).	-In detail.

Source: author's study.

The customers of these warehouses are usually small neighborhood stores, but also individuals, who prefer to source from these warehouses for purchases of products in larger quantities. Some warehouses impose a minimum purchase limit (quantities or amounts), but most do not impose any limit on the amounts spent or quantities purchased. The staff is employed, with the minimum wage in the economy, with some exceptions.

4.4. Situations reported by store and stall administrators

I had discussions with the administrators and employees of these businesses and obtained the following opinions:

- The situation of taxation, labor taxation and local taxes, are considered to be high.
- The difficulty of finding qualified personnel to hire.
- The employed people have no education or only have secondary school education, they do not work seriously, they do not get involved, they only want higher salaries, with little work and poor results. That is why the administrators prefer to work only with family members, not to make investments and develop. Administrators have no one to work with.

- Purchases from online stores have led to a reduction in the number of young customers, who now prefer to buy their clothes, electrical appliances and phones from the internet and receive them directly at home.

- Many people prefer to buy their clothing items from the malls in Constanta, from the "brand" stores inside them and no longer come to the bazaars.

The level of training of these administrators is low, most of them do not have specialized studies, economic or commercial. A small part of them worked in the socialist state trade system, before 1990, in positions of store managers or as sellers and took over the stores of that time in the management location system, then bought the commercial spaces and preserved the specifics of the stores. Also, these administrators are elderly, usually over 50 years old, but most are over 60 years old. Some of them work alongside family members, considering that the younger ones take over the business and take it forward. Likewise, among the young ones, the employees of the stores and warehouses, few have economic studies, at high school level and very few have higher economic studies. Of those I interviewed, who have higher education, most have legal or administrative studies, done at the reduced frequency education.

5. Questions

This year, the number of micro-enterprises has decreased to approx. 408,000 units, (Oncu, 2024). The decrease in the number of micro-enterprises and small companies represents a signal regarding the "health" of a country's economy, positive or negative. The following aspects also appear:

- These stores have a large number of people employed under contract, 1,415,162 people, out of a total of 6,678,327, in January 2023, (LI, 2023). These employ an average of 2-3 people, but from some estimates it seems that the figure is higher, that is, the phenomenon of "undeclared work" is manifested. On 15.11.2024, a total number of 5,781,970 people were registered, with a number of 751,460 employers (IM, 2024).

- Have a reduced contribution to GDP. The phenomenon of tax evasion is manifested, and the salary is minimal, hence the contributions to health insurance are reduced.

The following questions arise:

- Does the current economy still need these micro-enterprises and small, neighborhood businesses?
- Which measure will have the best results? Reducing taxation or increasing it?
- What will happen to the employed staff? Will they re-specialize, re-orient themselves towards other professions or leave the country to work abroad in the same fields or in others that require unskilled workers, but with higher salaries than those in Romania?
- What are the best solutions, tactics and strategies for a micro-enterprise to survive?

6. Development strategies and to resist competition from large stores and "online" ones

For this type of business it is quite difficult to establish tactics and strategies for development and especially for resistance to the impact of competition from large stores and "online" ones. In addition to competition, the increase in rent, electricity, local taxes and fees, all cumulatively have negative effects on these businesses. For this type of business, I consider a series of aspects and strategies for development and resistance to competition as follows:

- The commercial fund of the area.
- Choosing products for sale and the way stores are organized.
- Direct supply, from factories and manufacturers.
- Using offers, price discounts, for purchases of larger quantities.
- Receiving orders online and distributing some products to customers' homes.

A. The importance of the commercial fund of the area. For this type of business, I consider the commercial fund of the area to be the most important aspect, because it can ensure a minimum number of customers, so that the business is profitable, to result in a profit, which can be used to maintain and especially develop the business. Regarding the commercial fund of the area, I consider the following types of stores, according to table 6. I did not take into account the stores situation in villages and communes, because these are usually small and medium-sized, and many of

them are located in the physical or administrative center (near the Local Council and the City Hall) of these localities. That is, due to their position they have a certain good commercial fund.

Table 6. Types of stores for the area's commercial fund

No	STORE LOCATION AREA. CHARACTERISTICS	TYPE OF STORE, PRODUCTS FOR SALE	CUSTOMERS, PURCHASE PERIOD
1.	Stores on the main street: -High traffic of people, pedestrians. -Free parking spaces. -Large quantities of products sold daily. -Products do not fall into the category of luxury or expensive (cheap products). -They have larger spaces, usually with compartments or shelves for different types of products. -Respect specific product requirements.	Food. -Food, bakery and pastry products, sweets and confectionery, alcoholic and non-alcoholic beverages, vegetables, fruits and tobacco. Food and various household products. Mini-stores with “fast-food” or pastry products.	-Neighbors (employees or retirees): -daily, periodically, weekly, monthly. -Students from nearby schools and high schools: -daily, periodically. -Other passersby: -randomly.
2.	Stores in marginal neighborhoods: -They have a small number of products (only those that are searched for daily). -They do not have luxury products. -They have low prices. -The products are “crammed” on the shelves, they rarely comply with the product presentation and sales requirements. -They use “booklet” sales, to neighbors that they know.	Food. -Food, bakery and pastry products, sweets and confectionery, alcoholic and non-alcoholic beverages, vegetables, fruits and tobacco.	-Neighbors, employees or retirees: -daily, periodically, weekly, monthly. -Students from nearby schools and high schools: -daily, periodically.
3	Stores in luxury neighborhoods: -These are very few in number, compared to the number of houses and villas in the respective neighborhoods. -These have general products, with different prices, but also from the luxury category. -These are located in luxurious spaces, which aim to attract customers from the respective neighborhood.	-Food. -Food, bakery and pastry products, sweets and confectionery, alcoholic and non-alcoholic beverages, vegetables, fruits and tobacco. -Food and various household products. -Cosmetics and detergents. These have products from the luxury, expensive cosmetics range.	-Neighbors (employees* or retirees with high pensions): -daily, periodically, etc.

Source: author's study.

* They prefer large stores, malls, and luxury stores.

Figure 1 shows the actual situation of the location of shops, a market and a bazaar. This area can be considered as having good commercial potential, due to the fact that it is located in the central area of the city, there are several shops with different products, near the market and bazaar. The nearest large, competing store is located at a distance of 1 km, and the largest at 2 km, on the outskirts of the city.

Figure 1. Situation of the layout of shops, market and bazaar



Source: author's study, google.map.

Legend:

- | | | | |
|--------------------|----------------------------|-------------------------------|-----------------------------|
| 1 = general store. | 5 = fast food. | 9 = plastics, household use. | 13 = clothes and shoes. |
| 2 = florist. | 6 = general store. | 10 = meat. | 14 = services (key making). |
| 3 = cosmetics. | 7 = pastry. | 11 = toys, bicycles and bags. | |
| 4 = donut shop. | 8 = vegetables and fruits. | 12 = fish shop. | |

From the analysis of the stores' balance sheets and the quantities of goods sold, the highest sales are made by the general store (1), which has food, sweets, drinks, cosmetics, detergents and household items. It is located on the main street in the city center, has continuity since before 1990, as "Grocery". It offers a wide range of different products, has a stable, relatively old staff, but which is known by customers. Nearby there are 2 free parking lots, the market and other stores with different products, where you can complete your supply with products that are not available in this store. The nearby parking lots are an advantage for attracting customers from greater distances, who come to shop with their personal cars. In second place in sales is the store with plastics and household items (9). It offers a wide range of plastic, household and utility products, with prices lower than similar products in other stores in the town, because the store has direct contracts with producers and avoids county and local wholesalers. In third place is the meat store (10), which offers meat products, purchased directly from local and county producers. All stores are located in the central area of the city, but the clothing and footwear stores (13), numbering 12, plus another 10-11 stalls, offer similar products for sale, with small differences from one store to another, which means fierce competition between them. The fact that large stores and warehouses of multinational companies are located on the outskirts of the city, at distances of over 1 km from the central area, gives shops and stalls in the central area a relative advantage, ensuring them customers among retirees and people who do not have a personal car, who live in the central area or very close by.

B. Product selection and store organization. In order to face the competition of large stores of multinational companies and the new competitor "online stores", these small stores must adopt more decisions and make important investments in the organization and presentation of the stores. The selection of products brought for sale must be guided by the following criteria:

-Products that are sought after and purchased daily (bread, meat, milk, eggs, vegetables, sweets, alcoholic and non-alcoholic beverages).

-Products that are advertised in the media and are requested by loyal brands customers.

-Cheap products, if most customers are low-income people or retirees.

-Expensive or luxury products, if most customers are employed and have incomes above the average for local residents.

Stores have lists of the products they sell, based on purchase invoices and records from the mark-up counters, but these lists must be updated periodically, even if this means contracts with new suppliers. Store design has become a particularly important aspect, in addition to hygiene and cleanliness, then the order of product arrangement, which must comply with merchandising and marketing requirements. Last but not least, the behavior of the staff, their training and kindness towards customers also matter. For a store to “look good”, investments are necessary, annual maintenance, periodic sanitization and disinfection are required. But all of this requires significant funds, which administrators must secure in advance.

C. Direct supply from factories and manufacturers. One of the main problems faced by small stores is that of prices. In their vast majority, customers of this type of store are looking for cheap products, often even to the detriment of quality. Therefore, their administrators must look for solutions to maintain a price level, at least equal to or very close to those in large stores of multinational companies. This situation is difficult to achieve, because small stores do not require large quantities, do not make payment immediately after receiving the goods and generally have problems making payments. Therefore, these stores work more with “wholesale” warehouses, which bring their products to the store, allowing them to make payments at a certain time, depending on the contracts they have or the agreements between the administrators of the economic units. But in this way, the price on the shelf is higher than that at the mall. I found that most neighborhood stores have the cheapest products for sale, the most accessible to people with low incomes, but poor quality.

- **Procurement directly from the factory.** In order to reduce the length of the supply chain, by eliminating the intermediaries of the national wholesaler, county wholesaler and local wholesaler, small store administrators must take steps to look for those producers who accept contracts directly with them, who can bring their products directly to the store. It is a difficult situation to achieve because most national producers or importers have contracts with national, county or local wholesalers, who usually require exclusivity for the distribution of products. In this way, the final product reaches the store with an added value, which makes it expensive for neighborhood customers, especially for those in areas with a low population and low income. If the store administrator manages to conclude contracts directly with the manufacturers, then the price on the shelf in the store will be lower than in large stores.

There are other situations in which small stores can be found, as follows:

- **Supply is made directly from large chain stores.** Small store administrators do not have contracts with wholesale distributors, preferring to purchase their products from these large stores themselves and apply a commercial markup to the purchased products. The price on the store shelf is higher than that at the mall, but the store has a number of customers who, for various reasons, prefer to buy from this store and no longer travel to large chain stores or warehouses.

- **Supply is made directly from the wholesalers' large warehouses.** National, county or local wholesalers have warehouses at certain distances from localities, on the outskirts or even inside localities, which makes them accessible to small store managers. After this supply, the price on the shelf is equal to or close to, higher or lower than that at the mall. In this way, the store maintains a price, at least equal to that at the mall, and it is profitable for the customer to buy from the store close to their home or place of work.

D. Using offers, price reductions for purchases of larger quantities. Generally, small stores do not make price reductions for the purchase of products in larger quantities. On the one hand, it involves a fiscal situation, on the other hand, the adoption of such a measure is probably not justified. Therefore, I noticed that the number of products of the same kind, on the shelf or in the window, is reduced. This means that the store is supplied with a minimum, limited number of products of the same type, without reserves in the warehouse. Depending on the previous sales of the respective product, but also based on the requests of some customers, who want only that product,

the supply is made to the limit or to order. This limit is established empirically, only based on the quantities of products previously sold. Given these situations, it is difficult to appreciate that administrators will think, design and use a system to stimulate demand, in the sense of increasing it through price reductions or based on certain offers. If the manufacturer of a product sends the product with a specific price offer, the store can offer that product on offer. But some stores, which source from warehouses, do not comply with the requirement imposed by the manufacturer, setting the price according to customer requests. Another situation is that small stores, on the occasion of national or religious holidays, amid increased demand for specific, seasonal or holiday products, increase prices, with the idea that demand will increase anyway and customers will still buy the products. In this way, they hope to obtain a higher profit or to cover losses from previous periods. In the short term, they will have a higher profit, but in the medium and long term, customers will look for other cheaper sources of supply or will give up purchasing some products.

E. Receiving “online” orders and distributing products to customers' homes. As the stores I followed are organized, there is no possibility of taking online orders and sending orders to customers' homes. The stores do not have websites, they do not have specialized personnel to manage the website or social networks and to take customer orders. These do not have personnel to carry out the activity of transporting products to customers' homes, as happens in big cities, with catering companies, which usually send food to customers. In order to be able to switch to the same way of working as the competition, investments are necessary in modern communication technology (computers, tablets, phones, customized applications), fast means of transport (cars, mopeds, bicycles) and especially the training and improvement of personnel. Practically, this means that these small stores are taking the step forward and moving from a “classic” commerce to a digital, online one, becoming competitors for current online commerce companies.

Conclusions

I believe that the issue of these businesses, at a small level, is important, because when the economy is growing, when localities are developing, investments in small stores come with the demand for different products, but the option that supply creates demand is also valid. When the national economy or that of the region, county or area, faces difficulties, when new jobs are no longer created and especially, when jobs are lost and many medium and large businesses close, micro-enterprises end up in difficult situations, businesses stop, and staff are left without a job. The administrators of these businesses must take into account the following aspects and strategies:

- The commercial fund of the area is very important for micro-enterprises and small companies, by comparison, large companies choose their locations on large areas of land, inside or outside localities, without taking this factor into account.
- Carefully choose the products they want to sell, take into account regular customers and the distances from which they come to the store.
- Seek to conclude direct supply contracts, from the closest factories and agricultural producers. Use: seasonal offers, price discounts (when customers purchase products in large quantities), advertising appropriate to this sales method.
- Make investments and move part of the business online, to take orders and then distribute the products to customers' homes.
- Recruit staff scientifically, then hire and retain the most valuable employees.
- Look for solutions, make innovations and investments related to the presentation of stores, their attractiveness.

Even if the legal and fiscal legislation allows the existence of these micro-enterprises or authorized individuals, there is still no policy to protect or stimulate initiatives at this level of business. The situation is the same in the field of service provision, noting that in the last 10 years, a very large number of “small craftsmen” have ceased their activity, retiring or closing their businesses. I believe that a legislative initiative is necessary, which would allow price flexibility, at the level of micro-enterprises, for the acquisition of large quantities of products, which would be accounted for. But adapting them to the real situation of the economy is necessary and rapid, if administrators want these businesses to last longer.

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WORLD ECONOMIC FORECAST TO 2025

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Abstract

Global economic activity proved highly resilient during the disinflationary period 2022-2023. Employment and income growth remained relatively steady, as favorable supply and demand developments supported the major economies, despite rising central bank interest rates aimed at restoring price stability. As inflation converges towards target levels and central banks move towards an easing policy stance, a tightening of fiscal policies aimed at reducing the high level of public debt, with higher taxes and lower public spending, is expected to affect overall economic growth. The pace of expansion is also expected to remain subdued by historical standards, reflecting factors including the longer-term consequences of the Russia's invasion of Ukraine, weak productivity growth and rising geo-economic fragmentation. The economic outlook has been realized through a statistical approach of the indicators provided by the International Monetary Fund by extrapolating them through linear regression until 2029, using credible and reliable sources of information from specialized economic publications, through an innovative proprietary approach.

Keywords: economy, inflation, risk, trends, GDP, exports.

Introduction

Forecasting trends in the world economy is very important, given that without a relevant and pertinent forecast, it is not possible to carry out certain analyses that are useful for increasing the profitability of companies and, implicitly, for raising the standard of living worldwide. The major geopolitical changes in the world have had an impact on macroeconomic indicators and the outlook is not encouraging, given the continuation of the military conflict between the Russian Federation and Ukraine for a relatively indefinite period and the ongoing conflict in the Middle East. The military conflict provoked by the Russian Federation against Ukraine has triggered an unprecedented European energy crisis and a major food crisis, as well as a considerable increase in inflation leading to a synchronized global tightening of monetary policy.

Another important phenomenon to be taken into account in the evolution of the world economy is the dynamization of the flow of war refugees (in particular from Ukraine, the Middle East and Africa). A major risk is the possibility of an escalation of the military conflict in the Middle East, i.e. the generalization of the war between Israel and the Islamic Republic of Iran, which will lead to a massive flow of refugees from Israel in particular to Europe and the United States. For Europe, this refugee flow will overlap with the flow of economic and war-related migrants from Africa and the Middle East, which will put additional pressure on the European Union and on testing the resilience of European crisis prevention and crisis response mechanisms. At the same time, the increase in the flows of war refugees and illegal migrants has exacerbated nationalist and sovereignist tendencies in several European countries, with effects also in the economic sphere, with populist measures being taken which will lead to a reduction in investment appetite and, implicitly, to a fall in economic growth.

Notwithstanding these negative developments, the global economy has shown a high degree of resilience, with stable and relatively steady growth, while inflation has returned to a normal trend, demonstrating the resilience and efficiency of the banking system. At the same time, the surge in inflation, despite its severity and the associated cost of living crisis, has not triggered uncontrolled price spirals worldwide. Thus, according to the International

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Monetary Fund (IMF) forecasts, global inflation is projected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets faster than emerging and developing economies. The latest forecast for global growth over five years - 3.1% - is at its lowest level in decades. The pace of convergence towards higher living standards for low- and middle-income countries has slowed, implying a persistence of large global economic disparities.

This economic situation will also affect Romania's economy, which is currently highly dependent on exports to EU Member States. Given that Romania's main partners in the EU are Germany, France and Italy, which are in a difficult economic situation, it is to be expected that the Romanian economy will face difficult situations.

1. The State of the World Economy

Financial markets have reacted very well to the prospect of central banks exiting restrictive monetary policy. As a result, financial lending policies have eased, equities that had previously declined have risen by significant percentages, leading to a boost in capital flows to most emerging market economies. At the same time, resilient growth and faster disinflation point to favorable supply-side developments in international markets, including the unwinding of earlier shocks related to higher energy commodity prices, a remarkable rebound in labor supply supported by strong immigration flows in many advanced economies, particularly in the European area.

Despite these positive developments, many challenges remain and bold and decisive action is needed in view of the effects on the global economy. First, while inflationary trends are encouraging, long-term equilibrium in this economic indicator has not yet been reached. Somewhat worrying from a macroeconomic point of view are the recent average headline and core inflation figures, which are on the rise. This may be short-term, but prudent measures need to be put in place that do not lead to higher inflation in the medium to long term.

Most of the progress in inflation came mainly from the fall in energy prices and consumer goods inflation below the average of recent years. Consumer goods inflation has been helped by the resolution of supply chain disruptions as well as lower export prices of goods from China. A risk factor identified by economists is services inflation, which remains high and could derail disinflation. For the period ahead, it is essential that inflation rates return to a normal trend, which will be difficult to achieve without smart fiscal and monetary policies.

Second, the global outlook can mask sharply divergent trends both across countries and regions. The exceptional recent performance of the United States is certainly impressive and an important driver of global growth, but it also reflects strong demand factors, including a fiscal stance that is inconsistent with long-term fiscal sustainability. This poses near-term risks to the disinflation process as well as longer-term risks to the fiscal and financial stability of the global economy, as it risks increasing overall financing costs.

In the euro area, growth will pick up in 2024, but from very low levels, as the lasting effects of monetary policy and past energy costs, as well as planned fiscal consolidation, weigh on economic activity. Continued high wage growth and persistently high inflation in the services sector could delay the return of inflation to equilibrium in the medium to longer term. However, unlike in the United States, there is little evidence of a stable economic recovery, and the European Central Bank will need to calibrate and proceed cautiously with monetary easing to avoid an excessive slowdown in economic growth and inflation below the current level. A key factor for the European economy is the achievement of a balanced monetary and financial policy, while at the same time pursuing a restrictive budgetary policy approach that reduces budgetary spending to an optimum, with the aim of reducing the structural deficits and sovereign debt of EU Member States.

Donald Trump's assumption of the US presidency will also breathe new life into the US economy, in the sense that the US economy is expected to grow quite spectacularly. One variable that may affect the US economy is the possible measures to overtax Chinese products. Against this background, further high-level negotiations are expected to take place between the US and China, the world's top two economies, with the aim of finding a mutually beneficial *modus vivendi*.

An important economic factor is global population growth. Currently the global population is 7.85 billion, and forecasts for 2029 estimate a global population of around 8.29 billion people. Global population growth must be matched by growth in the resources needed for life, especially food and water. This must be understood by economically developed countries, which must identify the resources needed to provide the necessities of life in disadvantaged areas in Africa and the Middle East in order to limit economic migration. One example of this is Ukraine, which exports large quantities of cereals to Africa, but, as a result of the war with the Russian Federation, there have been major shortfalls in the delivery of these quantities of cereals needed by African countries, which has made it necessary to find economically and logistically viable solutions quickly.

Global population growth is a linear phenomenon, due in particular to the increase in life expectancy, against the backdrop of the relevant development of medicine and the pharmaceutical industry worldwide. This population growth is not a brake on the world economy, given that there are enough resources on Planet Earth to feed a population perhaps twice as large as today. Technological progress in all areas can make up for the relative scarcity of resources, and the phenomenon of food wastage and over-allocation of resources that do not necessarily produce added value must be halted as far as possible in developed countries. In this context, technologically developed countries need to carry out a major transfer of technology to less developed countries in order to be able to achieve higher agricultural production.

Population growth is not uniform at global level, for example in European countries there is a decrease in the native population, but the lack of employees on the labor market is replaced by migrants, who are generally cheap labor, given that most of them coming from Africa and the Middle East do not have higher education, accepting jobs that do not require a high qualification and lower wages. For a while this policy had spectacular economic results in European countries, but with the extraordinary technological developments (e.g. rapid development of artificial intelligence, automation of productive companies), some jobs will no longer be of interest in the medium and long term, which will lead to rising unemployment and social problems.

The highest unemployment rate will be recorded in the area of EU Member States which are not so well adapted to cope with the major technological changes that will be accentuated in the last period, while the G7 Member States, especially the United States, are investing heavily in technological developments, especially in the IT area and mainly in the technological development of artificial intelligence. From this point of view, Romania will suffer in terms of unemployment, in the sense that the Romanian economy is not able to cope with major fluctuations in macroeconomic indicators. In fact, artificial intelligence is the inflection point for a new technological revolution, and the driving force behind this development is the USA, where the main companies developing this innovative and pioneering technology are based. In this context, we should also not overlook the technological development of China, which has recently been investing heavily in education and basic and applied research, with the aim of overcoming the technological gap with the USA and the developed economic countries as quickly as possible. In the meantime, European states, especially EU Member States, benefiting from US technological support

will catch up with the existing technological gaps by adapting its policies to maximize the use of modern technologies and benefit from the gains brought by them.

At the same time, there is a phenomenon of rejection of migrants in European society, with direct societal effects in the sense that nationalist and sovereignist currents have gained strength recently in some EU Member States. Even within the European Union there are divergent positions on the acceptability and reception of migrants and war refugees. Hungary and Austria, for example, strongly advocate banning migrants on their territory and deporting them to their countries of origin. Banning migrants in Europe is by no means a medium and long term solution, the only viable solution is to implement effective policies for their full inclusion in European culture through paradigm shifts and a flexible and open approach from European society as a whole.

While the labor market appears solid, this solidity could prove illusory if European companies have been hoarding labor in anticipation of a recovery that has so far failed to materialize. Unfortunately, the European economy seems more traditionalist, in the sense that change is slower and economic reforms in the EU institutions are relatively late in coming, amid excessive bureaucracy in Brussels, due to the cumbersome and slow economic and political decision-making process. Already in some EU Member States (e.g. Germany) the economic momentum has slowed down considerably due to rising utility prices, especially energy prices, resulting in reduced exports and, in turn, rising unemployment and social tensions in German society. This substantial reduction in exports will also have horizontal repercussions. An example in this respect is Romania, which statistically exports the most to the German market, especially to the automotive industry. The fall in Germany's export figures will also have repercussions on the Romanian economy, with effects including an increase in unemployment and, implicitly, an increase in tensions at a societal level.

China's economy is being hurt by a sustained slowdown in real estate. Credit booms and crises are never resolved quickly and this is no exception. Domestic demand will remain weak for some time unless strong measures and reforms address the root cause. Public debt dynamics are also worrying, especially if the housing crisis turns into a local public finance crisis. With weak domestic demand, external surpluses could rise on the back of low prices charged by Chinese companies, which have a major advantage in that environmental regulations are very lax, and the fact that in some cases they receive substantial subsidies from the Beijing government authorities. The risk is that this will further exacerbate trade tensions in an already tense geopolitical environment, particularly on the relationship with the US and EU Member States.

At the same time, many other large emerging market economies are performing strongly (e.g. India), sometimes even benefiting from the reconfiguration of global supply chains and rising trade tensions between China and the United States. Their footprint on the world economy is now growing and they will play an increasingly important role in sustaining global growth in the coming years.

A worrying development is the growing divergence between many low-income developing countries and the rest of the world. For these economies, growth is revised down while inflation is revised up. Worse, unlike in most other regions, the estimates for low-income developing countries, including some large countries, have been revised upwards, suggesting that the poorest countries are not yet in a position to recover from the pandemic and the cost of living crisis. In addition, conflicts continue to cause loss of life and increase geopolitical uncertainty. These effects are predominantly felt in sub-Saharan Africa, where countries relatively rich in mineral resources face persistent and bloody military conflicts. In this context, the following African states where bloody conflicts have occurred or are still occurring are worth mentioning: Burkina Faso, Burundi, Cameroon, the Central African

Republic (CAR), Chad, the Democratic Republic of the Congo (DRC), Ethiopia, Kenya, Mali, Mozambique, Niger, Nigeria, Somalia, South Sudan and Sudan.

