

# STRATEGII MANAGERIALE

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## MANAGEMENT STRATEGIES

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# IDENTIFICATION AND MANAGEMENT OF STRESS TRIGGERING FACTORS WITHIN THE ORGANIZATION

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## Abstract

*Stress is an emotional and physical state of tension that can come from either a situation or a thought that causes frustration, anger or nervousness and is the body's way of responding to these challenges. Identifying and managing stress triggers within an organization is a crucial part of managing human resources and promoting a healthy work environment. Workplace stress can affect employee health, productivity and the overall atmosphere in the organization. The article wants to answer the question "What are the stress triggers and how can they be managed?".*

**Keywords:** *stress, stress factors, management, strategies.*

**JEL classification:** *M15, O15.*

## Introduction

Stress, in general, and organizational stress, in particular, the latter being often referred to as occupational (professional), have long ceased to be phenomena with a singular manifestation or to have only a personal meaning, meanwhile becoming, especially in the conditions of society current, ubiquitous, constituting a real social problem.

Thus, occupational stress is what gives a measure of the fact that the workplace, wherever it is - in a classroom or on a construction site, in an industrial hall or in an airplane, underground or on a crane - it can be a friendly one that helps to stimulate professional performance or, on the contrary, it can be a place that inhibits. It can be influenced both by the material factors that refer to the design of the organizations, but also by the spiritual-personal factors, such as the power to "make fun of trouble" and to be able to overcome difficult situations. In fact, stress is a sensitive barometer for any change that takes place in the environment, be it positive or negative.

So, stress is a mechanism of adaptation of the human body to the increased demands and disturbances of the work and life environment, which is physically manifested through a specific behavior.

The professional stress of teachers has come to the attention of researchers from interdisciplinary fields, but also from the field of psychology and education sciences. Thus, studies highlight the large number of teachers who report stress in carrying out activities at work. Even if the number of studies increases, they only have a descriptive, ascertaining character and fail to produce changes in educational policies.

Among teachers, stress determines long-term effects, generating disruption of the balance and health of society. The teaching profession is being abandoned by an increasing number of teaching staff from the first years of their career.

## 1. What is stress?

Stress is a physiological and psychological reaction of the body to situations or factors that are perceived as threatening, demanding or difficult. It is an adaptive response of the body to changes or demands of the environment.

There are two main types of stress:

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Acute stress: It is an immediate and temporary reaction to a specific situation or challenge. For example, acute stress can occur during an exam or in front of a public presentation. After the stressful situation disappears, the body returns to its normal state.

Chronic stress: It is a prolonged reaction to stressors that persist over the long term, such as financial problems, relationship conflicts or pressure at work. Chronic stress can have long-term negative effects on physical and mental health.

The stress response involves a series of physiological and psychological changes designed to prepare the body to deal with the perceived threat. These changes include the release of stress hormones such as cortisol and adrenaline, increased heart rate, increased breathing, and other adaptive responses.

Stress itself is not always negative. Sometimes he can provide energy and motivation to deal with a difficult situation. However, when it is constantly present or becomes overwhelming, stress can contribute to physical and mental health problems, including burnout, anxiety and depression.

Symptoms of stress are:

Physical: Rapid heartbeat, headache, insomnia, fatigue, muscle pain

Emotional: Anxiety, irritability, depression, feelings of overwhelm, feelings of isolation

Cognitive: Problems concentrating, forgetfulness, negative thinking, constant preoccupation

Behavioral: Increased consumption of alcohol or tobacco, social withdrawal, changes in appetite, neglect of responsibilities

Symptoms and their intensity may vary from person to person. Managing stress is important for maintaining optimal health. Strategies such as exercise, relaxation techniques, meditation, effective time planning and social support can help reduce the impact of stress on the individual.

## **2. The stressors within the school organization**

Stressors are situations, events or conditions that can cause stress in a person's life. These factors can be physical, emotional or social in nature and are perceived as demands that exceed the individual's ability to cope or adapt effectively. Stressors may vary from person to person, depending on resources, past experiences, and other individual aspects.

Individual stressors are: the large volume of responsibilities, the need to maintain a balance between work and family, students' personal problems, fatigue, boredom, overwork, non-fulfillment, frustration, fear of failure.

The extra-organizational stressors that determine the professional stress of teaching staff refer to the aspects: bureaucracy, the quality of interpersonal relationships, family problems, the increase in the number of students with family problems, the social state, the psychological takeover of students' problems, the legislative framework in permanent change, the reluctance of parents, the lack of society's interest in education and civilization.

The group stressors that favor the appearance of stress are: the faulty relationship between teachers, students and parents, conflicts between colleagues, lack of communication between teachers and students, dissensions between directors and teaching staff, the inability to establish a relationship with students / parents, misunderstandings, unfriendly atmosphere , unfair competition between colleagues.

It is important to recognize and manage stressors to maintain optimal health.

## **3. Methodology of the research study**

Stress is an automatic physical response and requires an adaptation to change. It is influenced by a number of different factors, but our perception is essential in managing stress. From the environment, the life context, the attitude we have, all these leave their mark on the way we react in stressful situations.

The research study wants to answer the question "What are the stress triggers and how can they be managed?".

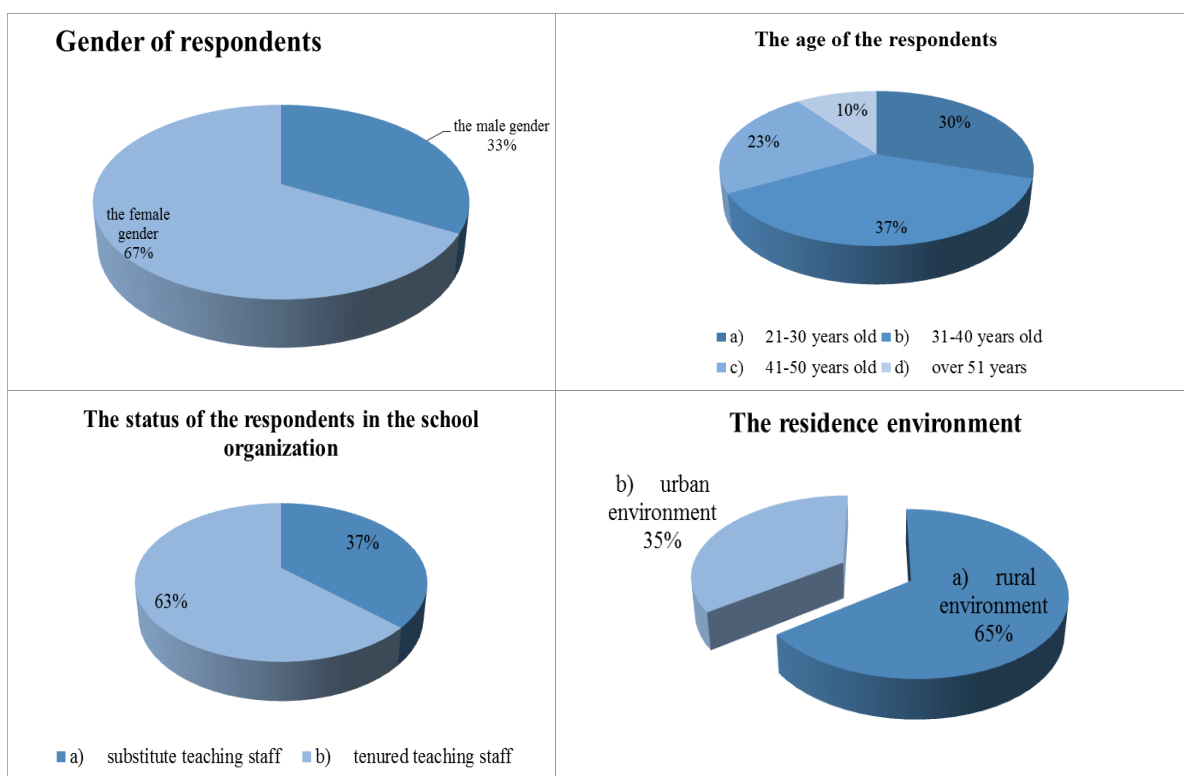
The survey unit is represented by teachers from high school units, from Dâmbovița county. The voluntary strategy was used, the accuracy of the questionnaire depending on the application of the questionnaire in objective conditions, the significance threshold being 95%, with an error of 5%.

The study was conducted on a sample of 100 teachers from high schools in Dâmbovița county. Data processing was carried out with the help of the SPSS program (Statistical Package in the Social Sciences).

The central objective of the study is the identification of stress triggers within school organizations.

In order to create an overview of the surveyed sample, the personal data collected (gender, age, school status, residence environment) were processed.

**Graph no 1. Personal data collected**

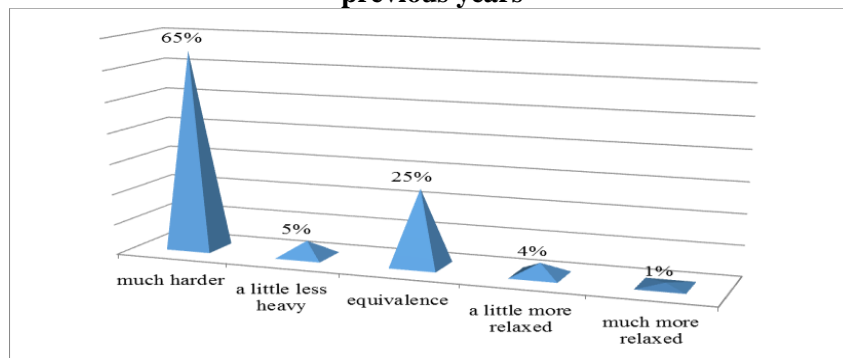


*Source: developed by the author*

Analyzing graph 1, the personal data of the respondents can be observed, as follows:

- according to gender, it is observed that the highest percentage is held by female teaching staff (67%) and only 33% are male;
- according to age: 30% between 21-30 years old, 37% between 31-40 years old, 23% between 41-50 years old and 10% over 51 years old;
- depending on the status of the respondents in the school organization: 63% of the respondents are full-time teaching staff and only 37% are substitute teaching staff;
- depending on the area of residence: 65% of teachers live in rural areas and 35% in urban areas.

**Graph no 2. Respondents' feelings about the work tasks they perform today compared to previous years**

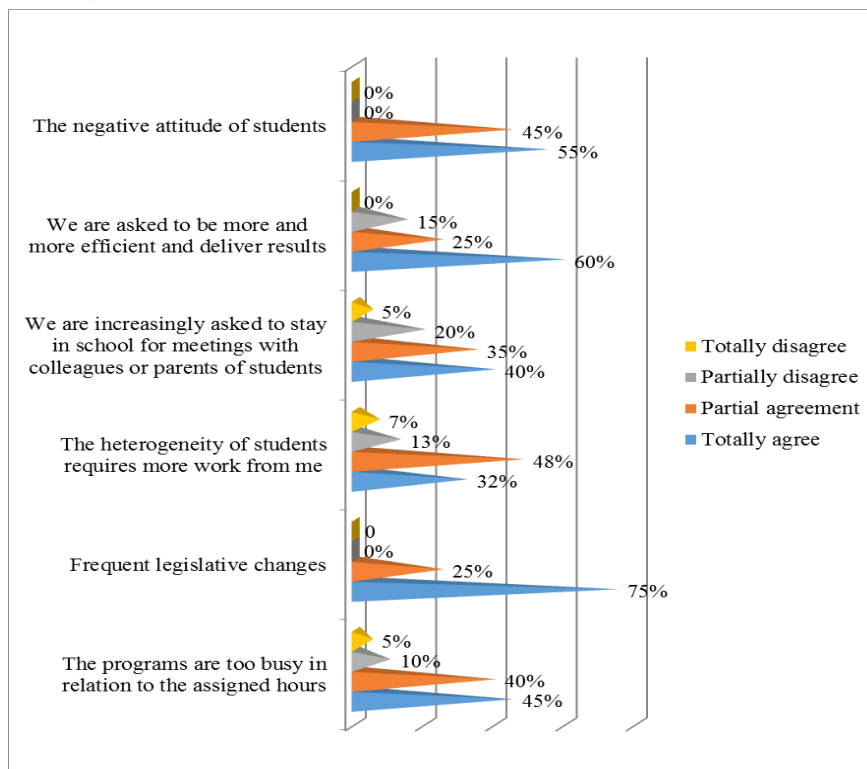


*Source: developed by the author*

In graph 2, it can be seen that the situation of respondents' feelings regarding the work tasks they carry out today compared to previous years is as follows:

- much harder (65%);
- a little less heavy (5%);
- equivalence (25%);
- a little more relaxed (4%);
- much more relaxed (1%).

**Graph no 3. Reasons why work activities are more busy (heavy)**



*Source: developed by the author*

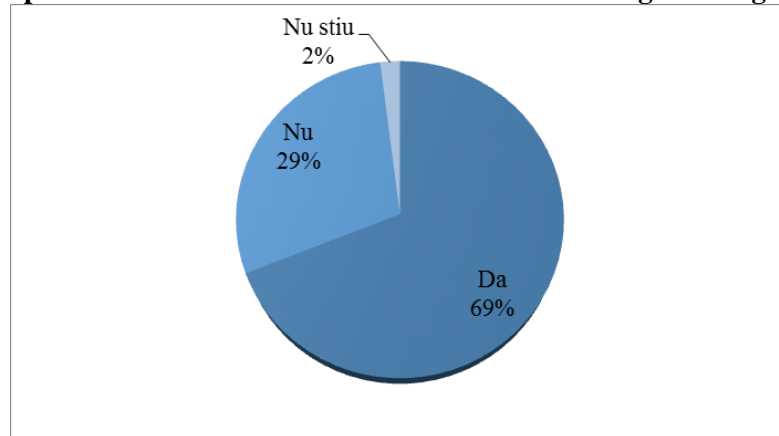
Analyzing graph 3, it can be seen that the reasons why workplace activities are more busy are:

- The programs are too busy in relation to the assigned hours: total agreement (45%); partial agreement (40%); partial disagreement (10%); total disagreement (5%);



- Frequent legislative changes: total agreement (75%); partial agreement (25%); partial disagreement (0%); total disagreement (0%);
- The heterogeneity of students requires more work from me: total agreement (32%); partial agreement (48%); partial disagreement (13%); total disagreement (7%);
- We are increasingly asked to stay in school for meetings with colleagues or students' parents: total agreement (40%); partial agreement (35%); partial disagreement (20%); total disagreement (5%);
- We are asked to be more and more efficient and deliver results: total agreement (60%); partial agreement (25%); partial disagreement (15%); total disagreement (0%);
- Students' negative attitude: total agreement (55%); partial agreement (45%); partial disagreement (0%); total disagreement (0%);

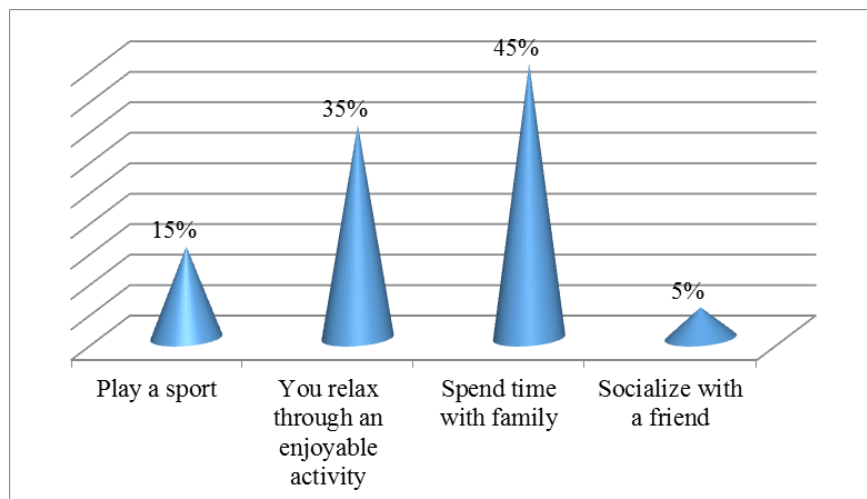
**Graph no 4. The situation of restlessness found among teaching staff**



*Source: developed by the author*

From graph 4 it can be seen that 69% of the respondents experience anxiety, 29% do not have that feeling and only 2% do not know.

**Graph no 5. Respondents' opinions about the strategies adopted when they find themselves in a stressful situation**



*Source: developed by the author*

Analyzing graph 5, it can be seen that in a certain stressful situation the respondents adopt the following strategies: practice a sport (15%), relax through a pleasant activity (35%), spend time with the family (45%) and socialize with a friend (5%).

## Conclusions

Managing stress is challenging because it requires ambition and patience, but the techniques we need to use are accessible to anyone and easy to incorporate into our daily routine. Here are some solutions that psychologists recommend:

- Exercising - preferably outdoors - is very important for health, but it also improves mood and sleep quality.
- Relaxation through a pleasant activity - depending on everyone's passions, it is important to reserve daily for our favorite activities, whether it is reading, yoga, painting or crocheting.
- Spending time with family or pets - this disconnection from everyday problems is very helpful in combating stress, so single people may feel less stressed if they have a dog or cat to look after.
- Socializing with a friend - is one of the most effective ways to relieve stress, "unload" and maybe even get some help or useful advice to help us get through difficult times.

A correct stress management strategy involves setting clear, realistic goals for each day. Thus, organizing a balanced program can be a very good solution to help us detach more easily from the problems that affect us.

When we feel overwhelmed, it's good to divide our daily schedule very clearly, allocating enough time for rest, physical activity (even a walk helps), work and our hobbies. It is also important not to give in to the temptation to take refuge in harmful habits, which over time will seriously affect our health, such as smoking, drinking alcohol or compulsive eating.

Another key aspect in managing stress is understanding that some things are impossible to control or change.

Therefore, in some situations it is useless to put effort into solving a problem that is not up to us, no matter how much we want to solve that thing. We can instead focus on other, more realistic things we can control and thus become proactive.

Stress management is the individual's ability to cope with everyday pressures. Stress management initially aims to identify the causes of these pressures and then rebalance and reduce the body's prolonged reaction to internal or external stress-causing factors, by applying specific techniques.

Thus, to manage stress, two techniques can be approached: the relaxation technique and cognitive-behavioral techniques.

In conclusion, we can say that stress is impossible to avoid, because life itself is stress. The pressure to perform, the hectic pace of everyday life, congestion and noise pollution, overload of responsibilities, rapid changes are just a few examples of what induces stress, which, if it exceeds a certain intensity, becomes toxic, affecting health and mental well-being.

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# EFFICIENT METHODS OF RESOLVING CONFLICTS AT WORK

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## Abstract

*Conflict management is a process of identifying and resolving disputes in a fair and effective manner. It involves the use of different conflict management styles and strategies to minimize the potential negative impacts that may arise from disagreements and increase the chances of a resolution. Effective dispute resolution benefits employee well-being and the financial health of the organization. Unresolved conflicts can hinder productivity and affect team dynamics. Effective conflict resolution helps maintain a positive work environment, promotes collaboration, and ensures that problems are resolved before they escalate.*

*As a leader/manager, the individual is responsible for promoting healthy conflict resolution and creating a safe and productive work environment for employees.*

**Keywords:** *conflict, conflict management, strategy, organization, workplace*

**JEL Classification:** M120, M100, M190

## 1. Introduction

Any scenario in which a person lives and collaborates with others is susceptible to conflict. Since workplaces are made up of employees with different backgrounds, personalities, opinions and daily lives, it is impossible not to have conflicts as well. However, conflict can also be useful because it can push the conflicting parties to grow and communicate and improve through conflicting ideas. However, this can only happen if we understand why conflict occurs. Once we have identified the root of the problem, we can take the appropriate steps to fix it.

## 2. The importance of dealing with conflicts in the workplace

Pretending a conflict doesn't exist, doesn't make it go away. Ignoring problems can lead to missed deadlines, intense resentment, and failed initiatives. However, according to coaching and training company Bravely, 53% of employees manage "toxic" situations by avoiding them. Worse, avoiding a difficult conversation can cost an organization both money and time.

As a leader, the individual is responsible for promoting healthy conflict resolution and creating a safe and productive work environment for employees.

Conflict management is a process of identifying and resolving disputes in a fair and effective manner. It involves using different conflict management styles and strategies to minimize the potential negative impacts that can arise from disagreements and increase the chances of a positive outcome.

Conflict resolution, on the other hand, is a process of resolving disputes between two or more parties. It involves finding a mutually acceptable solution to the problem at hand. Dispute resolution can be achieved through negotiation, mediation or arbitration. Effectively resolving disputes as they arise benefits the well-being of employees and the financial health of the organization.

## 3. The causes of conflicts at the workplace

According to psychologists Art Bell and Brett Hart, there are eight common causes of workplace conflict. Bell and Hart identified these common causes in separate articles on workplace conflict in 2000 and 2002.

The eight causes are:

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- conflicting resources.
- conflicting styles.
- contradictory perceptions.
- contradictory objectives.
- conflicting pressures.
- conflicting roles.
- different personal values.
- unpredictable policies.