For these countries, investing in structural reforms to promote domestic and foreign direct investment that foster growth and enhance domestic resource mobilization can help manage borrowing costs and reduce financing needs while achieving development objectives. Efforts also need to be made to improve the human capital of the young and large population by providing education and by offering high quality health services to reduce mortality, especially infant mortality.

Third, even as inflation is falling, real interest rates have risen and sovereign debt dynamics have become less favorable, especially for highly leveraged emerging markets. In this context, these highly indebted countries should turn their attention to efficient mechanisms to collect taxes and duties from companies and the population. Only credible fiscal consolidation contributes to reducing financing costs and genuinely strengthening financial stability.

In a world with much more frequent adverse shocks than in other historical periods, characterized by major disruptions in the supply of raw materials and growing fiscal needs, adaptation to climate change, digital transformation, energy security and defence consolidation should be a policy priority. However, this is never easy to achieve, given that fiscal consolidations are more likely to succeed when they are credible and implemented in periods of economic growth, rather than when markets dictate their terms.

In countries where inflation is under control and which are engaged in a credible multi-year effort to strengthen fiscal policies, monetary policy can help support activity. In this context, the successful policy of fiscal consolidation and monetary accommodation of 1993 in the US can be evoked.

Fourth, medium-term growth prospects remain historically weak. This is mainly due to lower total productivity growth of the relevant economic factors. A significant part of the decline stems from the misallocation of capital and labor within productive sectors and countries. Facilitating a faster and more efficient allocation of resources used in the production process can help to boost sustainable growth in the medium and long term. Currently, economists are mainly relying on the fact that artificial intelligence (AI) will generate strong productivity increases in the medium to long term. Statistically this is likely to happen, but the potential for serious disruption to labor and financial markets is extremely high. Exploiting the full potential of AI for all relevant actors (e.g. government institutions, companies, population) will require countries to be able to improve their digital infrastructure, invest in human capital and coordinate on global rules for the movement of goods and services.

Medium- and long-term growth prospects are also affected by increasing geo-economic fragmentation and a sharp increase in trade restrictions and industrial policy measures as early as 2019. Global trade linkages are already shifting as a result, which may lead to potential efficiency losses and lower production yields. But the bigger damage is to global cooperation and multilateralism, which will affect the global business climate. At the same time, economists believe that huge global investments are needed for a green and climate-resilient future, which are causing significant economic losses through the devastating effects of natural cataclysms worldwide. As can be seen in recent decades, emission reductions are compatible with economic growth, where growth has become much less emissions intensive. However, emissions continue to rise, amid non-compliance by some countries (e.g. China, India) that do not have and/or are not implementing effective environmental rules that produce sustainable growth and with strict adherence to menu rules dedicated to reducing their carbon footprint. Much more needs to be done in this area and faster. Thus, green investments have been expanding at a healthy pace in advanced Western

countries, but there are still many countries that do not consider green investments in nature and environmental protection a priority at the moment.

Reducing subsidies to help reduce the use of fossil fuels cannot effectively contribute to creating the fiscal space needed to continue green investments. The greatest efforts need to be made by other emerging and developing market economies, which need to massively increase their green investment growth and reduce their fossil fuel investments. This will require technology transfer from other advanced economies as well as financing, much of it from the private sector. There is little hope of progress on these issues outside multilateral frameworks and consistent international cooperation at global level.

Global economic development cannot be achieved without increasing sovereign debts of countries. In this context, it is necessary for countries to be able to borrow on the financial markets, but great care must be taken to ensure that the money raised from government or private borrowing is used efficiently to achieve the proposed objectives. In this context, it is necessary for each State to act prudently in terms of its level of indebtedness, in order to manage its balance of trade and balance of payments efficiently.

Government and private debt is currently on an upward trend in the most economically developed countries (the G7), while EU Member States and other advanced economies will see their debt levels fall, as more restrictive trade policies aim to reduce the trade deficit, including through a sharp reduction in budget spending.

2. Trends in the Romanian economy

In an optimistic context created by the press release following the assessment made by one of the largest international financial rating agencies Standard & Poor's confirming the stability of Romania's economy and the prospects for growth in the coming years, which stated that Romania's economy will grow by 1.6% in 2024, followed by a doubling of the pace in 2025-2027 when it will benefit from significant European funds, that it has a good rating in terms of government debt and, at the same time, a good situation on the labor market with unemployment close to historical lows. The rating took into account the evolution of the economy, the volume of foreign public and private investment, capital market transparency and foreign exchange reserves.

Under these circumstances, the first edition of the Medium-Term Budgetary and Structural Plan for Romania, prepared in accordance with Council Regulation (EU) No 2024/1263 and Council Regulation (EC) No 1467/97, as amended by Council Regulation (EU) No 2024/1264, was approved by memorandum at the Romanian Government meeting on October 23, 2024. The document is in line with the guidance provided by the European Commission in its Communication C/2024/3975.

Romania's Medium-Term Budgetary and Structural Plan (MTBSTP) will contribute to the following specific objectives:

a) Strengthening the sustainability of Romania's public finances for the period 2025-2031 with the budget deficit below 3% of GDP as required by the TFEU and putting public debt on a downward trajectory below 60% of GDP over the period under review;

b) Ensuring an adjustment path for the budget deficit over a period of 7 years, starting with an estimated budget deficit of 7.9% in 2024 and ending in 2031 with a budget deficit of 2.5% of GDP;

c) A new model of Romania's public finances from 2029 onwards, i.e. ensuring the financing of current expenditure from the revenues of the national economy, since through the PBSTM the balance of the operating activity will be balanced (zero) in 2029, the deficit of the consolidated general budget being generated only by investment expenditure;

d) Ensuring an annual pace of public investment to ensure the full absorption of European funds allocated through the Cohesion Policy of 46 billion Euro as well as through

the Recovery and Resilience Mechanism of over 29.7 billion Euro, which corresponds to the implementation of an investment volume of over 7.9% of GDP in 2025, 7.7% of GDP in 2026, 6.5% of GDP in 2027 so that in the last part of the MTDSP the average annual pace of investment will be over 5% of GDP;

e) Ensuring the predictability of the tax system for the period 2025-2031, as the current revenues of the consolidated general budget increase from 29.59% of GDP in 2024 to 31.12% in 2031, determined by the implementation of the items 207, 208 and 231 of the PNRR on tax reform with a budgetary impact estimated at at least 1.1% for 2025, net of the impact of the increase in the non-taxable ceiling for pension revenues, but also of the implementation of measures on better collection of budget revenues which determine an increase in current revenues by 0.5% of GDP starting in 2026;

Among the main legislative changes introduced by this plan in 2025 are:

- The gradual phasing out of tax incentives for staff employed in the construction sector will start in 2025 and be completed by the end of 2028;
- changing the tax base for property taxation as a result of the operationalization of a computerized system for the assessment of property subject to property taxes;
- eliminating deductions when determining the tax on micro-enterprises' income in order not to facilitate tax optimizations;
- the introduction of specific rules for the concept of related enterprises in order to eliminate situations of artificial division of a taxpayer's business in order to access the tax regime for micro-enterprises, unjustifiably, for similar activities controlled by the same individual and/or legal entity;
- reviewing the tax rate for micro-enterprises and progressively reducing the tax threshold for micro-enterprises.

In support of this plan was also adopted the Emergency Ordinance no. 138 of December 4, 2024 on amending and supplementing certain normative acts in the fiscal-budgetary field, as well as for regulating other measures. Among the tax changes that will come into force from 2025, as a result of this ordinance, will be:

- CNP use on invoices will be optional. Firms will be able to enter a 13 zeros code if Romanians do not want to provide their CNP e-Invoice B2C (i.e. those issued to individuals) becomes mandatory from January 1, 2025. In this regard, one of the novelties is related to the use of CNP.

- will be optional as of January 1, 2025 for e-Invoice, the inclusion on the invoice of a 13-digit zero-digit code instead of the tax identification code of the beneficiary - natural person, if the beneficiary does not communicate any code.

- e-Factura also restricts the operations for which it is mandatory to use the system to operations with the place of supply for VAT purposes in Romania.

The Ordinance also provides:

- removing the exemption from the obligation to use the national e-Invoice EN system for simplified invoices (other than tax receipts);

- the introduction of the obligation to indicate on invoices issued for operations carried out on the basis of public procurement contracts/sectorial contracts, etc. the corresponding CPV codes from the reference nomenclature in the field of public procurement;

- abrogation of the provisions regarding the use of the RO e-Factura system for invoices issued for holiday vouchers to their holders, from Government Emergency Ordinance no. 8/2009, given that all invoices issued in B2C relationship will be reported in the system from January 1, 2025.

As regards the RO e-TVA system, the obligation of taxable persons to transmit the result of the verifications carried out on the differences communicated through the "RO e-TVA compliance notification" by ANAF, and implicitly the penalty for failure to comply with this obligation, was postponed from January 1, 2025 to July 1, 2025.

In addition, it has been clarified the accounting of VAT collected by self-invoicing, in the case of investment objectives within programs of public or social interest, financed from public funds, which are handed over free of charge to the beneficiaries, in the sense that taxable persons implementing such programs and having deducted VAT for purchases, must issue a self-invoice.

In the field of corporate income tax, taxpayers in the banking sector (credit institutions) and in the oil sector who pay additional turnover taxes at the same time as corporate income tax are exempted from paying the minimum turnover tax (IMCA), in order to avoid double taxation, but also in line with the tax rules currently applicable.

In the field of VAT, the obligation has been introduced to indicate on the simplified invoice the tax identification code of the beneficiary, whether it is a taxable person or a non-taxable legal entity.

As regards e-Transport, the entry into force for Authorized Economic Operators (AEO) is postponed until 31 March 2025.

In the first 9 months of 2024, the Tax Code underwent 78 amendments, and in the period 10.09.2015-31.03.2023 the Tax Code underwent no less than 554 amendments, made by 107 laws, government ordinances and emergency ordinances, which shows the lack of vision and coherence of political representatives so far.

Romania has for many years faced a significant decline in public confidence in the state, in government institutions and in political leaders in general, these conditions in 2024, the tumultuous semester, with European and local elections on June 9, 2024, parliamentary elections scheduled for December 1, 2024, presidential elections scheduled for November 24 (first round) and, subsequently, the annulment of the presidential elections by the decision of the Constitutional Court judges. In the first quarter of 2025, the electoral process for the election of the President of Romania will be fully resumed, with the government setting a new date for the presidential elections.

In these circumstances, the government has run out of money for current expenditure, as banks are no longer lending to it and the exchange rate is in danger of breaching the psychological threshold of 5 lei. This is why the National Bank of Romania has intervened, the foreign exchange reserves managed by BNR were reduced in November by €1.67 billion to €61.17 billion, this reduction is not just the payment of an external debt. In November 2024, EUR 4.37 billion entered the reserve, representing: changes in the minimum foreign currency reserves held by credit institutions with the NBR; replenishment of the accounts of the Ministry of Finance and other.

In this context, EUR 6.04 billion was paid out, representing: changes in foreign currency minimum reserves held by credit institutions at the NBR; installment and interest payments on the account of public debt denominated in foreign currency (about EUR 649 million); payments on the account of the European Commission and others.

The "and other" category also includes the NBR's operations in the foreign exchange market, i.e. purchases and sales of foreign currency, which are not disclosed by the central bank. Last month, about €1 billion of the reserve reduction was not due to foreign debt payments.

While this amount cannot be directly attributed to currency sales to protect the exchange rate, other data suggest that the NBR probably intervened in the market towards the end of the month amid the election tensions. Investors sold lei-denominated government bonds, pushing yields higher. Most often, the first sellers are foreign investors, who buy or

borrow lei when they enter the market and do the opposite when they exit the market. The second clue is the rise in short-term interest rates in the interbank market. When the NBR sells foreign exchange, the amount of lei in the market decreases, which means a decrease in excess liquidity, which leads to higher interest rates - which also makes speculating on the leu more expensive. Other currency outflows could be through the commercial channel as risk aversion has increased and the Bucharest stock market has gone into the red.

The budget deficit remains very large and, although we expect an improvement in 2025, by our calculations, a deficit of around 6% of GDP is the best that can be hoped for. We continue to see an increase in taxes as inevitable in 2025, the most likely being higher excise duties, commodity taxes and higher tax rates for most micro-enterprises. We also project a potential 2% increase in the main VAT rate on goods and services, but only from the second half of 2025.

Public sector wages grew less than anticipated, which will lead to a slowdown in consumption. In nominal terms, the pension recalculation bill amounts to RON 28.5 billion (1.5% of GDP) per year, with only RON 9.45 billion to be paid in September-December 2024 and the remaining RON 19 billion to sustain consumption in 2025.

Even though the minimum wage will increase by 9.45% from January 1, 2025, to 4,050 lei gross, significant demographic challenges remain and will have important effects on the labor market in the coming years. By the end of 2030, Romania's working-age population (15-64 years) is projected to decline by 4%, more sharply than at the EU aggregate level (-2%). In addition to the negative developments in the natural movement of the population (negative natural increase), another phenomenon contributing to the labor shortage is emigration. Romania is the EU Member State with the highest number of people living in other EU countries (around 3.2 million, of which 34% in Italy), with 76% of emigrants representing the active labor force (15-64 years).

At the same time, public investment is likely to continue to support growth. Developments in external demand have so far been weaker than expected. However, sentiment indicators show optimism for the future, leading us to expect improvements in industry and exports in 2025. Construction will benefit from cheaper borrowing and higher remittances from the EU, while the number of building permits issued rebounded in Q2 2024 across all sectors and is likely to rise further. Real estate transactions could also start to rise again after an expected contraction this year.

Weakness in the IT sector could extend into 2025 and could linger beyond, until new projects arrive in Romania to boost the sector. Agriculture could also benefit from a favorable base effect, as this year's summer drought and extreme temperatures have affected crop yields on 40% of the area planted to wheat, corn, rapeseed and sunflowers. As a result, we expect higher food prices and food imports in 2025.

Energy imports could increase again next year during periods of extreme weather, unless Romania manages to improve its renewable energy storage capacity to better manage energy supply and demand mismatches.

We expect the structural C/A deficit to narrow by 1 pp to 6% of GDP in 2025, on the back of weaker domestic demand and a possible recovery in exports, with the external deficit fully covered by FDI, EU transfers and government borrowing abroad.

As such, we do not see significant depreciation pressure on the leu and we expect foreign exchange reserves to continue to increase. However, we expect the EUR-RON to move into the 5.00-5.10 trading range in the first quarter of 2025, followed by a gradual uptrend until the end of the year.

We estimate that inflation will miss target in 2024 due to tax increases and robust household purchasing power. Our baseline forecast is for inflation to be around 5% at the end of 2024 and 4.4% at the end of 2025, with weaker domestic demand sending core

inflation into the 1.5-3.5% target range at the start of 3Q25. We continue to expect core inflation to remain more stable than in the rest of the region, due to a traditionally high propensity to consume. At the same time, headline inflation will remain subject to upside risks in 2025, due to the increasing likelihood of higher food prices, higher energy prices and higher taxes.

We expect the NBR to remain on hold in 2024 at 6.5% due to fiscal uncertainty. We expect the NBR to resume key interest rate cuts in February 2025 and lower the key interest rate to 5% by end-2025, with risks tilted to faster cuts if economic activity eases significantly.

The year 2024 was marked by a significant progress in the construction of motorways and express roads in Romania, with a total of more than 117 kilometers completed and another 700 kilometers are in various stages of execution.

The current network of motorways and express roads in Romania measures around 1,200 kilometers, and authorities are striving to meet the 2026 deadline set by the National Recovery and Resilience Plan (NRRP). In 2025, another 400 kilometers are expected to be inaugurated, with a focus on the Cluj-Sălaj and Bihor sections of the Transylvania Highway.

The long-awaited decision to bring Romania and Bulgaria into the Schengen area as of January 1, 2025 will create significant advantages for intra-EU and beyond goods transportation. The removal of land border controls will mean a significant decrease in logistical costs especially for companies exporting Romanian products by trucks and trucks, but also for importers - lower transportation costs will translate into lower prices for products imported this way from Europe. All this will generate, initially, a potential gain of more than 2% of GDP, estimated at around €10 billion, if the infrastructure of motorways and express roads develops at the expected pace and if the measures adopted by the authorities facilitate the increase in the volume of transport.

The measures adopted through the PNRR and PBSTM in conjunction with the authorities' efforts to reduce the budget deficit should have immediate results in the next two years. The termination of the PNRR funds at the end of 2026 will deprive the economy of significant capital injections, with possible negative repercussions on economic growth. The need for legislative predictability, investment incentives, international trade partnerships and pro small and medium entrepreneurship measures should have been the main coordinates for the authorities to adopt and implement measures.

In this context, the tax strategy should focus on maintaining a capital tax at competitive levels, allowing the economy to grow to overcome its dependence on NERP funds.

Potential increases in dividend tax or corporate tax could be counterproductive, as we are already seeing the effects of the turnover tax now.

Romania needs to maintain its fiscal competitiveness, especially as the private sector is already being assaulted by the rising costs of the climate transition. Tax space is very tight anyway, with labor taxation among the highest in the EU.

Excise taxes on cigarettes and fuel are high, and raising VAT would bring little additional revenue to the budget, given the existing massive shortfall in VAT collection.

Against this background, going forward, it is important that budgetary recovery is achieved mainly through the adjustment of budgetary expenditure, which will imply structural reform across all budgetary institutions.

3. Conclusions

The risks to the global outlook are now broadly balanced. On the downside, further increases in prices, including energy commodity prices, triggered by geopolitical tensions, including those stemming from the Russian-led war in Ukraine and the conflict in Gaza and

Israel, could, together with persistent core inflation with labor markets still tight, raise interest rate expectations and reduce asset prices.

The resilience of global economic activity was consistent with lower inflation thanks to a post-pandemic supply-side expansion. Better-than-expected growth in the labor force, amid robust employment growth, supported activity and disinflation in advanced economies and several large emerging market and middle-income economies.

Also, a divergence in the speed of disinflation among the major economies could cause currency movements to put pressure on financial sectors. High interest rates could have larger-than-expected cooling effects as fixed-rate mortgages reset and households face high debts, causing financial stress. In China, without a comprehensive response to the severely troubled real estate sector, economic growth could be inconsistent in the medium to long term, hurting trading partners. Against the backdrop of high public debt in many economies, a disruptive shift towards higher taxes and spending cuts could weaken economic activity, erode confidence and reduce support for reforms and spending to mitigate the risks from climate change.

Geo-economic fragmentation could intensify, with higher barriers to the flow of goods, capital and people, implying a slowdown in the global economy. On the other hand, looser fiscal policy than needed and assumed in the projections could increase economic activity in the short run, although it risks a more costly policy adjustment in the longer run. Inflation could fall more rapidly than projected amid further increases in labor force participation, allowing central banks to pre-empt easing plans. Artificial intelligence and stronger structural reforms than initially anticipated could boost labor productivity.

In conclusion, as the global economy approaches a linear and relatively slow securitization trend, the short-term priority for central banks is to ensure that inflation settles on a safe trend, without, however, prematurely relaxing prudential financial and monetary policies and without unduly delaying the adoption of economic, fiscal and monetary reforms to overcome possible risks.

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MANAGING GENERATIONAL EXPECTATIONS: THE PSYCHOLOGICAL CONTRACT

Anișoara Melnic¹

Abstract

The article presents an analysis of the conceptualization of the term psychological contract addressed in the specialized literature. In addition, the dimensions, ways of evolution of the psychological contract and the impact of its violation are exposed. Particular attention is paid to the generational perspective on the psychological contract. Deep understanding of the content of the psychological contract plays an important role in reducing uncertainty and creating a basis for realistically predictable behavior of the parties in the future, helping the employee and the organization to achieve their goals.

Keywords: *generational differences, workplace, psychological contract, employee-organization exchange, interpersonal relations*

Articolul prezintă o analiză a conceptualizării termenului de contract psihologic abordată în literatura de specialitate. Apoi, componentele sale sunt specificate. De altfel, sunt expuse dimensiunile, modalitățile de evoluție ale contractului psihologic și impactul încălcării acestuia. O atenție deosebită este acordată perspectivei generaționale privind contractul psihologic. Înțelegerea profundă a conținutului contractului psihologic joacă un rol important în reducerea incertitudinii și crearea unei baze pentru un comportament realist previzibil al părților în viitor, ajutând angajatul și organizația să își atingă obiectivele.

Introduction

The field of application of the psychological contract methodology is extremely wide: from studying global trends in the field of employment to analyzing relational problems at the "boss-subordinate" level. Unfortunately, this concept is less known in the Romanian space, so Romanian practitioners in the field of personnel management might be interested in familiarizing themselves with the approaches and tools for managing employee behavior based on a psychological contract.

The organization as an institution that provides a job puts forward certain requirements for employees, imposes obligations and has a number of expectations from them. In turn, employees also have certain expectations related to work activity, they anticipate career growth, decent and timely salaries, a favorable psychological atmosphere in the team and their recognition as a professional. All this reflects the psychological contract as an organizational phenomenon based on mutual expectations and obligations between the subject of work and his employer, the perceptions of the two parties about the conditions of the employment contract, about the mutual exchange of promises.

Traditionally, the implicit psychological contract included obligations of long-term care for the employee, on the one hand, in return for loyalty and conscientious work, on the other. However, the process of globalization of the market, the emergence of new technologies and their availability, as well as the change in the role of human resources led to the need to review traditional relationships, develop new forms of employment and change the expectations of the parties.

The current situation stands out for the awareness of the value of human resources. A characteristic of the labor market in recent years is the increase in labor mobility, the increase in the number of jobs involving remote work, the interest of employers to save labor

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costs, the rental of premises and equipment. The time of the stable staff is ending, the era of the nomadic staff is coming.

Traditional methods of personnel management, as practice shows, are not effective enough to solve the current problems of human resources management. In response to the challenges of the labor market, companies began to borrow technologies from related fields of science and practice. Various aspects of the interaction between employer and candidates, management and staff are revealed by the concepts of "employment relations" in jurisprudence, "implied contract" in economics, "employer brand" in marketing and "psychological contract" in psychology. (Selivanova, 2016, p. 94)

Theoretical foundations and operationalization of the psychological contract

The psychological contract was conceptualized by Argyris in 1960 to describe an implicit agreement between a group of workers and their foreman. The employment relationship can be set up in such a way that employees trade "adequate" productivity for "acceptable" wages and job security. This first conceptualization shows that the elements of an employment relationship cannot be presented in a written and formal contract, and the psychological dimension makes it possible to compensate for the inadequacies of the employment contract. Levinson et al. and Schein later contributed to the development of this concept. They define the psychological contract as "a set of mutual expectations" that govern the employment relationship between two parties, the employee and the organization. These authors also note that these two parties may not be fully aware of this. Schein states, however, that "such expectations" are not the subject of a written contract, but are determinants of workplace behavior. (apud Sabouné, 2016, p. 15).

However, the development of the concept will be further clarified when Rousseau defines the psychological contract as "the belief that an employee maintains in relation to the terms and conditions of a reciprocal exchange with his employer" (Robinson & Rousseau, 1994, p.246). The psychological contract occurs when an employee perceives that in exchange for his contribution, the employer has an obligation to reward him. The employee then perceives that the organization has obligations to him, just as he has obligations to her. So the concept of psychological contract is developed based on social exchange theory, which postulates that employees and employers commit to exchange contributions. According to this norm of reciprocity, when employers fail to fulfill their promises and obligations, employees experience psychological breach of contract and reciprocate their own contributions to the organization (e.g., by reducing effort and performance).

Characteristics of the psychological contract
<ol style="list-style-type: none"> 1. Subjective and individual perception 2. Obligations of the employee and the employer 3. Dynamic and measurable 4. Extended and transposable relationship 5. Potentially Different Terms

The psychological contract is an important concept for the workplace because its primary function is to reduce the insecurity generated by the inability of the formal contract to include all the components of an employment relationship. It also enables employees to perform at work because they believe that their contribution will be rewarded. Blouin (2004, p. 13) notes that "the psychological contract gives the employee the impression that he influences his own destiny in the organization, since he has accepted the terms of the contract and that, in addition, he can decide whether or not to honor his obligations."

According to Schroth (2019, p. 7), employees have an unwritten set of work expectations that affect their attitudes, feelings, and behaviors. And the concept of psychological contract includes the set of expectations of the manager towards the employees and vice versa. For example, the manager is expected to pay in proportion to performance; to provide opportunities for training, development and promotion; to give feedback on performance; to treat employees with respect. On the other hand, employees are expected to work hard, develop new skills, follow instructions, and be polite to their boss, customers, and coworkers.

Rousseau (1989) shifted the terms of the exchange agreement from expectations to promises, emphasizing the role of the organization in creating psychological contracts, while the emphasis on expectations acquired numerous influences unrelated to the organization. The exchange relationship includes both explicit and implicit promises. Explicit promises result from employees' interpretations of verbal and written agreements, while implicit promises refer to interpretations of consistent and repeated patterns of exchange with the employer. Both explicit and implicit promises can be grounded in the observation of behavior as "the key element in the communication of a promise in a contract" (Rousseau & Parks, 1993, p. 6).

Rousseau and Parks (1993) recognized three dimensions present in the concept of psychological contract namely promise, acceptance and payment. First of all, it should be noted that the employee has expectations of what he perceives to be promises made by the organization. The employee will then give their contribution to the organization to "pay" for the expected promises. Finally, acceptance of the psychological contract consists in the fact that the two parties voluntarily commit to the contract and are responsible for honoring it. Regarding the dimensions of promises and acceptance, they are based on beliefs and perceptions. Both parties are convinced that they have accepted the same terms of the contract, but this does not mean that each party shares the same understanding of it. Moreover, the psychological contract is subjective in nature. Indeed, since the psychological contract is based on beliefs and perceptions, it depends on the people who interpret it. Moreover, the psychological contract corresponds to an ongoing process. Indeed, unlike the formal contract, the psychological contract is revised according to the evolution of the employee in the organization and according to the relationship he has with his employer.

Methods of creating the psychological contract
1. Promise
2. Payment
3. Acceptance

Existing theoretical models regarding the formation of psychological contracts posit the importance of the meaning-making process upon entry into the organization. The meaning-making process is seen as a cycle of events that takes place over time. This cycle begins before employment, when prospective employees form unconscious and conscious anticipations and assumptions about their future work. After employment, newcomers experience events that may trigger a process by which prior expectations are modified and predictions about future experiences are revised. This process of retrospective interpretation thus involves an active change of expectations and assumptions based on actual experiences. Updated anticipations and revised hypotheses are analogous to changes in cognitive schemes.

A schema is defined as a cognitive structure that represents organized knowledge about a person or situation. Cognitive schemes typically affect the perception of incoming information, review of stored information, and inferences based on this information. These different mental schemes could affect the psychological contract of each generation in two

ways: by adapting the employer's obligations to the perceived specificity of each generation in a way similar to the link that exists between general values and professional values; and by how different generations respond to the employer's obligations. These schemes help individuals cope with surprise and novelty in the organizational setting, align their expectations with reality, thereby reducing resentments related to unfulfilled expectations or broken promises.

These schemes generally develop from commitment factors (e.g., motives and values), societal influences (e.g., social contracts and norms), as well as workplace experiences (e.g., socialization practices) and affect meaning making. Around the promises and commitments that employees and employers make to each other, the perception of the extent of the obligations and, finally, the degree of reciprocity that the contracting parties demonstrate.

Typical outcomes of psychological contracts include job satisfaction, commitment, loyalty, performance, and intention to remain with the organization. Whereas violation of the psychological contract can lead to poor performance and productivity, low satisfaction, low turnover, employee turnover. The psychological contract is unique to each employee-employer relationship because it is based on the individual perceptions and cognition of the two parties, shaped by past interactions.

Ways to achieve the psychological contract

The evaluation of the psychological contract consists in the analysis of the degree of achievement of the expectations of the two parties involved in the work relationship; allows a better understanding and explanation of employee attitudes. According to Rousseau and Parks (1993, p. 41-43), the assessment would include three indicators of the degree of achievement of the psychological contract: compliance, exceedance and violation. A psychological contract can be perceived as being respected or violated from the perspective of the employee, the employer, or both.

Ways of evolution of the psychological contract
1. Respect 2. Overcoming 4. Breach

Adherence to the psychological contract is defined as “the extent to which one party believes that the other party has fulfilled its obligations” (Lee et al. 2011, p. 204). Adherence to the psychological contract has the potential to positively shape the relationship, contributing to the development of employee motivation and engagement. Fulfillment of the psychological contract includes an individual's cognitive judgment and evaluation, while breach captures the emotional reaction.

Overcoming the psychological contract represents the positive gap between promises and achievements. The fact that the employer "delivers more than promised" could contribute to: (1) increased employee satisfaction if perceived promises relate to compensation and recognition; (2) decrease in employee satisfaction, involvement, and motivation if perceived promises are aimed at assigning new responsibilities and increasing workload.

Violation of the psychological contract represents the negative gap between promises and rewards received. It reflects the inability of the organization or any other party to respond to an employee's contribution. Unlike the first two indicators, which have been the subject of a small amount of research, a multitude of studies have focused on the various forms of reactions of individuals in relation to the perception of the violation of the psychological contract. (Tekleab et al., 2005; Lester et al., 2002; Robinson & Rousseau, 1994) In fact, individuals are more sensitive to breaking and breaking promises and perceived obligations.

Relating generations to the psychological contract

Indeed, looking at several researches that stated that many aspects of employee behavior such as values and motivational factors can vary according to their generation. However, the impact of generation on employee expectations and thus on the terms of the psychological contract needs to be explored further.

In the study by De Meuse et al. (2001), the authors aimed to detect generational differences in relation to their perception of the psychological contract. The literature review by De Meuse et al. (2001) point out that attitudes towards the psychological contract are influenced, among other things, by the employee's age and experience. Research shows that employees understand that the psychological contract they have with their organization changes over time. Two years after employment, participants in Robinson et Rousseau's (1994) research began to perceive that they owed their employer less than when they entered the organization and that the employer owed them more. In the same vein, the study shows that young employees have a different perception than older ones regarding the number of years they intend to dedicate to the organization. Indeed, it would seem that younger people would benefit from the opportunities largely attributed to the organizational context (increased flexibility in work organization). Older employees, on the other hand, have spent most of their careers with a more traditional psychological contract based on, among other things, loyalty and job security. Moreover, younger employees would expect different forms of rewards than older employees. Indeed, younger employees are looking for engagement, quality of life and flexibility, while older employees expect their organization to value hard work and loyalty. The literature tends to associate job security expectations with older employees, while younger employees' expectations are mainly related to skill development.

The results of the study by Lub et al. (2015) suggest that the concept of the psychological contract offers an attractive avenue for better understanding how employees of different generations interact differently, or in some cases similarly, with their organizations. The results of this study suggest that all generations respond well to varied, interesting and challenging work with a balanced workload. Generation Y may respond particularly well to career development options such as promotions, coaching, comprehensive training programs and professional development, while Generation X would respond particularly well to organizations and managers that adhere to clear and fair management policies. Generation X and Baby Boomers also appear to be more motivated by a good relationship with coworkers and cooperative and supportive superiors, while Generation Y appears to be more individualistic. Finally, rewards appear to be a deterrent to dissatisfaction for all generations (but especially for Generation Y), with the fulfillment of reward obligations having little impact on work outcomes.

Bal *et al* (2007) in their meta-analysis on the moderating role of age in the relationship between psychological contract breach and attitude towards work (e.g. trust, job satisfaction and affective commitment), found that psychological contract breach was negatively correlated with employee attitudes towards work and that age moderates these relationships. Specifically, for older workers, the negative relationship between (a) contract breach and (b) organizational trust and commitment was weaker, and the relationship between contract breach and job satisfaction was stronger.

Dalcourt (2006) in his study on the relationship between the age effect and psychological contract breach and organizational commitment concludes that although younger employees and older employees do not have the same expectations from their workplace, this cannot be explained only through the lens of their belonging to a certain generation. It is also necessary to take into account the social environment and the life stage of the employees. According to Wagner & Rush (2000), younger employees sometimes lack the necessary life experience to be able to integrate the concept of personal sacrifice for the

good of the organization. The same study shows that the level of fulfillment of promises made to employees positively influences affective and motivated commitment. Affective commitment is related to an individual's desire to stay in the organization. This desire occurs when the individual feels attached to the organization, feels involved in the organization and identifies with it.

Summarizing the main findings regarding the impact of age diversity on transactional and relational psychological contracts, it can be concluded that as employees age and accumulate work experience, transactional obligations become less important.

From the main findings related to the specific obligations of the psychological contract, we can deduce that there is congruence within generational cohorts, they value the same types of obligations. For example, Generation X considers autonomy and job security more important than younger cohorts.

Regarding generational diversity as a moderator in the relationship between psychological contract violation/compliance and attitude and commitment to work, it can be concluded that for younger workers the relationship between these variables is stronger. The findings are similar for the duration of the employment contract. For example, psychological contract breach correlates negatively with engagement and positively with intention to leave for fixed-term employees.

We can, therefore, mention that the generational membership would not be as decisive as it would be a widespread belief regarding the influence of the generational factor on the psychological contract.

Conclusion

Psychological contract must be adapted according to the organization, but also taking into account the generational affiliation of the employees. So it can become an important tool used in effective management.

The manager must create an atmosphere of financial stability and sustainability in the organization so that employees seek to establish a long-term interaction with it.

An important emphasis should be placed on establishing friendly, partnership relations in the team and with the head of the organization, providing positive emotions to the work subjects. Employees of an institution must be sure that the manager, in case of an unforeseen situation, will treat them with understanding, will build a dialogue based on the equality of the parties. Thus, employee cooperation will strengthen team spirit and unite the workforce.

The organization must promote values such as equality, respect, individual dignity. Orientation towards fair, honest, impartial relations with staff and management.

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METHODS AND TECHNIQUES FOR IMPROVING COMMUNICATION IN PUBLIC INSTITUTIONS

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Abstract

Communication represents a valuable tool for achieving high performance within the organizational framework. In public institutions, communication specialists represent a part of the strategic advisors of the top management. The paper tries to highlight the ways of interfering managerial and interpersonal communication in the institutional framework, to support the achievement of the organizational mission. In this respect, there are examined the linkages between the communication process, on the one side, and the institution's activities, its decisional system, including the receiving of the feedback, on the other side. The conclusions highlight the ways communication, as a function of modern management, can contribute to informational system adequacy of the institution, as well in the external context, particularly through the means of modern technology.

Keywords: public institutions, communication barriers, communication techniques, communication platforms.

JEL Classification: O33.

1. Introduction

Effective communication within public institutions is crucial for achieving operational efficiency, fostering transparency, and enhancing public trust. As the nature of public service is often complex and involves various stakeholders, communication plays a pivotal role in ensuring that policies, decisions, and services are delivered effectively and consistent with the citizens' expectations. Improving communication in public institutions requires the adoption of various methods and techniques that can streamline internal processes, facilitate effective decision-making, and maintain open public channels. This article explores key methods and techniques to enhance communication within public organizations.

In public institutions, communication specialists play a pivotal role as strategic advisors to top management. Their expertise is crucial for shaping the public image of the organization, ensuring transparency, and maintaining a flow of clear, effective communication between the organization and its stakeholders. Placing communication professionals at the top advisory level allows institutions to be proactive rather than reactive, building resilience against crises and fostering trust with both employees and the public. Their strategic insight helps align public perception with organizational goals, which is crucial for the credibility and success of public institutions.

2. Literature review

Communication in public institutions is foundational for transparency, accountability, and policy implementation, through some key concepts as a trust-building tool for transparency (Grimmelikhuijsen et al., 2017) or as a bridge between bureaucracies and citizens (Denhardt & Denhardt, 2000).

Research in the field outlines the role of effective communication in governance enhancement by fostering trust between institutions and the public (Bovens et al., 2008).

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Public officials' ability to clearly articulate policies and decisions impacts public compliance and satisfaction.

Internal communication within public institutions fosters a cohesive organizational culture. Welch & Jackson (2007) explore how open communication channels among staff promote alignment with institutional objectives, use of newsletters, intranet systems, and town halls for clear communication. In addition, the literature in the field highlights how effective internal communication is linked to employee engagement and institutional efficiency, using the technique of two-way communication models for inclusivity and feedback (Argenti, 2017; Mishra et al. 2014).

External communication is vital for building public trust. Some studies discuss the role of participatory communication in democratic governance by simplification of complex policies for broader understanding (McQuail, 2010; Yang & Holzer, 2006). The integration of social media platforms has been highlighted by Mergel (2013) as a transformative force in how public institutions engage with citizens by using digital platforms for real-time interaction and crisis communication (Bertot et al., 2010).

Literature identifies several barriers to effective communication in public institutions: *bureaucratic silos*, hindering information flow between departments (Feldman & Khademian, 2007), *resistance to change*, in adopting new communication technologies (Reddick & Turner, 2012) and *crisis communication gaps*, institutions often face difficulties in managing communication during emergencies (Coombs, 2007).

Technology plays a transformative role in public sector communication. Literature highlights *digital governance* to improve accessibility and efficiency; besides, *social media and AI* represent digital tools that need to be integrated into public service delivery. Emerging trends point toward greater personalization and data-driven communication. Scholars advocate for: leveraging big data analytics to tailor communication (Bannister & Connolly, 2014) and emphasizing storytelling to humanize institutional efforts (Heath & Heath, 2007). Communication in public institutions is multi-dimensional, spanning internal efficiency, public engagement, and the integration of innovative technologies. Continued research is needed to explore the interplay between communication strategies and institutional effectiveness in different cultural and political contexts.

3. Methods and techniques used in organizational communication

Various methods and techniques can be used, with the purpose of enhancing both internal and external communication.

Creating structured communication strategies ensures consistency and clarity. Plans should outline objectives, target audiences, key messages, and the tools or channels to use (e.g., newsletters, social media, and town hall meetings). Also, it is crucial to involve employees in crafting these plans, to improve buy-in and relevance to institutional needs.

Engaging employees and the public in dialogue is vital. Techniques include hosting town hall meetings to address concerns and share updates, using online suggestion boxes for anonymous feedback, encouraging participatory management by involving staff in decision-making processes.

In the modern era, the use of digital communication tools has become indispensable for improving communication within public institutions. These tools can enhance internal and external communication, streamline operations, and improve public engagement. Some of the most effective digital tools include email and instant messaging platforms, which are essential for ensuring that internal communication between departments, staff, and management remains clear and quick. Tools like Slack, Microsoft Teams, and Google Workspace enable real-time communication and file sharing, which improves collaboration and decision-making processes. Official websites and portals of the institution are crucial

tools for disseminating information to the public. By regularly updating the website with relevant news, policies, and services, public institutions can enhance transparency and provide easy access to information. Online portals can also facilitate digital forms and requests, increasing the efficiency of the communication process. Social Media Platforms allow institutions to respond quickly to public concerns and foster a sense of connection with citizens. Using platforms such as X/Twitter, Facebook, and Instagram, public institutions can directly communicate with the public. Social media can be used to share news, answer public queries, and engage in two-way communication. Implementing E-Government Services ensures that citizens can access various public services online, diminishing the need for physical interactions and improving the service delivery efficiency and effectiveness.

One of the fundamental methods for improving communication within public institutions is to ensure training and development programs for employees. Communication is a skill that can be developed through consistent practice and learning. Training programs can focus on various aspects of communication, including: written and oral communication skills, which ensures that they can communicate effectively through emails, reports, memos, and other official documents; furthermore, training in verbal communication enhances staff's ability to interact with colleagues and the public confidently and respectfully; public speaking and presentation skills can help convey important messages to the public, media, or stakeholders in an engaging and persuasive manner; conflict resolution and negotiation training employees to handle the disagreements in a diplomatic and constructive manner, preventing communication breakdowns and promote a collaborative working environment.

Transparency is a core value in public institutions, and establishing clear communication channels is key in its achievement. Through the creation of well-defined communication channels, institutions can avoid confusion, prevent information silos, and ensure good information of stakeholders at all levels. Some techniques include: internal newsletters and bulletins to communicate important information to staff, from policy updates to changes in organizational procedures; regular meetings and briefings at different levels (staff, departmental, or organizational) that are vital to maintaining an ongoing dialogue, to allow for real-time updates, feedback sessions, and addressing any concerns that may arise; public consultations, to provide valuable insights regarding the needs and expectations of the community, which can be informed about the decision-making processes.

Data analytics can play a significant role in improving communication strategies. By analyzing data from various communication channels, public institutions can identify trends, measure the effectiveness of communication efforts, and adjust their strategies accordingly. Some ways to use data analytics in communication include monitoring social media feedback by identifying common questions or concerns raised by the public, which allows institutions to adjust their messaging or respond more effectively to issues; survey results and feedback can help identify areas for improvement in communication practices and the results can highlight which communication methods work best and which require refinement; internal surveys for staff feedback can help gauge internal communication effectiveness and identify bottlenecks in information flow.

A collaborative organizational culture fosters open communication among employees and encourages knowledge sharing. Public institutions that create an environment where staff feel comfortable sharing ideas, opinions, and concerns are more likely to experience effective communication. Techniques for fostering a collaborative culture include: cross-departmental collaboration encouraging collaboration between different departments or teams within an institution helps to ensure that information is shared openly and that everyone is on the same page; recognition and reward systems can motivate employees who demonstrate strong communication skills; besides, mentorship and peer support can help to enhance communication skills at all organizational levels.

Regularly collecting and acting on feedback is a key method for improving communication. Feedback mechanisms should be embedded at both internal and external levels. Internally, institutions can use employee surveys, suggestion boxes, and performance reviews to understand areas of improvement. Externally, feedback from citizens through surveys, public meetings, or social media can provide invaluable insights into how the institution is communicating with the public.

Public institutions must prioritize building strong, long-lasting relationships with the community they serve. These relationships go beyond transactional communication and involve active collaboration and engagement. Establishing programs where institutions actively engage with local communities such as town hall meetings, focus groups, or neighborhood outreach initiatives, ensures that the concerns and needs of the public are heard and addressed. Institutions can create advisory boards comprising community members and stakeholders who can offer guidance, feedback, and insights into public policies, programs, and services.

Technology can significantly enhance the speed and efficiency of communication in public institutions, ensuring that real-time information reaches the right people when it's needed most. Many institutions are now developing mobile apps to communicate directly with citizens. These apps can include features such as real-time alerts for emergencies, event reminders, service requests, and feedback channels. Automated notification systems via email, SMS, or apps can be used for emergencies, public health updates, traffic conditions, and other important announcements, keeping the public informed and safe.

A cohesive communication strategy across all levels of a public institution ensures consistency and clarity in messaging, reducing confusion among both employees and the public. Public institutions should establish a unified communication tone and style, ensuring consistency across internal and external channels. Whether through written communication or verbal interaction, a consistent voice builds trust and recognition. A centralized strategy for all forms of communication, including media outreach, public messaging, and internal updates, ensures that key information is distributed in a structured and timely manner.

Public institutions must be well-equipped to communicate effectively during crises, such as natural disasters, public health emergencies, or political upheavals. Well-prepared communication plans can prevent misinformation, reduce panic, and maintain public trust.

Institutions should develop and regularly update crisis communication protocols that outline specific procedures for disseminating information, managing media inquiries, and addressing public concerns in a timely and coordinated manner. Designation of trained spokespersons for crisis communication can streamline the flow of information and ensure that key messages are communicated clearly and effectively.

Hierarchical structures in public institutions can sometimes create barriers to open communication. Institutions should work to dismantle these barriers and encourage open dialogue between leadership and staff at all levels. Leaders should be transparent about organizational decisions, especially when they directly impact employees. By openly communicating the rationale behind decisions, leadership can foster understanding and alignment. Encouraging an open-door policy where employees feel comfortable approaching leadership with ideas, concerns, or feedback fosters a culture of inclusivity and trust within the institution.

Public institutions operate in diverse communities, and effective communication requires an understanding of the cultural backgrounds and experiences of the people being served. Offering training to staff on cultural sensitivity, diversity, and inclusion helps improve communication with people from various backgrounds. Understanding cultural norms, traditions, and communication styles can ensure messages are received as intended. Institutions should actively celebrate diversity through initiatives, events, and campaigns

that acknowledge and respect various cultures. This approach encourages more inclusive and respectful communication.

People process visual information much faster than written text, and using visual elements can make communication more engaging, especially in public messaging. Complex data, such as budget allocations or statistical reports, can be simplified into infographics or interactive dashboards. These formats are not only more accessible but also easier to understand for the public. Developing interactive websites where citizens can easily find information, track progress on public projects, or engage in feedback loops enhances the transparency and accessibility of public institutions.

Different audiences have different needs when it comes to receiving information. Public institutions should tailor their communication strategies to meet the specific preferences and needs of various groups, including vulnerable populations. Should segment their communications based on demographic factors such as age, geographic location, or professional interests. For example, older adults may prefer phone calls or printed materials, while younger people might favor digital communication through apps or social media. Institutions should ensure that all forms of communication are accessible to people with disabilities. This includes offering materials in braille, providing sign language interpreters for public meetings, and ensuring websites are compatible with screen readers.

Continuous improvement in communication requires that public institutions measure the effectiveness of their strategies and adjust accordingly to develop and track communication metrics, such as response times, engagement rates, audience reach, and feedback quality. These data points provide insights into the effectiveness of communication efforts and highlight areas for improvement. After communication campaigns, public institutions should solicit feedback from both staff and the public to evaluate whether the messaging was clear, well-received, and actionable.

4. Key roles of communication specialists

Communication specialists provide insights into public perception and media trends, enabling leaders to make informed decisions. They craft messaging that aligns with institutional goals and resonates with target audiences.

During crises, they act as key advisors, managing communication to maintain public trust and avoid misinformation. Their strategies often include timely press releases, coordinated media responses, and public briefings. They advise top management on strategies to build and sustain a positive public image. This involves overseeing branding initiatives, managing social media, and maintaining relationships with the media.

Communication specialists improve organizational alignment by ensuring that employees are informed about institutional priorities, policies, and changes. They play a role in fostering a culture of openness and collaboration, which supports organizational efficiency.

Specialists often design and implement engagement campaigns to foster support for policies and programs. They help management navigate relationships with key stakeholders, including the public, government entities, and partner organizations.

As advisors, communication specialists collaborate on strategic planning, ensuring the integration of communication with the institutional management demarche, designing campaigns that reflect organizational values and expand the institutional objectives.

5. Conclusions

Improving communication in public institutions requires a comprehensive approach that combines modern technology, training, transparency, collaboration, and feedback mechanisms. By adopting digital tools, developing employees, communication skills, and creating clear and transparent channels of communication, public institutions can

significantly enhance both internal operations and public engagement. Furthermore, using data analytics and fostering a collaborative culture can help refine communication practices, ensuring that institutions are responsive to the needs of the public and capable of delivering services effectively. Through continuous improvement of communication practices, public institutions can build trust, improve efficiency, and create a positive impact on society.

In conclusion, improving communication in public institutions is a multifaceted process that involves the integration of innovative methods, technology, and participatory practices. By developing structured communication plans, fostering two-way dialogue, leveraging technology, and ensuring inclusivity, institutions can build stronger relationships with both employees and the public. Effective communication not only promotes transparency and trust but also enhances the institution's capacity to address challenges and achieve its goals.

Furthermore, consistent branding, storytelling, and the strategic use of data analytics are powerful tools to engage stakeholders and adapt to changing expectations. The continuous evaluation of communication strategies, coupled with capacity building, ensures sustained effectiveness and relevance in public service delivery.

In summary, enhancing communication in public institutions is essential for fostering trust, transparency, and efficiency. Institutions must focus on creating clear and inclusive communication plans, leveraging technology for real-time and accessible messaging, and fostering a culture of two-way dialogue between leaders, employees, and the public. These efforts improve internal coordination, boost public engagement, and strengthen relationships with stakeholders.

Techniques such as branding, storytelling, and data-driven insights are particularly impactful in engaging diverse audiences and conveying complex ideas in relatable ways. Additionally, providing training and capacity-building opportunities equips employees with the skills necessary to communicate effectively across various platforms. Regular evaluation and adaptation ensure these strategies remain relevant and responsive to public needs. By integrating these methods, public institutions can enhance their service delivery, foster a positive organizational image, and build a foundation for lasting collaboration with their communities. This strategic focus on communication serves as a cornerstone for advancing institutional goals and addressing modern governance challenges. By prioritizing these approaches, public institutions can significantly improve their communication processes, fostering a culture of openness, accountability, and collaboration that benefits all stakeholders..

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PROPERTY BETWEEN ECONOMIC RELATIONS AND LEGAL REPORTS

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Abstract

Property is a topic of current interest for both society as a whole and for each individual, as it fundamentally defines the existence and evolution of human society. This paper aims to analyse the concept of property from the perspective of economic and legal relations. The paper will also present and analyse the specific elements of the notion of property regarding its evolution, respectively private property, as it is the one that generates added value both at the individual and collective level of society.

Keywords: property, legal relations, economic relations

JEL Classification: K11

Introduction

Although in common language the economic relationship and the legal relationship are often confused, and it is commonly said that a person owns a certain good or a particular company owns a factory, it is not correct to equate ownership as an economic relationship with the right of ownership as a legal relationship.

There is a close connection between the person who holds the status of owner and the object of the ownership right, or between the holder of this right and other individuals in relation to the respective good.

1. Ownership from the Perspective of the Economic Relationship and the Legal Relationship

The economic relation of ownership means the appropriation of the natural premises of any production, meaning the appropriation of material goods resulting from the acquisition of ownership. However, viewed as an economic relation, ownership appears as the most important component part of any production.

During the primitive communal system, humans appropriated goods for the first time whenever they needed them, as they found them in nature. Over time, the appropriation carried out by one individual was gradually recognized by others. If one produced more than they needed and found that someone else had produced goods they were interested in, an exchange took place. This led to the formation of the market, and subsequently to social organization, which implied a certain specialization of human activity through the division of labour.

Following the path of social evolution, members of emerging human communities began to mutually recognize each other as owners of goods. In other words, the control exercised by an individual over their goods and wealth had to be acknowledged by others. Ownership became, by its very nature, a way of exerting human power over wealth.

Property became a social relationship of appropriation. As soon as this social relationship was incorporated into legal rules, ranging from customary rules to those imposed by the entity that came to organize and regulate it, namely the state, **it became a legal relationship, that is, a right of ownership.**

On the scale of the development of human society, this process unfolded gradually and varied across different communities. Its essence, however, remains the same: the transformation of the social relationship of ownership into a legal relationship, with all the resulting consequences.

In conclusion, it can be stated that there is an indestructible relationship between the individual and ownership.

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2. The Evolution of the Concept of Private Property in the Romanian Economic Space

From the very beginning, it should be noted that in Romania, until the end of the feudal period, there was no written commercial legislation, separate from the civil one - "custom was law and custom was a justice which in the silent acceptance of the lordship and the inhabitants of the country gained a special power".

However, in the written sources of Romanian law, the mid-17th century marks the first references to associations of individuals aimed at exploiting a common fund. Remarkable examples include the emergence of the first written regulations, such as *The Romanian Book of Learning from the Imperial Laws* (1646) in Moldavia, *The Great Code* or *The Guide the Law* (1652) in Wallachia, and *Corpus Juris Hungarici*, the Transylvanian Diet, law collections (*Approbatae Constitutiones* and *Compilatae Constitutiones*), royal privileges, statutes, and the *Leopold Diploma* (1691) in Transylvania.