#### **A. Conflicting resources**

We all need access to certain resources—whether it's office supplies, help from colleagues, or even a meeting room—to do our jobs well. When multiple people or groups need access to a particular resource, conflicts can occur. If the manager or employees are in conflict about resources, techniques such as win-win negotiation or the influence model should be used to reach a common agreement. The leader/manager can also help team members overcome this cause of conflict by making sure they have everything they need to do their jobs well. Employees must be taught how to prioritize their time and resources, as well as how to negotiate with each other to prevent this type of conflict.

If people begin to fight over a resource, it is necessary to sit down both sides to openly discuss why their needs conflict. An open discussion about the problem can help each party see the other's perspective and become more empathetic to their needs.

#### **B. Conflicting styles**

Everyone works differently, depending on their individual needs and personalities. For example, some people love the thrill of getting things done at the last minute, while others need the structure of strict deadlines to complete a task. However, when work styles clash, conflicts can often arise. To prevent and manage this type of conflict, people's work styles and natural group roles must be considered when building the work team. People can also be encouraged to take a personality test, which can help them be more accepting of other people's work styles and therefore more flexible.

#### **C. Conflicting perceptions**

We all see the world through our own lens, and differences in perception of events can cause conflict, especially when one person knows something the other person doesn't, but doesn't realize it. If members of a team regularly engage in "turf wars" or gossip, there may be a problem with conflicting perceptions. Additionally, negative performance reviews or customer complaints can also result from this type of conflict. Therefore, it is necessary to make efforts to eliminate this conflict by communicating openly with the team, even when bad news needs to be announced. The more information is shared with people on the team, the less likely they are to come up with their own interpretations of events.

Differing perceptions are also a common cause of office politics. For example, if a project is assigned to a particular person that would normally be someone else's responsibility, a power struggle may arise between the two. Therefore, it is necessary for the manager to learn to navigate office politics and train his team to do the same.

#### **D. Conflicting objectives**

Sometimes we have conflicting goals in our work. For example, one of the managers might tell us that speed is the most important objective. Another manager might say that in-depth, high-quality service is the top priority. Sometimes it is quite difficult to reconcile the two. Whenever goals are set for team members, the manager must ensure that those goals do not conflict with other goals set for that person or set for other people.

#### **E. Conflicting pressures**

We often have to depend on our colleagues to get our work done. However, there are situations when a report from a colleague is needed by noon even if he is already preparing another report for someone else by the same deadline.

Conflicting pressures of this type are similar to conflicting goals; the only difference is that conflicting pressures usually involve urgent tasks, while conflicting goals usually involve longer-term projects. If such a conflict occurs due to the conflict between short-term goals, tasks and deadlines must be rescheduled to reduce the pressure

#### **F. Conflicting roles**

Sometimes we need to perform a task that is outside of our normal role or responsibilities. If this causes us to step into someone else's "territory", then conflicts and power struggles can arise. The same can happen the other way around – sometimes we may feel that a certain task should be done by someone else.

Conflicting roles are similar to conflicting perceptions. Thus, a team member may see a task as his responsibility or territory. But when someone else comes to take over that task, conflict arises.

If team members are suspected of conflicting about their roles, managers should explain why they assigned tasks or projects to each person. The explanation could go a long way in relieving the pressure. A Team Charter can also be used to crystallize people's roles and responsibilities and focus people on goals.

#### **G. Different personal values**

When our work conflicts with our personal values in this way, conflict can quickly arise. To avoid this in the work team, ethical leadership must be practiced: one tries not to ask the team to do anything that conflicts with their values or those of the manager/leader.

#### **H. Unpredictable policies**

When rules and policies change in the workplace and this change is not clearly communicated to the team, confusion and conflict can arise. In addition, if workplace policies fail to be applied consistently with team members, disparity in treatment can also become a source of discord.

When rules and policies change, it must be communicated exactly what will be done differently and, more importantly, why the policy is changing. When people understand why the rules exist, they are much more likely to accept change. Once the rules are in place, they must be applied fairly and consistently.

### **4. CONFLICT RESOLUTION STRATEGIES**

In a conflict situation, these five strategies help resolve disagreements quickly and effectively:

#### **A. Raising the problem in time**

Keeping quiet only allows resentment to flourish. Equally, talking to other people first can fuel rumors and misunderstandings. So, there is a need to talk directly with the other side as well. However, if there is a fear of addressing the problem or that it may get worse, it is advisable to talk to the manager first, or HR if the other party is the manager. However, it is necessary to be assertive (not aggressive) and speak openly. This will encourage others to do the same, getting to the root cause of a problem before it escalates.

#### **B. Managing emotions**

It is necessary to choose the moment when the conflict is addressed carefully. A nervous, angry person may say things that they later regret. So, before reacting, it would be good to calm down and ask ourselves: "What do I want to achieve here?", "What are the problems I have?" and "What would I like to see?"

#### **C. Providing empathy**

When talking to someone about a conflict, it's natural to want to state our own point of view rather than hear the other side. But when two people do that, the conversation goes full circle. Therefore, it is necessary to invite the other side to describe their position, to ask how they think they could solve the problem, and to listen empathetically. Putting yourself in the

other person's shoes is an essential part of negotiation. This helps create an environment based on mutual respect and understanding, achieving an outcome that satisfies both parties.

#### **D. Practicing listening**

Identifying the source of conflict requires people to really listen. Active listening requires paraphrasing the other party's points to show that you are really listening and understanding them, paying attention to non-verbal signals that contradict what they are saying, such as a hesitant tone behind positive words. They should also be brought out sensitively to address them together, and appropriate body language such as nodding should be used to show interest and make it clear that the interlocutor is being followed.

#### **E. Acknowledging and accepting criticism**

Some of the things the other person says may be hard to hear. But it must not be forgotten that constructive criticism or feedback also refers to workplace behaviors and not to someone as a person. So, an open mind is needed and criticism can only be used to help identify areas that could be optimized to perform better next time and grow.

#### **The Glasers' Three-Step Strategy for Conflict Resolution**

Conflict management consultants Peter and Susan Glaser recommend a three-step strategy for resolving conflict. The steps for these conflict resolution skills are:

- 1) demonstrate that you understand their part;
- 2) admit you are part of the problem;
- 3) try again if the conversation did not go well.

### **5. Conclusions**

Unresolved conflicts can hinder productivity and affect team dynamics. Effective conflict resolution helps maintain a positive work environment, promotes collaboration, and ensures problems are resolved before they escalate.

A team manager should act as a mediator and facilitator. Managers can implement proactive measures such as fostering a culture of transparent communication, setting clear expectations, defining roles and responsibilities, and promoting team-building activities. By addressing potential sources of conflict early, managers can prevent minor issues from turning into major disputes.

Senior management involvement should be considered when conflicts cannot be resolved at the team level or when conflicts involve larger organizational issues. Senior management can provide a neutral perspective and additional resources to facilitate their resolution.

#### **Acknowledgment**

Prompt conflict resolution maintains a harmonious work environment where team members feel valued and understood. This leads to improved morale, increased focus on tasks, and a more efficient workflow, ultimately increasing overall team productivity.

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# MARKETING AS A TOOL OF ONLINE DISINFORMATION

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## **Abstract:**

*The topic of disinformation is not new in itself. However, the intensity of the phenomenon is different today. We find it in any debate where the possibility of deliberate misrepresentation creeps in. The controversial topics subject to this risk are very numerous, but the most frequently encountered are war, religion, ideology, climate change and the pandemic. The crises generated by them in the last three years have provided the perfect opportunity to amplify the power of the false narrative.*

**Keywords:** *disinformation, online, marketing, tool, content, social networks*

**JEL Classification:** *M31, L86*

## **1. Introduction**

The term has been associated since the 1920's with the Soviet environment denoting „an arsenal of known or occult means intended to influence foreign governments, to discredit political opponents, especially emigrants, to undermine trust between hostile allies of the Soviet Union, to falsify opponents' assessments of reality” (<https://www.armyacademy.ro>). A confirmation of the positioning in time and space was provided by the recently published book, called „Disinformation. A former spy-in-chief reveals the secret strategies of undermining freedom, attacking religion and promoting terrorism”, signed by Ion-Mihai Pacepa (the highest official from the former Soviet Bloc who requested political asylum in a NATO member country).

In a single century the procedures, techniques and tools used for disinformation and manipulation have become so subtle, effective and hidden that it is increasingly difficult to separate the truth from the lie. We observe the weakening of democracies, political, social and religious polarization, corruption and a decrease in trust in the authorities. The greater the cultural differences, the greater the inculturation, the more the damages influence individuals, organizations or states, and the effects can harm personal, national and international security.

The need for a solid counteroffensive from the authorities is increased by the existence of the Internet. The new era we are going through, characterized by its development, by the emergence of new media and social media as means and channels of communication, gives mankind unsuspected opportunities for development, but also well-founded fears.

Disinformation, fraud, are no longer just fears, they are realities, with proven consequences, with dangers lurking in the shadows.

One might think that young people are the preferred target, but we believe that they are not the only ones exposed. All generations use modern communication channels, but not all of them have the „weapons” necessary to correctly understand the messages. If they could become aware of wrong reasoning from information, people would be less vulnerable (<https://inforadar.mapn.ro>).

**What is the role of marketing as a science and practical activity in this subject?** A significant one, since the originality of disinformation in our century is based on advertising (with a demonstrated psychosociological role) and on the great diversity of sophisticated tools and channels of mass information and propagation created by marketing.

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## 2. Disinformation in the debate

By definition, disinformation is the deliberate creation and dissemination of false or manipulative content with the intention of deceiving or misleading (<https://www.eurocomunicare.ro>). It may include false, misleading or inaccurate content such as: true information around which a false context has been generated, photo or video manipulation, propaganda by actors with an ideological agenda, completely produced fake content.

Perhaps as old as humanity itself, disinformation has a strong ally these days: numerous forms of digital amplification: fake followers, fake writers, fake reviews, like factories, bots (computerized systems created to imitate human behavior; automated programs that allow coordination of accounts and distribution of content without human involvement), cyborgs (hybrid accounts that combine automated coordination with human involvement, create original content and convey the feeling of authenticity of information), trolls (false information distributed online by fake newsrooms news, to provoke a response) etc.

Specialists have identified the reasons that generate disinformation. In essence, they are political, financial, social and psychological. Pertinent questions arise:

### **Who are those who seek to deceive us? Why do I do it? What do they gain from this?**

The answer is known, those who create it have also been identified. We can group them by category as follows:

- sites with viral content, where through sensationalism, through headlines unrelated to the text or unfulfilled marketing promises in the end, an emotional shock is created that pushes a person to satisfy this curiosity. The click means money!;

- impostors, interested in fraud. There are known practices of malware (malicious software that contains viruses), phishing (ingenious methods of manipulation that can trick you into providing personal data), ransomware (encryption of data, which leads to the blocking of devices and for the unlocking of which money is demanded), DDOS (Distributed Denial of Service - which leads to inoperable servers), attacks on physical infrastructure, Man-in-the-middle attacks (interception of communications between two parties without their knowledge), Zero Day attacks (exploitation of vulnerabilities security measures of the software), Juice Jacking attacks (malicious software installed when we charge to public sockets or connect USB ports), social engineering (psychological manipulation of people to disclose personal data), political or state cyber threats, blackmail etc.;

- actors with an ideological program;

- foreign, state and non-state agencies;

- ordinary people, users of social networks, who disseminate any content they find interesting, without checking it;

- parody and satire sites, which mainly ironize situations, but which can have negative effects on those who are the target of the ironies.

How many types can disinformation be? All specialists agree that there are three generic forms of disinformation:

- **misinformation** – is unintentional, for false or inaccurate information that appears in the public space, is not necessarily created with the intention of causing damage or harm;

- **disinformation** – here a clear, deliberate intention to create false information with the aim of harming or causing harm is identified;

- **malinformation** - has a clear intention, contains truths that needed to remain secret. Released in the public space, the information brings damage to the targeted entities.

**Where are they hiding and how can the evildoers be exposed? With what weapons and who has them?** Now we are facing the most difficult answer. One way is by following the traces left by the multitude of fake news, deep-fakes or any other variants of misinformation. Another way is to check the information, and here we mention that there are currently over 80 possibilities. Effective tools have been created for finding out the truth, which we must learn to use.

**The role of the authorities is essential** in creating tools to combat this modern enemy. Romania and the European Union will have elections in 2024. In our country, we will vote in four elections (local, European parliamentary, parliamentary and presidential). It is obvious that the messages propagated on all online and audiovisual media will be able to influence the election results.

We note that from the population of over 20 million people ([www.datareportal.com](http://www.datareportal.com)), approximately 18 million are internet users, the daily average being over seven hours, 13.5 million access social media on one or more platforms and there are over 29 million connected mobile phones. We wonder how Romania ended up differentiating itself in terms of disinformation compared to other European countries? Why did it catch on so well? An answer could be the pandemic and the pro- and anti-vaccination discourse. Everything has been amplified in an anti-EU discourse, to which others overlap: anti-government, anti-party, anti-NATO, anti-minorities etc.

There is a huge stake in the impact and rules related to the generation and transmission of election-related messages over the Internet, if we were to take, as an example, the recently concluded elections in Slovakia or the Republic of Moldova in 2023. In these countries, the disinformation messages that appeared online had the power to confuse and influence the results of the vote.

Given that there are only four countries in the world where the headquarters of the largest platforms on the Internet are located, namely the USA, China, Russia and Japan; the role of these countries in the regulatory issue is essential.

However, not these states, but the European Union has become the first jurisdiction in the world where online platforms no longer benefit from freedoms and no longer establish their own rules. On August 25, 2023, a new legislation was adopted, without equivalent in the world, the **Digital Services Act (DSA)**, by which these entities are regulated in the same way as financial institutions. There are pro and con opinions, some talking about censorship, others considering the package a necessary step to protect children, transparency, etc. in the fight against the current wave of disinformation. The European Commission was once compared to an Orwellian Ministry of Truth, but it has gone further. We add the **Digital Markets Act (DMA)** (<https://digital-markets-act.ec.europa.eu>), on digital markets, which establishes a set of clearly defined objective criteria to identify „gatekeepers”. Gatekeepers are large digital platforms that provide essential platform services (online search engines, app stores, messaging services).

State institutions are joined in the general approach of combating disinformation by a series of foreign and Romanian private entities, in which journalists play a leading role. They started to develop projects through which they identify problems, address the general public in order to educate them through specific media content. Some examples from our country are:

- state institutions; we mention, for example, the National Cyber Security Directorate, the competent authority at national level for the security of networks and IT systems (<https://dnsc.ro/>). Currently, DNSC is running a protection project through education and digital security for children, parents and teachers;

- the press, especially online publications, which declare themselves independent, on whose websites we identify analyses, articles, alerts, constant fact-checking on topics related to the EU - mass media, mainstream, citizen debates aimed at the general public, communities local, diaspora, young people with specific narratives, themes, actors and internal and external channels through which disinformation related to EU actions and policies circulates;

- research institutes and public opinion polls that develop important themes such as the anti-Western narrative or fake news;

- educational institutions, including journalism faculties. They have study subjects dedicated to future professionals, have their own research and campaign for digitized education, for mass media education, since the first years of school;

- humanitarian organizations, which understand the role of disinformation in the economy and society, can see it among the vulnerable population and start to get involved in combating it, seek to bring politics and business to the same table because they need money and support.

### **3. Discovering the truth. Education and marketing**

The essential role should belong to the media of all kinds, which carefully and objectively verify the information brought to the attention of the public. There are a multitude of methods that the press can operate in order not to fall into the trap of disinformation. These are public, they can be relatively easily accessed. But the goal is not always to provide us with the truth, but only truncated information, parts of the truth or worse, so that national and European values and democracies are affected.

To combat the consequences, fact-checking is needed for text, image/video, website. The process involves three steps, provided they are done thoroughly. There is a rich specialized literature. One of the works that can be referred to is „Fake news and misinformation online: recognize and verify”, a useful and necessary guide for internet users (Bogdan Oprea, 2022) from which I have briefly extracted the ways forward.

**To verify text-type content**, the three steps follow: verifying the existence of a previous fact-check, verifying the source and verifying the content of the information. For the previous fact-check, you can use several dedicated sites: Factcheck Google: <https://toolbox.google.com/factcheck/explorer>; AFP: <https://verificat.afp.com>; Factual: <https://www.factual.ro/>; Veridica: <https://www.veridica.ro/>; EuvsDisinfo: [https:// euvsdisinfo.eu/](https://euvsdisinfo.eu/).

When checking the source for text-type information, a series of questions arise that need answers: Does the news come from a reliable, known source? Can I identify it as a clean, transparent publication? Is contact information provided, editorial team, does it have a code of ethics? Are political, commercial, social, etc. interests identified? These questions will only be answered if the source is correct and real. To be credible, a text needs to be correctly written, to respect journalistic norms, language and literature norms, to be able to distinguish between facts and opinions and to be accompanied by evidence.

For social media posts, there are cross-platform tools such as X (Twitter) that can perform search, advanced search, view the distribution of materials on the platform according to keywords, extract data, identify patterns at the level of the functioning of the accounts. For Facebook there are tools that do the manual verification of account or page information; manual verification of activity on the account or page etc.

For all online media (social networks, news, other media) there are tools that extract and catalog misinformation narratives spread online, both by humans and AI (Misinformation Fingerprints – NewsGuard: <https://www.newsguardtech.com/solutions/misinformation-fingerprints/>).

Names, search history, phone numbers, personal or professional e-mail addresses, postal addresses, company employees, the image of an individual in a photo, all are also indications of the search for truth.

**For the verification of photo/video materials**, the steps to follow are aimed at verifying the content and metadata from the Exif specification (data that describes other data).

For viewing there are <https://en-gb.facebook.com/watch/> or <https://www.bbc.com/news/world>, but also advanced search tools in relation to the photos (indicates the position of the sun for example or temperatures to historical data). The original image can be checked with reverse image research search engines or various cheat search tools.

A novelty born from the deep-fake challenge is the Deepfake Detection Challenge Dataset (database with deepfakes from Facebook): <https://ai.meta.com/datasets/dfdc/>.

**For website verification**, the initial attention will be paid to the domain owner and the website history. For this, the internet domain, Google Analytics and Google AdSense IDs can be found, trackers can be identified (to identify the use of Google Analytics and Google AdSense).

Another question arises: **Does disinformation fuel conspiracy theories or is it fueled by conspiracy theories** and why? We could say that both meanings fold on people's way of thinking. And why should it be simple, when it can be complicated? Human thinking is complicated, based on founding myths. The myth of unity, the myth of the savior, the myth of the stranger/enemy, and the myth of the besieged city are found in one form or another in all cultures at all times. But, myths are still born. For example, that of the savior, born around national identity, frequently appears around election periods or around conflicts or pandemics. The savior is always the main character of a unity narrative. He embodies the good that defends the city and its citizens from lies, technological breakthroughs that will steal our identity, etc. And the myth of the enemy is current. It is the stranger who does harm, the one who joins the community and who at a key moment shows himself to be the evil prepared in advance. The causes of these „undeads” are insecurity, the deep crisis of society, the current wars, the confusion of values, corruption and the weaknesses of the authorities. Sociologist Barbu Mateescu identifies three factors that predispose Romania to the consumption of fake news (<https://romania.europalibera.org>): **mistrust of the state, the shock of deindustrialization, lack of scientific education**. The human mind no longer seeks the truth, it seeks the meaning and significance of what it experiences day by day.

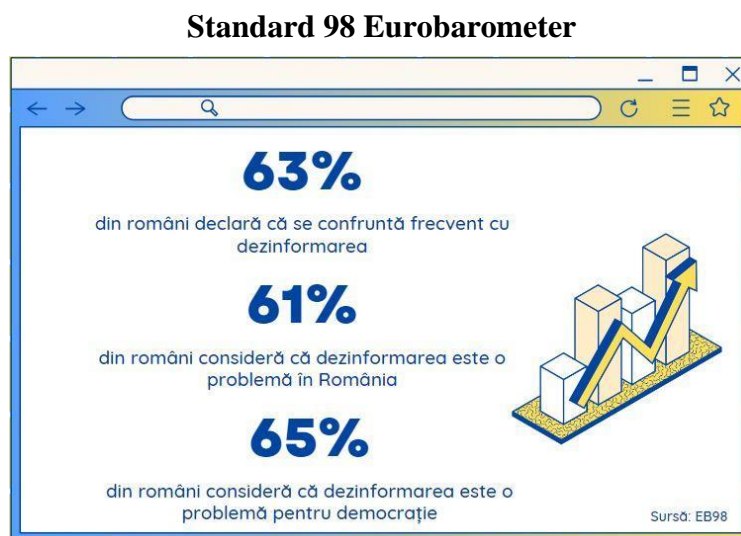
#### **4. The #trUE platform - a project of the European Commission Representation in Romania dedicated to combating disinformation, a model of good practice**

In support of combating disinformation, the European Commission's Representation in Romania launched, on October 16, 2023, the online platform „trUE - The Hollow Truth” which provides the public with tools to identify fake news and information distributed online with the aim of misinforming. Ramona Chiriac, head of the European Commission Representation in Romania, said on this occasion that *„65% of Romanians declare that news or information that in their opinion distorts reality or is even false represents a problem for democracy in general, according to the Standard 98 Eurobarometer. We want «trUE - The bare truth» to offer a basic set of tools with the help of which as many Romanians as possible can identify the information that distorts the reality regarding the European Union and not only, appearing in the public space...”*. (<https://www.g4media.ro>).