What should be noted is that, under the feudal law of Wallachia and Moldavia, certain lucrative communities—such as brotherhoods and guilds of craftsmen and merchants—were recognized as subjects of rights and obligations. These collective subjects of rights and obligations were formed either by the will of their members or by state authority. Their legal capacity, limited to the purpose provided in the constitutive act, and their generally indefinite duration led legal historians to refer to them as moral or legal persons.

The Calimach Code (1817) adopted in Moldavia is an important document for the understanding of the norms that led to a good development of economic relations in the Romanian area, representing the leap and the transition of the entire socio-economic system from Byzantine to Western, modern orientation. It constituted the first branch-specific code, largely inspired by the Austrian Civil Code of 1811¹. *The Calimach Code* recognized only associations formed for the purpose of collectively purchasing property. However, a legal entity could also be established *without a princely charter* if it was not prohibited by law or contrary to public safety or good morals.

It is important to note that commercial companies existed as early as the 17th century in Sibiu and Braşov in Transylvania. The modern era brought about innovations in the regulations of the three Romanian principalities through the *Organic Regulations*—one for Wallachia in 1831 and one for Moldavia in 1832. These regulations introduced an organized legal regime and, for the first time, established institutions of commercial law, namely acts of commerce, including commercial companies (*establishments*) among bankers, merchants, and small traders, and specialized commercial courts, such as the courts of Bucharest, Craiova, and Galaţi.

The continuous development of Romanian economic activity and the progress of commercial operations led to the creation of the first Romanian Commercial Code between 1883 and 1887, which was almost entirely inspired by the Italian Commercial Code. During the 19th and 20th centuries, commercial companies experienced significant growth and dynamism regarding their establishment and regulation, due to advancements in science and technology, as well as social emancipation. By the end of the 19th century, a new form of company emerged, namely the **limited liability company (LLC)**, which combined characteristics of general partnerships and joint-stock companies. The historical events in Central and Eastern Europe at the beginning of the 1990s led to profound transformations in the countries involved, the most significant of which were the democratization of society and the radical restructuring of the old centrally planned economies by creating a viable market economy. These new directions primarily aimed at restructuring society around two poles: rights and obligations on the one side, and power and resources on the other. This was

¹ The drafting of the Calimach Code was carried out in two stages: first under the supervision of Anania Cuzanos, the editor of the Greek text, and later under the editorship of the scholar from Braşov, Chr. Flechtenmacher, the latter adopting the structure of the Austrian Civil Code.

achieved by creating functional, constitutive, institutional, and operational structures within an economic system where the market was to become the core mechanism for coordinating economic activities and aligning the interests and actions of economic agents.

The transition from a centralized command economy to a free market economy was a fundamental action in creating a new socio-political system in our country.

The state can influence the functioning of the economy not only through economic intervention or non-intervention but also through legal regulations.

In other words, the state can intervene from the outset, even during the phase of establishing legal titles, just as the mere establishment of property rights does not automatically ensure the conditions for their exercise. At the same time, expanding the range of privatization methods, alongside the removal of organizational constraints and centralized management of this process, must be governed by legal rules and addressed from the perspective of economic law, including property law (ownership, inheritance, civil and criminal liability, contracts), corporate law (establishment, bankruptcy, antitrust regulations, etc.), and even family law.

The direct links between private property and the marketization of the economy manifested through direct and indirect influences on economic structures and behaviors, are particularly important. From an economic perspective, "property rights are not relationships between people and goods but coded relationships (according to regulations) between people" that arise concerning the use of owned goods (Andreff, W., 1982).

The possession of property rights has meaning only to the extent that they are utilized and valued through relationships between owners or between owners and non-owners.

From this perspective, the market represents an exchange of properties (Greff, X., 1985), and these relationships highlight an essential fact: property constitutes a fundamental component of the institutional system of a society (Ruttan, V.; Hayami, Y., 1984).

Conclusions

Establishing the right to property involves implementing an efficient mechanism to ensure its realization. This mechanism largely relies on judicial courts and is supported by public authorities. Together, these entities contribute to building a rule-of-law state where human rights, including property rights, form the foundation for the development of the economy and society.

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ECONOMIC WELL-BEING, JOB SATISFACTION AND JOB PERFORMANCE IN THE WORKPLACE

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Abstract

This paper strives to analyze the way in which these three factors interact: economic well-being, job satisfaction, and job performance on an organizational level. Scientifically speaking, economic well-being targets the human ability to request goods and services in accordance with personal needs. It does not only revolve around one's „income”, but also implies far more complex variables according to current research. Job satisfaction obtained from the workplace is seen as one of the most complex variables in terms of organization. It combines numerous circumstances and facets of employees and has a decisive impact on work productivity. Job performance, on the other hand, is analyzed from two points of view: organizational and individual. It regards results of a behavioral nature that attest to a person's positive attitudes towards work and the organization to which they belong, equally considering a set of professional objectives and ways of achieving those objectives. Therefore, with the help of this study, we aim to review the academic literature regarding these three variables: economic well-being, job satisfaction, and job performance in the workplace, as well as to investigate how they interact and generate a variety of outcomes.

Key words: *economic well-being, job satisfaction, performance, organization.*

JEL Classification: M00, M1, M12.

1. Introduction

Economic well-being refers to that present and future financial security which provides people, on the one hand, with the ability to recurrently satisfy their basic needs and, on the other hand, with total and absolute control over their own financial resources. When discussing economic well-being, we take into account each individual's ability to cope with financial challenges, as well as the ability to set and achieve realistic financial goals in the short, medium, or long term (CSWE, 2016).

In terms of job satisfaction, it is presented as a positive attitude (Spector, 1997) that people develop in relation to the professional activity they perform (Singh & Das, 2013). It is considered a strong and fundamental predictor of what we call professional performance (Hou et al., 2020). Job satisfaction involves a combination of personal psychological factors and environmental factors, which lead to the formation of a positive emotional attitude towards the profession held. From this perspective, job satisfaction is influenced by numerous external factors that operate changes at the internal level of the person and determine them to exhibit this type of attitude (Hoppock, 1935).

On the other hand, when we discuss professional performance, we refer to it as the total value expected by the organization from a person in terms of behavior over a well-defined period of time. In this sense, performance represents a specific property of multiple and discrete human behaviors that are expressed over time. Furthermore, it targets what the organization expects from people at a behavioral level, but in a profoundly valuable and measurable way (Borman & Motowidlo, 2003).

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2. Literature review

2.1. *Economic well-being*

Economic well-being refers to the economic resources that people have and use to support themselves materially and socially. Human well-being is strongly influenced by individual characteristics, environmental circumstances, and each person's personal lifestyle. From this perspective, in the specialized literature, there are three key components of economic well-being, which are interdependent: income, consumption, and wealth/abundance. Focusing solely on one of these provides a limited perspective on economic well-being.

Income is used to support and ensure current consumption, ranging from food, clothing, education, housing, to hobbies/passions. Income can also be saved or invested to generate new and profitable financial sources, as well as to secure personal future (ABS, 2013).

Economic well-being involves the ability to counter financial risks or difficulties when dealing with unexpected price increases or unforeseen expenses. Such situations have a decisive impact on physical, emotional, and mental well-being. The way economic resources are distributed within the population is fundamental to the overall well-being of individuals and society as a whole (ABS, 2013).

At the level of the European Union, the well-being of people is a main objective, and economic well-being highlights the European ideal enshrined in the Charter of Fundamental Rights of the European Union. In an extended sense, sustainable, inclusive, and resilient economic growth is a primary objective in achieving economic well-being. Economic well-being is at the heart of the 2030 Agenda for Sustainable Development, and investments in health, education, employment, gender equality, and social protection decisively contribute to economic well-being (OJEU, 2019).

Studies have shown that substantial economic growth increases people's happiness and that the positive effect of economic growth on happiness manifests only in the short term, being absent in the long term due to the decreasing utility of income on the feeling of happiness (Veenhoven & Vergunst, 2014; Easterlin, 2005). A 2019 study highlighted that happiness has a positive impact on economic growth and economic well-being, particularly after monitoring and evaluating human capital, contrary to other studies conducted in the same direction (Rasiah et al., 2019).

2.2. *Job satisfaction*

Job satisfaction (Vroom, 1964) refers to the employee's role within the workplace. From this perspective, job satisfaction is viewed as an affective orientation of the individual towards the work roles they occupy at a given time. Since job satisfaction reflects the degree to which people like or dislike their job, both satisfaction and dissatisfaction can occur in any professional situation (Spector, 1997).

Job satisfaction is a broad concept that uses terms from intrinsic motivation (Statt, 2004), being directly linked to productivity and individual well-being. It involves enthusiasm, happiness, and the achievement of a sense of personal fulfillment, along with the recognition of efforts made at their true value (Kaliski, 2007).

When we talk about job satisfaction, we refer to a set of personal feelings and beliefs people have regarding their work or profession. The level of satisfaction can vary from one extreme to another, and the attitude employees display at the workplace is strongly influenced by factors such as the type of work, the team they belong to, managers, subordinates, or salary (George et al., 2008). Job satisfaction is a key element of organizational efficiency and effectiveness. The literature highlights that employees should be considered and treated as human beings with needs, ideals, and individual goals, because when the attitude of management towards them aligns with what science suggests,

employees tend to be satisfied, even happy, and happy employees are more likely to be successful employees (Aziri, 2011).

The beneficial effects of job satisfaction have been demonstrated through: a decrease in absenteeism among employees (Sweeney & McFarlin, 2005), improvement in the morale of the entire team (Cranny et al., 1992); increased employee motivation, improvement in work quality, higher productivity levels, an increase in loyalty, greater self-confidence, increased commitment to the organization, and the elimination of counterproductive behaviors (Arndt et al., 2015; Seema & Maryam, 2013; Randeree & Ghaffar, 2012; Linda & Michael, 2014).

2.3. Job performance

Performance refers to the behavior that is to be analyzed based on its contribution to the achievement and fulfillment of organizational objectives (Pitariu, 1995).

The literature states that performance: is achieved depending on a series of psychosocial individual factors; must be defined in terms of behavior (Murphy, 1989); is a multidimensional construct (Campbell et al., 1990); represents the sum of the behaviors expressed by employees (Griffin et al., 2007); represents the individual contribution each employee makes to the organization they belong to (Stewart & Brown, 2019).

Professional performance, our subject of interest, can be quantified by measuring the extent to which the results of the work contribute to the achievement of organizational ideals (Viswesvaran & Ones, 2000). In most of the research conducted, professional satisfaction is strongly influenced by employees' performance regarding specific objectives (Platis et al., 2015), and, in general, employees with high performance will enjoy positive evaluations, leading to an increased sense of professional satisfaction related to the work performed (Bogler & Nir, 2015).

Current research has shown that high performance among employees increases self-esteem, self-satisfaction, and professional efficiency, and positive performance evaluations are associated with higher levels of satisfaction and overall well-being (Yang & Hwang, 2014).

3. Research methodology

In this paper, we aim to identify the potential relationship between the three existing variables: economic well-being, job satisfaction, and job performance.

The practical objectives of our work were the following: assessing economic well-being; assessing job satisfaction; assessing job performance; identifying and evaluating the potential relationships between these variables using specific tools.

The **general** hypotheses of the study were as follows:

- There is a relationship between economic well-being and job satisfaction.
- There is a relationship between economic well-being and job performance.
- There is a relationship between job satisfaction and job performance.

The **applied hypotheses** of the study were as follows:

- There is a statistically significant positive correlation between economic well-being and job satisfaction.
- There is a statistically significant positive correlation between economic well-being and job performance.
- There is a statistically significant positive correlation between job satisfaction and job performance.

The quantitative research focused on the development of an evaluation questionnaire, with the data collection method being psychometric. The objective of the evaluation tool

was to collect relevant information about the analyzed variables: economic well-being, job satisfaction, and job performance.

The number of participants was 47, of which 28 were women (59.6%) and 19 were men (40.4%), with ages ranging from 21 to 55 years.

Regarding the instrument used, it was developed independently, based on the specialized literature, and provided the respondents with a total of 30 items, 10 allocated to assess each variable: economic well-being, job satisfaction, and job performance. The items were placed on a Likert scale with 5 response options, as follows: „Strongly disagree”, „Disagree”, „Neither agree nor disagree”, „Agree”, „Strongly agree”.

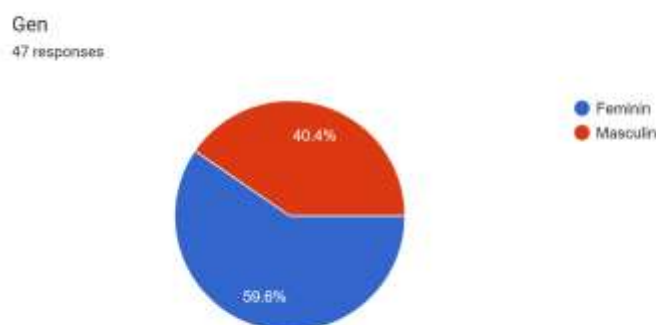
For data processing, we used the SPSS statistical software, with which we performed Pearson correlation between variables, as part of inferential statistics.

4. Findings

The complexity of the organizational environment led to the conduct of this research, which aims to examine how economic well-being, job satisfaction, and job performance interact, and scientifically provides viable statistical results in shaping the academic approach.

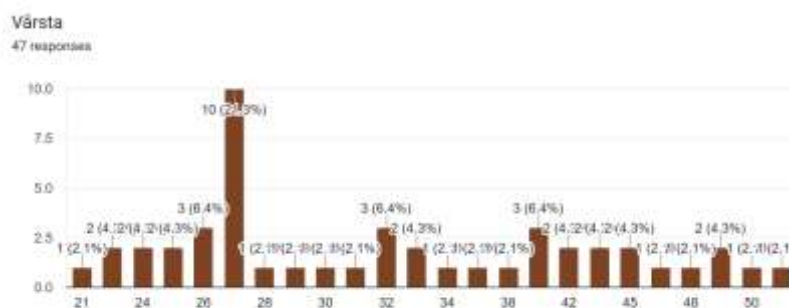
From a descriptive perspective, the charts depicting gender distribution within the sample of 47 participants provided the following information: The female population is represented by 59.6%, while the male population constitutes 40.4%, with the female population being the dominant one.

Chart No.1 Results obtained/gender



Regarding age, the chart shows that the average age of the respondents is between 26 and 28 years, and their distribution is relatively positively skewed. The group on which the research was conducted is therefore predominantly young, and the age diversity indicates that it has a heterogeneous character in terms of this variable.

Chart No. 2 Results obtained/age



From an inferential perspective, as a method for testing the applied hypotheses, we obtained the following results using Pearson's correlation.

Tabel 1. The correlation between economic well-being and job satisfaction

		Economic well-being	Job satisfaction
Economic well-being	Pearson Correlation	1	,239
	Sig. (2-tailed)		,105
	N	47	47
Job satisfaction	Pearson Correlation	,239	1
	Sig. (2-tailed)	,105	
	N	47	47

As a result of performing the Pearson correlation, it was found that there is no statistically significant positive correlation between economic well-being and job satisfaction, thus leading to the disconfirmation of the applied hypothesis: „There is a statistically significant positive correlation between economic well-being and job satisfaction”, since the value of Sig = 0,105, where the Pearson correlation coefficient, Sig > 0,05, indicates that although there is a positive correlation between the two variables (in the sense that, as economic well-being increases, job satisfaction tends to increase), the correlation is not statistically significant. Therefore, the applied hypothesis is disconfirmed, as shown in **Table 1**. „The correlation between economic well-being and job satisfaction.”

Judging by the data obtained, we cannot say that there is a significant relationship between economic well-being and job satisfaction for the sample on which the research was based. In fact, we cannot assert that a person with good economic well-being is automatically satisfied with their job or the professional activity they perform.

From a scientific point of view, the absence of correlation between the two variables is partly due to the complexity of the concepts themselves, as job satisfaction, as we observed earlier, is strongly influenced by numerous factors such as: interpersonal relationships, the type of work, validation of the work, rewards, recognition of the work and its quality, personal potential level, self-development capacity, and even organizational culture - factors that cannot be confined to the economic domain.

Another argument in this sense would be that Maslow's hierarchy of needs (Maslow, 1954; Maslow, 1968) places esteem and status needs at the top of the pyramid, which, in relation to the conducted research, may suggest that a broad range of unmet needs from the job may lead to a decrease in overall personal satisfaction.

Tabel 2. The correlation between economic well-being and job performance

		Economic well-being	Job performance
Economic well-being	Pearson Correlation	1	,374**
	Sig. (2-tailed)		,010
	N	47	47
Job performance	Pearson Correlation	,374**	1
	Sig. (2-tailed)	,010	
	N	47	47

As a result of conducting the Pearson correlation, it was found that there is a statistically significant positive correlation between economic well-being and job performance, which led to the confirmation of the applied hypothesis, which is: „There is a statistically significant positive correlation between economic well-being and job performance.”

Since Sig = 0,010, and Sig \leq 0,05, we can state that as economic well-being increases, job performance tends to increase as well (see **Table 2**).

Based on the specialized literature, this positive correlation between the two variables suggests that reducing financial stress is a key factor for achieving job performance. In other words, when financial needs are secured, attention and focus on this direction decrease, and the focus on professional activities becomes stronger, with increased commitment in this regard.

In extenso, we consider that from the perspective of human potential development, financial stability expressed through economic well-being facilitates people's access to continuous training and improvement, which, in relation to our research, is reflected in high professional performance. When money is not an issue, investments in culture, books, workshops, conferences, and other educational events automatically translate into increased performance.

Tabel 3. The correlation between job satisfaction and job performance

		Job satisfaction	Job performance
Job satisfaction	Pearson Correlation	1	,330*
	Sig. (2-tailed)		,023
	N	47	47
Job performance	Pearson Correlation	,330*	1
	Sig. (2-tailed)	,023	
	N	47	47

As a result of conducting the Pearson correlation, it was found that there is a statistically significant positive correlation between job satisfaction and job performance,

which led to the confirmation of the applied hypothesis, which is: „There is a statistically significant positive correlation between job satisfaction and job performance.”

Since Sig = 0,023, and Sig ≤ 0,05, we can consider that as job satisfaction increases, job performance tends to increase as well (see **Tabel 3**).

In this regard, we believe that the positive results obtained between the two variables show that employees who are satisfied/content manage their efforts appropriately to achieve increasingly higher performance. Furthermore, their increased satisfaction leads to a strengthened sense of belonging to the group and organization they are part of, which is expressed through loyalty and the desire to achieve objectives they internalize—factors that automatically lead to higher performance.

Additionally, job satisfaction is a strong factor influenced by interpersonal relationships. When these are positive at the organizational level, a work climate conducive not only to personal and professional development but also to socio-emotional development is shaped. In other words, a warm and welcoming professional environment, coupled with a management strongly oriented towards employees, has an impact not only on increasing satisfaction but also on performance, as people are eager to succeed, progress, and form a team capable of handling professional tasks and unforeseen situations they may encounter.

Conclusions

„Economic well-being, job satisfaction, and job performance” represent the research that aimed to identify and assess how these variables interact and shape a series of organizational phenomena in the workplace.

The objectives set in the research were achieved, and two of the three applied hypotheses were confirmed. At the level of the study, statistically significant positive correlations were identified between: economic well-being and job performance, as well as between job satisfaction and job performance.

Like any research, this study also involves a series of limitations, as follows: the small sample size, which leads to the impossibility of generalizing the results to the population; the responses provided by participants under the influence of social desirability; the time and context allocated for completing the questionnaire; and socio-cultural factors that may alter the respondents' perceptions.

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PSYCHOLOGICAL WELL-BEING AND ALTRUISM AT THE ORGANIZATIONAL LEVEL

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Abstract

This paper strives to take into account the existing academic literature regarding the two concepts that are being reviewed: psychological well-being and altruism at an organizational level. General well-being, expressed in terms of gratitude, satisfaction, low levels of stress (physical, mental, and emotional), and superior quality of life, receives a different understanding from a psychological standpoint and reveals a new, distinctive, and well-researched side globally. The benefits of the state of well-being, encompassing a wide selection of manifestations, are varied in the context of day-to-day life, but are even more pronounced when discussing professional life. At the opposite pole, altruism is viewed as a supreme social value that encompasses behaviors and actions aimed at improving the well-being of those around us and promoting attitudes that can foster social interests, general well-being, positivity in every conceivable manner, and the capacity to overcome personal ego and look past the self-centered „me”. From a scientific standpoint, as well as from a humanistic perspective, psychological well-being and altruism work together to create a healthy, prosperous society that is inclusive, fair, and centered around the human being, where the effort must be constant and unyielding in order to achieve lasting results.

Key words: *psychological well-being, altruism, prosocial behavior, organization.*

JEL Classification: M00, M1, M12.

1. Literature review

1.1. Psychological Well-Being

Starting from its very definition, **well-being** targets the subjective notion of one's own level of satisfaction and contentment with life. This includes, but is not limited to, the way we evaluate our own life using two fundamental dimensions. When we engage in careful introspection, we manage to analyze and filter our personal experiences through positive affective states versus temporary negative affective states.

Well-being comes to encompass, in this way, both our transient, ambiguous experiences and those macro experiences that are relatively stable and impossible to quantify temporally.

From this perspective, the specialized literature concludes that well-being is variable over time, most often unpredictable, and depends to a large extent on the way other factors with which it interacts evolve (American Psychological Association & Vandenberg, 2015, p. 1043).

Well-being represents a broad concept and is encountered under numerous typologies, ranging from the more well-known ones – such as psychological well-being (Scharbert et al., 2024; Chaudhry et al., 2024; Rahmani et al., 2024; Lee & Hancock, 2024; Powell et al., 2024; Ryff & Singer, 2008; Ryff & Keyes, 1995; Huppert, 2009; Ryff, 2013) – to the lesser-known ones, such as ecological well-being (Elo et al., 2023; Osberg & Sharpe, 2002; Betley et al., 2021; Cardoso da Silva et al., 2020).

Psychological well-being represents a significant concern of the present work and of the contemporary scientific community. In this regard, it is the subject of numerous fields of activity (Lent, 2004; Zapf, 2002).

From this perspective, the most representative research conducted in this direction was led by the author Carol Ryff (1989), who developed the psychological model of well-being, a model whose applicability has been demonstrated up to the present day.

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The model consists of six fundamental dimensions, namely: self-acceptance, positive relationships with others, autonomy, environmental mastery, purpose in life, and personal growth.

Self-acceptance represents the primary dimension of psychological well-being, a predictor of mental health, a characteristic of self-actualization capacity, as well as a specific element of maturity.

Positive relationships with others focus on the importance of harmonious interpersonal relationships, oriented toward growth and mutual support. From this perspective, the feeling of love is considered a key element of mental health.

Autonomy represents that dimension strongly related to concepts such as self-determination, independence, and behavioral self-regulation. From this perspective, self-actualization refers to people's ability to function independently and to express a heightened resistance to cultural differences.

Environmental mastery refers to an individual's ability to create environments that are favorable to their psychological conditions and is equally viewed as an essential trait of mental health. In this regard, the dimension reflects the person's maturity through involvement in an area of activity distinct from the one in which they express their personal interests.

Life purpose plays a decisive role in maintaining mental health. Mental health also includes those individual beliefs that provide a sense or purpose in life. Understanding and embracing life purpose reflects maturity, indicates precision, direction, and, not least, the intention to progress.

Personal growth refers not only to optimal psychological functioning but also involves a continuous process of developing one's own potential. The need for self-actualization and the achievement of individual potential represent a fundamental concept in clinical perspectives aimed at researching personal development. Thus, openness to experiences is considered a trait of a functional person (Ryff, 1989).

1.2. Altruism

Altruism is the moral principle, opposite to egoism, consisting of selfless action for the well-being of others, an action that involves attitudes of utmost generosity. The term „altruism” was coined by Auguste Comte and refers to the ability to live for others, which means love as a principle, order as a foundation, and progress as a fundamental goal (Popescu-Neveanu, 1978).

Altruism refers to our ability to place the interests of others above our own, to the point of sacrificing our own interests or even our own life throughout this process. In sociology, it is argued that promoting the interests of those with whom we share a genetic connection, by sacrificing our own interests, results in a long-term genetic gain by ensuring the continuity of future generations (Matsumoto, 2009).

Following this line of thought, altruism represents a fundamental dimension of prosocial behavior, defined in the literature as a behavior oriented towards social values. From this perspective, the individual holds the position of supreme social value within this behavior, with helping, securing, and supporting the development of others representing its primary goal (Neculau, 1996).

Over time, specialists have been interested in determining whether there are interpersonal differences in engaging in prosocial behaviors, attempting to identify stable traits that could differentiate an egoist from an altruist. Theories such as: sexual selection theory (Miller, 2007), indirect reciprocity theory (Nowak & Sigmund, 2005), and theories regarding the human race (Frank, 1988, 2004) argue that altruism is an identifiable trait, as it acts as a mechanism for selective cooperation among individuals with a high degree of morality, ultimately attributing to it the characteristic of being adaptable.

Altruism is impossible to imitate, cannot be falsified, and any intention in this regard can be easily exposed (Gintis, Smith, & Bowles, 2001). From a community perspective, it is vital for a society that aims to function within optimal parameters (Alexander, 1987).

Robert Hank's (2008) commitment model highlights that altruistic people are primarily driven by strong moral emotions related to correctness and shame, even when they are not being observed. Since these characteristics are visible, altruists can identify each other and group together quickly.

A study conducted in 1976 (Wilson, 1976) revealed that people with a high level of self-confidence, along with those with a high level of independence, are more likely to engage in altruistic behaviors and have the ability to help others in extreme situations. From this perspective, there are two personality traits that favor the emergence and manifestation of altruistic behavior in various situations: empathy and moral reasoning. Altruistic people prioritize the needs of others over their own, have an expanded cultural vision, are generally extroverted, and show openness to new experiences. Even the simple attribution of this characteristic to a person who does not genuinely possess it has positive effects, as it leads to an increase in the motivation to engage in prosocial behaviors in order to maintain their self-image at an optimal level.

There are several factors that determine people to intervene for others when they are in difficult situations, such as: **the effect of good mood** – those who feel good, are happier, or believe they are successful, are more likely to help the less fortunate; **feelings of guilt** – when people feel guilty, they are more likely to help others; **social models** – prosocial behavior is directly linked to obedient behavior, so people are more likely to help others if they see others doing the same (e.g. charitable actions, blood donation, etc.); **the way the victim is perceived** – as deserving help, which increases the likelihood of helping them; **interpersonal contact** – triggers empathy; **urban areas/large cities** – significantly reduce a person's likelihood to engage in prosocial behaviors and provide help (Popoviciu, 2013).

With the help of various studies in the field, altruism has taken shape through the highlighting of forms of human behavior involving interaction, and has led to the identification of two typologies in this regard: kin altruism and reciprocal altruism (Gintis et al., 2003).

The **kin altruism** has been extensively analyzed in evolutionary biology, as it was necessary to understand how the psychological mechanisms work, through which a living organism (human or animal) is able to perform altruistic actions at any given moment, aiming not only at survival, but also at its long-term reproduction.

Reciprocal altruism arises as a result of a pre-programmed disposition for specific actions, but it also allows for the execution of actions aimed at bringing comfort to someone in difficulty. From this perspective, reciprocal altruism takes on a more rational dimension, as it involves a strong cognitive component, fundamental to the entire process (Warneken & Tomasello, 2009).

In an extended sense, the two typologies of altruism not only present the evolution from the biological to the social, cognitive, and emotional, but also highlight the necessity of a conducive environment for the expression, development, consolidation, and propagation of this type of behavior at the community level (Fletcher & Doebeli, 2009).

1.3. Psychological well-being and altruism at the organizational level

Employee well-being is a defining element of organizational success, contributing both to personal satisfaction and overall work productivity. Over time, organizations have observed and noted the impact of well-being from a professional perspective through elements such as employee loyalty and retention, their engagement, the cultivation of a healthy workforce, and even the development of a strong organizational culture (Murphy, 2024).

The World Health Organization believes that employee well-being represents a complete and complex state that is identified at the physical, mental, and psychological levels (Misselbrook, 2014), and emphasizes the necessity of a supportive organizational culture focused on reducing workplace conflicts and maximizing professional performance (World Health Organization, 2022).

Thus, the numerous challenges of daily life have led to an increasing interest in the chosen topic. In this context, prosocial behavior, exemplified by altruism and more, remains a defining element in maintaining psychological well-being and increased satisfaction (Feigin et al., 2014). From this perspective, contributing to the 'greater good' motivates individuals to surpass themselves, effectively cope with stress and burnout, and experience, at a different intensity, the feeling derived from finding/achieving life's purpose (Batson et al., 2009).

A study conducted in 2020 shows that, at the organizational level, the manifestation of altruism in the workplace is positively correlated with innovation, learning, productivity, and performance, and that it facilitates processes that decisively contribute to the creation of new resources, the strengthening of common beliefs and values, and the development of interpersonal relationship skills (Guinot et al., 2020).

From an organizational perspective, altruism involves helping colleagues with work-related issues (Organ, 1988), a behavior which, according to the literature, tends to improve an individual's health and longevity, as well as their integration into the organization (Morrison & Severino, 2007). Promoting altruism in the workplace encourages the expression of positive attitudes, emotions, and behaviors among employees, such as empathy, cooperation, collaboration, trust, and mutual support (Dutton et al., 2014). Other studies have shown that workplace altruism increases the commitment of the person receiving help, enhances the job satisfaction of the person offering support, and strengthens the sense of belonging among those who witness the act of compassion (Lilius et al., 2011; Ko et al., 2021).

Through altruism, the interest given to the psychological well-being of others is significantly increased. Thus, it proposes an organizational climate based on support, compassion, tolerance, and the manifestation of prosocial behaviors, necessary at the individual, collective/group, and organizational levels.

In other words, „feeling good” and helping those around you to feel the same attracts positive implications throughout the entire context in which these acts take place (Barghouti, Guinot & Chiva, 2022). Well-being and altruism thus remain a heavily researched topic at the organizational level, drawing attention to the strengthening of an environment conducive to the development and manifestation of both.

The era of uncertainty and sudden changes at the global level can be 'countered' through those attitudes positively oriented toward work and the professional environment, attitudes that are not only reflected at the individual level, but primarily at the level of organizational performance and the entire society (Guinot et al., 2016).

Conclusions

„Psychological well-being and altruism at the organizational level” represents the research that aimed, from the perspective of reviewing the specialized literature, to provide an expanded view on phenomena that are insufficiently studied in the field of human resource management.

Since employee well-being is fundamental for ensuring organizational success, addressing phenomena such as satisfaction, productivity, and performance, we believe that organizations must place much greater importance on human quality. Implementing strategies designed to create a healthy work environment is vital for both professional development and global growth.

Studies have shown that human resources play a crucial role in supporting and ensuring both economic growth and sustainability. The quality of human resources is later reflected at the organizational level through what we call: achieving efficiency. As a determinant of organizational success, human resources aim for success and survival from a competitive standpoint. Inefficient use of these resources not only leads to the failure to achieve organizational goals but also to an increase in labor costs.

The characteristics of a superior human resource, from a qualitative perspective, are expressed through: the knowledge and expertise necessary to overcome obstacles and challenges; calm and control; efficiency in written and oral communication; discipline, punctuality, and the ability to manage work time; confidence; objectivity; the ability to train and develop the potential of those around them. The quality of human resources targets competence, the outcome of the effort made, the behavior, and the attitude expressed within the organization (Eiglier & Langeard, 1987).

From this perspective, the integration of altruism and employee well-being into organizational culture would not only represent ethical and moral choices but also fundamental strategies aimed at preserving the quality of human resources, retaining them, fostering their loyalty to the organization, and ensuring long-term success. Creating a healthy work environment, focused on employee well-being, will lead to the enhancement of human resource quality and, implicitly, to the prosperity of the organization in a global context increasingly subjected to adversity and instability.

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THE INFLUENCE OF LEADERSHIP ON THE RESULTS OBTAINED IN THE PRE-UNIVERSITY EDUCATION SYSTEM AND THE POTENTIAL OF PARTICIPATIVE MANAGEMENT IN A MILITARY INSTITUTION

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Abstract

The leadership is the piece of resistance of any organization. Its role is to maintain and actively participate to the improvement organizational performance. The essay is based on various specialized studies, which embodies the idea that, the leadership style adopted by the leader, directly influences success and development, both among the organization and among the employees. The purpose of this essay is to highlight the impact of leadership styles on organizational performance, how they manage achieving the objectives of the organization in terms of the pawns coordinated by the employees. At the same time, the essay is meant to discover the most beneficial leadership style for current enterprises in the labor market.

The focus was mainly on leadership styles, on the skills needed for a successful leader and stood out the close connection between how an organization is run and its results. The conclusion obtained is based on the cause-effect relationship between leadership and its success, exclaiming that the leadership style and effectiveness of the leader play an extremely important role in the success of organizational performance.

Keywords: financial performance, financial-accounting information, organization, efficiency

Jel classification: I 25, M12

Introduction

The past 30 years have seen numerous educational reforms aimed at raising student achievement standards. As a result of the complexity and ever-evolving school context these reforms have created, school leadership is becoming of great interest in international education as it is increasingly recognized as having a key role in improving student outcomes.

Relevant literature has demonstrated the influence of teacher quality on student achievement. Researchers' interest in school leadership stems from the belief that a principal's leadership style can make a substantial difference to the quality of teaching and learning in their schools, and consequently student achievement, by improving the working conditions of their teachers as well as the climate and the environment in which it is located. school. Indeed, research has suggested that leadership style is the second biggest influence on student learning, right behind classroom instruction. Leaders can have positive indirect or mediated effects on student achievement by building a culture of collaborative organizational learning and helping to develop staff and community leadership capabilities. These stakeholders, such as parents and teachers, can then help create a positive school climate that promotes teaching and learning and, consequently, student achievement. Instructional leadership and transformational leadership are the theories most often cited in the literature related to education. Researchers have supported both theories as appropriate leadership models for school principals. Although there is some overlap between these theories, there are also distinct differences. These situations may confuse school leaders who

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are looking for the best model to improve their students' achievement. This paper will examine the benefits of instructional and transformational leadership styles to contribute to student achievement. Instructional leadership focuses on student academic progress. These points include the value of creating clear educational goals, curriculum planning, and evaluating the quality of teachers and their teaching. This model infers that principals' efforts should be focused on promoting better student outcomes and the importance of improving the quality of classroom teaching and learning. Transformational leadership focuses on establishing school culture and vision to improve the quality of school teaching and learning, develop people and improve the organization. School leaders identify and share the school's vision, lead and inspire others by example, create a culture of learning and encourage staff to develop professionally.

In the modern world of management, the participatory approach has gained more and more attention, being appreciated for its ability to harness the collective potential of an organization. Participatory management, characterized by the active involvement of all members in the decision-making process, finds its applicability even in military institutions, where hierarchical structure and strict discipline are essential. This leadership method not only facilitates more effective communication and increased staff accountability, but also adapts collaborative principles to the rigid specifics of the military environment, thus offering a synergy between tradition and innovation.

In this context, participative management becomes an essential tool for improving decision-making processes and increasing cohesion within military units. By involving subordinates in decision-making, military leaders can access a wide range of perspectives and expertise that might otherwise go untapped. This not only improves the quality of decisions, but also increases the commitment and morale of the staff, who thus feel valued and an integral part of the organizational success.

In addition, participative management in the military environment requires a careful adaptation of the general principles of this model to the specific requirements of a rigid hierarchical structure. Despite the emphasis on collaboration and participation, it is essential that discipline and respect for the chain of command are strictly maintained. This delicate balance between authority and participation is crucial to ensuring operational efficiency and maintaining order and control, fundamental to any military institution.

Another important aspect of participative management in the military context is the empowerment of personnel by delegating certain responsibilities and encouraging initiative. This not only provides professional development opportunities for organizational members, but also increases the adaptability and responsiveness of units to rapid changes or unforeseen situations. In this way, military institutions can become more flexible and ready to face the complex and dynamic challenges of the contemporary security environment. (Akpoviroro, K.S., Owotutu, S.O., Olufemi, A.A., 2018)

“There is no high-performing school without an exceptional principal. It is impossible. You cannot overstate their importance in raising student achievement and attracting and retaining exceptional talent in the school.” (U.S. Secretary of Education Arne Duncan, cited in Connelly, 2010, p. 35)

“Based on a preliminary review of the research, we have argued that leadership is the second-largest influence on student learning, after classroom instruction. After six more years of research, we are even more confident in this assertion. To date, we have not found a single case in which a school has improved student academic performance in the absence of talented leadership.” (Louis, Leithwood, Wahlstrom & Anderson, 2010, p. 9)

“The majority of evidence suggests that school principals contribute indirectly to school effectiveness and student achievement through actions designed to influence school

and classroom conditions. Although the indirect effects that principals have on student learning are statistically significant, they are still quite small.” (Hallinger, 2005, p. 229)

1. Collective involvement in the decision-making process

Collective involvement in the decision-making process is a central component of participatory management, aiming to capitalize on the expertise and perspective of all members of an organization. In the military context, where the hierarchical structure is well defined, this concept requires careful adaptation to ensure both decision-making efficiency and the maintenance of discipline and order. This collective involvement manifests itself through two main directions: consulting subordinates and promoting open communication.

An effective method of consultation is the use of surveys. They allow the quick and anonymous collection of opinions from a large number of subordinates. Surveys can be used to assess troop morale, identify operational problems, or test reaction to certain proposals. The advantage of surveys is that they can provide an overview of general perceptions, which can be extremely useful in making strategic decisions. (Alfayes, M.H., 2016)

2. Staff accountability

Staff accountability is a central element of participative management, which plays a crucial role in the operational efficiency and success of military institutions. By empowering staff, military leaders not only improve decision-making, but also contribute to the professional development of subordinates and increase their motivation and commitment. This empowerment manifests itself through two essential directions: the delegation of responsibilities and the encouragement of controlled autonomy.

Delegation of responsibilities allows subordinates to contribute directly to the success of missions. When subordinate officers or experienced soldiers are involved in tactical decision making, they become more involved and responsible for the results of their actions. This direct involvement not only increases operational efficiency, but also strengthens the sense of belonging and pride towards the unit of which they are a part. (Anggapraja, I.T., dan Wijaya, R., n.d.)

3. Integration of experience and expertise

Integrating experience and expertise into the decision-making process is a vital aspect of participatory management, especially in military institutions, where the complexity and specificity of missions require in-depth knowledge and specialized skills. This approach ensures that decisions are informed by a solid foundation of expertise, reducing risk and increasing the chances of success. The integration of experience and expertise is achieved through the use of individual expertise and the formation of multidisciplinary teams.

The practical experience gained by military personnel during previous missions is another essential element that must be integrated into the decision-making process. Military personnel who have participated in similar operations in the past have a deep understanding of specific challenges and risks, which allows them to provide valuable insights for planning future actions. This experience is invaluable in the context of adapting strategies to real conditions on the ground and avoiding past mistakes. (Townsend, P.L., & Gebhardt, J.E., 1997)

4. Promoting team spirit and cohesion

The promotion of team spirit and cohesion is a central element of participative management, especially in the context of military institutions, where operational success depends heavily on effective collaboration and group unity. These two aspects, morale and unit cohesion, as well as conflict resolution, are closely related and are essential to maintaining a healthy and productive work environment where every member of staff feels valued and involved. When military personnel are involved in decision making, this sends a clear message that their opinions and experiences are valued and respected. Feeling heard and contributing to the strategic direction of the unit gives subordinates a deeper sense of their value within the team.

This appreciation not only increases the self-confidence of team members, but also motivates them to make an extra effort to achieve common goals. (Phan, N.M., 2011)

5. Adaptability and flexibility

Adaptability and flexibility are essential in military management, where operational conditions change rapidly, and the ability to respond promptly and effectively to these changes can make the difference between success and failure. Participatory management, by involving multiple levels of personnel in the decision-making process, enhances these qualities, allowing military institutions to be better equipped to meet emerging challenges. Adaptability and flexibility are fostered in two main ways: by responding quickly to change and by encouraging innovation. (Benoliel, P., & Somech, A., 2010)

6. Staff development

Staff development is an essential aspect of participative management in military institutions, contributing significantly to improving staff skills and motivation. By implementing a system that encourages continuous training and mentorship, as well as by evaluating individual contributions, participative management not only develops technical and tactical skills, but also promotes a culture of learning and collaboration. Mentoring is another essential aspect of staff development in the context of participative management. Through mentoring, senior officers provide guidance, support and constructive feedback to their subordinates. This relationship not only helps develop technical and tactical skills, but also contributes to the formation of future leaders. Mentoring allows personnel to learn from the experiences and more advanced knowledge of senior officers, gain broader perspectives on decision-making, and develop the skills needed to advance their careers. (Bolstad, C.A. & Endsley, M.R., 2005)

7. Respect for discipline and hierarchy

Respect for discipline and hierarchy is fundamental in a military setting, even when implementing a participative management model. This balance between participation and adherence to traditional command structures ensures that the organization remains coordinated and efficient while benefiting from the input of diverse perspectives and expertise.

Although participative management encourages the involvement of various levels of staff in decision-making, the final authority remains in the hands of senior leaders. They are responsible for evaluating and approving decisions, ensuring that they are aligned with the institution's overall strategy. This structure allows for the integration of diverse perspectives and expertise without compromising coherence and strategic direction. For example, senior officers may request input from subordinates on certain operational matters, but the final decision on whether to implement these suggestions is made by them, in accordance with the institution's goals and policies

Characteristics of leaders and their sources of power

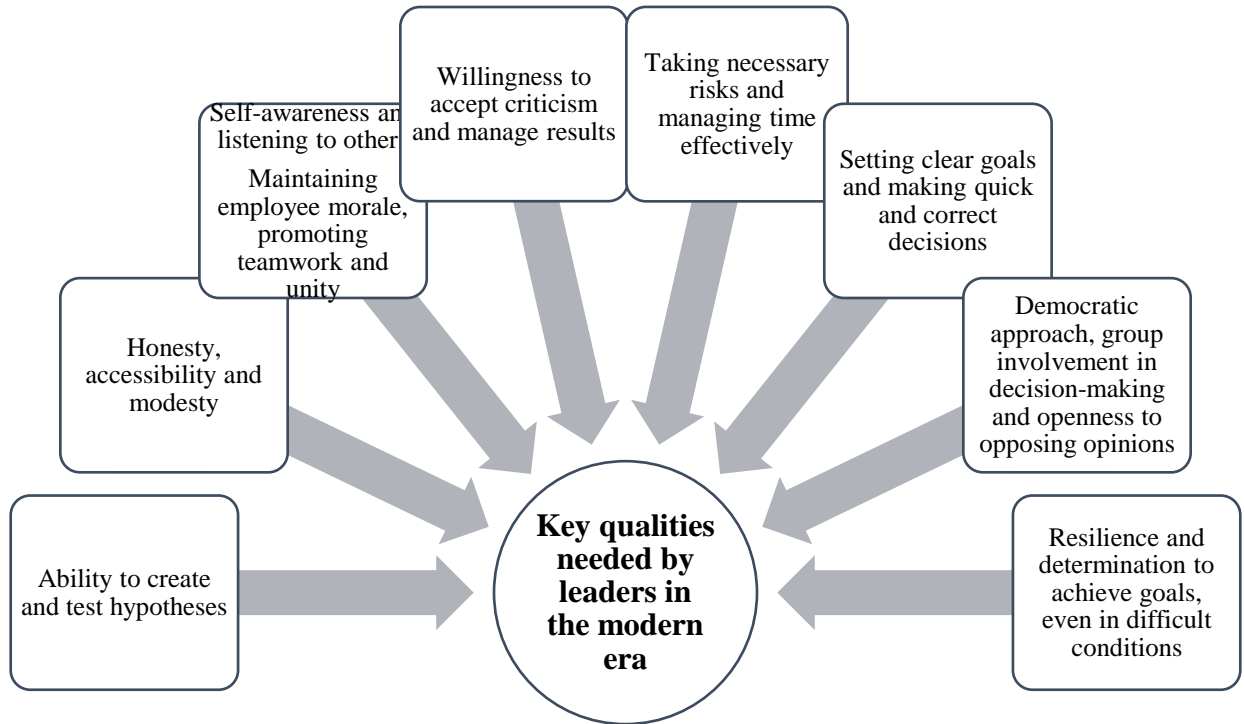
The fact that leaders have different characteristics from other individuals does not mean that those who do not possess these traits cannot become leaders or that anyone who has them will automatically become an organizational leader. The focus of the discussion is to highlight the general characteristics identified in research and studies on leaders. Various studies have proposed different ideas about the traits that a leader should possess. These traits can be classified as follows:

1. Essential characteristics of leaders:

- Success, intelligence, positive thinking, appreciation of success, determination, self-confidence, initiative, managerial skills, sense of humor, concern for the health of employees, recognition of principles above rules, realism, passion, ambition, honesty, emotional stability, cognitive ability and knowledge of the activity performed.

- Ability to look to the future, high communication skills, clear decisions, creativity, deep understanding, motivation for others, solving complex problems, patience, cooperative behavior.
- Courage, organizational commitment, risk-taking, charisma, reliability, developing strategies and adapting to change.

Figure 1 **Key qualities needed by leaders in the modern era**



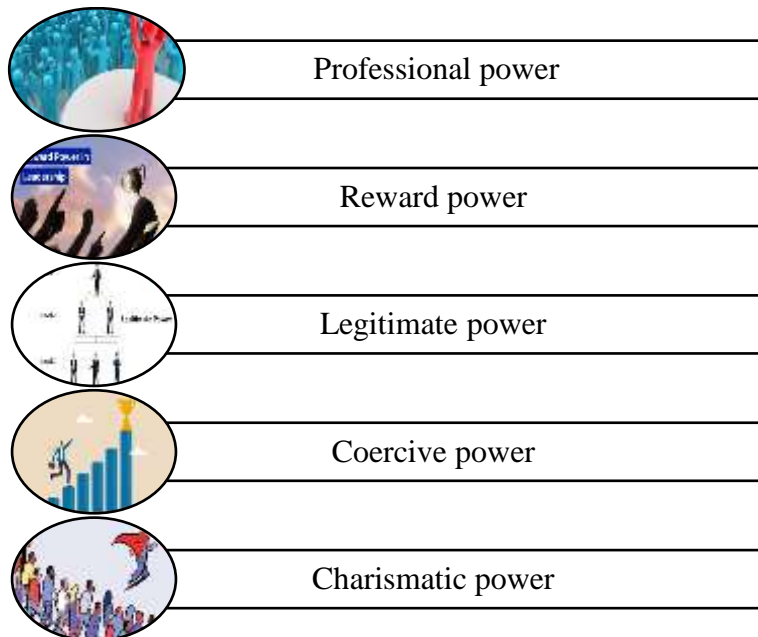
Source: Authors

While it is ideal to possess as many of these traits as possible, not all leaders possess them all. However, characteristics such as honesty, motivation, sociability, openness to communication, and self-confidence are essential to influencing and mobilizing teams.

2. Leaders' sources of power:

Leaders must have the power to influence, motivate, and mobilize people. Their success depends on the appropriate use of these sources of power: (figure 2)

Figure 2 Leaders' sources of power



Source: David, F. R. (2011). *Strategic Management: Concepts and Cases*, Baski, Pearson/Prentice Hall, Upper Saddle River, N.J.

1. **Professional power:** Derived from the leader's expertise, knowledge, and experience in a specific area. Leaders who use this power encourage employees to express their ideas and implement them.
2. **Reward power:** The ability of leaders to motivate through material or moral rewards, such as salary increases, promotions, or appreciation. Leaders must ensure the voluntary support of employees.
3. **Legitimate power:** The formal authority provided by the position held in an organization. It is a form of influence based on the hierarchical status of the leader.
4. **Coercive power:** The use of coercion or punishment to control employee behaviors. It is based on fear and is used only in extreme cases.
5. **Charismatic power:** Influence based on the leader's personality, which inspires respect, love, and trust. This form of power mobilizes employees due to admiration and devotion to the leader.

Personal opinions

In my opinion, leadership is very important for the development towards performance of a successful organization. I consider leadership to be the engine of the organization that makes things go. Without a well-established way of leadership and a leader who knows how to appropriate his function and the style he attends, various problems can arise in corporate structures.

Leadership is about people, about teamwork, about vision, about communication and close relationships, it is about respect, support and common goals. The main task of a leader is to influence the human resource towards the common vision of interest and to form teammates according to their own style and taste, in order to be able to achieve the established objectives, objectives that lead to organizational performance.

Why is leadership important in an organization? Leadership is not just about leading people, it is meant to bring them together, make them interested, motivated and satisfied at

work, so that when they want to leave the organization, the relationship between the leader and that employee, to make him think twice about that decision.

The role of leadership in educational management: perspectives and approaches

The general goal of educational and training measures in school is to ensure the healthy and productive growth of children, the future of a country, in terms of their knowledge, skills and behavior. School principals are at the forefront of the educational and training process within the institution. To be effective, they must possess a diverse set of knowledge and skills, both in terms of management concepts and theories, and interpersonal relationships.

A school principal must be the leader of the internal elements that contribute to achieving the institution's objectives, maintain the living structure and protect the school atmosphere. The ability to balance the individual and organizational dimensions of the social system called school requires leaders to be, in equal measure, "social engineers" and "organizational engineers". The administrator is the legitimate leader of the school, the symbol of authority and power within it.

Leadership, in my opinion, is a personal quality that can mobilize the voluntary support of people in any problem, based on skills. Seven essential functions underlie educational leadership: coordination; problem solving; teacher leadership and development; teacher evaluation; leadership and support of the teaching process; resource management; quality management.

Although it is often believed that a leader can become perfect if he has good human qualities, in my opinion, a good leader must be able to demonstrate these behaviors depending on the circumstances. The mere fact of having good human qualities does not guarantee success. It is necessary to act according to the moment, the person and the situation. Obviously, the leader must try to be extremely human, but his main objective is to lead people to success.

A true leader knows that success cannot be achieved only through human methods and that he must give everyone his space. In society, when someone elevates their work to an exemplary level, it often becomes the object of envy. Works done at an average level do not attract attention, but when someone creates a masterpiece, it becomes the subject of discussion. A leader will always be attacked precisely for his role as a leader, and the energy invested in facing these challenges is a testament to his leadership qualities.

Conclusions

Senior leaders are responsible for coordinating and integrating decisions made at different levels. They must ensure that all input and suggestions are properly evaluated and that final decisions are implemented in a way that supports organizational goals. They must balance the feedback and suggestions received with the strategic needs of the institution, thus maintaining a balance between participation and control. For example, if a field officer suggests a tactical change based on his direct observations, the senior leader will evaluate this suggestion in the context of the overall strategy and decide whether and how to integrate it into the operational plan.

Clarity of the chain of command is essential to the effective functioning of a military institution, especially when participative management is applied. In a participatory setting, even when staff involvement in decision-making is encouraged, it is crucial to clearly define who has the ultimate authority to make decisions and implement orders.