On this platform you can find:

- free resources dedicated to combating disinformation;
- didactic materials dedicated to teachers, which can be used during class hours;
- myths dismantled;
- information about the actions of the European Union to combat disinformation.

For example, among the resources and information useful for combating disinformation found on the platform are included: the new code of good practices regarding disinformation, a set of tools made available to teachers in primary and secondary education for the purpose of identifying and combating disinformation, the regulation on digital services, details about the EU vs Disinfo website (established in 2015 as a flagship project of the European Union, it also includes the „Learn” page - an interactive platform with exercises and tests aimed at explaining how to distinguish the truth from a lie).



Source: [https://romania.representation.ec.europa.eu/stiri-evenimente-si-resurse-pentru-presa/true-adevarul-gol-golut\\_ro](https://romania.representation.ec.europa.eu/stiri-evenimente-si-resurse-pentru-presa/true-adevarul-gol-golut_ro)

To bring information closer to all audiences, platform administrators work with influencers who „translate” technical information into messages that everyone can understand. At the same time, if users want to support official efforts or if they notice cases of misinformation about the European Union, they can report this by message on the Facebook page or by email to the address [comm-rep-ro-true@ec.europa.eu](mailto:comm-rep-ro-true@ec.europa.eu) (<https://romania.representation.ec.europa.eu/>).

## 5. Conclusions

Most of the misinformation we consume is designed to go viral for the simple fact that every click and every impression is financially rewarded. Traffic is monetized and a commodity for sale. When we accept this truth, we will take a giant step forward.

Part of the mass media is in serious trouble for reasons of audience. The audience still means money, this time from advertising, but also influence.

Many risky actions and movements are identified. In combination with the unprecedented evolution of technology, they lead to security risks and threats that are difficult to quantify by the population, but recognized by the authorities.

In this sense, in the National Defense Strategy of the Country, voted in June 2020, disinformation was included as a threat. The Directorate for the Investigation of Organized Crime and Terrorism is already working on files regarding the communication of false information based on Article 404 of the Criminal Code.

Thus, the pressure on state institutions has increased, but they fail, most of the time, to use the tools necessary to take decisions and measures. And if the tools exist, there is no staff trained in this regard.

A solution lies in education. From the youngest to the elderly, the consumption of information (possibly misinformation) is huge. Therefore, **more and more entities support the inclusion in the educational curriculum of the development of critical thinking regarding the risks associated with informational aggression; the large-scale introduction of education programs in the field of digital skills and online security.**

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# THE SIGNIFICANCE OF HUMAN RESOURCES ASSESSMENT AT THE ORGANISATION LEVEL

Liliana – Victoria Gherman<sup>1</sup>

## Abstract

*Performance assessment is about checking the professional skills, knowledge and abilities of human resources in an organisation.*

*For the organization, the objective assessment of staff is reflected in the efficiency of the work carried out and the optimisation of decisions, and for the employee it is the knowledge of their own performance.*

*The assessment also looks at the ability of human resources to assume the responsibilities of the job description, to overcome difficulties by identifying appropriate methods, and also at behaviour at work. At the same time, the results achieved can be compared with the objectives and requirements of the job.*

**Keywords:** *assessment, organisation, human resources, performances*

**J.E.L Classification:** *O15*

In human resource management, a particularly important aspect is the correct evaluation of the results achieved by all employees and by each individual. Evaluation involves the correct application of the pyramid principle of management, so that effective control is ensured at the various levels. That is, assessing the extent to which employees are fulfilling their responsibilities in relation to their job. Specialists consider that the particularly important role of human resources in society is also to be found at organisational level (Nicolescu, I. Verboncu, 1997):

- human resources are the only source of added value;
- human resources are the only creative resources, not only economically but also spiritually and scientifically. The generation of new ideas, in the form of new products, technologies, management methods and organisational solutions, is the exclusive prerogative of human;
- the effectiveness and efficiency of the use of material and information resources depends to a decisive extent on human resources. Practice shows that companies with similar technical, financial and informational levels achieve different economic performances due to different management of human potential.

Performance assessment envisages procedures aimed at obtaining information, in a managerial hierarchy system, on the behaviour and professional achievements of staff.

The implementation of a fair evaluation process must take into account compliance with requirements, such as:

- assessment procedures are in line with the organisation's vision of how it plans to do business and guide its staff in career development;
- methods are standardised, avoiding as far as possible negative effects caused by the subjectivity of those who assess. Standardisation can be ensured by training assessors and using appropriate documentation, and by having a specialised department to draw up and monitor procedures;
- only verified information should be used to ensure that assessments are genuine;
- the system for obtaining information and carrying out performance assessment must be closely aligned with the management hierarchy. Managers should act as consultants, paying attention to staff training and development.

According to other authors (Nicolescu, Verboncu, 1997, p. 459), appraisal is considered to be the set of processes through which value judgments are made on employees in the company, considered separately, as holders of certain positions, in order to reassess the essential

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elements of the way in which the objectives and tasks conferred and the exercise of skills and responsibilities are carried out, to grant rewards or sanctions, to determine how to improve training and to outline promotion prospects.

According to other authors (Nicolescu, Verboncu, 1997, p. 459), the assessment is considered to be the set of processes through which value judgments are made on employees in the company, considered separately, as holders of certain positions, in order to reassess the essential elements of the way in which the objectives and tasks conferred and the exercise of skills and responsibilities are carried out, to grant rewards or sanctions, to determine how to improve training and to outline promotion prospects.

An organisation achieves high performance only with well-trained employees who possess a range of skills and competencies, and by objectively tracking their performance against the level of training and job content. The institution should also establish clear requirements for a fair assessment process and ensure a high level of psychological safety in the workplace, relying on the emotional intelligence of team leaders.

It is important that employees feel safe at work, communicate, express ideas and ask questions whenever necessary.

Constant training of employees, providing a work environment in which they can develop, organisational culture and the implementation of an objective and fair assessment process contribute to achieving organisational goals. Maintaining a high level of motivation involves the focus of a company's HR department on the relationships between rewards, satisfaction and productivity.

In order to ensure that an organisation's objectives are achieved, regardless of the field of activity, rigorous management is required which implies effectiveness in the following activities:

- staff flow management - recruitment, selection, job matching, socialisation and promotion;
- performance management - performance assessment, consistent feedback on achievement or non-achievement of personal, team or organisational objectives, rewards and benefits;
- organisational management - defining jobs, organisation charts, areas of responsibility, forming teams or work groups and training employees;
- communication management - involving employees in decision-making activities, developing upward and downward communication, maintaining procedural fairness and organisational ethics.

It is also very important to proactively collect employee feedback, analyse and act on identified opportunities.

In order to achieve the desired goals and performance, motivated employees with the right training and skills are needed, and this can only be achieved if they are helped to develop their overall capabilities and competencies and bring them up to the level deemed appropriate in the organisation through performance improvement plans.

Employee assessment is a process that serves both the company and the individual to improve performance, quality and professional development.

Employee assessment is not only about how well the individual works or what his/her professional results are in relation to the set objectives, but also about how to influence and improve the results of his/her work, results that in the future can be measured in terms of increasing work productivity, improving the social climate, ensuring staff stability, increasing work efficiency.

If performance assessment is not managed properly, its benefits will be minimal for the organisation and for employees.

In any organisation it is necessary to evaluate jobs, i.e. objectively determine the weight each factor has in the total activity.

This will involve studying and adapting the methods used by experienced institutions, but in particular applying them effectively in the management process.



It is considered that the achievement of a correct system of rewarding the employees of an organisation means the most accurate evaluation of the work of the posts.

The evaluation activity is not aimed at the employee as an individual, but at the training and skills that he or she should possess by occupying a particular post.

Job evaluation will be based on job analysis and is based on a detailed job description.

To ensure success in job evaluation, it is necessary to determine the key jobs, identify the difficulty factors and set their level for each job analysed.

Managers and employees should see the whole evaluation process as an opportunity to improve results through constructive feedback and not as a means of reward or punishment.

Through employee assessment, employee performance can be improved and this progress will increase employee motivation.

Following the employee assessment report, managers can make decisions on dismissals, promotions or even job increases.

It can be said that the evaluation plan in a company is a very important part of human resource management.

Competitiveness of companies is also manifested in its employees, bringing advantages to organisations, but it is also important to manage individuals effectively so that development is permanent.

Employees in an organisation need to be trained and evaluated constantly, as the evaluation process is complex and the results obtained are an important motivational factor.

Therefore, the evaluation of employees is done by analysing the individual's performance in relation to the objectives set during the period under evaluation and the competences demonstrated.

The need for performance assessment can be seen from the point of view of both the organisation and the employee; for the organisation, the objective assessment of staff is directly reflected in the efficiency of the work carried out and the optimisation of administrative decisions; for the employee, knowledge of his or her own performance gives him or her a better understanding of how he or she can perform his or her work tasks, which is a strong motivating factor.

Performance evaluation is a rather difficult and controversial activity, as it is sometimes associated with staff cuts and perceived as a threat, leading to uncertainty.

There are several reasons why organisations carry out evaluation procedures, which could be summarised as follows:

- to identify the level of an employee's job performance;
- to find out an employee's strengths and weaknesses;
- to create the right environment for employees to improve their performance;
- to find out the training and development needs of each employee;
- to obtain the information needed for staff planning.

Performance management leads to identifying the strengths and weaknesses of employees and identifying solutions to increase performance in the future. It also gives employees the opportunity to discuss their problems and aspirations. In this way, performance development is transformed from a stressful process into an ongoing and constructive one.

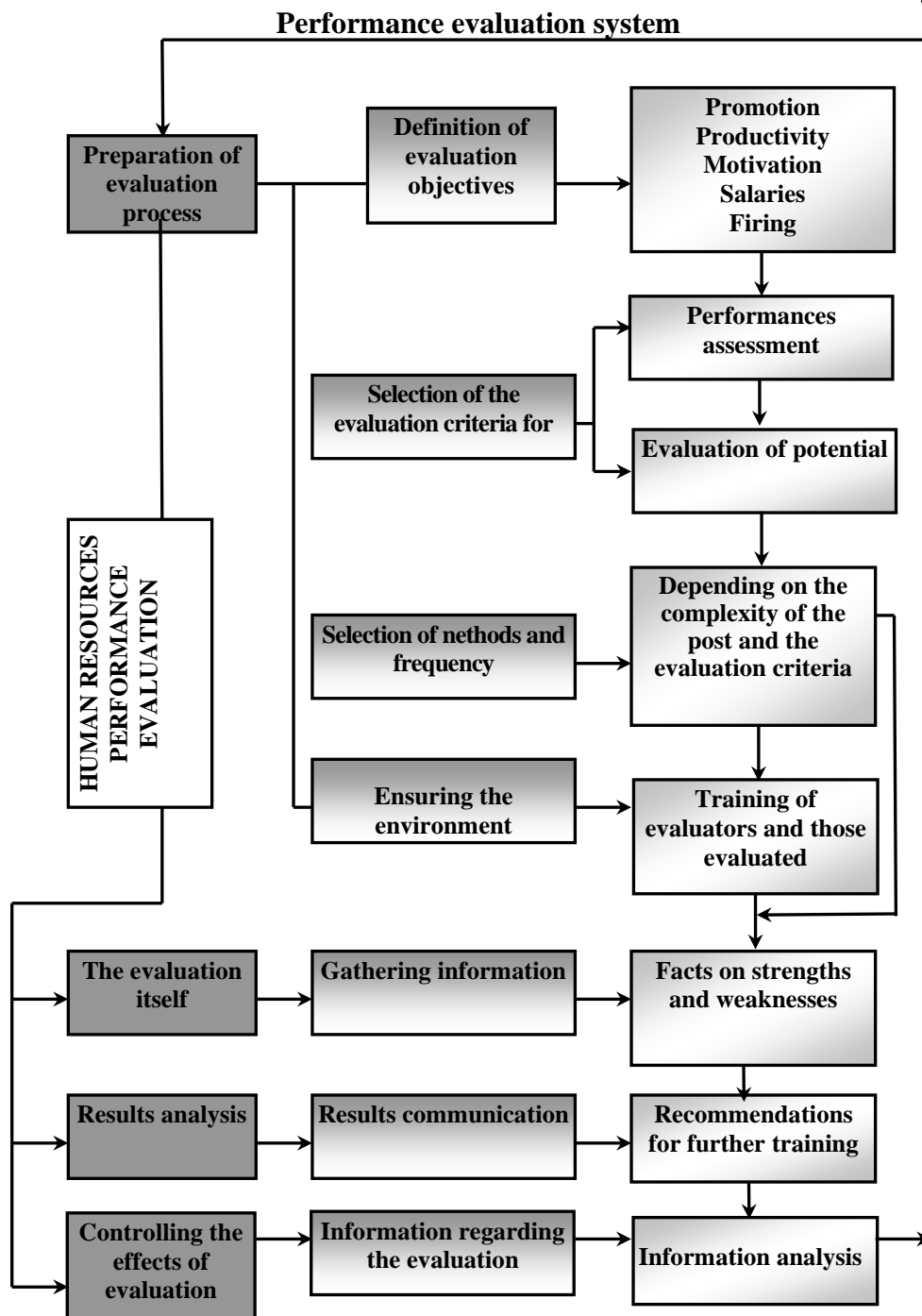
Performance in the workplace can be the result of both employee effort and factors outside the employee's control.

Thus, if we consider the employee's effort as directly proportional to the performance achieved, then we can say that it takes into account not only the physical or intellectual effort used by the employee to perform tasks and responsibilities, but also the skills, defined as personal characteristics used by the employee to perform tasks and the degree of understanding of the employee's role in the organization in which he/she works.

Reality shows that it is important to use multiple criteria to highlight different aspects of performance. The rating at the end of the evaluation will involve assigning weights to each criterion in relation to its importance and contribution to the employee's success in the job being evaluated.

Organisations can choose those evaluation systems that best suit the scope of work, employee qualifications, duties and responsibilities in job descriptions and other factors that are considered in an evaluation process.

Figure no. 1



Source: Stanciu Ş., Ionescu M., Leovaridis C., Stănescu D., *Managementul resurselor umane*, Ed. Comunicare.Ro, Bucureşti, 2003

In the evaluation of employees, the application of performance management plays a special role. It looks at both the results and the behaviour that led to some results, it aims to identify employees' strengths and weaknesses and to find solutions for long-term performance improvement. According to this concept, in assessing performance it is necessary not only to measure results, but also to analyse the behaviour that led to those results. Through performance

management, employees have the opportunity to discuss their problems and aspirations, making performance development a constructive process.

Work performance can be influenced by the effort put in by the employee and by factors beyond the employee's control. Thus, in assessing performance, not only the employee's physical or intellectual effort is taken into account, but also their skills and understanding of their role in the organisation.

After analysing the results of the assessment, the management team draws up an action plan that addresses the organisation's direction and objectives.

Professional success is an upward trajectory, but only up to a certain point. In the course of an individual's career, a series of unforeseen or age-inherent events occur, the realistic knowledge of which allows measures to be taken to protect or restructure certain activities and to optimally fit into the profession.

The quality of performance assessment depends to a large extent on the quality of the assessment methods or systems, which implies:

- validity of the results (ability to reflect the truth);
- reliability of determinations (ability to provide identical results on repeated application);
- equivalence of results (independent indicators assessed by several assessors on the same subject and leading to the same result);
- sensitivity of the instruments used (ability to measure the real difference between the subjects assessed) (Dumitru, 2002, p 106).

In the literature, there are several classifications of evaluation methods and techniques.

Depending on the scope of applicability, **evaluation methods and techniques** are divided into general and special (Zorlenţan, Burduşi, Căprărescu, 1998, p. 624).

**General evaluation methods** are applicable to any employee, regardless of the position held. In this category we include: **rating, global assessment and functional assessment**.

a. **Rating** involves giving a mark which expresses the degree to which the holder of a post achieves the objectives of the post.

b. **The overall evaluation** takes the form of ratings and contains general evaluations of the person's qualities, work and work performance.

c. **The functional evaluation** is made by comparing an employee's qualities, knowledge, skills, abilities and behaviours with the requirements of the job to be assigned in order to highlight consistencies and inconsistencies.

**Special assessment methods** are used for certain categories of company staff, managers or highly qualified specialists. In this category we include the **case, self-assessment test method and assessment centres**.

a. **The case** involves setting up a committee of 5 to 7 people (including the hierarchical head of the person being assessed and other HR specialists) who will analyse the work of the person concerned in order to adopt the most appropriate decision-making alternative for the "case" in question.

b. **The method of self-evaluation tests** containing one or more batteries of tests, differentiated according to the specifics of the job concerned (Pitariu, 2000).

c. **Assessment centres** consist of assessing a person for 3-5 days using a complex of methods: case studies, management games, psychological tests. While taking part in these tests, the person concerned is observed by members of the assessment group who draw up a report on the basis of which the final assessment is determined.

One of the relevant methods of an assessment process is the **assessment interview**, which is an important component of the assessment process.

It consists of a formal meeting between the post holder and his/her manager, during which the information contained in the evaluation form is discussed. Regardless of how managers assess the

effectiveness of evaluation interviews, it is important that in conducting the interview, the manager takes the following aspects into account (Bogathy, 2004, p. 147):

- at the beginning of the interview the manager states the purpose of the meeting, the evaluation criteria the organisation uses in assessing performance and the intention to improve performance;
- a relaxed atmosphere is created, emphasising the positive aspects, the achievements of the subject being evaluated and allowing a discussion to take place on the aspects that the employee considers to be negative and which have prevented him/her from achieving better performance;
- the manager gives his or her view of the obtained performance and the directions for improvement, if necessary;
- attempts to discover the causes of the problems;
- preparation of both the assessor and the assessed subject so that the discussion is based on all relevant, factual information;
- the use of identical indicators when evaluating people on the same hierarchical level, avoiding favouritism and subjectivity in the evaluation process.

The application of evaluation methods and tools does not guarantee objective and effective results in all cases. Their value is determined by the way they are applied and their interpretation.

Organisations are complex systems, so the way they are organised, the way activities are carried out and their financial status can influence the performance of employees.

Adequate performance depends on the organisational environment, the quality management adopted by the organisation, the integration of organisational structures.

Human resources evaluation, being an essential activity of human resources management, is the evaluation of the psycho-socio-professional potential of employees, the evaluation of the behaviour of human resources, the evaluation of the performance achieved in a given period of time.

The evaluation and review of employee performance shows how human resources in an organisation perform their job duties in relation to established criteria, evaluation standards and methods applied.

Human resources assessment is useful because it provides information about the skills and aspirations of human resources so that managers can make the best decisions for the organisation and its employees.

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# THE ROLE, IMPORTANCE AND QUALITY OF ACCOUNTING INFORMATION IN THE MANAGEMENT OF ECONOMIC ENTITIES

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## Abstract

*The accounting language is a specialized, standardized language. By the notion of language, we must understand not only the system of articulated sounds, used by people for the purpose of communication, but also "all other means and procedures, other than the articulated sounds used to communicate ideas and feelings to people. The existence of this accounting vocabulary and universally accepted rules and principles, ensure the communication of accounting information between the users and the producers of this type of information. At the same time, representing the economic reality through the accounting language exerts an influence on the behavior of the accounting actors, at the same time, ensuring the control of the economic life and the foundation of the decision-making process.*

**Keywords:** *accounting provides information, the reliability of the information, accounting error and legal regulations, accounting policies in legal regulations*

**JEL Classification:** G3; G32; G34

## 1. Introduction

Currently, there is an explosion in the communication of accounting information, which requires a refinement of the accounting language, respectively an improvement of its vocabulary, all of which converge towards a precise goal: that of satisfying to the greatest extent the informational needs of users. Analyzed from the aspect of information communication, accounting is an economic language because it transforms information or ideas into signs whose meaning is intelligible to certain groups of users.

In the broadest sense, information constitutes a complex process of knowledge, investigation and analysis of the objectives of the phenomena and processes that take place in nature and society. Information embraces all fields of human activity, all its sides, being omnipresent in the process of thinking and creation, in theory and practice, in the process of training and systematic updating of knowledge, in fundamental and applied research. Information is therefore the indispensable element for progress in all areas of human activity. From the notion of informing came the notion of information, which, as it can be seen, is a very general notion found in absolutely all areas of human activity. No natural or social system is possible without an exchange of information, both within the system itself, between its components, and between the respective system and other systems in the outer space.

For a certain system, be it economic, technical, physical or biological, information represents a message, in the current sense, with a novelty character about the events that take place, that have taken place or that will take place, both within the system, as well as outside of it.

## 2. Accounting information - objectives, qualitative characteristics and usefulness

The information found at the level of an economic entity takes various forms: accounting information is generated by the accounting system, it is the basis of numerous financial reports. Accounting information is detailed and often difficult to understand for non-accountants; the financial information of an operational nature can be found in the financial reports that serve to make operational decisions by the internal actors of the economic entity. This category of information includes, in particular, budgets, investments, treasury, stocks, credits and receivables.

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As the main informational source of the majority of decision-making processes that take place within an economic entity, accounting information must have essential qualitative characteristics. It must be: clear, useful, accurate, complete, relevant, timely, reliable. The great diversity of users and uses of accounting information, economic integration and the globalization of financial markets impose high demands on the quality of accounting and the accounting information provided by it.

In order to be useful to the decision maker, who must decide what information to use, how to use it, and what meaning it has, the information must be relevant and reliable.

*Relevance and accurate representation* are considered fundamental quality characteristics. An information is relevant if it is likely to influence users' decisions, or, in other words, if it has either predictive value or retrospective value, or both. An information has predictive value if it can be used by third parties as a basis for predicting future results. Information has retrospective value if it confirms or modifies previous assessments. Predictive value and retrospective value are intercorrelated.

*Accurate representation* assumes that the relevant phenomena are presented faithfully, i.e. in a complete, neutral and error-free manner. A complete representation includes all the information a user needs to understand the facts presented to him, including all the necessary descriptions and explanations. A neutral representation is a choice without bias in the selection or presentation of information. Error-free means that there are no errors or omissions in the description of the phenomena and in the processes used to produce the reported information.

*The reliability (credibility)* of the information assumes that the user must be able to rely on this information, that there are no significant errors or biased interests in obtaining or providing the information. The information must be credible, verifiable and neutral. Any transaction must be accurately represented, in relation to its economic reality, to reflect the economic activity as accurately as possible, without presenting more "colorful" situations with the aim of influencing someone in a certain direction.

Auxiliary qualitative characteristics improve the usefulness of relevant and faithfully represented information. These characteristics are: comparability, verifiability, timeliness and intelligibility.

*Comparability* allows users to identify and understand the similarities and differences between elements. To ensure comparability, the evaluation and presentation of the financial effect of transactions and events must be carried out in a coherent manner and by observing the permanence of the methods, at the level of an economic entity and in a coherent manner, when several economic entities can be analyzed by comparison. One of the important implications of comparability is that users must be informed about the accounting policies used in the preparation of the annual financial statements, about the evolution of these policies, as well as on their effects.

*Verifiability* means that different well-informed and independent observers could reach a consensus that the information provided gives a true picture of the phenomena they claim to represent.

*The opportunity* assumes that the information is available in a timely manner in order to be able to influence the decisions of the users. A relevant information that becomes quickly accessible has a greater capacity to influence decisions. Conversely, a lack of promptness in the provision of information can deprive it of its potential usefulness.

*Clarity (intelligibility)* refers to the easy understanding of accounting information by various categories of users. This characteristic depends on both the accountant and the decision maker.

*Intelligibility* is the quality of information that allows users to understand its meaning. It is ensured when the information is classified, characterized and presented clearly and concisely. Annual financial statements must be immediately understandable to users. In this sense, users must have a good knowledge of economic activities and accounting. The information that reveals complex situations, presented in the summary documents, for relevance reasons, should not be excluded, in cases where these are too little intelligible for certain users. In other words, users have the responsibility to learn to use the accounting information.

### **3. Accounting information quality and legal regulations**

Rather, implicitly than explicitly, the side of the qualitative complex of accounting information transposes into the provisions of all normative acts investigated in this paper. Among the four orders of the Ministry of Public Finance, the last one, OMFP 1802/2014, devotes a special section, section 2.3., to the issue of the quality of accounting information. In this section, entitled "qualitative characteristics of financial information", the standard-setter, the Ministry of Public Finance, goes beyond the usual and somewhat rigid framework that circumscribes the legal norm and provides a series of definitions, delimitations and examples of the qualitative characteristics of accounting information of strong theoretical force and relevance, going so far as to confuse (beneficially, this time) a normative act with an accounting textbook or university course. The novelty of this situation requires a brief review of these qualitative characteristics for the present research.

*Relevance* is the qualitative feature that denotes the ability of accounting information to support users and decision makers. Accounting information must have predictive or confirmatory value.

*Accurate representation* is the quality of accounting information to describe economic reality in words and figures, the description having to be complete, neutral and error-free. Next, the normative act presents the subset of fundamental qualitative characteristics: comparability, verifiability, timeliness and intelligibility.

*Comparability* is the quality of accounting information that ensures its comparison with other similar information, either on the same economic entity or on other economic entities, including with reference to other time periods.

*Verifiability* is the quality of accounting information that assures users that it refers exactly to the phenomena to which it must refer, if the information is verifiable, several users who know the field can reach the same conclusion regarding the accuracy of a numerical or non-numerical accounting description.

*Opportunity* is that quality of accounting information of being available in real time to decision makers. Generally, in accounting, information becomes obsolete and tends to become useless with the passage of time. There are also many situations where information can be useful over longer periods of time, particularly in trend-finding or forecasting.

*Understandability* is the quality characteristic of accounting information which is required to be presented and present reality clearly, concisely, without ambiguity. An aspect of intelligibility refers to classification, which requires that the economic-financial reality be carefully "cut" into its components, so that it can be understood by everyone.

### **4. Accounting error and legal regulations**

Regardless of the importance placed on the qualities of accounting information, as long as it cannot be accurately measured, subjectivity and error will have their say. There is an organic connection between quality and measurement – there is no point in talking about quality if we cannot measure it. On the other hand, there is no problem of quality per se, but only the problem of quality related to satisfying people's requirements. In other words, measuring quality has its complement and reverse in measuring satisfaction.

When we talk about products and services, things seem to be simple and tangible, because it is about the satisfaction of the consumer, which is known at the end of the economic chain and manifests itself - so their satisfaction is measurable. In the case of information, things are different, because the users (consumers) of information are more difficult to define and classify.

As in any other field that works with information, quality is degraded, to the greatest extent, by error. Accounting error, like that in mathematics or statistics, can be either systematic (due to the system) or random. The antiquity of accounting as a science, as well as the long

practice in the field, led to the gradual and quasi-definitive elimination of systematic errors, the quality of accounting information suffering, mainly, due to random accounting errors.

The correction of accounting errors is dealt with in all three normative acts (OMFP 1752/2005, OMFP 3055/2009 and OMFP 1802/2014), the common elements of the 3 approaches being the following:

- accounting errors can refer both to the current financial year and to previous financial years;
- they are being corrected on the date they are found;
- errors from previous periods are omissions or erroneous declarations included in one or more annual financial statements, either past errors or resulting from mistakes;
- these errors include mathematical mistakes (first of all) then mistakes in applying accounting policies, ignoring some data or misinterpreting some events, as well as due to fraud;
- the correction of the accounting errors in the previous annual financial statements does not determine the modification of the annual financial statements of these exercises.

OMFP 1802/2014 comes with exact details on how these errors are corrected, namely:

- ✚ errors related to the current financial year are corrected on account of the profit and loss account;
- ✚ the significant errors of the previous financial years are carried out on account of the carried over result (account 117.4);
- ✚ the correction of insignificant errors of the previous financial years can still be done on account of the reported result, in special cases, depending on the applicable accounting policies, these errors can be corrected on account of the profit and loss account.

As a basic principle, the reasoning leading to the estimated value must be based on the most recent credible accounting information available at the time of estimation.

Estimates are also subject to errors, to an even greater extent than the information resulting from calculations and reasoning. In the presence of error, the respective estimate must be subject to a revision process, by its nature, this revision is not synonymous with correcting an error.

The effects of the modification of an estimate will be included in the results, but differentiated: in the result of the period in which the modification was made (for situations in which the modification affects only the respective period); including in future periods, if the modification is also perpetuated on them.

## **5. Accounting information and accounting policies in legal regulations**

The ministerial orders related to the accounting information and their aggregation in the annual financial statements contain representative elements regarding the general evaluation rules, as well as regarding the content, structure and form of these reports, aspects that are not the subject of this research, linked in its essence to new approaches to accounting information and its use (formal elements cannot affect accounting information in its nature and use).

What can, however, affect accounting information in its nature and representativeness are accounting policies. They are addressed in OMFP 1802/2014 without the other regulations expressly defining them and giving details on how they are applied.

The main accounting policies, exemplified in OMFP 1802/2014, refer to the following aspects: revaluation of tangible assets (or its reverse – keeping their historical cost); choosing the method of amortization of fixed assets; choosing the stock valuation method; stock accounting through permanent or intermittent inventory; recording a depreciation expense or an adjustment expense corresponding to the ascertained depreciation, for the period in which certain tangible assets are put into conservation.

Accounting policies influence, sometimes to a very large extent (in any case, to a significant extent) the level of important analytical and synthetic accounting information, representative of the annual financial statements. For example, the depreciation method



influences the monthly and annual depreciation rates and expenses, included in the costs of materials, influencing total expenses, added value, gross profit, net profit, etc.

The approval of the accounting policies is done by the administrators of each economic entity or, in the case of entities that do not have an administrator, by the persons who are empowered and have the obligation to manage the activity of the respective entity.

In most situations, the development of accounting policies exceeds the capacity or professional training of administrators or persons responsible for managing the activity, in these situations, they have the obligation to call on specialists in the economic and technical field, knowledgeable about the specifics of the activity and strategy adopted by the economic entity, but also knowledgeable about the provisions of OMFP 1802/2014 that they must comply with exactly.

An accounting policy or a set of accounting policies, once chosen/selected does not remain final/definitive, but can be changed. Changes can be made: at the initiative of the economic entity (with justification in the explanatory notes); by the decision of a competent authority (regulatory change, which no longer needs to be justified in the explanatory notes).

The following actions are not considered changes in accounting policies: changing conditions for transactions, other events or circumstances, totally different from the previous ones; change in conditions for transactions, events, conjunctures that did not occur previously or that were or had insignificant values.

The effects of the changes on the previous financial years are recorded on account of the carried forward result. The effects of changes in accounting policies on the current execution are recorded (accounted for) on account of income and expenditure accounts (therefore they change the entire financial report).

Anyway, the legislator (regulator, OMFP) does not allow the modification of the accounting policies, precisely because of their potential to modify the accounting information (financial indicators) with direct implications on the income statement. Changes are permitted only if required by law or if they result in obtaining even more relevant information. In these cases, the economic entity must include in the explanatory notes: the nature of the change; its reasons, so that users can see their fairness, effects and possible future trends.

## **6. Accounting information in economic entity management**

The accounting product is the accounting information, both the one used for decision-making and the one resulting from a decision-making process. Its role is to reduce the uncertainty inherent in a business environment where decisions are mainly about the future. Also, accounting information has the role of reducing entropy based on the assumption that if there is no information, there is chaos.

The management and organization of the economic activity at the micro and macroeconomic level requires permanent knowledge of the state and functioning of all the component elements of the economic agents, integrated in the branches and in the whole of the national economy. The main function of management is to make and substantiate decisions, based on the information provided by the executive bodies.

The information provided by the economic entities is the basis of the economic and political decisions of several groups of users. Some of the informational needs of these users are common. Thus, regardless of the nature of the decisions in question, users want information that allows them to evaluate the vulnerability of the economic entity and its beneficiary capacity. However, each user group has its own particular set of needs, and any action by one group affects the distribution of wealth among the different groups.

Information is the lifeblood of financial reporting. In conditions where financial reports are increasingly oriented towards the needs of users, in order to be as useful as possible for the latter in making decisions, the main objective of accounting information is to provide the most reliable and useful information in the decision-making process.

In order for the information to be useful, present relevance for managers and help them in making decisions, it must increase their level of knowledge, reduce the level of uncertainty and be useful for the purpose for which it is used.

### **7. The decision in the management of economic entities**

From the point of view of management, "accounting information constitutes the basic raw material in the elaboration and substantiation of economic decisions". In other words, the accounting information represents the foundation on which the economic decision is built.

The science of management defines the economic entity as an organism that is characterized by the existence of three areas with fundamentally special characteristics: the area of production (logistics), which mainly concerns the problems of the means of production, the labor force and manufacturing technologies; the field of human structure, which concerns the processes of individual motivation, of related human actions and relationships; the decision-making information field, which includes the process of collecting, transmitting, processing and preserving information, completed by the act of elaborating decisions. The information and decisions are aimed at the third field from those mentioned, being oriented by the managerial leadership towards economic optimization.

All people in today's world use information to help them make decisions. If we were to quote Ingram and Albright "information includes facts, ideas and concepts that help us understand the world", in order to still use information, we must be able to interpret it and understand its limits. Little information or even the incorrect use of it, often leads to poor decisions, or we could even say improper decisions.

Accounting provides information that is useful in making decisions within an economic entity. This information is compared to a map for the economic entity, by Ingram and Albright, helping decision makers to determine where they are, where they have been and where they are going. Unlike measuring distances on a map, which is done using units of measure such as kilometers, accounting measures the activities of an economic entity in monetary units.

Reason is the basic concept in the decision-making process, which is based on the fact that decision-makers can determine their preferred outcomes and find ways to act in such a way as to achieve these desired outcomes.

The ease of making a decision, the ability to decide promptly, expresses the decision-making spirit of the authentic leader. The Explanatory Dictionary of the Romanian Language assigns a special meaning to the notion of decision, according to which it represents "a ruling made following the examination of a problem, a situation, a solution adopted from several possible ones".

Naturally, as a rational process of choosing a line of action, in order to obtain a certain result, the decision involves equally the competence and the responsibility of the decision-maker.

A decision is actually a choice between several alternatives. The absence of several alternatives means that no decision should be made. In order to make rational decisions, we need information. The decisions that the managers, the leaders of the economic entity, are taking, are of great importance for the economic entity, for its own employees, for business partners, as well as for society, viewed as a whole. The decision is the essential element of management, it is defined as being the option of action consciously chosen for the achievement of an objective. Some specialized works consider the decision to be an attribute specific to the human species only, while others deny this exclusivity, considering that animals or even plants can make decisions.

On the other hand, it is considered that the "conscious" choice of an option can only be made by a being who has a conscience. The decision, in the management process of the economic entity, involves at least two people: the decision-maker and the executor, a fact that fundamentally distinguishes it from personal decisions, which only involve the decision-maker.

The decision constitutes an essential element of management, being, according to many authors, its most important specific instrument of expression, the qualitative level of the management of an economic entity is best manifested through the elaborated and applied decisions. The decision is the *pièce de résistance* of management, its most active, most dynamic expression through which it fully exercises its functions.

## **8. Conclusions**

The annual financial statements are intended to provide useful and understandable information for decision-making by showing us the results of the administration carried out by the management of the economic entity, regarding its economic resources, obligations and debt.

Following the analysis of the balance sheet, several specific conclusions emerge, among which the following are the most important:

- the economic entity is located in the proximity of the profitability rates for the branch and the national economy, registering slightly higher values;
- with a positive working capital and a negative working capital requirement, the economic entity is balanced from a financial point of view;
- there are risks in the exploitation area, because the exploitation leverage has very high values, which would lead to extremely unfavorable consequences if, for various reasons, the turnover would decrease;
- in order to reduce the risks in the exploitation area, a strict follow-up of the expenses is necessary by: keeping the accounting records on profit centers; staff accountability and motivation;
- being decapitalized, the economic entity will encounter great difficulties in the eventual contracting of some credits;
- the economic entity does not need "operating" credits, it operates normally and covers its needs from revenues; possible credits can only be contacted for investments and technology updating, in order to face the competition;
- in order to eliminate the exploitation risk, the increase in the commercial margin would be required (but with great caution);
- the analyzed economic entity must not fear bankruptcy, the risk being less than 10%.

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# THE ROLE OF DIGITAL MARKETING IN THE ENTREPRENEURIAL MANAGEMENT

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Cristina Ciami<sup>2</sup>

## Abstract

*Technological development has marked major milestones in the history of marketing since its inception. The advent of the printed text, radio, television and now the Internet are all major technological breakthroughs that "wrote" the history of marketing and the way in which communication takes place between companies and actual or potential customers. The Internet, software applications, and devices that allow people to easily and quickly connect both online and individually, anytime, anywhere, and anyway are causing everything that promotion meant before this moment to lose its relevance and impact. This paper addresses relevant aspects related to the structure and content of a digital marketing strategy adapted to the needs of a small company in the field of food and beverage services. The paper is useful for theorists and practitioners in the field of entrepreneurial management.*

**Key-words:** *digital marketing, entrepreneurial management, food and beverage services*

**JEL Classification:** M13, M31, M37

## 1. Introduction

The digital age in which society and the economy currently operates influences all aspects of the lives of individuals and businesses. Among other things, the promotion policy practiced by large and small companies in all sectors of activity is also influenced, in the sense that it is no longer enough for them to use only traditional marketing communication channels. Thus, an increasingly obvious orientation towards promotion through digital platforms is observed, a fact that highlights the increasingly reduced relevance of traditional marketing.

Devices like smartphones and social networks are a common fact for the generations of the 21st century, highly engaged and connected to the online world. The consequence is that, in order to adapt to the demands and preferences of modern society, companies must constantly focus on creating effective digital marketing strategies. Therefore, digital marketing has become an "obligation" for companies, regardless of the field of activity.

A concise definition of digital marketing is: "the promotion of products or brands through one or more forms of electronic media" (Business Dictionary, 2016). Another definition for digital marketing is that it is "a tool, a technique that includes all marketing efforts carried out through an electronic device or the Internet". Today's businesses use a diverse range of digital channels to connect with current and/or potential customers. These digital channels include: search engines, social networks, e-mail websites" (Alexander, 2021). A relevant definition of digital marketing is also this: "Achieving marketing objectives through the application of digital technologies and media." (Chaffey & Ellis-Chadwick, 2016)

The present study addresses the issue of developing a digital marketing plan in the field of a small company in the field of public food services, namely a restaurant. To substantiate the work, the authors had as a reference element the activity of a restaurant that operates in a small city and for which it is intended to develop an effective online promotion strategy. The need for such a strategy arose from studying the restaurant's direct competition – which was observed to be using, in varying proportions, online promotion means – and from studying the characteristics of the target consumer segment.

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## 2. Promotional media used in digital marketing

According to literature and practice, the promotional media used in digital marketing are the following: Social Media Marketing; Content marketing; Email marketing; SEO (Search Engine Optimization); Google Ads; Google My Business; Own website; video production; Offers of downloadable content (e-books, web stores); Influencer Marketing.

Just as in the case of traditional promotional means, a company will not use all these online promotional media, but will choose the optimal combination from the perspective of the objectives, the financial resources available, the targeted market segment. In order to propose a digital marketing strategy for the mentioned business, we will make a brief presentation of the most used digital marketing channels.

### ➤ *Social Media Marketing*

The term Social Media means the existence of communities created by different users and organizations that interact on Internet platforms. Social Media is the most frequently used means of online marketing, allowing the creation of your own content, both visual and written. Nowadays, social networks tend to become more used for searching for information about different businesses than search engines. For small business owners, using social media is essential as long as they are consistent in displaying relevant content to their audience. Statistics reveal that currently 3.5 billion people (half of the world's population) use media platform on a daily basis. Also, 54% of customers use these channels to research products they are interested in. As a result, 73% of business owners find social media beneficial for their promotional strategies. Each of the social media networks has its own characteristics, and below we will present the most popular ones.

- Facebook - is an online social network where users create profiles to which other users connect as "friends" and thus exchange messages, photos and videos. Facebook has 2.27 billion monthly active users globally and is by far the largest social media platform. There are several reasons why using Facebook as a marketing tool is convenient. One of these is cost; another reason is the ease with which the effectiveness of a marketing campaign can be measured (using specific indicators calculated and delivered by the platform). Within the platform works a very intuitive program called Facebook Business Manager, with which it is very easy to create a marketing campaign. Facebook is the platform that dominates social media, and 49% of brands believe that this platform generates the expected results.

- Instagram - like Facebook is a free application that allows both images and videos to be displayed within a personal or business profile. The app was created in 2010 with a specific differentiator from other social media apps: users could only post via smartphones. Even though the app is now viewable from other devices, it is optimized for smartphones, not tablets, laptops or computers. Instagram is currently very popular and relevant, including not only personal profiles, but also business accounts. It is currently accessed monthly by approximately 1 billion users.

- YouTube - is a website and application that works for video storage. Users around the world upload and share videos to their channels, and they have the potential to generate revenue based on the number of views and subscribers. YouTube is the second most used browser in the world after Google. One of the reasons why YouTube is an attractive option for marketing purposes is that video marketing is a major trend these days. It is accessed by 2 billion users monthly.