To avoid ambiguities and conflicts, roles and responsibilities must be clearly defined. In a military structure, each team member has a specific role and a clear hierarchy that indicates who has ultimate authority in different areas. This is important to prevent overlapping responsibilities and to ensure that each team member knows exactly who is responsible for making decisions in a given situation. For example, in a field mission, the

commanding officer will have the final authority for operational decisions, while team members can provide input and feedback based on their experiences. (Coleman, D., 2005)

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LEVEL OF SATISFACTION OF TEACHERS WITH THE WORKPLACE

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Abstract:

A significant part of a person's life is dedicated to work, and job satisfaction is a crucial indicator. Job satisfaction is multidimensional, whether we are talking about job satisfaction or salary, job security, opportunities for promotion, recognition and appreciation, decision-making power and influence.

Teachers are the most important resources in a school. They represent fundamental elements of any change (for example, educational reforms). Thus, teachers who have a high level of job satisfaction allocate their: time, energy and efforts to work, and the result will be high school performance.

The article presents from a theoretical-practical point of view the satisfaction of teaching staff with the workplace (motivation, work climate, professional relations), and in this sense an opinion survey was applied to teaching staff from Dâmbovița county.

The most important conclusions drawn from the study outline the fact that a satisfied teacher (salary, bonuses, relations with colleagues) will also have adequate results.

Key words: education, work, human resources, satisfaction

1.1. Theoretical approach to concepts

The concept of job satisfaction is defined in the specialized literature from various points of view. **Job satisfaction means: the pleasure, happiness and contentment experienced by an employee in his professional life (Kesen, 2005).**

The quality of the teaching staff, their commitment, satisfaction and motivation make the students benefit from a high-performing education system. Currently, teachers act as role models, being the pillars of society (Sharma J. and Bajpai N , 2011) .

Every employee may encounter a variety of situations at work, whether pleasant or unpleasant. As a result of these circumstances, employees are subjected to a diversity of work-related events, which influence their feelings and attitudes.

Job satisfaction has a major impact on the overall quality of life including social relationships, family bonding, and perceived health status, and thus may also affect job performance.

Working conditions have an impact on teacher satisfaction, and these include the following (Bryk, AS, and B. Schneider. 2002):

- Physical characteristics of buildings, equipment, and resources, which serve as a platform for teachers' work;
- The organizational structures that define the formal positions and relationships of teachers with others in the school;
- The cultural characteristics of the school;
- The psychological characteristics of the environment that can support or exhaust them personally, such as the meaning of what I do day to day or the opportunities I find;
- Educational features, such as curriculum and testing, that can enhance or constrain what teachers can teach.

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1.2. Case study

In order to identify the teachers' satisfaction with the workplace, an opinion survey was chosen, which has an opinion questionnaire as an instrument. The questions are elaborated in the form of statements expressing agreement/disagreement with the reward system (motivation, relationships).

Researched community: teachers from Dâmbovița county. The sample consists of 100 people. The questionnaire was applied online. The database and the interpretation of the results took place with the help of the SPSS program.

Research methodology

Objectives:

O1: Identifying the impact of the type of generation the respondents come from on satisfaction (salary, but also premiums);

O2: Highlighting the respondents' differences of opinion regarding job satisfaction generated by professional relationships and working conditions;

O3: Knowledge of teachers' perception of intrinsic and extrinsic motivation;

Assumptions:

H1: Teachers' level of satisfaction with salary and bonuses is influenced by the type of generation they belong to;

H2: Satisfaction with professional relationships and working conditions is influenced by generation type;

H3: The opinions of research participants regarding intrinsic and extrinsic motivation are similar, the type of generation they belong to being a causal factor.

The results obtained

The database was created in the SPSS program. Thus, to identify the extent to which teachers' satisfaction with salary and bonuses is influenced by the type of generation, the Chi square test is used (table 1) .

Table 1. Chi square test

	important	df	The value of the degree of significance
coefficient	6,525 ^a	2	,038
LIKELIHOOD	6,629	2	,036
As the linear steel	2,031	1	,154
Valid cases	100		

Source: developed by the author

The value of the degree of significance is below the minimum accepted , and this attests to the fact that the test is a relevant one. With one significance threshold of 0.05, 2 degrees of freedom, the null hypothesis is not confirmed because satisfaction with salary it is closely related to the generation type. ***Thus, the first hypothesis formulated at the beginning of the research is verified***

To verify whether the type of generation determines differences of opinion on satisfaction in terms of professional relationships, but also working conditions, the T-test is used, based on the ANOVA model.

Table 2. ANOVA model

			Sum squared	df	Mean squared	F	Sig.
Generation type	Between groups	(Combined)	20,014	4	5.0 1 3	4.6 0 1	0.001
		linear	2,997	1	2.9 1 7	2. 9 74	0.0 03
		Deviation from linearity	17,016	3	5.6 4 2	5. 4 50	0.002
	In groups		50	50	1.0 7 0		
	Total		50	50			

Source: developed by the author

According to the data in the table, the value of the significance threshold (Sig) is between 0.001 and 0.003. The value of F is positive , which emphasizes the fact that there are differences . Thus, it is very important is the measure of association with the help of the ETA coefficient (table 3).

Table 3. Measure of association between variables

	R	R squared	Eta	Eta square
Generation type	-0.09 3	0.009	0.2 3 7	0.06 0

Source: developed by the author

Ui coefficient value shows that there are differences of opinion between generations. In order to obtain rigorous results, the hypothesis is tested by means of the T-test (table 4).

Table 4. Hypothesis testing

T test						
	Value t est = 0					
	t	df	Sig. (2-tailed)	Average difference	95% Confidence Interval of Difference	
					The lowest	The highest
Satisfaction with leadership and interpersonal relationships	21 . 602	239	0.000	2 . 679	2 . 43	2 . 92
Generation type	33 . 567	239	0.000	0.825	0. 78	0. 87

Source: developed by the author

The data presented in the table show that there are differences in perception, because the value of the statistical threshold is within the limit of the allowed threshold. **Thus, the hypothesis was confirmed.**

In order to highlight whether the opinions of research participants regarding the intrinsic and extrinsic motivation of education employees do not vary according to the type of generation to which they belong, sampling by generation type is used.

Table 5. Employees in education are rewarded to a small extent *generation type

Item	Generation type			
	Generation Z	Generation Y	Generation X	The Baby Boomer generation
	Average score			
Education workers are paid little	2	3	3	5

Source: developed by the author

The situation in the case of presenting the results on a sample basis, but depending on the type of generation and the item "Educational employees are rewarded to a small extent" is as follows:

- the average score obtained by the item "Employees from education are rewarded to a small extent", but in the case of generation Z it is 2, which signifies disagreement;
- the average score obtained by the item "Employees from education are rewarded to a small extent", but in the case of generation Y it is 3, which signifies partial agreement;
- the average score obtained by the item "Employees from education are rewarded to a small extent", but in the case of generation X it is 3, which means partial agreement;
- the average score obtained by the item "Employees from education are rewarded to a small extent", but in the case of the Baby Boomers generation, it is 5, which signifies total agreement.

Hypothesis a has not been confirmed.

Conclusions

Quality education determines the quality of human resources and the development of future generations equipped with knowledge, skills, and values, which enable the new generations to face the challenges of the 21st century.

A teacher can be seen as a complex person whose professions include: teaching, innovation, but also guiding students to go through the instructional-educational process.

The teaching staff is a practitioner in the classroom, the one who translates the educational act into objectives and skills. During instruction, teachers facilitate student learning in the classroom.

An educator's job satisfaction generates: happiness, devotion and dedication and also helps them highlight their qualities so that students, parents and society benefit from their services at a superlative level.

The low level of job satisfaction of teachers, but also of their commitment, makes the teaching-learning process less efficient.

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THE SYNERGY BETWEEN TAX OPTIMIZATION, COST CONTROL, AND INCREASING PROFITABILITY, AN INTEGRATED APPROACH FOR BUSINESS SUCCESS

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Abstract

The scope of the study is to explore the connection between tax optimization, cost control, and margin enhancement in business organizations. Business management and entrepreneurship are two fundamental pillars of the modern economy, each playing a significant role in the growth and development of organizations. Business management focuses on operations management, financial oversight, and human resources. Entrepreneurship is the process of creating, developing, and managing a new business venture in order to generate profit. It involves risk-taking, the creation of new ventures, and the leverage of resources in order to deliver value in the marketplace. Entrepreneurs drive economic development by introducing new products and services, disrupting industries, and fostering competition. An appropriate understanding and implementation of managerial accounting and accountancy strategies, such as cost control and financial analysis, will drive the entrepreneur to the business's success. While the main focus is profitability growth and margin enhancement, the entrepreneur should focus on the fiscal optimization of the general result to obtain the best result with low costs.

Keywords: managerial accounting, tax optimization, business management, entrepreneurship, profit margin.

JEL Classification: M41

1. Introduction

The logic of tax optimization can be explained in the traditional microeconomic theory framework. In a market economy governed by the law of profit, any firm that wants to survive or grow acts as a rational agent. This rationality implies maximizing profit and minimizing costs and risks (Krifa-Schneider, 2024).

If managers want satisfactory results, they must understand the cause-and-effect relationships between their actions and their organization's overall performance (Crosson & Needles, 2011). Managers need to learn about taxes because optimizing a venture's total tax burden is important to its success, and managers are the primary decision-makers in an organization (Karayan & Swenson, 2007). A successful entrepreneur should focus on strategic decision-making in a well-known fiscal environment, enhancing profitability by reducing costs and reinvesting for the growth of the business.

Taxation influences investment decisions, cost structure, and overall profitability. Complex tax systems and various regulations require companies to adapt and ensure compliance with current tax laws. Profitability is generally defined as a company's earnings generated from revenue after deducting all expenses incurred during a period (Alarussi & Alhaderi, 2018). According to Bekmezci (2015), profitability is one of the most important factors signaling management's success, shareholders' satisfaction, investor attraction, and the company's sustainability (Alarussi & Alhaderi, 2018).

The study explores the connection between tax optimization, cost control, and profitability enhancement in business organizations. The combined benefits of tax optimization and cost control create a synergy for profitability enhancement, allowing businesses to scale operations.

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2. Literature review

2.1. Tax optimization

Tax optimization becomes a vital strategy for companies aiming to remain competitive by minimizing their tax burdens and maximizing funds available for investment growth (Cooper & Nguyen, 2020).

In the Romanian business, accounting principles and methods can influence tax burdens. Thus, using approved accounting policies, companies may choose a variant from among several opportunities allowed by legislative and normative statutes. For instance, entities can choose the method of tangible assets depreciation, interest capitalization or its recognition as an expense, option for inventory evaluation method, reassessment of tangible assets, or keeping their historical costs (Popa, 2012). A well-done financial and fiscal management can positively ensure the existence and development of a business: (i) Selecting the optimal legal structure of the business; (ii) Choosing the suitable method of tangible assets depreciation: straight line, reducing balance method and accelerated; (iii) Interest capitalization or its recognition as expense; (iv) Timing of revenues and expenses recognition; (v) Provisions for guarantees granted to clients and provisions for extraordinary expenses; (vi) Legal reserves; (vii) Optimal use for inventory evaluation method: FIFO, LIFO, Weighted average cost; (viii) Reassessment of tangible assets or keeping their historical costs; (ix) Transfer prices for companies belonging to holding structure; (x) Deferred taxes (KPMG, 2024).

Romania offers specific tax incentives such as sponsorship expenses, reinvested profit for the production or acquisition of specific technological equipment, computers and peripherals, tax registers, control and billing machines, and software and the right to use the software. Innovation, research, and development, as well as ancillary activities, are tax exempted for the first ten years of activities. An additional allowance of 50% granted for research and development activities is available. Companies administering industrial parks have incentives for converting agricultural land into industrial parks. There are also incentives available to titleholders of petroleum companies. The government grants titleholders the concessions in exchange for a royalty payment. Tax benefits are available to companies performing activities in free-trade zones (EY, 2018).

Corporate tax planning by the multinational enterprise (MNE), that is, the MNE's ability to plan its tax affairs by using a multitude of strategies to reduce its tax bills legally, is a central research question in the literatures of international business, public economics, tax, finance, law and accounting (Cooper & Nguyen, 2020). Tax Planning is a series of strategies to adjust corporate accounting and finances to minimize tax obligations in legal ways (Pohan, 2018). Tax planning will positively impact a company's cash flow and increase the rate of return (Appolos et al., 2016). A research study about tax optimization in Indonesia shows that tax planning is considered to minimize costs which, according to the taxation law, cannot be deducted, thus causing the income before tax to be greater and may result in higher tax payable. The main scope of Tax planning is the acknowledgment of expenses that are allowed to be deducted (Estiasih & Saraswati, 2021).

According to (Afrasinei, 2019), multinational firms can shift their profit through transfer pricing countries with high taxation to low tax jurisdictions. These tax jurisdictions are often called tax havens or offshore financial centers and have low corporate tax rates or even zero for specific categories of income in order to attract foreign companies. The study conclusions show that the connection between tax heaven and companies allows them to elaborate tax optimization strategies to reduce their tax liabilities (Afrasinei, 2019).

Base erosion and profit shifting (BEPS) is part of the taxation planning practiced by multinational corporate companies. Several studies and data indicate increased segregation

between where actual business activities and investments occur and where profits are reported for tax purposes (Krifa-Schneider, 2024). The loopholes exploited by the taxpayers explain the effective reduction of the corporate tax rate (ECTR) for the last 10 years. Generally, the standard corporate tax rate (SCTR) does not impose a tax burden on business operations in a country due to several motives: basic tax rule (tax allowances, deductions, etc.), the method for calculation of tax, and the existence of tax incentive schemes make it possible for the corporations to lower their taxes (Krifa-Schneider, 2024).

Tax optimization strategies of multinational companies are made by recording the company's expenses in a high-tax country and systematically reporting profits in a low-tax jurisdiction. Another optimization tool is through provisions favorable to the Establishment of Financial Holding Companies. Therefore, a simple tax optimization technique establishes a holding company in countries where tax exempts dividend income from tax (Krifa-Schneider, 2024).

The Contract manufacturing means outsourcing the production activities into another country. There are different business advantages of this technique, but it also has certain tax implications. Considering an USA parent company has a subsidiary in Ireland, which is a low tax country. The parent company has acquired the rights of an intangible asset (such as patents) in Ireland but the Irish subsidiary's market is another country (for instance, in Germany) where the tax rates are high. Therefore, the Irish subsidiary makes a contract to a German manufacturer on cost-plus mark-up bases (Krifa-Schneider, 2021).

2.2. Cost Control

Optimizing profitability includes continuous oversight of operational costs, efficient resource allocation, and decreased irrelevant expenses. Correctly understanding and implementing managerial accounting and accounting strategies, such as cost control and financial analysis, will lead entrepreneurs to success (Maher et al., 2008).

Managerial accounting has an essential role in optimizing cost control and increasing profitability. Efficient use of this instrument ensures increased profitability and business optimization. Entrepreneurs or managers need relevant financial and economic information structured according to their needs for decision-making. The financial statements accounting professionals provide need to be revised to fully understand income sources and cost structures or identify business optimization methods. Managerial accounting is the source of the most relevant information for business success (Crosson & Needles, 2011). More than just calculating cost, management accounting also plays a role in investment decision-making by evaluating investment projects based on cost-benefit analysis (Yuanita, 2023; Evianty et al., 2024).

Cost control is an important process in modern business management. It aims to manage and reduce unnecessary or inefficient operational costs by identifying, analyzing, and managing costs effectively (Evianty et al., 2024).

Improving profitability in the service sector requires a highly strategic and focused approach (Utami, 2024; Evianty et al., 2024). Operational efficiency must be improved by applying modern technology and process automation to reduce operational costs and increase productivity (Shilamaya, 2024; Evianty et al., 2024). Rigorous cost management and in-depth cost analysis are required to ensure that every expenditure supports long-term profitability goals (Islachiyana et al., 2023; Evianty et al., 2024). Strategic cost management consists of managers' actions to reduce costs, some of which are prioritized based on information extracted from the accounting system. Other actions, however, are undertaken without the use of accounting information. They involve process improvements, where an opportunity has been identified to perform processes more effectively and efficiently, with obvious cost-reduction outcomes (Drury, 2018). Management accounting techniques lead

companies to optimize their cost and improve profitability. Cost optimization can be achieved by using modern management accounting methods like target costing, Kaizen costing, activity-based costing, and Just-in-Time. These methods aim to establish/manage costs and optimize all processes, personnel, productivity, and quality control (Mihaila, 2008).

3. Research Methodology

The research was conducted in a services company, and the financial figures were analyzed over four years. The method used is deductive, using financial data from the Annual Statements. The quantitative data includes information about Assets, Equity, Turnover, Income, Depreciation, Expenses, and Profit Tax. The chapter studies focus on identifying and analyzing the financial ratios that measure the profitability of the companies and on finding out if there is a connection between them, showing the influence of one to another and consequently observing the impact on the company's profitability. Thus, the financial ratios as Effective Tax Rate (ETR), Gross Profit Margin (GPM), Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) were measured for a company acting in Engineering sector for the last four years as seen in the table below:

Table no.1 Extras from Balance Sheet and Profit and Loss Statement

Balance Sheet	Year 2023	Year 2022	Year 2021	The year 2020
Non-current assets	391,777	548,396	185,849	156,159
Current assets	4,293,827	5,858,967	5,256,275	5,327,672
Total assets	4,685,604	6,407,363	5,442,124	5,483,831
Equity	2,813,577	2,804,861	2,877,901	3,698,033
P&L	Year 2023	Year 2022	Year 2021	The year 2020
Turnover	6,591,832	8,097,052	7,396,375	7,732,105
Operating income	7,045,978	7,602,721	7,695,849	7,815,906
Financial income	106,388	156,691	100,307	79,304
Total income	7,152,366	7,759,412	7,796,156	7,895,210
Financial expenses	153,368	159,447	6,394,540	6,636,627
Depreciation	178,943	144,388	112,685	102,453
Operating expenses	6,396,194	6,487,454	52,894	54,673
Total expenses	6,549,562	6,646,901	6,447,434	6,691,300
EBIT	649,784	1,115,267	1,301,309	1,179,279
EBT	602,804	1,112,511	1,348,722	1,203,910
Profit tax	94,088	185,552	221,485	187,251
Net Profit (NP)	508,716	926,959	1,127,237	1,016,659

4. Results and Discussions

The questions raised in the research are:

1. Does tax optimization indicated by ETR has an impact on the profitability of the business?
2. Are other variables, such as GPM, more significant on business profitability?

To answer the questions, the study will use the descriptive method by explaining the financial ratios and their influence on the business profitability.

Table no.2 Financial ratios

Finacial ratios	Year 2023	Year 2022	Year 2021	The year 2020
(ETR) %	16	17	16	16
(ROA) %	9	16	21	18
(ROE) %	18	33	39	27
Gross Profit Margin %	9	14	18	16
Net Profit Margin %	8	11	15	13

ETR is the effective percentage of tax paid from the taxable income. Most of the time, this rate is different from the standard income tax rate in Romania, which is 16%. The difference comes from non-deductable expenses, non-deductible income, sponsorship expenses, or other incentives affecting the net result. A good indication is when ETR tends to the Standard Income Tax Rate. In the table above, ETR has a level close to the standard level, meaning that the company has a well-structured accountancy policy, offering a transparent image of the financial situation using, as a strategy, the management of deductible expenses. A lower ETR will determine a higher net profit NPM, and vice-versa; a higher ETR will determine a lower NPM.

ROA is a rentability financial ratio that measures the financial effect related to the investment effort. The percentage of the NP divided by the average period of assets shows how profitable a company is in using its assets. The figures in the table indicate positive but low values, which means a better return on the assets is expected. For the years with lower NP, a decreased ROA is registered, and any NP decline influences the ROA level.

ROE shows the rentability of using Equity, rendering the company's capacity to make profit using the available Equity. It is the percentage of Net income divided by Equity. ROE can be evaluated as having a good or bad level, depending on the average ROE for other companies in the same sector of activities. ROE indicates the company's ability to turn equity investments into profit. A high ROE indicates that the company has a good return on Equity, while a low ROE may indicate a low return or loss.

GPM is the percentage of Gross Profit divided by Turnover. Different strategies can increase GPM, such as reducing the cost of goods sold, adjusting prices, and increasing operational efficiency. A high GPM can be translated into an overall operational cost reduction while maintaining the effectiveness of the operational services.

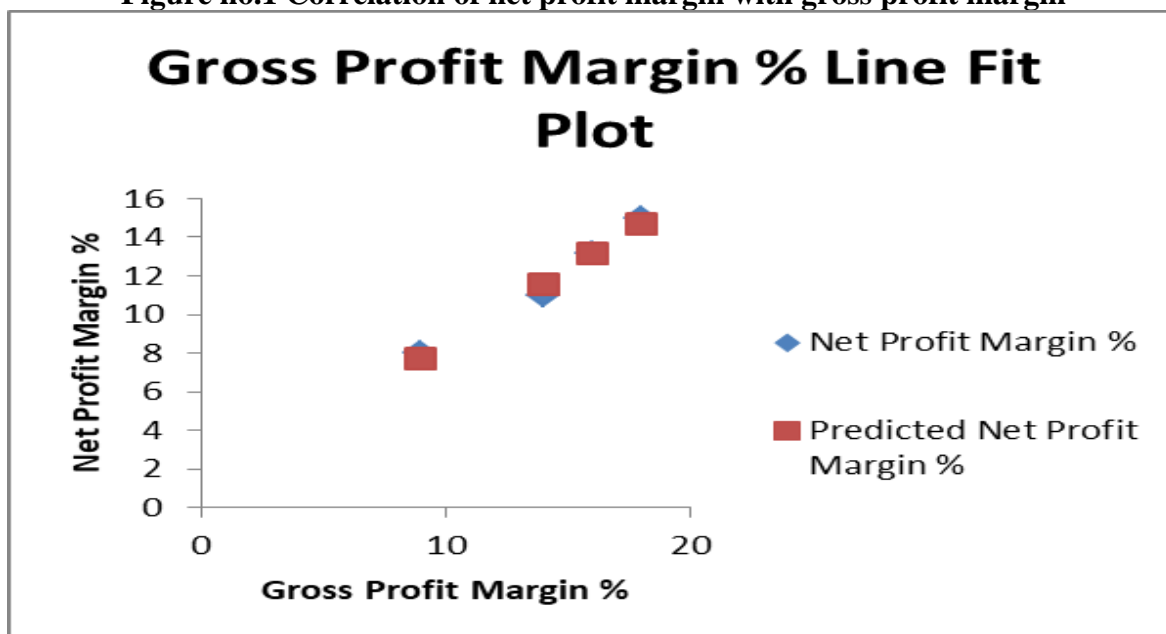
NPM is the percentage of Net Profit divided by Turnover.

To predict the profitability of the business, the correlation in between cause and effect is displayed bellow, whereas ETR and GPM are the causes, and the NPM is the effect.

Table no. 3 Variation of financial ratios

Year	ETR %	GPM %	NPM %
2023	16	9	8
2022	17	14	11
2021	16	18	15
2020	16	16	13

Figure no.1 Correlation of net profit margin with gross profit margin



The figures no. 1 shows the linearity in between GPM and NPM. Thus, a predicted net profit margin can be computed observing that any increase of GPM over the four years will determine an increase of NPM.

Figure no.2 Correlation of Net Profit Margin with Effective Tax Rate

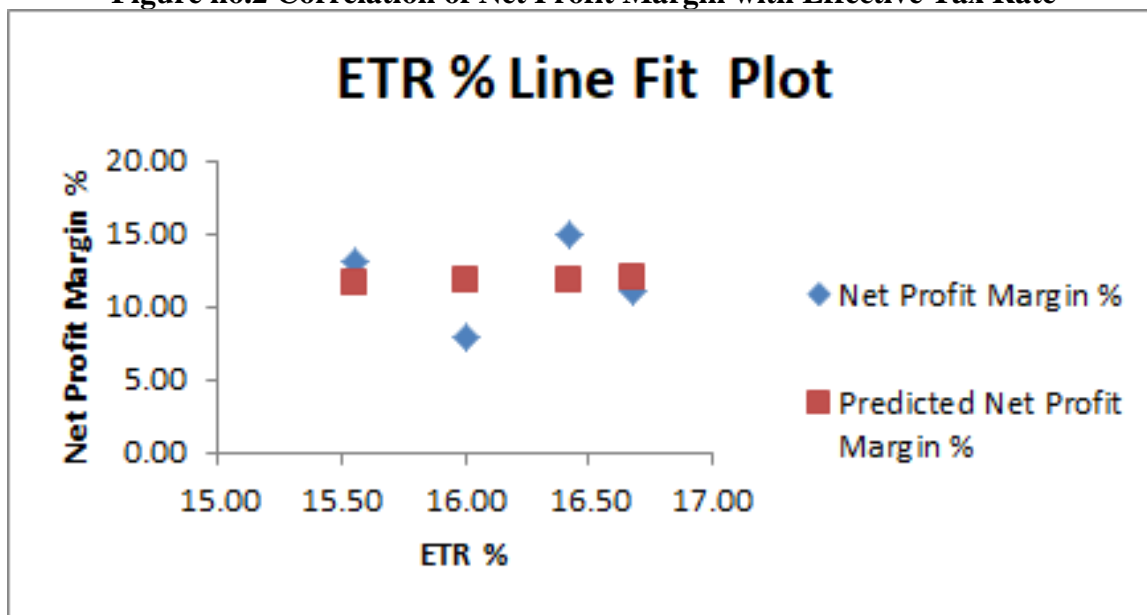


Figure no.2 suggests the invalidity of the linearity phenomenon, and the results indicate that other variables influence profitability, especially for the case introspected here. ETR for the company chosen has remained at the same level over the years but with different variations of NPM, meaning that the company's profitability is not influenced by tax optimization. The tax level of the company is the standard level tax, which can only be influenced a little if fiscal incentives are available for the period.