- LinkedIn - is the largest online network created for professional purposes. Users can access LinkedIn from a desktop or LinkedIn mobile app. It has become an important sales tool, integrating, similar to Facebook business pages. It is used by approximately 675 million people monthly.

➤ *Content marketing*- consists of creating content for social media channels or websites in a way that attracts the attention of current or potential customers. This way of doing marketing is based on the audience, it is important to understand what matters or what interests the customers. The goal is to provide meaningful information that responds to specific situations relevant to consumers. (Linn, 2017). According to the director of the International Institute of Information Research and the Knowledge Society of Spain, there are 6 key factors that ensure the success of content marketing (Peñarroya, 2017): target audience segmentation; understanding the content that might be of interest to customer segments; the ability to create interesting content; the possibility of making this content known in a way that reaches different target audience segments; delivering content to the target audience at the right time; turning audiences interested in your content into customers.

➤ *E-mail Marketing* – is a technique used to connect with your target audience through email. This marketing technique may include newsletters, information about specific products/services or offers to induce purchase. To use this promotional tool it is important to have a customer database. The advantages of this promotional tool are: return on investment (a rate of \$44 is appreciated for every \$1 spent); a high rate of customer acquisition (data shows that it is 40 times more effective than other options such as Facebook or Twitter); can be easily combined with other promotional tools to expand the audience, significantly improve SEO activity, drive traffic to the website etc.

➤ *SEO (Search Engine Optimization)* – is the process of improving a website to increase its visibility according to relevant keywords. The more visible a page is, the more likely it is to attract attention and attract more customers. According to statistics, of those who search for a restaurant on search engines, 98% choose an option that appears on the first page.

➤ *Google My Business* – is a free service that allows to list a business on Google so that it will appear in searches for people in the area where the business is located, along with the map. International studies show that, in the food & beverage industry, 86% of consumers use Google searches when they want to find a restaurant.

➤ *Google Ads* – is Google's online advertising program, representing a convenient and useful tool for marketing activity. This service allows to broadcast advertisements on Google or partner sites. From a financial point of view, it has the advantage that there is no minimum expenditure obligation for using this service. Payment for this service is made according to the PPC (pay per click) model - the client is charged only when someone clicks on the ad. To use this service, it is mandatory that the company has its own website to which people who click on the ad will be directed. To highlight the effectiveness of this promotional tool, studies show that the CTR rate (click through rate = the ratio between the number of clicks an ad receives and the number of ad appearances) is 0.46% for ads that appear randomly on Google and 3.17% for ads sent through Google Ads.

➤ *Website* – having an interactive website allows information about the business to be conveyed to potential and current customers. The use of platforms such as Wix or Wordpress allow the design of a specific website for the business. Studies show that, in the case of restaurants, the existence of the "Order" or "Reserve a table" button on their website leads to an increase in sales by 12%.

### **3. A digital communication strategy for an entrepreneurial firm**

To develop an effective online marketing communication plan for a restaurant, we propose the following structure:

#### **A. Market segmentation**

For the restaurant whose digital marketing plan we are presenting, we have identified five categories of consumers registered in the market segment to which the business is addressed,

namely people between 35-60 years old, with medium / high incomes. These five categories of customers and the promotional messages sent to them are:

1. People who work nearby and want to serve lunch; Message: Menu offered at a promotional price during lunch hours, on weekdays
2. People who prefer vegetarian menus or who are on a diet; Message: Tasty menus for vegetarian customers, special salads
3. People interested in eating Italian food (pizza, pasta); Message: Variety of pizzas and pastas, attractive photos
4. People over 50 years old interested in spending time with family, friends, in the city; Message: Variety of menus and drinks
5. People who want to organize an event or participate in events organized by the restaurant; Message: Periodically organized events in a stylish location with good music

### **B. Digital marketing objectives**

*General objective:* The restaurant should become a point of reference for the residents of nearby cities who want to have access to a restaurant with affordable prices, within 3 years of the launch of the business on the market.

*Specific objectives:*

- Attracting a relevant number of customers interested in the restaurant's offer, respectively, a monthly average of 50 new customers in the first 6 months of operation
- Increasing the level of awareness of customers and potential customers regarding the restaurant's offers;
- Generating traffic to the restaurant's website through which customers can make reservations, i.e. 5,000 visits annually
- Creating customer attachment to the restaurant and creating a group of loyal customers
- Creation of a database of 2,000 customers or potential customers after the first year of operation

### **C. The digital marketing budget**

The budget will be divided between promotion on the own website, Facebook, Instrgram, Google Ads. Starting from the second year of operation, the opportunity of promotion by e-mail will also be analyzed, but this form of promotion requires the creation of a database of customers or potential customers. The distribution of the budget between the promotional means used is presented in figure 1.1.

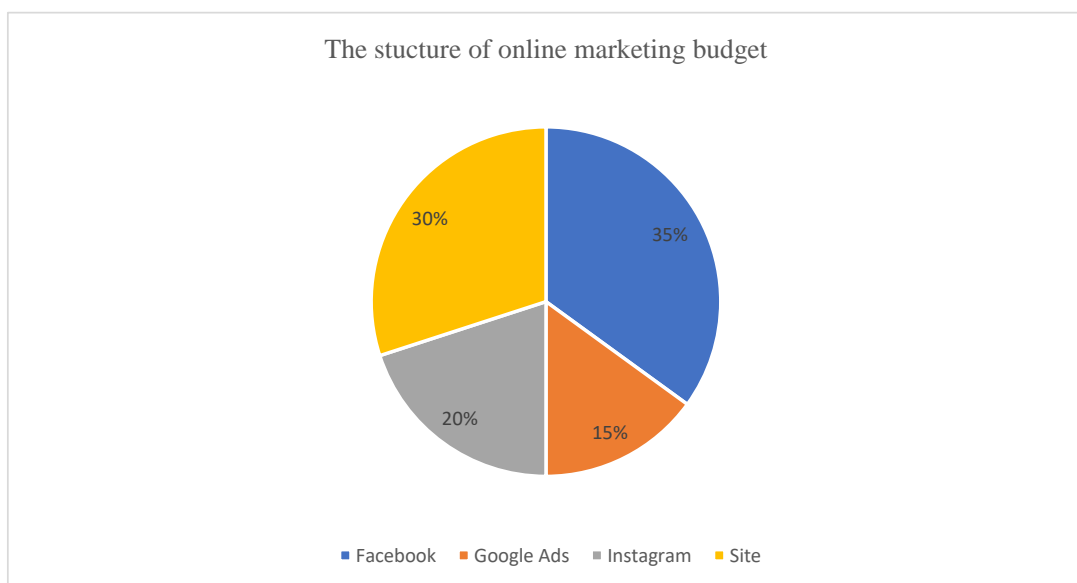


Fig 1. Financial allocation for the online promotion means

#### **D. Means of online communication**

Considering the specifics of the business, the characteristics of the market segment, the availability of financial resources, the characteristics of the competition's digital promotion policy, we propose the following means of online communication: Social Media (Facebook, Instagram), Website, Google Ads.

#### **E. Key Performance Indicators for the digital marketing strategy**

An important section of the digital marketing plan is controlling the effectiveness of the promotional campaigns. To this end, the results provided by Google Analytics and Facebook Analytics can be used. Impressions, clicks, conversions, comments, etc. can be measured.

Key Performance Indicators that can be used for online marketing campaigns are:

- *Reach / Contact* – indicators that highlight how many people come into contact with the marketing campaign carried out on social networks and the extent to which they represent a useful audience. Example: number of followers, audience growth rate, view rate of a post, number of potential followers,

- *Engagement* – indicators that reflect the degree of interaction, involvement in the relationship with the company of the people to whom the information reaches. Example: number of likes, number of shares, number of comments, engagement rate, reduced engagement rate, number of clicks

- *Conversion* – indicators that measure the rate of those who turn into actual customers of the company among the people to whom the information reached or among those who interacted with the company within social networks. Example: conversion rate, bounce rate, cost per click, cost per acquisition.

- *Consumer loyalty* – indicators that evaluate the degree of emotional involvement of customers in the relationship with the company, manifested by repeat purchases or by the extent to which current customers recommend the purchase to others. Example: customer reviews, satisfaction score, net promotion score.

#### **Conclusions**

The present paper presents usefulness from a theoretical and practical perspective from the perspective of entrepreneurial management. The theoretical relevance of the work is given by the fact that it addresses a topical issue, that of the promotional potential of technology and digitization. Although the use of the Internet is common in almost all economic activities carried out today, the conceptualization and fully informed use of this promotional medium is still in its early stages. That is why the theoretical approaches to analyzing and systematizing information specific to this field of interest, as well as conceptual debates, are very useful both for theoreticians and for management practitioners.

From a practical perspective, the work is of interest to entrepreneurs in the field of food&beverage services and not only, because the presented results can be extended to other fields of activity that involve direct and long-term contact with customers (example: tourism, trade, etc.). For entrepreneurs, the work offers practical solutions on how to structure and develop a digital marketing strategy.

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# STRATEGIES FOR INCREASE STAFF RETENTION RATE IN THE HOTEL INDUSTRY

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## Abstract

*The management of companies in the tourism industry is faced with the problem of the inability to retain staff, respectively with a high degree of staff turnover. This "movement" of personnel has directly negative effects on the companies' performance, because of the dissatisfaction of employees, the fact that they approach work in tourism as a temporary workplace, affects their desire to improve, affects the productivity level as well as, the company's financial performance. As a result, the managers of companies providing tourist services must have the ability to formulate strategies to retain staff and minimize the turnover rate of human resources. Analyzing the literature, we identified the fact that the pillars of effective strategies to increase the employee retention rate are the management style and employee motivation. Starting from these assumptions, the paper addresses the aspects related to the appropriate managerial behavior for the positive influence of the staff stability of a 4-star hotel in Mamaia Resort*

**Key-words:** *tourism, staff turnover rate, staff retention, work and social climate*

**JEL Classification:** M21; M54

## 1. Introduction

The characteristics of work in the tourism industry place the human resources employed in this field somewhat on the periphery of the labor market. Thus, paradoxically, although the human resource has a decisive role for the quality of the provision of tourist services (often the tourism and hospitality industry is also called the "people industry"), the most important resource of the industry is rather underappreciated. Factors that make tourism work undesirable include: high work intensity, job instability and a high rate of staff mobility; high share of jobs that do not require qualification or require semi-qualification; poorly organized internal labor market; feminization of the workforce; reduced social status for tourism employees; most of the jobs are in SMEs; low level of unionization; transferability of skills; human resources from marginalized or disadvantaged backgrounds; hard working conditions etc.

As a result of the aspects presented, companies in the tourism industry are faced with the problem of the inability to retain staff, respectively with a high degree of staff turnover. The negative consequences of staff turnover are obvious: Increased costs for attracting and training new staff; Loss of experienced employees; Decrease in profitability; Loss of valuable knowledge.

As a result, the companies' management in the tourism industry must show interest in the methods by which valuable personnel can be retained and transformed into a competitive advantage of the company. The literature highlights that the pillars of effective strategies to increase the employee retention rate are *the management style* and *the understanding of the factors that motivate employees*. Lalitha and Singh (2014) stated that effective leaders demonstrate trust, provide a supportive work environment, encourage employee autonomy, elements that positively influence employee retention. These are the characteristics of a transformational leadership style, but this leadership style is not enough to increase staff retention. Liang, Tang, Wang, Lin, and Yu (2016) postulated that leadership style could form the basis for retention strategies as long as it is supported by improvements in organizational culture and job satisfaction.

This paper presents a proposal on how to analyze the influence of management style and motivational factors on the decision that human resources make about keeping or changing

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their job within a hotel For this purpose, the authors of the paper developed two questionnaires that they applied to the staff with executive and managerial functions employed in a famous hotel in the resort of Mamaia. The results allowed the formulation of some proposals regarding the foundation of an effective policy to increase the degree of staff retention within the hotel.

**2. Description of the questionnaires to identify the characteristics of the work and social climate within the hotel**

In order to develop the questionnaires that were applied to the hotel staff, the authors took into account the coordinates that literature highlights as relevant for an effective staff retention policy, respectively: the *management style* and the *understanding of the factors that motivate employees*. Thus, in order to develop viable questionnaires, theoretical aspects of transformational leadership and various theories of motivation were studied.

As far as transformational leadership is concerned, there is a vast specialized literature that supports its benefits in the exercise of the staff training function. Transformational leadership has been found to have significant effects on several aspects of organizational life and employee morale (Krishnan, 2012). The motivation theories analyzed were: Maslow's need hierarchy theory; Theory X and Theory Y; Herzberg's bifactor theory; McClelland's theory of motivation; Skinner's theory of reinforcement or reinforcement; Vroom's Expectancy Theory.

These analyzes allowed the development of two questionnaires (named to identify the characteristics of the work and social climate), one addressed to all employees within the hotel, the second addressed only to personnel occupying management positions. The questionnaires are presented below.

**Questionnaire 1 – addressed to hotel employees**

<b>1. Identification questions</b>
<ul style="list-style-type: none"> <li>- In which department of the hotel do you work?</li> <li>- What position do you hold?</li> <li>- Age .....</li> </ul>
<p><b>2. According to Herzberg Theory, there are motivating factors, so-called intrinsic factors, which determine a positive attitude at work because they satisfy the needs of employees. Please choose 3 of these that are most important to you.</b></p> <ul style="list-style-type: none"> <li>- Recognition of your contribution to the company's performance by the management</li> <li>- The opportunity for professional development and gaining experience</li> <li>- The opportunity to advance your career within the company</li> <li>- Your responsibility within the company</li> <li>- The satisfaction of working in the field of tourism or the work itself</li> </ul>
<p><b>3. Abraham H. Maslow established a hierarchy of five levels of basic needs which are presented below (respondents were presented with Maslow's Hierarchy of Needs Pyramid). According to the model, a person does not feel the second need until the requirements of the previous need are satisfied. For you, which of the needs are met within the company? What level do you think you stopped at?</b></p>

<b>4. What is the most important motivation you feel within the company? To answer this question choose one of the 2 types of rewards presented below:</b>
<ul style="list-style-type: none"> <li>- Extrinsic rewards - include bonuses, time off, salary increases.</li> <li>- Intrinsic rewards - satisfaction for a job well done, opportunity to express creativity, personal and professional development</li> </ul>
<b>5. As a rule, financial rewards motivate employees for better performance at work. What level of salary growth would you consider motivating?</b>
<ul style="list-style-type: none"> <li>- An increase in the net salary by 200 lei</li> <li>- An increase in the net salary by 400 lei</li> <li>- An increase in the net salary by 600 lei or more</li> </ul>
<b>6. What is the strongest demotivating factor?</b>
- .....
<b>7. Does your direct manager motivate you through his attitude, his behavior, his relationship with you?</b>
- .....
<b>8. What benefits/incentives/would you suggest to be implemented within the hotel to improve employee motivation?</b>
- .....
<b>9. Are you generally motivated to work within the hotel?</b>
<ul style="list-style-type: none"> <li>- Yes</li> <li>- No</li> <li>- Sometimes yes, sometimes no</li> </ul>
<b>10. The literature considers that there are 5 types of desires that every human has. Appreciate, for each one, if you are satisfied in the hotel.</b>
<ul style="list-style-type: none"> <li>- The desire to belong to a group, not to feel excluded from the group - yes/no</li> <li>- The desire to feel special - yes/no</li> <li>- Desire to be understood - yes/no</li> <li>- The desire to have control - yes/no</li> <li>- Willingness to reach your full potential – yes/no</li> </ul>
<b>11. Does loyalty to the company you work for mean anything to you?</b>
<ul style="list-style-type: none"> <li>- Yes</li> <li>- No</li> </ul>
<b>12. When was the last time you received any kind of feedback (positive, negative, constructive) from your manager?</b>
- .....

<b>13. What do you think are the main reasons why you would be willing to leave the company? Please choose 3 options.</b>
<ul style="list-style-type: none"> <li>- There is a lack of trust in the company</li> <li>- There is no opportunity for career development</li> <li>- Too many standards and rules</li> <li>- Lack of responsibility</li> <li>- Unqualified collective</li> <li>- Unsatisfactory material rewards</li> <li>- Because of the management</li> </ul>
<b>14. Where do you see yourself in 2 years?</b>
<ul style="list-style-type: none"> <li>- Working within the hotel</li> <li>- Working elsewhere</li> </ul>

**Questionnaire 1 – addressed to employees who hold managerial positions in the hotel**

<b>1. What does motivating employees mean to you?</b>
- .....
<b>2. Is there a staff motivation policy within the company?</b>
- .....
<b>3. Do you think the team you lead is motivated? Are you motivated?</b>
- .....
<b>4. Do you consider that there is a dependency relationship between the satisfaction of the employees and that of the hotel guests?</b>
<ul style="list-style-type: none"> <li>- Yes</li> <li>- No</li> </ul>
<b>5. What means of employee motivation do you use?</b>
- .....
<b>6. Would you do anything to improve the motivation level of employees?</b>
- .....

**3. The results of the questionnaires**

Among the 85 employees of the hotel to whom the questionnaire was addressed, 67 employees answered, respectively 78% of the employees. The application of the questionnaires and the results obtained were analyzed according with departments within the hotel: Front Office, Security and Maintenance Department, Food & Beverage Department, Housekeeping Department. The results can be summarized as follows:

➤ On the whole, the employees of the Front Office Department are not motivated. All value recognition from the manager and the opportunity for professional development as the most important intrinsic factors at work. At the same time, they appreciate that loyalty to the workplace is an important aspect to achieve job satisfaction. Employees of the Front Office Department do not feel special and consider that their potential is not being achieved in their current workplace.

formulated, the following can be mentioned: team buildings, flexible working hours, trainings, foreign language courses, better financial recognition, various other rewards.

➤ Security and Maintenance Department is the smallest from as the number of employees, but it is one of major importance in the proper functioning of the hotel. The employees of this department are the most loyal, all having more than 6 years of experience in the company. As a result, their opinion is very valuable and constructive in terms of evaluating motivations.

➤ Within Food & Beverage Department the relationship between the employees and the manager is a good one, being an important motivating factor. However, the employees of this department lack the possibility of growth and professional achievement, having no chance to promote. Also, employees would be interested in more team-building and financial incentives.

➤ The employees of the Housekeeping Department feel, as a whole, motivated within the company, but they believe that the financial incentives are not consistent with the difficult work they do, which is even more difficult by the hotel's equipment, some of them being in a stage of advanced physical wear and tear.

➤ Managerial staff does not have scientifically based knowledge about motivational theories, they do not know what motivational means other similar companies use. Managers of different departments do not collaborate regarding the exchange of experience on methods of motivating employees.

➤ Within the company, the development of an individual relationship between managers and subordinates is not valued, managers do not have a distinct vision of the strengths and weaknesses of each employee, they do not give them advice on how to achieve their goals, no correlation is made directly between the relationship that employees develop with hotel guests.

➤ There are no obvious opportunities for promotion within the company, a fact that generates dissatisfaction among employees because they feel that they do not have the opportunity to develop professionally. Also in this context, it can be mentioned that no trainings or professional development courses are developed.

➤ Overall, employees feel financially underestimated. Also, there is no system of performance indicators according to which bonuses, bonuses, etc. are given.

#### **4. Proposals to improve staff retention strategies within the hotel**

Starting from the mentioned findings, we propose a series of ways of action to increase the staff retention rate within the company

##### *1. Developing quality relationships between the management team and subordinates*

Building meaningful relationships based on mutual understanding, empathy and trust between the management team and subordinates is a fundamental element to increase the loyalty degree within the company. Such a relationship is beneficial for both parties involved because it facilitates the open exchange of information to understand the perspectives and constraints of both parties and increases the level of mutual trust.

Thus, managers must assume the role of transformational leaders, which implies, as a starting point, understanding the goals and personal needs of subordinates. The foundation of creating meaningful relationships is ensured by a high degree of professionalism and discipline, so that a good manager-subordinate relationship does not lead to the loading of disciplinary parameters within the company. Moreover, in the literature it is recommended that socialization between management and subordinates to be limited to the company context, because going beyond the formal framework could cause disrespect for authority. Establishing clear boundaries governing relationships between managers and subordinates is essential to organizational performance.

##### *2. Providing competitive benefits and financial incentives*

One of the means of staff loyalty is the provision of useful compensations and benefits, consistent with individual work results and the company's financial performance. In granting

these incentives, managers must approach the problem not only from the perspective of the current increase in costs, but also from the perspective of the increase in costs as a result of the need to hire new staff, with all the consequences of this approach. The literature postulates that the financial impact of employee turnover could result in cost increases of 90% - 200% of the annual salary of those who leave. As long as employee benefits are below the level of these increases, the compensation is actually a gain, not a loss.

3. *Increasing the level of confidence of employees regarding the fact that they are important to management and to the company*

Appreciating and motivating employees are critical strategic components for improving employee retention. Employees feel valued in situations where they are encouraged to share their ideas and provide feedback to management, when the manager has discussions with subordinates daily / at the beginning of the work shift, when managers also convey information about the state of the business and ask for proposals for improving the activities in which employees participate, when they are praised by the manager, when management develops their sentimental sense of belonging. The literature summarizes the transformational model of inspirational motivation: intellectual stimulation, idealized influence, and individualized consideration.

### **Conclusions**

This paper addresses theoretical and practical aspects regarding the factors that cause employees in the hotel industry to not remain loyal to a job, a fact that translates into a high rate of staff turnover in this industry. Starting from the study of literature, we identified the pillars of effective strategies to increase the employee retention rate: the managerial style and employee motivation. Analyzing the two determining factors for a scientific approach to the problem of reducing the staff turnover rate, we developed two questionnaires to identify the characteristics of the work and social climate in a hotel. The application of the questionnaires and the interpretation of the results allowed the formulation of proposals to improve the staff retention strategy within the hotel.

The work has high practical utility for managers in the tourism industry and beyond, providing a clear picture of how the relationship between managers and subordinates can be approached so that the workplace becomes a valued and desirable one.

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# THEORETICAL AND PRACTICAL CONSIDERATIONS ON THE NEW REGULATIONS FOR STRENGTHENING FINANCIAL DISCIPLINE ON CASH RECEIPTS AND PAYMENTS IN THE FIELD OF VIRTUAL CURRENCIES

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## Summary

*Europe and other countries around the world are under pressure from financial and social problems: inflation, rising commodity prices, energy crisis, climate crisis, armed conflicts, terrorist attacks, migration crisis. At the same time, the COVID - 19 pandemic has caused countries to incur unforeseen expenditure at very high levels, also not estimated.*

*At European level, a Recovery and Resilience Mechanism was adopted as a temporary tool to implement reforms and investments at national level by each Member State. In this context, Romania had to adopt some fiscal-budgetary measures to ensure Romania's long-term financial sustainability. These new legislative provisions also include some measures to strengthen financial discipline on cash receipts and payments.*

*The study aims to analyse how these new legislative regulations affect the virtual currencies market and how these legal rules should be related to the existing ones.*

**Keywords:** *financial discipline, cashless payment means, cryptoassets, virtual currency and fiat currency exchange service providers,*

**JEL Classification:** *K10*

## 1. General considerations

In the current international context, burdened by various financial, social, climatic or conflict pressures, Romania found itself unable to fit into the main macroeconomic indicators previously estimated and, as a result, had to readjust them. As a consequence, Law No. 296 of October 26<sup>th</sup>, 2023 on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability was adopted<sup>2</sup>.

According to the explanatory memorandum<sup>3</sup>, the legislative act aims, in addition to fiscal budgetary consolidation, at measures to combat tax evasion, i.e. strengthening financial discipline on cash receipts and payments.

The whole legislative construction is based on the triggering of the excessive deficit procedure, as Romania has exceeded the ESA<sup>4</sup> threshold of 3% since 2019<sup>5</sup>. It was also taken into account that funding through the National Recovery and Resilience Plan (NRRP) could be put at risk if the structural deficit targets are not met.

The Recovery and Resilience Mechanism (RRM) was adopted at European level as a temporary plan "to help the Union emerge stronger and more resilient from the current crisis". The funds are made available to Member States so as to carry out reforms aimed at: green transition, smart, sustainable and inclusive growth, social and territorial cohesion, health and economic, social and institutional resilience, digital transformation, policies for the next generation.

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<sup>2</sup>Published in the Official Gazzette No. 977 of October 27<sup>th</sup>, 2023

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<sup>5</sup>"*Manual on Government Deficit and Debt - IMPLEMENTATION OF ESA 2010*", 2019 edition,

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The NRRP for Romania targets the country's specific challenges, and the envisaged reforms aim at sustainable growth, "in particular through sustainable transport, buildings renovation, biodiversity protection, industry decarbonisation and use of renewable sources". The plan "also includes measures to digitise public administration and public services and improve the health and education sectors, in an approach that takes account of regional disparities. Important reforms and investments are aimed at improving the quality and sustainability of public finances and the pension system, the effectiveness of public administration, including state-owned enterprises, public procurement, the judiciary system and the fight against corruption, as well as support for the business environment and research and innovation"<sup>1</sup>.

In addition to tax measures (changes to corporate income tax, microenterprise income tax, income tax and compulsory social security contributions, VAT, excise duties and other special taxes, additional taxes on high value real estate and movable property) and tax compliance measures, the new legislation also covers economic and financial discipline measures, including changes to legislation governing cash receipts and payments and the introduction of modern payment systems.

As regards the legislative process for the adoption of Law 296/2023, the Economic and Social Council issued an unfavourable opinion<sup>2</sup>, citing among other things the fact that "the lack of a broad public debate may lead to the adoption of measures that will have a serious economic and social impact". This observation has been confirmed by the public discussion generated by the abolition of cash and the uncertainty regarding the application of these legislative provisions in practice.

The Legislative Council issued a favourable opinion with comments on the draft Law No. 296/2023<sup>3</sup>, but these comments did not concern the text of Article LXIV, which is the subject of this study, and the Supreme Council of National Defence only approved the draft, without making any comments<sup>4</sup>.

Given the general and impersonal nature of the legal rules, the new regulation on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability does not specify how the provisions will be applied in particular areas, such as virtual currencies.

"Virtual currency means a digital representation of value that is not issued or guaranteed by a central bank or public authority, is not necessarily linked to a legally established currency and does not have the legal status of money or currency, but is accepted by individuals or legal entities as a means of exchange and can be transferred, stored and traded electronically"<sup>5</sup>.

In practice, a question arises as to the interpretation of the legal rules on financial discipline in the case of these virtual currencies, i.e. whether the amounts traded through digital wallets are considered cash, currency on account or non-cash payment instruments.

By cash we mean "monetary value in coins or paper money, which can be used directly for payment; liquidity, physical money"<sup>6</sup>, i.e. money in physical form, in the form of banknotes and coins.

Virtual currencies are traded through digital wallets (private cryptographic keys for holding, storing and transferring virtual currency<sup>7</sup>), with operations being conducted exclusively online.

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<sup>1</sup>[https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/romania-recovery-and-resilience-plan\\_ro](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/romania-recovery-and-resilience-plan_ro)

<sup>2</sup>No. 6398/25.09.2023, <https://www.cdep.ro/proiecte/2023/500/40/6/ces546.pdf>

<sup>3</sup><https://www.cdep.ro/proiecte/2023/500/40/6/cl546.pdf>

<sup>4</sup>[https://www.cdep.ro/proiecte/2023/500/40/6/cs546\\_2023.pdf](https://www.cdep.ro/proiecte/2023/500/40/6/cs546_2023.pdf)

<sup>5</sup>Art. 180, para. 4 Penal Code

<sup>6</sup>According to the Explanatory Dictionary of the Romanian Language

<sup>7</sup>Article 2, letter t<sup>2</sup> of Law no. 129/2019 on preventing and combating money laundering and terrorist financing, as well as amending and supplementing certain legislative acts, published in the Official Gazette of Romania, Part I, no. 589 of July 18<sup>th</sup>, 2019

## 2. Addressing the issue at european and international level

The European Central Bank believes that the use of cash has important functions and advantages, such as: it ensures freedom and autonomy, it ensures privacy, it is inclusive, it helps you keep track of your spending, it is fast, it is safe, it is a means of saving<sup>1</sup>. The European Commission has recommended since 2010 a common definition of legal means of payment, including cash<sup>2</sup>.

However, with virtual currencies, we are using Distributed Ledger Technologies (DLT), so the rules are different from those for the use of cash.

At EU level, Regulation 858/2022<sup>3</sup> has been adopted, which states in recitals 1 and 2: "(1)...Cryptoassets are one of the main applications of distributed ledger technology in the financial sector.

(2) Most cryptoassets fall outside the scope of Union financial services legislation and present challenges in terms of, inter alia, investor protection, market integrity, energy consumption and financial stability. Such cryptoassets therefore require a specific regulatory framework at Union level...".

While the Regulation recognises the need for legal norms to keep pace with technological developments, recital 3 states that "the success of token-based systems will depend, at least temporarily, on the extent to which they are able to interact with traditional accounting-based systems".

At the same time, in Article 2, the Regulation defines:

"1. '*distributed ledger technology*' or 'DLT' means a technology that enables the operation and use of distributed ledgers;

2. '*distributed ledger*' means an information ledger that keeps track of transactions and that is shared among and synchronised between a set of nodes of the DLT network using a consensus mechanism'.

The definition of the two terms is also taken up in EU Regulation 1114/2023<sup>4</sup>, which in Art. 3, para.1, point 5 defines "*cryptoasset*" as "a digital representation of a value or a right that can be transferred and stored electronically using distributed ledger technology or similar technology".

It also defines in point 8: "*official currency*" means an official currency of a country that is issued by a central bank or other monetary authority". In point 15, it defines: "*cryptoasset service provider*" means a legal person or other undertaking whose occupation or business is the provision of one or more cryptoasset services to customers on a professional basis and which is authorised to provide cryptoasset services in accordance with Article 59'.

Cryptoasset services are defined in point 16. Article 3:

"*Cryptoasset Service*" means any of the following services and activities relating to any cryptoasset:

- (a) providing custody and administration of cryptoassets on behalf of clients;
- (b) operating a trading platform for cryptoassets;
- (c) exchanging cryptoassets for funds;
- (d) exchanging cryptoassets for other cryptoassets;
- (e) executing cryptoasset orders on behalf of clients;
- (f) placing cryptoassets;
- (g) receiving and transmitting orders for cryptoassets on behalf of clients;

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<sup>1</sup>[https://www.ecb.europa.eu/euro/cash\\_strategy/cash\\_role/html/index.ro.html](https://www.ecb.europa.eu/euro/cash_strategy/cash_role/html/index.ro.html)

<sup>2</sup>Commission Recommendation of March 22<sup>nd</sup>, 2010 on the scope and effects of legal tender status of euro banknotes and coins <https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:32010H0191>

<sup>3</sup>Regulation (EU) 2022/858 of the European Parliament and of the Council of May 30<sup>th</sup>, 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU (Text with EEA relevance), published in the Official Journal of the European Union L151/1/02.06.2022, p.1-33

<sup>4</sup>Regulation (EU) 2023/1114 of the European Parliament and of the Council of May 31<sup>st</sup>, 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Text with EEA relevance), published in the Official Journal of the European Union L150, 9.6.2023, p. 40-205

- (h) providing advice on cryptoassets;
- (i) providing the management of cryptoasset portfolios;
- (j) providing cryptoasset transfer services on behalf of customers".

In order to better understand the mechanisms of the cryptoasset markets, Regulation 1114/2023 defines:

At point 18, the "*operation of a trading platform for cryptoassets*" means the operation of one or more multilateral systems, which brings together or facilitates the bringing together of multiple third parties buying and selling interests in cryptoassets, within its system and in accordance with its rules, in a manner that results in a contract, either by exchanging cryptoassets for funds or by exchanging cryptoassets for other cryptoassets".

At point 19, the "*exchange of cryptoassets for funds*" means entering into contracts with customers to buy or sell cryptoassets for funds using own capital."

At point 20, the "*exchange of cryptoassets for other cryptoassets*" means entering into contracts with customers to buy or sell cryptoassets for other cryptoassets using own capital".

### **3. Applicable national law**

In order to interpret the provisions of Law no. 296 of October 26<sup>th</sup>, 2023 on some fiscal-budgetary measures to ensure the long-term financial sustainability of Romania, Article LXIV and their applicability to the field of virtual currencies, we specify that this rule establishes that Law no. 70/2015 on strengthening financial discipline on cash collection and payment operations and amending and supplementing Government Emergency Ordinance no. 193/2002 on the introduction of modern payment systems, with subsequent amendments and additions, is amended and supplemented.

In practice, the term "company" or "legal person" is used generically in common parlance for several legal entities including "legal persons, authorised natural persons, sole proprietorships, family businesses, professionals, self-employed natural persons, partnerships and other entities with or without legal personality"<sup>1</sup>, which are referred to as entities below.

Thus, when discussing the operations of collections and payments made by various entities, we will note that the law provides that these operations will be carried out only by non-cash payment instruments, defined according to the law<sup>2</sup>. Therefore, any transactions carried out by entities, with virtual currencies must be made through non-cash payment instruments. As an exception to these provisions, the entities in question may make cash payments up to 1000 lei and the difference with non-cash payment instruments, as amended by Law No 296/2023<sup>3</sup>.

For the definition of non-cash payment instruments we will take into account the provisions of Article 180 of the Criminal Code<sup>4</sup>, which defines:

"Cashless means of payment

(1) A *non-cash payment instrument* means a device, object or record, whether protected or not, whether tangible or intangible, or a combination thereof, other than a currency of circulating value, which, alone or together with a procedure or set of procedures, enables the holder or user to transfer money or monetary value, including by electronic currency or virtual currency. ..."

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<sup>1</sup>Art. 1, para. 1 of Law no. 70/2015 on strengthening financial discipline on cash receipts and payments, as amended and supplemented

<sup>2</sup>Art. 1, para. 1 of Law no. 70/2015 on strengthening financial discipline on cash receipts and payments, as amended and supplemented

<sup>3</sup>Article 3 of Law no. 70/2015 on strengthening financial discipline on cash receipts and payments, as amended and supplemented

<sup>4</sup>Law No. 207/2021 of July 21<sup>st</sup>, 2021 on amending and supplementing Law No. 286/2009 on the Criminal Code and on measures transposing Directive 2019/713/EC of the European Parliament and of the Council of April 17<sup>th</sup>, 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA, published in Official Gazette No. 720 of July 22<sup>nd</sup>, 2021

Law No. 129/2019 defines in Article 2, letter t<sup>1</sup>, "*virtual currency* means a digital representation of value that is not issued or guaranteed by a central bank or public authority, is not necessarily linked to a legally established currency and does not have the legal status of money or currency, but is accepted by natural or legal persons as a means of exchange and can be transferred, stored and traded electronically".

#### **4. Conclusions**

Analysing the legal provisions, we see that domestic legislation needs to be amended to bring it in line with the new European regulations in the field of cryptoassets and DLT.

In conclusion, however, transactions made on virtual currency exchange platforms are considered to be cashless payment instruments, and not cash or currency in a bank account. Transactions, irrespective of their value, therefore comply with the provisions of Article 1(1) of Law no. 70/2015, falling within the definition of Art. 180 of the Penal Code.

We believe that this interpretation applies to all values traded on a platform, whether virtual currency or fiat/ fiduciary currency (regardless of currency - Ron, Euro, US Dollar, Pound sterling, etc.).

We will also take into account the provisions, already in force, in the field of preventing and combating money laundering which establish a governance framework to ensure customer knowledge and traceability of transactions made with virtual currencies. In support of this view, it could also be argued that the cryptoasset trading platform ensures the traceability of transactions and complies with the rules on preventing and combating money laundering.

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# INTEGRITY OF HUMAN RESOURCES - FACTOR OF ORGANIZATIONAL PERFORMANCE

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## Abstract

*The objective of the article is to highlight the importance of integrity in Human Resource Management and to demonstrate how integrity can positively influence the performance of an organization. The article aims to provide an in-depth insight into the concept of HR integrity, emphasizing that it is not limited to compliance with laws, but also involves core ethical values such as honesty, transparency and respect. The article also aims to show how an integrity-based organizational culture can contribute to increasing employee morale and engagement, promoting diversity and fostering open communication, all of which ultimately lead to improved overall business performance. Integrity is not just about preventing corruption or fraudulent behavior; it addresses complex ethical dilemmas, building a culture of integrity.*

*Integrity can inspire employees to perform better, win customer loyalty and attract investors. In the context of constant economic change, integrity plays an important role in managing change, promoting empathy and communication.*

*The article therefore aims to highlight that human resource integrity is a key factor for the long-term success of an organization and for maintaining a positive reputation in its business environment.*

**Keywords:** organization, integrity, work commitment

**JEL Classification:** A14, M12

## INTRODUCTION

Integrity of human resources is an essential aspect of any organization, regardless of its size or field of activity. It is a crucial factor in ensuring long-term business performance and success. Their integrity refers to a company's firm commitment to managing human resources in a fair, ethical and transparent manner.

To better understand the importance of human resource integrity, it is essential to emphasize that human resources are the backbone of any organization. Employees are the ones who bring with them skills, experience and energy to contribute to the achievement of business objectives. Therefore, how employees are recruited, developed, motivated and treated can have a significant impact on the overall performance of the organization.

Integrity of human resources involves more than compliance with applicable laws and regulations. It involves a holistic approach to the relationship between employers and employees, emphasizing values such as honesty, transparency, respect and fairness. In an organization with integrity, all employees are treated fairly, regardless of gender, age, race, sexual orientation or other personal characteristics. Promoting diversity and inclusion is also an important part of human resources integrity.

Open and honest communication between management and employees is another essential aspect. Employees must feel free to express their thoughts, concerns and suggestions without fear of reprisals. An organizational culture based on integrity encourages constructive feedback and values it as an opportunity for continuous improvement.

## RESEARCH METHODOLOGY

The article was developed using a qualitative research methodology. This approach was chosen to explore the topic of organizational integrity in depth and to better understand how it influences business performance. The qualitative research brought depth and detail to the

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article, allowing the author to develop a more comprehensive understanding of the topic. This approach has helped to shape a more complete view of business integrity and its impact on organizational performance.

The methodology used to produce the article involved several stages of research and writing. These stages included:

**Literature review:** the authors conducted an extensive search to identify and review literature related to the concept of integrity in the organizational context. This step included consulting books, research articles, case studies and other relevant sources.

**Defining the structure of the article:** the authors defined the structure and content of the article, identifying the main topics and arguments to be developed. This step included establishing the objectives and key points that the article was to address.

**Data collection and analysis:** The authors collected relevant data related to business integrity and its impact on organizational performance. These data were then analyzed to support the arguments presented in the article.

**Drafting the article:** Based on the literature reviewed and the data collected, the authors drafted the article, starting with an introduction, developing the key topics in separate sections and concluding with conclusions and recommendations.

**Revision and proofreading:** The article underwent a revision and proofreading stage to ensure accuracy of information, clarity of argument and overall coherence.

**Bibliographical references:** Bibliographical references have been added to support the arguments and to allow readers to access the original sources.

This methodology has ensured the production of a well-structured article, based on solid evidence and thorough research, addressing in depth the topic of integrity and its influence on business performance.

## **LITERATURE REVIEW:**

### **Organizational integrity and employee performance**

Real concern for profit, as an indicator of business health, cannot exist without adequate attention to the welfare of the workers who help generate that profit. This awareness underlines, contrary to popular opinion, the importance of treating employees fairly. As Sternberg (2000, 124) argues, the ethical treatment of employees is not an optional or secondary issue, but a fundamental element in maximizing the long-term value of the owner or company. While some might criticize these approaches for their apparent utilitarianism in terms of concern for employees, they strongly emphasize the importance of people in the organizational context. At the heart of this view is the individual and their significant contribution to the success and value of a company.

Companies can generate significant value through the possession of key skills that cannot be easily imitated, such as human or organizational knowledge. These are more likely to be rooted in human and organizational capital than in financial capital. Forgetting these core learnings could lead to a situation where the value of work gradually loses its central importance in an individual's life.

As Fraccaroli (2007) has argued, employees' emotional investment in the workplace may decrease over time. Increased anxiety about the uncertainty generated by these changes leads employees to attach increasing importance to fair procedures (according to Van den Bos, 2001). Thus, the focus shifts from the significance of work within the organization to compliance with rules and procedures.

To avoid the risk of drifting towards a procedural approach, as Luhmann (2007) suggests, it is crucial to maintain consistency between the ethical values of the company and its employees. The key question concerns the consequences that managerial integrity can have in this context. There are two contemporary situations that require analysis. First, it is essential to

examine the link between the integrity of HR managers and the level of engagement or even performance of employees. Second, in the context of the increasing globalization of companies, questions arise about the impact of HR managers' integrity in the face of the permanent cultural shocks that these globalized companies face.

### **Managerial integrity: a driver of employee engagement**

Because trust is so closely linked to expectations, ethical business pays particular attention to the expectations it creates. According to Sternberg (2000), in the context of the increasingly profound consequences of lack of motivation or the risk of losing employees (as pointed out by Fitenz, 1997), it becomes imperative to adopt an engaged management style.

In support of this view, we can highlight the importance of ethical and fair business management that focuses on employee expectations. In an ever-changing world, where uncertainty and competitiveness are the order of the day, employees have increasingly high expectations of how they will be treated and respected.

Therefore, in order to maintain a high level of trust within the organization, it is essential that managers are aware of these expectations and meet them with integrity and accountability. Involved management not only responds to the needs of employees, but also promotes a culture of respect and business ethics. This not only helps retain and motivate employees, but can also lead to better performance and the long-term success of the organization. Thus, ethical and trust-based management is not just an option but a necessity in today's business environment.