5. Conclusions

In this paper, we tried to understand the role of tax optimization better and its impact on a business's profitability. The understanding was rendered by an international literature review and a study case to discover if tax optimization significantly impacts profit margin enhancement. In many countries, tax optimization is seriously treated by the managers adopting tax planning and strategies by transferring profits to fiscal paradise, especially by the multinational corporations in Europe, which need to include legal competency.

Following the national practice, tax optimization is based mainly on accountancy policies and the influence of fiscal incentives on net results. The case study shows that the standard tax rate is kept, meaning that the optimization is not interfering; this is available for the cases where the effective tax rate exceeds the limit of the standard rate. Tax optimization's influence on profitability is significant when the gap between the standard and effective tax rates suggests an inappropriate management of the non-deductable expenses. Good management of expenses and a deep acknowledgment of the accountancy methods positively influence business profitability. Therefore, tax optimization is not a single tool for profitability growth; it is a relevant vector in increasing profitability, which is the gross margin enhancement by reducing unnecessary or inefficient operational costs. A good knowledge of cost structure and process improvement can achieve cost reduction.

In conclusion, the combined benefits of tax optimization and cost control create a synergy for profitability enhancement, allowing businesses to scale operations.

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DEFINING BUSINESS PROCESS REENGINEERING

Sorin-George Toma¹

Abstract

Globalization has made possible the simultaneous competition among business organizations from any country of the world on every market. This is why companies have sought to rethink their strategies, identify and implement innovative and enduring business models, and use appropriate concepts, tools and methods in their business processes. The 1990s witnessed the emergence of a new concept, entitled business process reengineering (BPR), aimed at allowing companies to reinvent themselves in order to boost their performance. The aims of the paper are to review and analyse several key definitions of this concept, and to emphasize its main characteristics. The study is based on a qualitative research method. The paper provides a better understanding of the BPR concept and highlights its importance both in theory and practice.

Keywords: business process reengineering, business processes, company, improvement

JEL Classification: L25, M00

1. Introduction

Today's turbulent global business environment imposes companies, irrespective of their size and industry, to face various and difficult challenges, such as increasing hypercompetition, climate change and decreasing natural resources. Since the fall of the communist regimes in Central and Eastern Europe, the pace of change has accelerated all over the world (Toma, 2013; Toma and Marinescu, 2015). The rapid spread of the economic globalization process led to an unprecedented economic integration worldwide (Sideri, 1997; Toma, 2005) and the expansion of multinational and transnational corporations at a global scale (Grădinaru and Toma, 2018; Toma, 2019). It is said that companies have clearly benefited from globalization due to new business opportunities, lower production costs and higher productivity (Erixon, 2018; Marr, 2022).

On the other hand, globalization has made possible the simultaneous competition among business organizations from any country of the world on every market, either local, national, regional, or global. To contend with this tough confrontation, companies have sought to rethink their strategies (Hatzichronoglou, 1996), identify and implement innovative and enduring business models (Tohănean and Toma, 2018; Toma and Tohănean, 2019), and use appropriate concepts, tools and methods in their business processes, such as Six Sigma (Truscott, 2003; Toma, 2008a), balanced scorecard (Toma et al., 2010; Perkins et al., 2014) and agile management (Denning, 2017; Toma, 2023a). The 1990s witnessed the emergence of a new concept, entitled business process reengineering (BPR), aimed at allowing companies to reinvent themselves in order to boost their performance (Hammer and Champy, 1993). Since then, there has been a widespread interest in the BPR concept all over the world.

The aims of the paper are to review and analyse several key definitions of the BPR concept, and to emphasize its main characteristics. The study is based on a qualitative research method. The structure is as follows: the next part deals with the literature review. The third part of the paper illustrates the research methodology. Results and discussion are shown in the fourth part. Conclusions are displayed at the end of the paper.

2. Literature review

Since its appearance, the concept of BPR has become a topic of interest for many researchers and practitioners all over the world. It is worthy to notice that during the time it has been defined in various ways from different perspectives (Table no. 1).

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Table no. 1. Definitions of BPR

No.	Period	Definitions
1	1990s	<ul style="list-style-type: none"> • „the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed” (Hammer and Champy, 1993, p.32). • „an approach to achieving radical improvements in customer service and business efficiency” (Talwar, 1993, p.23). • „a well-known managerial approach for increasing firm competitiveness” (Paolucci et al., 1998, p.196).
2	2000s	<ul style="list-style-type: none"> • „redesigning business processes using a radical IT-enabled approach to organisational change” (Al-Mashari and Zairi, 2000, p.11). • „the implementation of hard solutions dealing with soft problems, thus suggesting that the use of IT for instance will go a long way to making businesses more effective and securing future competitiveness” (Al-Mashari et al., 2001, p.439). • „methodologies to change their internal business processes in response to environmental change requirements or internal needs” (Holland et al., 2005, p.1000).
3	2010s	<ul style="list-style-type: none"> • „a technique by that organizations basically rethink and improve their work to dramatically improve client service” (Sunil Kumar and Harshitha, 2019, p.2766). • „a radical redesign of processes in order to gain significant improvements in cost, quality, and service” (Ozcelik, 2010, p.7). • „an approach that seeks to redesign processes and practices in order to support the organisation’s mission, reduce costs and improve efficiency” (McGrath and Bates, 2017, p.20).
4	2020s	<ul style="list-style-type: none"> • „the radical redesign of business processes to achieve dramatic improvements in productivity, cycle times, quality, and employee and customer satisfaction” (Bain & Company, 2024, p.1). • „a strategic management approach that is focused on fundamentally rethinking and redesigning core business processes to achieve significant improvements in performance and efficiency” (Finio and Downie, 2024, p.1). • „an integrated set of management policies, project management procedures, and modeling, analysis, design and testing techniques for analyzing existing business processes and systems; designing new processes and systems; testing, simulating and prototyping new designs prior to implementation; and managing the implementation process.” (Gartner, 2024, p.1).

Sources: Hammer and Champy, 1993; Talwar, 1993; Paolucci et al., 1998; Al-Mashari and Zairi, 2000; Al-Mashari et al., 2001; Holland et al., 2005; Sunil Kumar and Harshitha, 2019; Ozcelik, 2010; McGrath and Bates, 2017; Bain & Company, 2024; Finio and Downie, 2024; Gartner, 2024

The above-mentioned definitions have shown the historical evolution of the BPR concept since the 1990s. Their analysis in the fourth part of the paper leads to the identification of the main features of this concept.

3. Research methodology

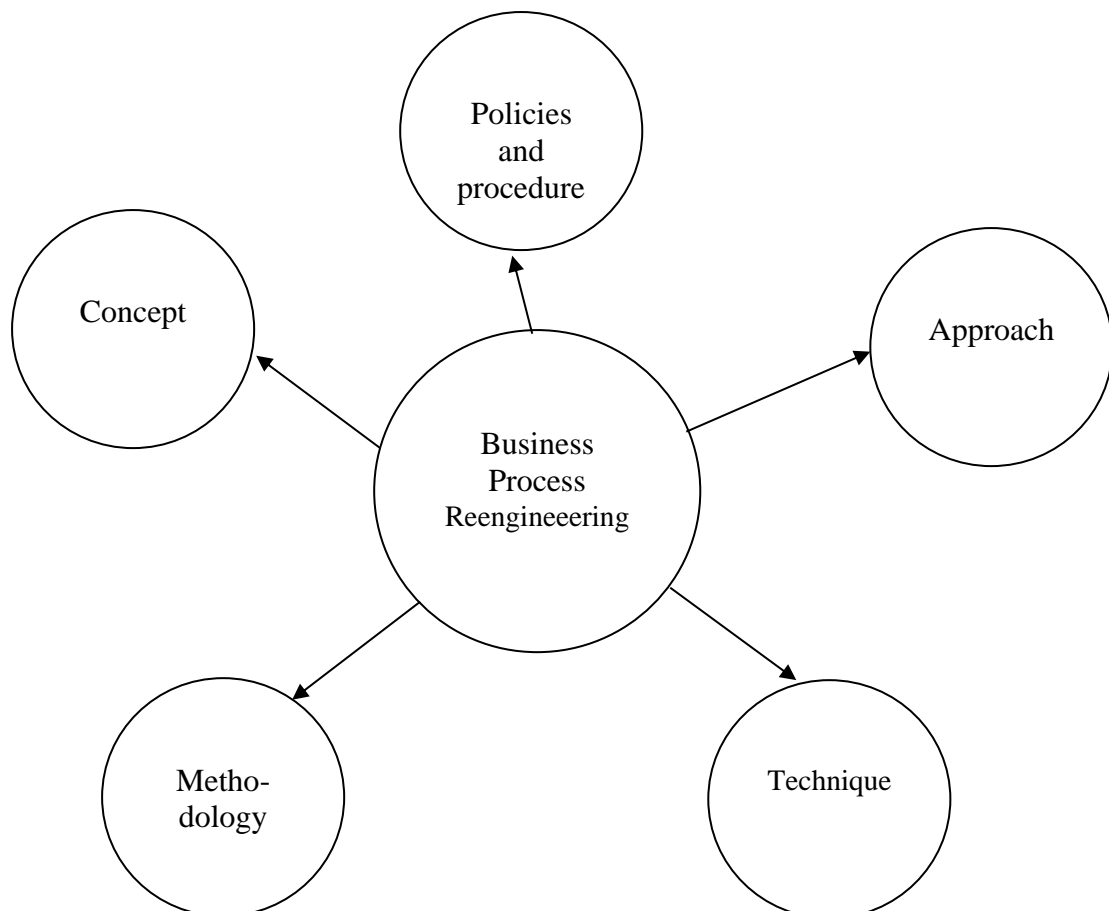
In order to achieve the purposes of the paper, the author utilised a qualitative scientific research method based on a desk research. In the beginning, he searched the information in the main secondary sources of data, such as articles and books. Then, the author classified, analysed and synthesised the information within the literature review. Finally, the author elaborated the study.

4. Results and discussion

Starting from the 12 definitions of the BPR concept enumerated in the section Literature review, this part of the paper highlights its main features. The analysis of these definitions reveals the following issues:

- There is no universal definition of the term BPR. It is defined differently by numerous authors in a plethora of books and articles published in the last three decades.
- As a multifaceted construct, BPR is considered not only a concept but also an approach, a methodology, a technique, and a set of policies and procedures (Figure no. 1).

Figure no. 1. BPR: a multifaceted construct



- BPR aims at attaining profound improvements in several domains:
 - efficiency,
 - organizing,
 - competitiveness,

- productivity,
- employee satisfaction,
- cycle time,
- cost,
- quality,
- customer satisfaction,
- service,
- speed
- The implementation of BPR leads to radical changes within the business organizations.
- BPR means the rethinking and redesign of business processes within an organization in order to obtain significant improvements.
- BPR is related to business strategies (Toma and Grădinaru, 2016; Toma et al., 2016a; Toma et al., 2016b; Toma, 2023) and models (Toma and Marinescu, 2012; Marinescu and Toma, 2015).
- BPR often involves the use of information technology (IT) in an increasing digitalized business world (Tohănean et al., 2018; Toma and Tohănean, 2018).
- In order to achieve business success, BPR should be combined with other concepts, methods and techniques, such as lean management (Naruo and Toma, 2007; Marinescu and Toma, 2008), quality management (Toma, 2006; Toma and Naruo, 2009), creativity (Toma et al., 2013; Toma and Marinescu, 2017) and innovation (Toma et al., 2016c; Toma and Săseanu, 2017), marketing mix (Grădinaru and Toma, 2017; Catană and Toma, 2021a; Catană and Toma, 2021b) and customer experience (Toma and Catană, 2021a; Toma and Catană, 2021b), employees' motivation (Marinescu and Toma, 2013; Săseanu and Toma, 2019) and organizational learning (Toma, 2012).
- The deployment of BPR within companies, regardless of their size, requires in a mandatory manner the existence of a strong and transformational leadership (Săseanu et al., 2014; Grădinaru et al., 2020).
- By embracing the interests of several stakeholders (e.g., employees, customers), BPR illustrates its socially responsible approach (Toma, 2008b; Marinescu et al., 2010; Toma et al., 2011; Imbrișcă and Toma, 2020).

These characteristics show the complexity of the BPR concept and its widespread use in the activity of business organizations.

5. Conclusions

Since the 1990s, the dramatic expansion of the globalization process has led to worldwide hypercompetition in any industry. this is why increasing performance has become a business mantra for companies, irrespective of their size and field of activity. consequently, companies have been constrained to design/identify and implement suitable techniques and methods to boost their performance. bpr has proved to be one of them.

The paper tries to provide a better understanding of the bpr concept. also, it identifies its main characteristics on the basis of a comprehensive analysis of numerous definitions. finally, the paper emphasizes the importance of bpr concept both in theory and practice.

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CHANEL: THE WOMAN, THE BUSINESS

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Abstract

One of the leading women of the past century, Gabrielle Bonheur ‘Coco’ Chanel was born in a French poor family in the beginnings of the 1880s. After her mother died in her childhood, she spent almost a decade in a convent where she learned to sew. In the 1920s, she became a successful fashion designer and highly influenced the evolution of the Parisian haute couture for a long period of time. The purposes of the study are to briefly define fashion and haute couture, and to present Coco Chanel in her both hypostases: the woman and the businesswoman. In this respect, the author employed a qualitative research method, based on an extensive literature review. The findings of the paper show that despite the difficult times she encountered during the first period of her life, Coco Chanel succeeded in becoming an independent and successful businesswoman. Moreover, she created and developed Chanel, one of most famous and long-lasting couture houses in the world.

Keywords: Coco Chanel, Chanel, fashion, haute couture, businesswoman

JEL Classification: M1, M16

1. Introduction

Since its beginning, fashion has been a social phenomenon affecting human behaviour. Fashion is not only about wearing clothes but also about many components of society, such as culture, communication, design or religion. It is said that “to be fashionable is to find oneself ‘following, suited to, or influenced by the current fashion’ and is a property ‘characteristic of or favoured by those who are leaders of social fashion’ “ (Breward, 2019, p. 206).

Since the mid-seventeenth century fashion has increasingly become popular as two important events took place: on the one hand, the European royal courts and aristocrats showed higher interest towards fashion styles and, on the other hand, the technological advances (e.g., fly shuttle, sewing machine) led to the significant rise of the clothing production (English and Munroe, 2022).

Step by step, a sort of elitism emerged in fashion, connected with social status and class, and fueled by the multiplication of fashion designers (Breward, 2003). Therefore, the emergence of haute couture (“high dressmaking” in English) in the second half of the 19th century was only a matter of time. The beginning of the 20th century brought the twinning of various factors, such as the development of global capitalism, the emergence of mass production within big factories and the proliferation of department stores, which contributed to the expansion of fashion industry (Steele and Major, 2024). Later, a plethora of haute couture houses, such as Chanel, Dior, Yves Saint Laurent and Gucci, were established not only in Paris but all over the world.

The past century witnessed the appearance and development of Chanel, one of the most prestigious haute couture houses in the history of fashion. The genius of its founder, Gabrielle Bonheur ‘Coco’ Chanel, one of the most influential designer of the world (Garellick, 2014), decisively contributed to its business success.

The purposes of the study are to briefly define fashion and haute couture, and to present Coco Chanel in her both hypostases: the woman and the businesswoman. In this respect, the author employed a qualitative research method, based on an extensive literature review.

The paper is structured as follows: the next chapter illustrates the literature review. The third chapter of the paper deals with the research methodology. Results and discussion are displayed in the fourth chapter. Conclusions are presented at the end of the paper.

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2. Literature review

Since its emergence, the concept of fashion has attracted the interest of many researchers and practitioners worldwide. From an etymological point of view, the English word “fashion” derives from the French word “façon”, meaning ways of making/doing things (Kawamura, 2005). Despite the lack of an universal definition, the term fashion is:

- “an unplanned process of recurrent change against a backdrop of order in the public realm” (Aspers and Godart, 2013, p. 185).
- “a bounded thing, fixed and experienced in space- an amalgamation of seams and textiles, an interface between the body and its environment...a practice, a fulcrum for the display of taste and status, a site for the production and consumption of objects and beliefs...an event, both spectacular and routine, cyclical in its adherence to the natural and commercial seasons”, according to Breward (Bethke et al., 2019, p. 193).
- “a prevailing custom or style of dress, etiquette, procedure; a shared and internalized sense of the modish style of the time” (Craik, 2024, p. 3).
- “a style that is popular at a particular time, especially in clothes, hair, make-up, etc.” (Cambridge Dictionary, 2024a, p.1).
- “any mode of dressing that is prevalent during a particular time or in a particular place” (Britannica, 2024, p.1).
- “the area of activity that involves styles of clothing and appearance” (Collins Dictionary, 2024, p.1).

Thus, these definitions reveal that the concept of fashion is defined from various points of view, such as sociological or cultural. There is a plethora of interdisciplinary approaches to fashion which emphasize its multifaceted meanings (Bugg, 2009).

During the time, the clothing industry has spread in the entire world, become a multibillion-dollar business and been a very dynamic sector. In 2022, the world’s leading clothing exporter was China, followed by the European Union and Bangladesh (Table no. 1 and Table no. 2).

Table no. 1. Share in world exports of the leading clothing exporters in 2022, by country/region

Rank	Country	Share (%)
1	China	31.7
2	European Union	27.1
3	Bangladesh	7.9
4	Vietnam	6.1
5	Turkey	3.5
6	India	3.1
7	Indonesia	1.7
8	Cambodia	1.6
9	Pakistan	1.5

Source: Sabanoglu, 2024a

Table no. 2. Leading exporting countries of clothing worldwide by value in 2022

Rank	Country	Value (USD bn)
1	China	182
2	European Union	156
3	Bangladesh	45
4	Vietnam	35
5	Turkey	20
6	India	18
7	Indonesia	10
8	Cambodia	9
9	Pakistan	9

Source: Sabanoglu, 2024b

In the same year, the world's biggest importer was European Union, followed by the United States of America and Japan (Table no. 3 and Table no. 4).

Table no. 3. Share in world imports of the leading clothing importers in 2022, by country/region

Rank	Country	Share (%)
1	European Union	35.5
2	United States of America	19.2
3	Japan	4.5
4	United Kingdom	4.3
5	Canada	2.3
6	Republic of Korea	2.2
7	China	1.8
8	Australia	1.6
9	Switzerland	1.4

Source: Statista Research Department, 2024

Table no. 4. Leading importing countries of apparel worldwide by value in 2022

Rank	Country	Value (USD bn)
1	European Union	215
2	United States of America	116
3	Japan	27
4	United Kingdom	26
5	Canada	14
6	Republic of Korea	13
7	China	11
8	Australia	9
9	Switzerland	9

Source: Sabanoglu, 2024c

Born in the late 19th-century Paris, haute couture combines skilled, quality and experienced craftsmanship, vast creativity and innovative design. In 1868, Fédération de la Haute Couture et de la Mode was established to regulate the industry and promote the French fashion culture (Vogue, 2024). Being highly competitive and ever-changing, haute couture constitutes the most prestigious segment in fashion industry which is strongly connected with the activity of fashion houses. It represents “the designing, making, and selling of

expensive fashionable clothing that is not sold in shops and is made by hand (= not using a machine, factory, etc.), especially clothes made for a particular customer by a fashion company” (Cambridge Dictionary, 2024b, p.1).

To obtain the nomination of a haute couture house one should fulfill several specific criteria. In this respect, the *Chambre Syndicale de la Haute Couture* (Trade Association of High Fashion) set the following:

- “having an atelier in Paris with minimum 15 full-time employees,
- having at least 20 full-time technical employees at one of their workshops,
- creating made-to-order clothing items for private clients,
- presenting minimum 50 day and evening designs every [fashion season](#) (in January & July)” (Mahmoud, 2024, p.1).

The global haute couture market was worth USD 12.15 billion (bn) in 2023 (Congruence Market Insights, 2024) and will worth USD 13.254,5 bn in 2024 (Mali, 2024). The value of this global market is estimated to grow due to a multitude of factors such as technological advancements, innovation improvements, and a rising demand for luxury fashion. Chanel, Dior, Versace, Gucci and Armani are among the global renowned haute couture houses (GlobalData Market Research, 2024). In an increasing globalized world (Toma, 2005), their highly successful businesses have at their core competitive strategies (Toma and Marinescu, 2015; Toma and Grădinaru, 2016; Toma et al., 2016a; Toma et al., 2016b; Toma, 2023a) and sound business models (Toma and Marinescu, 2012; Tohănean and Toma, 2018; Toma and Tohănean, 2018; Toma and Tohănean, 2019), and utilised different methods and techniques such as quality management (Toma, 2006; Toma and Naruo, 2009; Marinescu and Toma, 2015; Toma and Naruo, 2017), lean management (Naruo and Toma, 2007; Marinescu and Toma, 2008), agile management (Toma, 2023b), Six Sigma (Toma, 2008a), balanced scorecard (Toma et al., 2010), marketing mix (Grădinaru and Toma, 2017; Catană and Toma, 2021a; Catană and Toma, 2021b), customer experience (Toma and Catană, 2021a; Toma and Catană, 2021b), social responsibility and corporate citizenship (Toma, 2008b; Marinescu et al., 2010; Toma et al., 2011; Imbrișcă and Toma, 2020), innovative entrepreneurship (Toma, 2013; Toma et al., 2013; Toma and Marinescu, 2017; Toma and Săseanu, 2017), organizational learning (Toma, 2012) and employees’ training and motivation (Marinescu and Toma, 2013; Săseanu and Toma, 2019).

The above-mentioned considerations show that the haute couture houses have successfully evolved since their appearance. Coco Chanel was one of their famous founders. This is why briefly presenting her life and business in the fourth chapter of the paper represents an interesting challenge and a useful example.

3. Research methodology

To reach the aims of the paper, the author employed a qualitative scientific research method based on a desk research. First, he identified and gathered the information from reports, articles and books. Then, the author analysed and synthesised the data through a comprehensive literature review. In the end, he elaborated the paper.

4. Results and discussion

This chapter of the paper displays the findings of the study altogether with a short analysis. In this respect, the author illustrates and analyses some key facts from the biography of Gabrielle Bonheur ‘Coco’ Chanel in her both hypostases: the woman and the businesswoman.

Born in Saumur, Coco Chanel (19.08.1883-10.01.1971) was the daughter of a poor French couple: Eugénie Jeanne Devolle Chanel and Albert Chanel. Immediately after the death of her mother, Coco was sent to an Catholic orphanage when she turned 11 year old (Cullen and Burks, 2023). There, in an austere religious environment, she learned to sew from the nuns

(Baxter-Wright, 2012). However, the lack of maternal love was partially compensated by her aunt, Louise. In her house, located in Varennes-sur-Allier, Coco found kindness and love. Louise also taught Coco to sew but in a creative and pleasant manner (Figure no. 1).

Thus, after a double sewing experience, Chanel became a seamstress when she turned 19 years old (Chaney, 2011). Two wealthy men, the French Étienne Balsan and the British Arthur “Boy” Capel, offered her an important financial support in order to launch a small business in the fashion industry: a millinery salon located in Paris, entitled Chanel Modes.

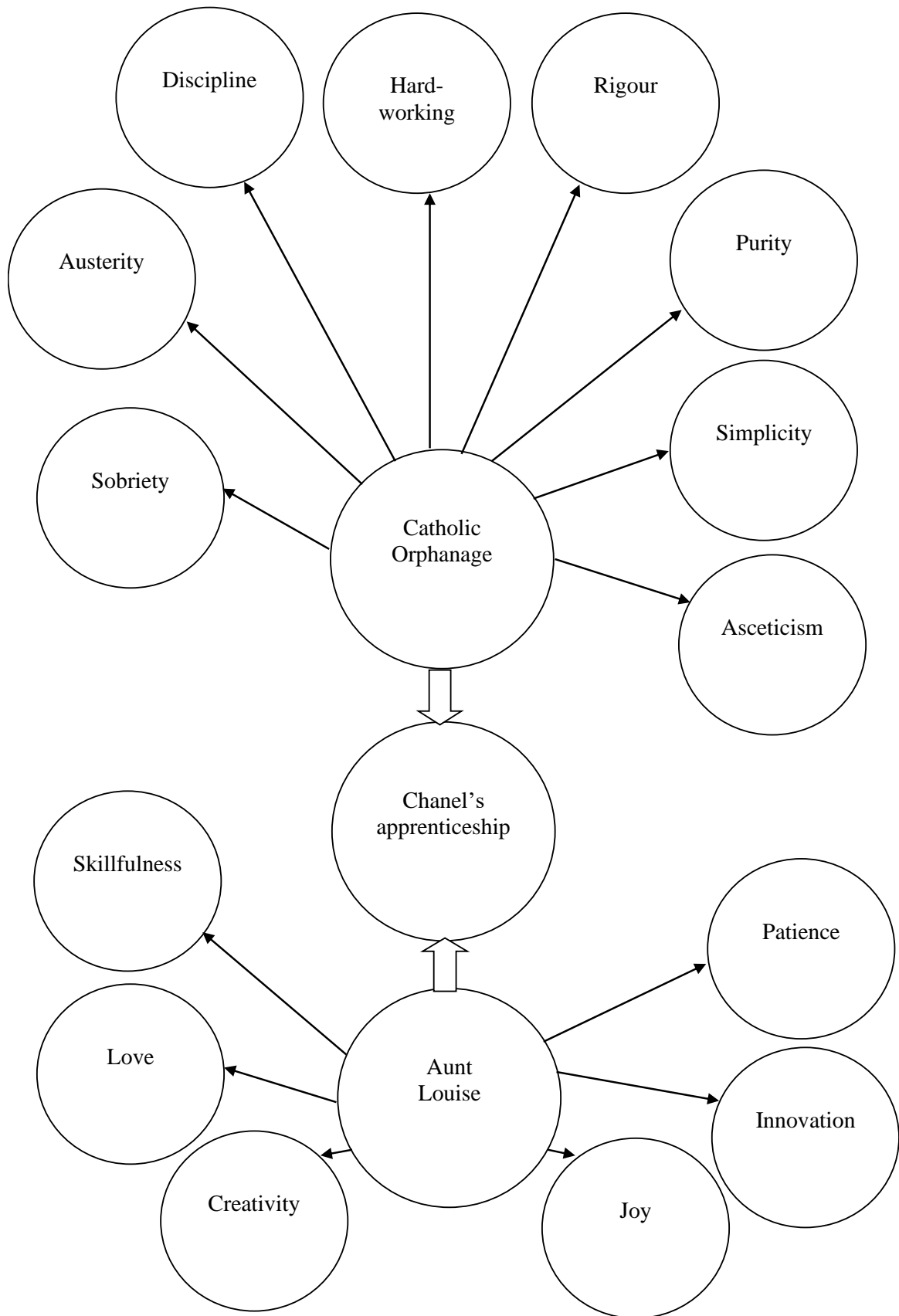
From the beginning of the 1910s, her business proved to be successfully. Having good eyes and being a creative designer, Chanel was aware of her lack of expertise. This is why she hired “Lucienne Rabaté, a highly skilled milliner from the fashionable millinery House of Maison Lewis whou brought a loyal clientele with her” (Cullen and Burks, 2023, p.12). It is said that “the boyishly simple style Coco sported looked irresistibly fresh and modern” (Garellick, 2014, p.50), a sober style that made women to feel free (Meyer-Stabley and Maache, 2017). Consequently, her business rapidly expanded in Deauville, a Normandian resort.