### **Managerial integrity at the heart of employee performance**

One thing is absolutely certain: a company's overall performance is the result of the interaction between the different levels of performance, which include the individual, the group in which they work directly, the organization as a whole and, of course, the environment in which they operate. The concept of the social performance of organizations is concerned with how the organization's policies influence the attitudes of its employees. This concept can be defined as the degree of commitment and collaboration of each individual with the values and methods of the organization or, in a broader sense, as the level of satisfaction achieved by participating individuals (Martory & Crozet, 2001). This definition underlines the importance of managerial integrity in the context of employee performance.

Firstly, managerial integrity contributes to reducing tensions caused by new organizational methods such as project management and reticular organization. It promotes consistency and stability, facilitating employee loyalty at a time when employee retention is becoming increasingly crucial (Ramlall, 2004), and the balance between subordination and independence, which has a significant impact on the company's technical knowledge (Zarifian, 2000).

In addition, managerial integrity simplifies decision-making in the face of complexity. By displaying shared values, dilemmatic situations are reduced. It has also been shown that lack of managerial integrity can encourage selfish or in some cases reprehensible behaviour (Lefkowitz, 2006) (Jackson, 2004). Therefore, it is evident that managerial integrity contributes significantly to the day-to-day performance of a company. (Konadu, K., Opoku Mensah, A., Koomson, S., Abraham, E.M., Amuzu, J. and Agyapong, J.-A.M. (2023))

But when it comes to change situations, managerial integrity also plays a key role. In a world characterized by continuous change, the need for trust and meaning is greatly amplified. As Vassal (2006) points out, in organizations, the need for meaning also means the need for direction and to be able to relate to a common purpose, to understand a whole. When changes are slowed down, they bring lasting knowledge, security and trust.

However, in a contemporary economy, change is a constant that can destabilize. At such times, the need for integrity and meaning increases exponentially. Accompanied by a managerial approach that is respectful of employees and properly explained, change can be



more easily understood and accepted. In this context, managerial integrity promotes empathy and communication. Its quality and consistency are essential for managing change (Ashkenas, 1998), especially in situations where change is culturally significant.

**Managerial integrity: a "buffer" against culture shocks!**

"Achieving both good and bad cannot be attributed to a single visionary leader alone; it happens when a whole group of individuals and organizations involved begin to share a different vision." (Kennedy-Glans, 2005)

The multiplicity of culture shocks facing organizations is one of the key reasons for the need for integrity in companies, especially in HR departments. With more and more strategic decisions embedded within leadership groups, the impact of these culture shocks should not be underestimated. A culture shock is not just a simple change, but a profound disruption that can significantly destabilize employees affected by it. It is therefore crucial to examine the role of ethical management in the face of such shocks, and to this end, we will focus on two representative situations.

The first of these concerns the shocks generated by the globalization of companies. Globalization involves increasing interaction between cultures, and while it is crucial to respect the cultural values of the host country, there is a major challenge of how to get people from different cultures and languages to work together effectively. Multicultural management poses specific constraints, as cultural misunderstandings can affect efficiency, collaboration and fairness within companies. Multinationals operating in environments with distinct cultural values may question their own standards and end up feeling culturally lost.

This issue becomes even more complex in the controversial context of the existence or non-existence of a universal ethical basis. There are significant differences of opinion on this issue, and these differences of approach may reflect Western ethnocentrism. Within this framework, the integrity of human resources becomes essential. There is no doubt that the success of multicultural management depends largely on the quality of the individuals involved. International managers are often described as having an awareness of their own cultural base, the flexibility to manage people from different cultures, openness to using personal resources, tolerance of ambiguity and the ability to implement a vision (Hofstede, 1980). These personal characteristics correspond to the attributes of a manager with integrity, but are not sufficient to meet all challenges.

For an organization to function effectively in a multicultural environment, it is essential to have an approach that encourages cultural integration. This approach must reflect support for collaboration and understanding between cultures. These 'supportive' characteristics include:

1. Empathy towards other cultures: The organization should promote empathy for cultural differences and encourage employees to understand and appreciate the perspectives and values of other cultures.

2. Cultural Imagination: It is important that the organization is able to see and create coherence between different cultures, identifying commonalities and universal values that can unite employees from different cultural backgrounds.

3. Courage: Promoting the value of courage within the organization is essential. Employees must be encouraged to express their opinion and actively participate in cultural integration without fear of being judged or marginalized.

By adopting these characteristics, the organization can create an environment where cultural diversity is valued and employees feel motivated and confident in working with colleagues from different cultures. This can contribute to successful multicultural management and effective management of culture shock in the global business environment.

## **Human resources integrity cements the organization's image in the face of recruitment difficulties**

Managerial integrity is a key factor in strengthening an organization's image in the face of recruitment difficulties. With the labor market increasingly competitive and employees more demanding in terms of organizational values and ethics, promoting human resource integrity becomes essential to attract and retain talent. (Mitchell, M. S., Reynolds, S. J., & Treviño, L. K. (2017))

Here's how human resource integrity helps strengthen the organization's image in the context of recruitment:

1. **Attracts valuable candidates:** Organizations that foster a culture of integrity become more attractive to talented candidates. Potential employees look for jobs where ethical values and good behavior are paramount. Displaying a strong commitment to integrity attracts candidates with strong principles and who share the organization's values.

2. **Reduce employee attrition:** Integrity helps create a work environment where employees feel respected and valued. This can lead to greater job satisfaction and a stronger connection to the organization. As a result, employees are less likely to leave the organization in search of a more ethical or honest work environment.

3. **Build a solid reputation:** Organizations that promote human resource integrity build a reputation of trust and credibility in the job market. This positive reputation helps them attract quality candidates, retain loyal employees and earn the trust of clients, business partners and other stakeholders.

4. **Encourage employees to become ambassadors for the organization:** Employees who take pride in the integrity of their organization tend to become enthusiastic ambassadors for it. They may recommend the organization to friends and acquaintances as a place to work, thus helping in recruiting new talent.

## **Integrity of human resources - the company's attractiveness to external stakeholders**

Organizational integrity, an essential component of stakeholder relations, has a significant impact on the organization and its relationships with its customers and stakeholders. Dana Telford, in 2005, pointed out that integrity has a domino effect in terms of leading employees, motivating them to achieve higher levels of performance, ultimately creating an atmosphere of loyalty from both customers and shareholders. This is an important observation because organizational integrity is not limited to employees, but permeates the entire network of relationships within the organization.

In a global marketplace, rapid communication and access to information have transformed the way organizations interact with their customers. Integrating ethics and integrity into organizational behavior is essential in a context where transparency is the order of the day. Dana Telford points out that organizations need to understand that no reckless or irresponsible behavior goes unnoticed, as media and internet sources can quickly reveal such practices. This raises awareness among consumers, especially those in developed countries, about the production conditions of the goods and services they buy.

This increased consumer interest in organizational ethics and integrity is most pronounced among workers, who often feel powerless to voice their grievances within the organization. They thus tend to use their market power to support their own working conditions and influence the behavior of organizations. The result is a double win: workers can improve their own working conditions, while organizations are motivated to implement positive change and promote business integrity.

These increased consumer expectations, generated by NGOs, media and associations, play a fundamental role in promoting integrity in social and organizational behavior. Integrity thus becomes a key factor in creating and maintaining a positive relationship between the organization, customers and stakeholders, ultimately contributing to the long-term success of the organization in an increasingly ethical and integrity-conscious market.

## **Results**

Integrity is much more than just the absence of corruption, fraud and other misconduct in an organization. While these are essential aspects of integrity, the concept is much broader and involves managing complex ethical dilemmas. A person of integrity is committed to a set of norms and values, even when these are threatened from outside. Such a person is characterized by honesty and trustworthiness and is never prone to corruption; they are able to justify their behavior and choices.

The definition of integrity and behavior of integrity is largely determined by society and the temporal context in which it is applied. In the context of the workplace, integrity translates into compliance with the standards and values of the organization at that time. Usually, in order to define and promote integrity within the organization, these standards and values are codified in a code of ethics and/or conduct.

The Integrity Policy is a strategic tool that aims both to promote the integrity of the organization as a whole and to encourage ethical behavior by employees and other stakeholders. This policy is intended to establish a clear framework for the ethical conduct of all parties involved, as well as for managing difficult ethical situations that may arise. Integrity policies and practices contribute to the creation of an organizational culture in which ethics and conduct with integrity are core values, thereby supporting the long-term reputation and success of the organization (Valentine, S. R., Hanson, S. K., & Fleischman, G. M. (2019))

### ***Leadership of the organisation***

Management bears the greatest responsibility for integrity policy and plays a fundamental role in shaping the organizational culture. Senior managers are often the ones who serve as role models for employees in terms of ethical behavior and conduct. Individuals in leadership positions have the following responsibilities:

1. Communicate and demonstrate commitment to integrity: It is crucial that leaders communicate and demonstrate that they value integrity. Their honest and ethical behavior should serve as an example to others in the organization.

2. Raise and address integrity dilemmas: Leadership must be proactive in identifying and addressing ethical issues or dilemmas that may arise in the organization. This includes raising such issues and bringing them to the attention of those concerned.

3. Provide adequate resources for the integrity policy: To ensure the success of the integrity policy, managers must allocate adequate resources, including budgets and staff, to support its implementation and monitoring.

4. Authorizes investigations into irregularities: When cases of integrity policy violations occur, management must allow the investigation team to conduct investigations to clarify the situation and identify the perpetrators.

5. Make decisions on sanctions and reparation of damages: Ultimately, senior managers are responsible for deciding on sanctions to be applied against those who have violated the integrity policy, as well as for determining measures to repair the damage suffered by victims.

Management plays a key role in promoting integrity and maintaining an ethical and accountable organizational culture. Their behavior and commitment to integrity strongly influences how employees perceive and respond to these issues, and this can have a significant impact on an organization's reputation and success. (Zhu, W., Treviño, L. K., & Zheng, X. (2016)).

***The Integrity Manager*** plays a key role in implementing and maintaining the organization's integrity policy. He/she has several key responsibilities to ensure compliance and promote integrity throughout the organization. Here is a development of the integrity manager's duties:

1. Launch the integrity policy: The integrity manager is responsible for introducing the integrity policy into the organization. He/she must coordinate the development process,

publicise the policy and ensure that it is regularly updated to keep pace with changes in the business environment.

2. Develop integrity tools: This role involves the creation and implementation of practical tools to promote integrity, such as information leaflets, presentations, training sessions and other relevant materials. The integrity manager must ensure that these tools reach all employees and are used appropriately.

3. Gathering knowledge and obtaining expertise: To be effective, the integrity manager needs to be knowledgeable and obtain expertise in the field of integrity. This may include monitoring current trends and practices in business ethics and integrity.

4. Integrating integrity into the organization's mission: The integrity manager must ensure that the integrity policy is aligned with the organization's mission and objectives. This involves linking integrity with the organization's core tasks and primary processes to ensure consistency and relevance.

5. Monitoring compliance with commitments: A crucial aspect of the integrity manager's role is to monitor compliance with integrity commitments. The integrity manager must ensure that integrity policies and procedures are properly implemented and that employees comply with the organization's ethical rules.

6. Conduct risk analysis: The integrity manager must identify processes and functions vulnerable to ethical violations or fraud. Conducting risk analyses helps identify potential problems and develop strategies to prevent or address them.

7. Advice and reporting to management: The Integrity Manager provides integrity advice and assistance to the organization's management. He/she is responsible for regular reporting to management on the implementation of and compliance with integrity policies.

The role of the Integrity Manager is essential in maintaining an ethical organizational culture and ensuring compliance with integrity policies. By coordinating these activities, the integrity manager contributes to reinforcing ethical values in the organisation and preventing ethical breaches or fraudulent behavior. (Zhang, G., Wang, H., Ma, R., & Li, M. (2022))

The integrity counselor plays a crucial role in assisting employees who face integrity violations or who have observed such violations. He serves as a first source of support for these employees and aims to facilitate the process of reporting and managing integrity issues. Here is a restatement and development of the Integrity Advisor's duties:

1. First-line role in the reporting system: The Integrity Advisor acts as a first source of support for employees who have experienced or witnessed integrity violations. He/she is an important point of contact in the process of managing ethics and integrity issues in the organization.

2. Confidential Interviews: All interactions between employees and the Integrity Advisor are strictly confidential. This encourages employees to open up and share relevant information related to integrity breaches in a safe and trusted environment.

3. Purposes of interviews with the integrity advisor: Interviews with the integrity advisor have several important objectives. These include giving the employee an opportunity to present their perspective on the incident or violation, identifying the nature of the problem (such as a work conflict, ethical dilemma, or psychosocial risk), and exploring available options for resolution.

4. Decision support: The integrity advisor provides valuable support to the employee in decision making. It can help the employee understand the options available to them and assess the most appropriate course of action, taking into account their interests and concerns.

5. The employee's right to opt out: The employee involved in the process with the integrity advisor always has the right to opt out of the continuation of the procedure or not to advance to the next stage. It is important that this process is consensual and takes the employee's wishes into account.

6. Referral to additional resources: Depending on the nature of the problem, the integrity advisor may refer the employee to additional resources or specialized departments to handle the problem. This may include the breach reporting system, the Human Resources department or other responsible entities.

The integrity advisor plays a critical role in creating an environment where employees feel safe to report integrity and ethics violations. It provides support, guidance and assistance to employees in managing integrity issues and helps ensure compliance with the organization's integrity policies.

### ***Integrity trainings***

Integrity trainings are a crucial component in promoting and strengthening an ethical and responsible organizational culture. These can take many forms and are aimed at developing an in-depth understanding of integrity and its impact on the organisation. Here is a reformulation and development of this concept:

1. Types of integrity trainings: Integrity trainings can cover a wide range of topics and issues related to ethics and integrity. These may include specific training on the role of the integrity advisor or may address more general aspects of organizational integrity. There may also be training focused on ethical dilemmas that employees may face within the team.

2. Objectives of the trainings: The main purpose of these trainings is not limited to the acquisition of theoretical knowledge, but also aims to raise awareness of the importance of integrity within the organization. The fundamental objective of the trainings is to create an organizational culture in which integrity is valued and promoted.

3. The role of the integrity advisor: A specific aspect of the trainings can be highlighting the role and responsibilities of the integrity advisor in managing ethical issues. This may involve training employees on how to approach and work with the integrity advisor to resolve issues.

4. Ethical dilemmas and challenges: Trainings can include case studies and simulations to help the team understand and manage ethical dilemmas they may face in their daily work. They encourage ethical thinking and decision-making in line with the organization's values and policies.

5. Awareness of the importance of integrity: In addition to acquiring specific skills, integrity trainings also have a broader purpose - to make employees aware of the importance of integrity for the success of the organization. This can lead to greater involvement and a responsible attitude of employees regarding their ethical behavior.

Through integrity training, organizations can build an ethical and integrity culture where employees understand, value and promote integrity in all aspects of their work. This contributes to the development of a responsible organization oriented towards ethical values.

### **Conclusion**

The article emphasizes that integrity is an essential element in the business context. This is not only about the absence of corruption, fraud and other illegal behavior, but also about addressing complex ethical dilemmas.

The article highlights the responsibility of management in promoting an ethical organizational culture. Leaders must lead by example and support integrity at all levels of the organization.

Integrity training and awareness programs are essential to develop a deep understanding of integrity among employees. They contribute to the creation of an organizational culture where integrity is valued.

Integrity has a positive impact on business performance. The article suggests that integrity can inspire employees to perform at higher levels, earn customer loyalty, and attract investors.

The constant changes in the contemporary economy bring with them significant challenges. In this context, integrity can play an important role in managing change by encouraging empathy and communication.

Integrity is vital to business success and sustainability. The development and promotion of integrity in the organization are not only the responsibility of the management, but represent a common task of the entire collective of employees. Human resource integrity can significantly contribute to business performance and build a positive image in the eyes of employees, customers and investors.

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# TOOLS AND TECHNIQUES IN THE FIELD OF QUALITY MANAGEMENT

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## Abstract

*Quality management in schools is essential for ensuring effective education, for student and parent satisfaction, and for achieving educational goals. The implementation of a quality management system not only contributes to the achievement of educational objectives, but also to the creation of an educational environment that promotes the success and well-being of all parties involved. The article wants to answer the question "How important are tools and techniques in the field of quality management?".*

**Keywords:** *tools, techniques, quality, quality management, standards.*

**JEL classification:** *M15, O15.*

The education system is demanded more and more performance and efficiency, in an ever-evolving competitive environment, where the resource follows the student (the customer of the educational service). In this context, the school organization must focus as much as possible on identifying as accurately as possible the requirements of the customers (students, and in the case of preschool and primary education we can also include parents in the understanding of the term customers) and continuously improve the performance of the process, so that to satisfy these requirements.

The specialized literature provides a vast theoretical framework regarding the functions and principles specific to the field of quality management, presents techniques and tools used in this field, which can be adapted to improve and evaluate the performance of the organization.

Some of the tools used by quality management are taken from management methods and techniques, while others were designed specifically for this field. They are used to collect, record, process and analyze quality data and information to identify solutions to optimize the organization's activities.

The techniques and tools used in quality management are adaptable to the pre-university education system, and in order to improve the quality of the educational services offered and increase performance, the school organization must use tools and methods specific to this field as they really focus on the requirements of the direct beneficiaries and indirect effects of education, on the continuous improvement of each process that takes place at the level of the school entity until performance is achieved, especially since school organizations should not in any way allow themselves to register defects or errors generated by poor quality of the processes carried out.

Over time, various quality tools have been developed and used, among which we mention: graphs, affinity diagram (Kawakita Jiro diagram), tree diagram, relationship diagram, decision diagram, matrix diagram, Ishikawa diagram (cause-effect diagram), the PDCA/PDSA cycle.

The success of the activities undertaken by the school unit manager and the quality assurance committee also depends on the correct application of specific quality management techniques and tools.

We present below some tools that can also be used in the management of educational processes for the purpose of continuous improvement and achieving performance.

One of the most frequently used tools is graphics. They synthesize the collected data to subject them to analysis and to formulate conclusions that are the basis of improvement actions.

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Tools are used in analysis sessions at the level of the departments/functional structures of the organization. They enable comparative analyses, highlight trends and establish relationships between the analyzed elements.

A **control chart** is a graph used to monitor/control an ongoing process by identifying and correcting malfunctions as they occur. This tool studies changes over time, establishes upper and lower control limits, and by comparing current data with these limits, observes whether the process is in control or, on the contrary, random. In this way the organization receives warning signals about possible undesirable outcomes that may occur.

**Example: Check sheet on how to carry out remedial activities**

Check date:

Objective: Monitoring / verifying the way of organization/implementation of remedial education programs at the level of the school unit

Targeted aspects	Degree of achievement			Observations / Recommendations
	Yes	No	Partially	
1. Elaboration of the remedial activity schedule and its implementation by students and parents				
2. Knowledge of the remedial activity schedule for students and parents (evidence)				
3. Inclusion of students in the target group for carrying out remedial activities (based on the results of the student assessment)				
4. Realization of remedial plans and work tools, in accordance with the provisions of the Regulation on the organization and operation of pre-university education units				
5. The existence of evidence demonstrating the implementation of remedial activities (attendance lists, progress monitoring sheets for groups of participants, etc.)				
6. Existence of model test packages for preparing students to support the 2nd, 4th, 6th, 8th grades national assessments				

*Source: according to the proposal from the postdoctoral research program*

The **correlation chart** allows identifying the link between two categories of collected data. The growth of one type of data can cause the evolution (positive correlation) or involution (negative correlation) of the second.

The **Pareto chart** is a tool that highlights the relative frequency or impact of a problem/characteristic. The use of this diagram allows highlighting the most important component elements of a problem, which must be acted upon with priority. Important problems can be separated from possible ones, information can be ordered by priority or importance, problem categories can be classified according to their frequency and impact.

The **Ishikawa diagram (cause-effect diagram)** is a tool that allows the identification and ranking of all the possible causes that determine the occurrence of a problem or an observed effect.

By using this tool, both the main causes and the sub-causes that generate a problem/effect are identified, the operation of the analyzed process is better understood, proposals are made to eliminate the causes that generate the problem/effect.

The Ishikawa diagram provides an opportunity for the participation/involvement of organizational members in identifying and solving problems, as well as identifying what can be changed to solve these problems.