By radically transforming the design of women clothes, Chanel began to attain celebrity all over the world (de la Haye and Mendes, 2021). Without any doubt, she was “a legend of her time, famous all around the world- an original influencer” (Rogers, 2023, p.13). Starting from these issues, Chanel businesswoman may be characterized as folows:

- visionary;
- hard-working;
- creative;
- disciplined;
- innovative;
- rigorous,
- details-oriented,
- promoter of simplicity,
- eager to learn,
- meticulous,
- conscientious.

These features show that Chanel was both a complex woman and a thriving businesswoman in the haute couture domain.

Figure no. 1. Coco Chanel's double apprenticeship



5. Conclusions

The fashion industry has always been a topic of interest for numerous researchers and practitioners worldwide. Its specialized and luxury segment, haute couture, has increasingly become prominent since its emergence in the second half of the 19th century.

The paper provides a better understanding of the concepts of fashion and haute couture by taking in account various perspectives. Also, it illustrates the story of a famous woman who obtained a remarkable business success in an industry dominated by men. The findings show that, despite the difficult times she encountered during the first period of her life, Coco Chanel will eternally remain in our memory as one of the most remarkable couturière of the world history.

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DEFINING THE SOCIAL ECONOMY

Constantin - Daniel Văduva¹

Abstract

The concept of the social economy has emerged as a significant area of study within economic theory, providing a unique framework for understanding economic activity driven by social objectives rather than profit maximization. This paper aims to clarify the definition of the social economy by examining its fundamental principles, including solidarity, democratic governance, and the reinvestment of surplus for community benefit. Through a review of relevant literature, we analyze the impact of social economy organizations, such as cooperatives, mutual societies, and social enterprises, on both local and global scales. The findings suggest that the social economy plays a critical role in fostering inclusive growth, reducing inequality, and promoting sustainable development. This paper contributes to the theoretical and practical understanding of the social economy by offering a comprehensive definition that captures its distinct attributes, positioning it as a transformative force within the broader economic landscape.

Keywords: social economy, social enterprises, cooperatives, mutual societies, Third Sector, sustainable development

JEL Classification: L31

1. Introduction

In the age of globalization (Toma, 2005), characterized by hypercompetition and rapid changes (Toma, 2013; Marinescu and Toma, 2015), the social economy faces numerous challenges. The social economy has emerged as a pivotal concept within economic discourse, presenting a framework where economic activities are oriented towards social objectives rather than profit maximization. Rooted in principles of solidarity, democratic governance, and community-focused reinvestment of surplus, the social economy offers an alternative to traditional economic models (European Commission, 2024).

This paper aims to provide a comprehensive definition of the social economy by exploring its core principles and assessing its role in promoting inclusive growth, reducing inequality, and fostering sustainable development. The structure of the paper is as follows: the next section deals with the literature review. The third section of the study illustrates the research methodology. Results and discussion are shown in the fourth section. Conclusions are enumerated at the end of the paper.

2. Literature Review

The concept of the social economy has been extensively debated in academic and policy circles. An early works by Polanyi (1944)- *The Great Transformation*- highlighted the embedded nature of economic systems within social structures. Polanyi argued that economic activities are deeply interwoven with social relations, laying the groundwork for understanding the social economy as an alternative framework that integrates economic functions with societal goals.

Contemporary scholars, such as Defourny et al. (2013), emphasize the distinction between the social economy and the broader market economy, underscoring the prioritization of social objectives over profit maximization. According to their analysis, social economy organizations operate within a so-called Third Sector, distinct from both the public sector and the conventional private market, characterized by democratic governance, voluntary participation, and reinvestment of surplus into social objectives. As a bridging term that gathers a vast array of various organizations, social economy is defined from a plethora of perspectives as follows:

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- “The set of private, formally-organized enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. The Social Economy also includes private, formally-organized organizations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them.” (Monzon and Chaves, 2008, p.557)
- “The social economy then, as today, was understood as commercial and non-commercial activity largely in the hands of third-sector or community organizations that gives priority to meeting social (and environmental) needs before profit maximization.” (Ash, 2009, p.4)
- “The social economy includes all economic activities conducted by enterprises, primarily cooperatives, associations and mutual benefit societies, whose ethics convey the following principles:
 1. placing service to its members or to the community ahead of profit;
 2. autonomous management;
 3. a democratic decision-making process;
 4. the primacy of people and work over capital in the distribution of revenues.” (Defourny and Develtere, 2009, pp.14-15)
- “...a set of organizations with social purposes which neither are in the public sector nor have the profit-realising objective that typifies the private sector, although they do generate at least some of their income from providing goods or services” (Bridge et al., 2014, p.7)
- “The social economy bridges the many different types of self-governing organizations that are guided by their social objectives in the goods and services that they offer.” (Quarter et al., 2018, p.4)
- “The social economy is conceptualized as an independent “social” sector alongside the two conventional domains, the public and private sectors-as what is often referred to as the “third sector.”” (Thompson, 2020, p.240)

It is worth to notice that social economy is connected with both the private and the public sectors (Figure no. 1) as follows (Quarter et al., 2018):

- public sector non-profits, situated at the intersection between social economy and public sector;
- social economy businesses, located at the intersection between social economy and private sector;
- community economic development organizations, placed at the intersection between public sector and private sector.

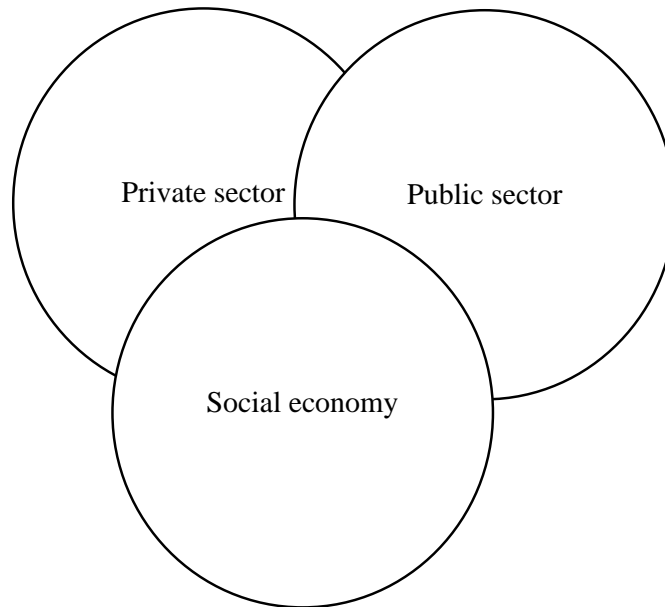
In the literature, social economy is mostly linked with the following concepts:

- “the non-profit sector,
- charitable sector,
- community regeneration: community initiatives outside the market,
- co-operatively owned businesses,
- employee share ownership plans,
- credit unions,
- mutually administered public services” (Arthur et al., 2003, p.164).)

This is why, the key components of the social economy include:

- cooperatives,
- mutual societies,
- social enterprises.

Figure no. 1. The relationships among social economy, public sector and private sector



Birchall and Ketilson (2009) noted that cooperatives function under democratic principles, ensuring equal participation and decision-making among members. Laville (2014) further elaborated that cooperatives foster economic democracy by empowering marginalized groups and providing equitable access to resources.

Mutual societies, as described by Restakis (2010), focus on meeting the needs of their members rather than generating profits for external shareholders. They operate on principles of mutual aid and collective welfare, offering services such as insurance and financial support that are often inaccessible through traditional markets.

Social enterprises, a newer form of social economy organizations, have gained prominence for their ability to address pressing social issues through innovative business models. According to Nicholls (2006), these entities blend commercial strategies with social missions, enabling them to operate sustainably while achieving measurable social impact. Their role in tackling challenges such as poverty, unemployment, and climate change has been widely recognized (Bornstein & Davis, 2010). As a specific type of business organizations, social enterprises should design and implement clear strategies (Toma and Marinescu, 2015; Toma and Grădinaru, 2016; Toma et al., 2016a; Toma et al., 2016b; Toma, 2023a) and sustainable business models (Toma and Marinescu, 2012; Tohănean and Toma, 2018; Toma and Tohănean, 2018; Toma and Tohănean, 2019). In order to attain their aims, social enterprises should also use several managerial methods and techniques, such as total quality management (Toma, 2006; Toma and Naruo, 2009; Toma and Naruo, 2017), agile management (Toma, 2023b), lean principles (Naruo and Toma, 2007; Marinescu and Toma, 2008), balanced scorecard (Toma et al., 2010), Six Sigma (Toma, 2008a), social responsibility and corporate citizenship (Toma, 2008b; Marinescu et al., 2010; Toma et al., 2011), customer experience (Toma and Catană, 2021a; Toma and Catană, 2021b), creativity

and innovation (Toma et al., 2013; Toma and Marinescu, 2017; Toma and Săseanu, 2017), organizational learning (Toma, 2012), and employees' training and motivation (Marinescu and Toma, 2013; Săseanu and Toma, 2019). and marketing mix (Grădinaru and Toma, 2017; Catană and Toma, 2021a; Catană and Toma, 2021b).

Recent research has highlighted the impact of the social economy on sustainable development. The United Nations (2015) identified social enterprises as critical actors in achieving the Sustainable Development Goals (SDGs). A report by the OECD (2020) further emphasized that the social economy fosters inclusive growth by creating jobs, reducing inequality, and supporting local development initiatives.

Scholars have also explored the historical evolution of the social economy, tracing its roots to 19th-century cooperative movements and its development into a global phenomenon in the 21st century. Evers and Laville (2004) argued that the social economy's resilience in times of economic crisis demonstrates its potential as a stabilizing force within the broader economic landscape.

3. Research Methodology

This study focuses on a systematic analysis of existing academic and policy literature related to the social economy. The literature review method was employed to explore the definitions, principles, and impacts of the social economy, providing a theoretical foundation for understanding its significance within economic and social contexts.

4. Results and Discussion

Starting from the above-mentioned definitions, the author identifies the following characteristics of the social economy concept:

- There is no universal definition of the term social economy in the literature.
- The social economy includes both commercial and non-commercial activities.
- The social economy is connected with the private sector and the public sector.
- The social economy puts at its core the fulfilment of social and environmental needs.
- In essence, the social economy comprises three types of organizations: cooperatives, mutual societies and social enterprises.
- The social economy comprises several core principles:
 - Solidarity: social economy organizations prioritize collective well-being over individual profit.
 - Democratic Governance: decision-making processes are inclusive, ensuring equal participation of all members.
 - Reinvestment of Surplus: profits are reinvested to enhance community welfare and organizational sustainability.
- The social economy contributes to sustainable development.
- The social economy has a dual impact on community/society:
 - a) Local impact: social economy organizations foster community development by addressing issues such as unemployment, social exclusion, and access to essential services. Their democratic governance and localized approach strengthen social cohesion and resilience.
 - b) Global impact: on a larger scale, social economy organizations contribute to global sustainability initiatives. For instance, frameworks like Fairtrade promote ethical trade practices, supporting small-scale farmers and workers worldwide and reducing inequality across supply chains.
- Despite their significant contributions, social economy organizations face multiple challenges, such as limited access to funding and regulatory

hurdles. However, the increasing recognition of their role in sustainable development presents opportunities for enhanced support from governments and international organizations.

5. Conclusions

The social economy represents a transformative force within the economic landscape, offering a model that balances economic activity with social well-being. By emphasizing principles of solidarity, democratic governance, and community reinvestment, the social economy addresses pressing global challenges such as inequality and unsustainable development. This study contributes to the theoretical and practical understanding of the social economy, providing a robust definition that underscores its unique attributes and potential to drive systemic change.

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SOCIAL ECONOMY IN EUROPEAN UNION: AN OVERVIEW

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Abstract:

Social economy in Europe represents a crucial sector for social cohesion and economic inclusion, encompassing organizations such as cooperatives, social enterprises, and NGOs. This article provides an overview of social economy across European Union member states, analyzing contributions to economic development and inequality reduction. It examines differences in regulation, funding, and institutional recognition of the sector, highlighting specific challenges faced by social economy organizations. The study also identifies emerging trends in policies and best practices, emphasizing recent initiatives at European level to support sector growth. Conclusions suggest the importance of a coordinated European strategy to harness social economy's potential in promoting sustainable and inclusive development.

Keywords: social economy, social economy in the EU, economic and social inclusion

JEL Classification: L31

1. Introduction

The social economy within the European Union (EU) is a vital component of its socioeconomic fabric, playing a critical role in fostering social cohesion, economic inclusion, and sustainable development. This sector encompasses a diverse array of organizations, such as cooperatives, social enterprises, and non-governmental organizations (NGOs), which aim to prioritize social and environmental objectives alongside economic growth. By mobilizing local resources and fostering human capital, these organizations enhance community resilience and contribute to addressing societal challenges, such as unemployment, social exclusion, and inequality (OECD, 2009), often encountered in the globalization era (Toma, 2005; Toma, 2013).

The significance of the social economy in the EU extends beyond its economic contributions. It represents an alternative economic model that aligns with the principles of solidarity, democratic governance, and sustainability. With the EU's commitment to achieving the Sustainable Development Goals (SDGs) and transitioning to a greener, more inclusive economy, the social economy is increasingly recognized as a strategic partner in delivering these objectives (Cerezal et al., 2021). The cooperative model, for instance, has gained traction in areas like renewable energy, highlighting its potential to address both social and environmental priorities (Barna et al., 2023).

Despite its importance, the social economy faces several challenges. Variability in regulatory frameworks, differences in institutional recognition, and funding limitations across member states create barriers to its growth and sustainability (Šmejkal and Šároch, 2015). Furthermore, the ongoing economic and environmental crises have underscored the need for resilient and adaptable business models, making the role of the social economy even more pivotal in ensuring an inclusive recovery (Ubillos, 2021).

This article aims to provide an overview of the social economy within the EU, examining its contributions to economic development and social inclusion. It explores the diverse regulatory and institutional landscapes across member states, highlighting key challenges and emerging trends. By analyzing recent European-level initiatives and best practices, the study emphasizes the need for a coordinated strategy to harness the full potential of the social economy in promoting sustainable and inclusive development (Ávila and Monzón, 2019).

¹ Independent researcher

2. Literature Review

The social economy in the EU represents a vital framework for addressing economic and social disparities. It encapsulates a diverse set of organizations, including cooperatives, mutual societies, foundations, associations, and social enterprises, which prioritize social objectives over profit maximization.

In the EU, the social economy is characterized through (European Commission, 2024, p1):

- "Membership- up to 160 million people in Europe are members of social economy enterprises (mostly retail, banking and agricultural cooperatives, as well as mutual societies offering services complementary to social security regimes).
- Objectives - social economy enterprises contribute to the EU's employment, social cohesion, regional and rural development, environmental protection, consumer protection, agricultural, third countries development, and social security policies.
- Size - social economy entities are mostly micro, small, and medium-sized enterprises (SMEs)."

Social enterprises represent the backbone of the social economy in the EU. By combining societal aims with entrepreneurial acumen and spirit, these enterprises strive to attain three types of objectives:

- economic,
- social,
- environmental.

These aims can be achieved only if social enterprises implement a business philosophy combined with a societal one in their daily activities and processes. Thus, in order to face the challenges of a turbulent environment within they operate (Toma and Marinescu, 2015; Marinescu and Toma, 2015), social enterprises are encouraged to establish and apply both enduring strategies (Toma and Grădinaru, 2016; Toma et al., 2016a; Toma et al., 2016b; Toma, 2023a) and viable business models (Toma and Marinescu, 2012; Tohănean and Toma, 2018; Toma and Tohănean, 2018; Toma and Tohănean, 2019). As any business organizations, social enterprises need to utilize various business instruments and methods, such as lean management (Naruo and Toma, 2007; Marinescu and Toma, 2008), quality management (Toma, 2006; Toma and Naruo, 2009; Toma and Naruo, 2017), agile principles (Toma, 2023b), marketing mix (Grădinaru and Toma, 2017; Catană and Toma, 2021a; Catană and Toma, 2021b), Six Sigma (Toma, 2008a), balanced scorecard (Toma et al., 2010), customer experience (Toma and Catană, 2021a; Toma and Catană, 2021b), social responsibility and corporate citizenship (Toma, 2008b; Marinescu et al., 2010; Toma et al., 2011),

training programs (Marinescu and Toma, 2013) and continuous learning (Toma, 2012), innovation and creativity and innovation (Toma et al., 2013; Toma and Marinescu, 2017; Toma and Săseanu, 2017).

This section delves into the academic discourse on the significance, challenges, and emerging trends within the EU's social economy.

2.1 The Importance of the Social Economy in the EU

The social economy has been recognized as a driver of inclusive economic development. Ávila and Monzón (2019) argue that its emphasis on solidarity and democratic governance aligns economic activity with broader social objectives, thus fostering cohesion and sustainability. Similarly, Moulaert and Ailenei (2005) emphasize the historical roots of the social economy, noting its capacity to mobilize community resources and provide solutions to pressing societal challenges, particularly during economic crises.

Barna et al. (2023) highlight the role of social economy organizations in facilitating the green transition and the circular economy. By integrating sustainable practices into their operations, these organizations address environmental priorities while creating economic value. For example, cooperative models in renewable energy have gained traction, showcasing their potential to align local economic development with climate action goals.

Nyssens (2006) contributes to this discourse by examining the intersection of social enterprises, market dynamics, and public policies. She underscores the unique position of social enterprises in navigating these domains, creating hybrid models that prioritize social impact without undermining economic efficiency.

2.2 Variability in Regulatory and Institutional Contexts

The regulatory and institutional landscapes for social economy organizations vary widely across the EU. Šmejkal and Šaroč (2015) note that while some member states have established supportive legal frameworks, others impose bureaucratic barriers that hinder the sector's growth. This inconsistency poses challenges for harmonizing social economy practices at the European level.

Institutional recognition of the social economy is another critical factor. Public procurement policies, which allocate resources based on social and environmental criteria, are gaining prominence as tools to enhance the visibility and sustainability of social economy organizations. Lamprinidis (2023) discusses the potential of socially responsible procurement to foster inclusive development, linking public spending to societal well-being.

2.3 Challenges Facing the Social Economy

Despite its contributions, the social economy faces significant obstacles, including financial constraints, limited visibility, and uneven policy support. The economic crises of the past decade have further exacerbated these challenges. Ubillos (2021) highlights the vulnerabilities of the social economy in a globalized context marked by austerity, underscoring the need for robust frameworks to sustain its growth.

Moulaert and Ailenei (2005) argue that the social economy's resilience lies in its ability to adapt and innovate. However, they caution that this resilience requires coordinated support at multiple levels—local, national, and European. Similarly, Nyssens (2006) advocates for innovative financial mechanisms, such as impact funds, to bridge funding gaps and strengthen the sector's capacity to address complex social challenges.

2.4 Emerging Trends and Opportunities

Recent trends highlight a growing recognition of the social economy's potential to drive sustainable development. The European Commission's focus on the circular economy and renewable energy transitions has opened new avenues for social economy organizations. Barna et al. (2023) emphasize the role of cooperatives in renewable energy, illustrating how these models contribute to both local economic development and environmental goals.

Cerezal et al. (2021) explore the rise of impact funds, which align financial returns with social and environmental objectives. These funds represent a promising avenue for addressing the persistent funding challenges faced by social economy organizations.

Moreover, the integration of social economy principles into broader policy frameworks is gaining momentum. Moulaert and Ailenei (2005) stress the importance of embedding social economy values into economic policies to ensure their long-term impact. Similarly, Nyssens (2006) highlights the need for collaborative approaches that leverage the strengths of public, private, and third-sector actors.

3. Research methodology

To achieve the aims of the paper, the author employed a qualitative research method. The information was obtained through desk research, especially from articles and books.

4. Results and discussion

a) Contributions to Economic Development and Inequality Reduction

The social economy is a cornerstone for fostering economic development and addressing inequality in the EU. By leveraging principles of solidarity, democratic governance, and community engagement, social economy organizations (SEOs) create economic value while directly targeting social disparities. This dual focus on economic and social objectives positions the sector as a transformative force in achieving inclusive and sustainable development.

SEOs such as cooperatives, mutual societies, and social enterprises contribute significantly to local and regional economic development. They create jobs, foster entrepreneurship, and promote economic resilience, particularly in underserved or marginalized communities. According to Ávila and Monzón (2019), the social economy accounts for over 6% of total employment in the EU, illustrating its capacity to generate meaningful economic activity.

One of the sector's key strengths lies in its ability to mobilize local resources and enhance human capital. SEOs often operate in areas where traditional market mechanisms fail, providing essential goods and services while stimulating local economies. For instance, cooperatives in the renewable energy sector not only contribute to sustainable energy transitions but also enhance local economic participation and innovation (Barna et al., 2023). By aligning economic activity with community priorities, SEOs ensure that development benefits are equitably distributed.

Inequality remains a persistent challenge within the EU, with significant disparities in income, employment, and social inclusion across member states and regions. The social economy directly addresses these inequalities by prioritizing inclusivity and access. For example, social enterprises often employ individuals from disadvantaged groups, including long-term unemployed persons, migrants, and individuals with disabilities (Moulaert & Ailenei, 2005). This targeted approach helps bridge social and economic divides.

Moreover, SEOs play a critical role in fostering gender equality. Many organizations within the social economy actively promote women's participation in leadership and decision-making roles, challenging traditional power dynamics and reducing gender-based disparities in employment (Nyssens, 2006). These contributions extend beyond immediate beneficiaries, fostering long-term societal change.

b) Public Procurement as a Tool for Social Impact

Public procurement policies have emerged as a powerful mechanism to enhance the role of SEOs in economic development and inequality reduction. By embedding social and environmental criteria into procurement processes, public authorities can allocate resources in ways that align with broader social objectives. Lamprinidis (2023) highlights the potential of socially responsible public procurement to stimulate demand for SEO services, creating a virtuous cycle of economic growth and social impact.

For example, procurement frameworks that prioritize cooperatives and social enterprises enable these organizations to scale their operations and amplify their impact. This approach not only fosters inclusive growth but also ensures that public spending directly contributes to addressing inequality and promoting sustainability.

c) Community Resilience and Regional Development

SEOs are uniquely positioned to enhance community resilience and drive regional development. By embedding themselves within local contexts, these organizations address

place-specific needs and leverage community strengths. The OECD (2009) underscores the importance of regional strategies in maximizing the impact of the social economy, particularly in regions facing structural disadvantages or economic decline.

Cooperative models in sectors like renewable energy and agriculture illustrate the potential for SEOs to create shared value. These models not only generate economic returns but also strengthen social ties and community engagement, fostering resilience in the face of economic and environmental challenges (Barna et al., 2023).

5. Conclusions

The social economy in the European Union (EU) is more than just an alternative economic model—it is a cornerstone for achieving a more inclusive, sustainable, and equitable society. By leveraging principles of solidarity, democratic governance, and local engagement, social economy organizations (SEOs) contribute to economic growth while addressing social and environmental challenges. The diversity of SEOs, from cooperatives and mutual societies to social enterprises and non-governmental organizations, underscores their adaptability and resilience in varying socioeconomic contexts.

Despite its evident contributions, the sector faces significant challenges, including fragmented regulatory frameworks, limited institutional recognition, and persistent funding gaps. These obstacles highlight the necessity of a coordinated European strategy. Recent initiatives, such as the European Commission's emphasis on socially responsible procurement and the integration of social economy principles into broader policy frameworks, demonstrate progress in addressing these barriers. However, further efforts are needed to harmonize policies across member states and to ensure equitable access to resources and support mechanisms for SEOs.

Emerging trends, such as the alignment of the social economy with the green transition and circular economy, signal promising opportunities for the sector's growth. Initiatives like renewable energy cooperatives and impact funds exemplify how SEOs can drive sustainable development while creating economic value. Furthermore, the sector's role in promoting gender equality and reducing regional disparities underscores its transformative potential in fostering social cohesion.

In conclusion, the social economy is uniquely positioned to address the EU's dual objectives of economic growth and social inclusion. By capitalizing on its strengths and addressing its challenges through strategic policymaking, the EU can harness the full potential of the social economy. This requires not only financial and institutional support but also a cultural shift that values social impact as much as economic returns. The continued growth and recognition of the social economy are essential for building a resilient, equitable, and sustainable future for the European Union.

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