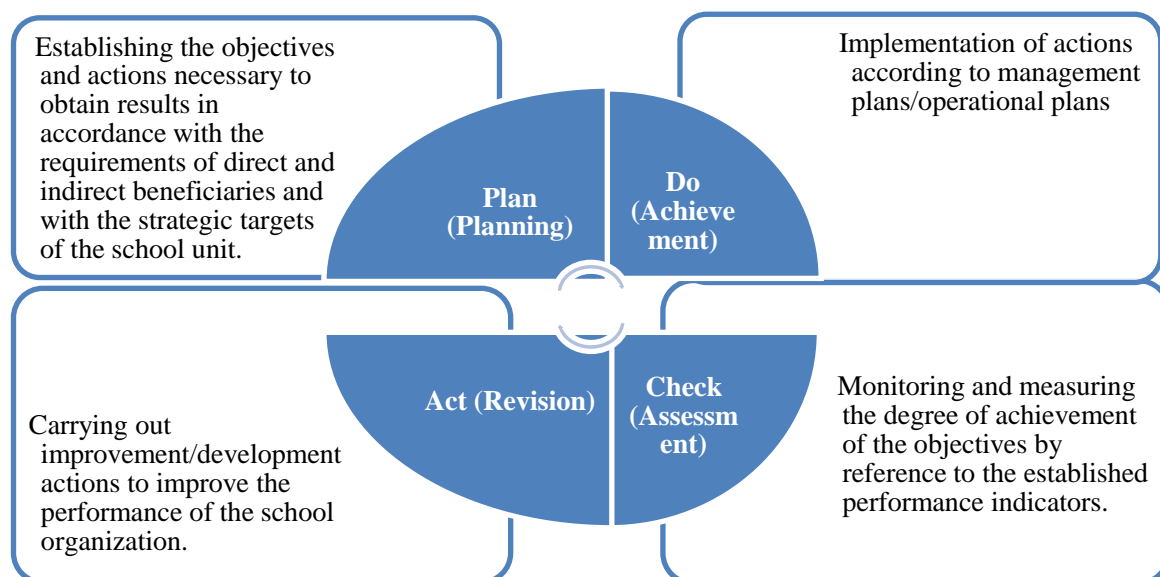
The **relationship diagram** is used to differentiate cause-effect relationships, facilitating the identification of possible and successive causes of a problem, as well as the graphical representation of the complexity of the links between them.

### PDCA cycle (plan-do-check-act)

The PDCA cycle is one of the most powerful tools in quality management and describes a circle of improvement that includes the following stages: plan (plan)-do (implement/apply)-check (verify/evaluate)-act (act/correct/improve). A variant modified by W.E. Deming himself, of this tool is called the PDSA cycle - plan-do-study-act, where the study stage has the role of building new knowledge based on the analysis of the collected data.

The PDCA cycle can be applied by each person for the activity they carry out, but also by the organization as a whole for the continuous improvement of the activity, being suitable for any process and any action.

The PDCA cycle can also be successfully applied in the educational environment if those who do it know the mechanisms of its application, both at the level of the pre-university education system and at the level of school inspectorates and school units. At the system level, any approach to subordinate structures can be analyzed using the PDCA/PDSA cycle.



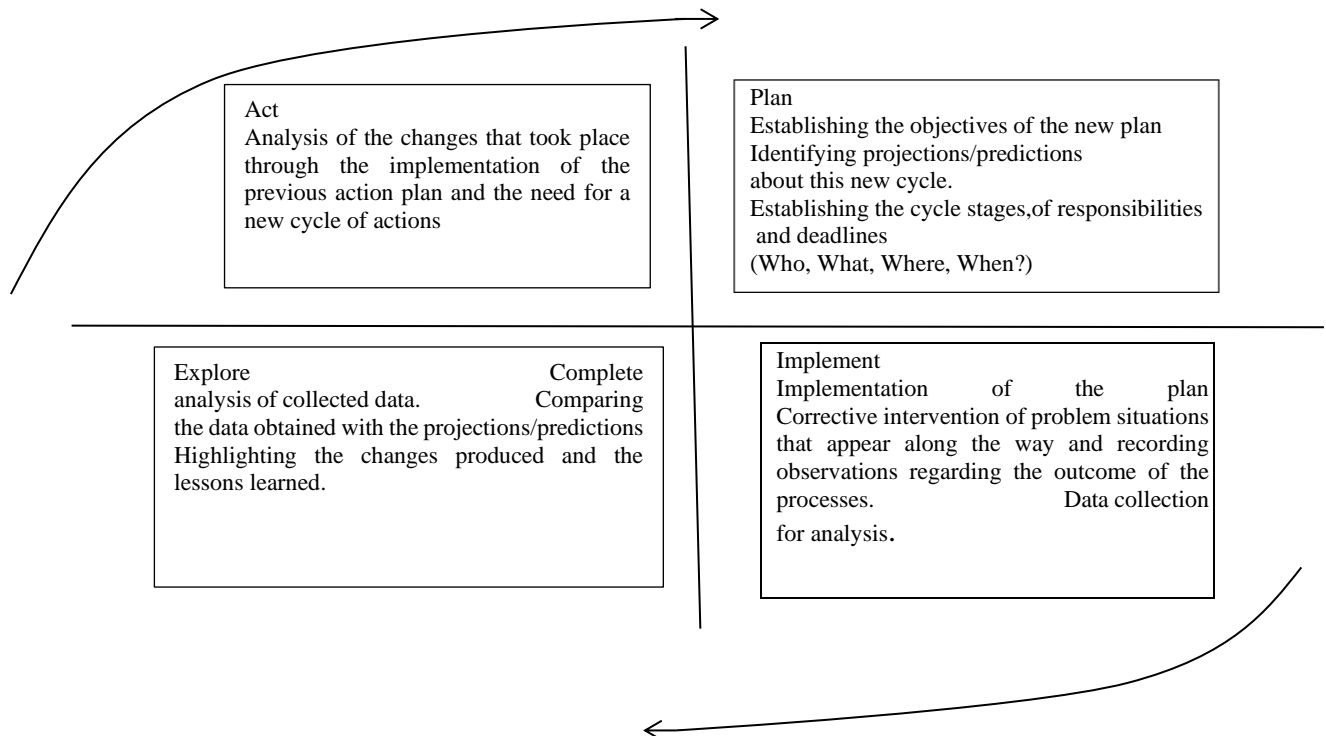
*Source: processing starting from the model developed by Deming W., in Quality, Productivity and Competitive Position*

Processes such as the development of educational policies, assessment standards, methodologies, systemic procedures, at relevant time intervals, must be subjected to such an analysis to assess the effects they have produced and to decide what corrective actions are to be taken/improvements that will apply.

At the level of the school inspectorate, one of the fundamental processes that can be subjected to the stages described by the PDCA cycle is the school inspection. At the level of the school unit, the PDCA cycle can be applied with very good results to the teaching process, both by each individual teacher and by the director of the educational unit or CEAC (evaluation and quality assurance commission).

## The PDSA cycle

The PDCA cycle was enhanced in 1994 to become the PDSA.



Source: processing starting from the model proposed by Chină, R., (2015), *Quality management in pre-university education – references, models, techniques, tools*, University Publishing House, Bucharest, p. 154

The PDSA tool focuses on the following steps:

1. Planning;
2. Studying;
3. Action;
4. Implementation.

**PLAN.** Depending on the previously identified risk-generating aspects and the objectives established by the management plan, the Curriculum and School Inspection Department designs its school inspections.

**DO.** School inspections are carried out based on the procedures developed at the County School Inspectorate (ISJ) level and known to all teaching staff.

**CHECK.** The inspection activities carried out are evaluated (monitoring of compliance with the inspection schedule, the quality and number of completed inspection reports, compliance with the code of ethics, etc.).

**ACT.** Where necessary, the ISJ management applies corrective/improvement measures to optimize the school inspection process (revision of the inspection schedule, revision of procedures or development of new procedures).

At the level of the school unit, the process of achieving remedial education can be subject to a specific approach to the PDCA/PDSA cycle.

**PLAN.** Based on the results obtained in the national assessments and the initial assessments, the school management plans remedial education activities for the identified target groups of students.

**DO.** The planned remedial activities are carried out according to the procedure approved at the school level and assumed by teachers, students and parents.

**CHECK.** The CEAC members check how the remedial activities were carried out (monitoring the observance of the schedule, the participation of students from the target group in them, the progress of the students recorded in the progress sheets, the satisfaction of the students/parents through the application of satisfaction questionnaires, etc.).

**ACT.** The management of the educational unit proposes intervention measures (for improvement or development), depending on the data collected by CEAC members and presented to the school's Board of Directors.

### **The KAIZEN method**

This method is an approach that has the PDCA cycle as its starting point. In the view of the one who discovered it, managers should implement the SDCA (standardize-implement-evaluate-act) cycle, setting standards to prevent the recurrence of errors.

The concept called KAIZEN is internationally recognized as a solid strategic tool that allows for increased productivity, quality, efficiency and safety.

The two cycles are connected in the ACT stage, in the sense that what is applied in this stage must be standardized, applied throughout the organization to work in compliance, and then continue with the PDCA cycle. It is a process-centric approach that determines the analysis of each process.

Successive application of the SDCA (standardize-implement-evaluate-act) and PDCA (plan-do-study-act) processes generates and maintains improvement, with each subsequent process treated as a customer.

Sustained improvements through the Kaizen model are based on many small changes, rather than the radical ones that might arise from research and development. The model also calls for continuous improvement that involves everyone in the organization, from management to the bottom.

In a school unit, the lesson is the basic process, and the teacher is the manager of this process. In order to achieve the objectives he sets for a lesson in a certain class, he prepares his teaching material and the teaching aids he will use, designs his teaching-learning-evaluation activities, conducts the lesson according to the way he designed it.

In order to end the process and prepare the next one, the teacher must evaluate the degree of achievement of the objectives he pursued, reflect on them and immediately adjust the identified dysfunctions. Closing the first process with the analysis of the level of students' acquisitions, the difficulties they encountered in learning and the regulatory measures that are required, generates the improvement of the quality of the teaching-learning-evaluation act and prepares the next process, the next lesson.

### **The 5 S technique**

This technique was developed for the first time by Hiroyuki Hirano and starts from the idea that one of the factors that influence the performance of an organization is the way of organizing the space in which the processes are carried out.

The stages of this method (translated into Romanian) are: sorting, stabilization, shining, standardization, support. The list of 5 S's has been completed relatively recently with a sixth S which stands for *safety at work* and which must be observed in each of the other 5 stages.

The implementation of 5S at the level of an organization leads to the following effects regarding quality improvement:

1. Visible results in a short period of time (2-3 weeks);
2. Employees get used to order and discipline;
3. Labeling draws attention to change;
4. Reduction of physical effort, fewer accidents;
5. Increasing the professional training of workers.

The 5 S technique can be successfully applied in any school entity, both within the lesson (basic process) because the educational space has a great influence on the efficiency of the instructional-educational process, as well as on other processes that take place in the school (extracurricular activities, development of new optional programs/professional qualifications, financial-accounting activity, secretarial activity)

The activity carried out by the secretariat department (human resources) can be improved by using this technique which involves:

- **sorting**, selecting the objects to be removed/kept, freeing up the work space so that it becomes sufficient for carrying out the activity;

- **stabilization**, ordering of work equipment so that they are accessible (positioning of IT equipment, printers/copiers, communication equipment in the order of their use, ordering of document storage spaces);

- **shining**, cleaning and disinfection of objects, equipment, surfaces (the space is used by the staff, but also visited by students, parents, representatives of other institutions, etc. and must be kept very clean and safe from a sanitary point of view);

- **standardization**, development of standards/procedures for the error-free operation of the service and for maintaining the changes made up to this stage.

- **supporting** the changes made, the measures implemented in the previous stages.

The sixth S, **safety**, completes the set of 5 S and involves compliance with the rules regarding occupational safety in the respective space (proper use of equipment, handling of equipment by qualified personnel according to the legal requirements in force).

The 5 S technique can be applied in all types of school units, in all school and administrative spaces within them, and the concern of the school manager to initiate and maintain it leads to the construction of an attractive, stimulating and functional physical environment.

### **The Six Sigma philosophy and the DMAIC model**

Six Sigma is a philosophy that aims to improve the quality of services/products through their flawless operation, so that defects/nonconformities are eliminated (3.4 defects found per million opportunities).

Any school can be defined as a system within which processes take place, and the central point of the Six Sigma philosophy is precisely the process, its management for the purpose of flawless operation and continuous improvement.

Since Six Sigma aims to operate processes at an extremely high level of performance (99.9997% performance) we can say that it is not just a quality management system, but a philosophy of exceptional performance.

Six Sigma considers the following aspects:

- Focusing on the customer;

- Practicing a management that is based on figures and facts;

- Focusing on the process and its management, as well as on its continuous improvement;

- Practicing a proactive management;

- Collaboration;

- Orienting action towards achieving performance and avoiding failure.

The tool used in this philosophy for process improvement is the DMAIC (Define-Measure-Analyze-Improve-Control) model.

The DMAIC model goes through the following stages:

1. Defining customer requirements

2. Performance measurement

3. Analysis of solutions

4. Process improvement

5. Process control

The DMAIC model, exemplified below, is based on the explicit identification of customer requirements and effective process management.

**DMAIC Model**

Phases	Define	Measure	Analyze	Improve	Control
Main activities	Existing situation Desirable situation	Identifying the causes	Analysis of causes (initial and possible)	Identifying solutions and implementing them	Effectiveness in time
Expected results	Outline of the problem Establishing ways to achieve by making all opportunities fruitful	List of causes	Measurable causes	Solutions	Monitoring

*Source: developed by the author*

The DMAIC model used in the Six Sigma philosophy can successfully contribute to the improvement of the processes taking place within the school organization.

The use of the presented methods and tools in the organization's activity allows for the efficient management of information and the monitoring of specific processes in order to apply corrective actions aimed at achieving the set objectives.

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# THE EVOLUTION OF THE LARGEST AMERICAN CORPORATIONS IN THE PERIOD 2018-2022

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## Abstract

*Corporations, either national, multinational or transnational, have become the main actors in most economies of the world, especially in developed economies, such as the United States of America. The paper aims to analyse the evolution of the largest American corporations by their total revenues and profits in the period 2018-2022. The research is based on a qualitative method. The paper demonstrates that, in most cases, these corporations belong to some key domains, such as information and communications technology, pharmaceutical industry and healthcare services, banking and financial sector, and retailing. Also, it shows the total domination of Walmart, in the case of the largest American corporations by their total revenues, and of Apple, in the case of the largest American corporations by their profits.*

**Keywords:** corporation, revenue, profit, Walmart, Apple, United States of America

**JEL Classification:** F1, F19, M16

## 1. Introduction

Corporations, either national, multinational or transnational, have become the main actors in most economies of the world, especially in developed economies, such as the United States of America (USA), United Kingdom and Japan. The modern corporate development is to be found in the USA in the period 1790-1860 (Gomory and Sylla, 2013). The expansion of the for-profit business corporation highly contributed to American economic growth due to several factors, such as their increasing exploitation of the economy of scale and their greater vertical integration (Wright, 2009).

The end of the XIXth century and the beginning of the XXth century witnessed the emergence of big corporations in the United States (US). They started to dominate many American economic sectors from steel and railroads to automotive and energy (Toma et al., 2013). Famous American entrepreneurs (e.g., Sam Walton, Bill Gates, Steve Jobs) began their businesses as small enterprises which later became huge corporations (e.g., Walmart, Microsoft, Apple). The expansion of the globalization process after the fall of the Berlin Wall has favoured the development of corporations all over the world (Toma, 2005).

The paper aims to analyse the evolution of the largest American corporations by their total revenues and profits in the period 2018-2022. The research is based on a qualitative method. The structure of the paper is as follows: the next chapter displays the literature review. The third section exhibits the research methodology. Results and discussion are presented in the following chapter of the paper. The paper ends with conclusions.

## 2. Literature review

The concept of corporation has become one of the most important in the business literature in the past decades. Researchers and practitioners worldwide have tried to define and explain its meaning and importance. There is a plethora of theories of the corporation focused on two main dimensions based on the distinction between (Millon, 1990):

- corporation as a separate entity from its shareholders and as an aggregation of different individuals;
- corporation as an artificial creation of the state law and as an outcome of private initiative.

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Corporations are seen as “sophisticated organizations whose usefulness to man represents an entrepreneurial innovation of the greatest moment and genius” (Schall, 2006, p. 109). A corporation is a “legal entity that is separate and distinct from its owners” (Berry-Johnson, 2023, p. 1) or “a large company, or a group of companies that are controlled as a single organization” (Cambridge Dictionary, 2023). As highly successful business organizations that strive in a turbulent environment (Toma, 2013; Toma and Marinescu, 2015), corporations are animated by a tremendous entrepreneurial spirit (Catană et al., 2020; Catană et al., 2021; Zainea et al., 2020) and described through strong leadership (Cornescu et al., 2004), profound strategic thinking (Toma and Grădinaru, 2016), viable implementation of business models (Tohănean and Toma, 2018; Toma and Tohănean, 2019), valuable management techniques (Naruo and Toma, 2007; Marinescu and Toma, 2008; Toma, 2008a; Toma and Naruo, 2009; Catană and Toma, 2021), and corporate social responsibility principles (Toma, 2006; Toma, 2008b; Toma et al., 2011; Imbrișcă and Toma, 2020). The evolution of the largest US corporations in the period 2018-2022 is presented in this paper.

### 3. Research methodology

To reach the aim of the paper the authors used a qualitative scientific research method based on desk research. In the first stage, they identified the main secondary sources of data, such as articles, books and reports. Then, the authors gathered the needed information. In the third stage, they analysed and synthesised the information. Finally, they designed and wrote the paper.

### 4. Results and discussion

This chapter of the paper presents the evolution of the ten largest US corporations by their total revenues and profit in the period 2018-2022. In 2018, Walmart attained the highest total revenues in the USA, followed by Exxon Mobil and Apple (Table no. 1). Located in Bentonville, Arkansas, Walmart is the world’s largest retailer. The ten largest corporations by their total revenues activated in different domains, as follows:

- four corporations (UnitedHealth Group, McKesson, CVS Health, AmerisourceBergen) were from the pharmaceutical industry and healthcare services;
- two corporations (Apple, AT&T) were from the information and communications technology (IT&C) sector;
- two corporations (Walmart, Amazon) were from the retailing sector;
- one corporation (Exxon Mobil) was from the petroleum refining industry;
- one corporation (Berkshire Hathaway) was from the financial sector.

**Table no. 1. The ten largest US corporations by their total revenues in 2018**

No.	Corporation	Revenues (\$B)
1	Walmart	514.405
2	Exxon Mobil	290.212
3	Apple	265.595
4	Berkshire Hathaway	247.837
5	Amazon	232.887
6	UnitedHealth Group	226.247
7	McKesson	208.357
8	CVS Health	194.579
9	AT&T	170.756
10	AmerisourceBergen	167.940

*Source: Fortune 500, 2019, <https://fortune.com/ranking/fortune500/2019/search/>*



The most profitable US corporation in 2018 was Apple, followed by JPMorgan Chase and Alphabet (Table no. 2). The ten largest corporations by their profits operated in different sectors, as follows:

- five corporations (Apple, Alphabet, Intel, Facebook, AT&T) were from the IT&C sector;
- four corporations (JPMorgan Chase, Bank of America, Wells Fargo, Citigroup) were from the banking sector;
- one corporation (Exxon Mobil) was from the petroleum refining industry.

**Table no. 2. The ten largest US corporations by their profits in 2018**

No.	Corporation	Profit (\$B)
1	Apple	59.531
2	JPMorgan Chase	32.474
3	Alphabet	30.736
4	Bank of America	28.147
5	Wells Fargo	22.393
6	Facebook	22.112
7	Intel	21.053
8	Exxon Mobil	20.840
9	AT&T	19.370
10	Citigroup	18.045

Source: Fortune 500, 2019, <https://fortune.com/ranking/fortune500/2019/search/>

The year 2019 witnessed the domination of the hierarchy of the largest US corporations by their total revenues by the same Walmart, followed by Amazon and Exxon Mobil (Table no. 3). The ten largest corporations by their total revenues activated in different domains, as follows:

- four corporations (CVS Health, UnitedHealth Group, McKesson, Cencora) were from the pharmaceutical industry and healthcare services;
- two corporations (Apple, AT&T) were from the IT&C sector;
- two corporations (Walmart, Amazon) were from the retailing sector;
- one corporation (Exxon Mobil) was from the petroleum refining industry;
- one corporation (Berkshire Hathaway) was from the financial sector.

**Table no. 3. The ten largest US corporations by their total revenues in 2019**

No.	Corporation	Revenues (\$B)
1	Walmart	523.964
2	Amazon	280.522
3	Exxon Mobil	264.938
4	Apple	260.174
5	CVS Health	256.776
6	Berkshire Hathaway	254.616
7	UnitedHealth Group	242.155
8	McKesson	214.319
9	AT&T	181.193
10	Cencora	179.589

Source: Fortune 500, 2020, <https://fortune.com/ranking/fortune500/2020/search/>

Berkshire Hathaway became the most profitable US corporation in 2019, followed by Apple and Microsoft (Table no. 4). The ten largest corporations by their profits operated in different sectors, as follows:

- five corporations (Apple, Microsoft, Alphabet, Intel, Verizon Communications) were from the IT&C sector;
- five corporations (Berkshire Hathaway, JPMorgan Chase, Bank of America, Wells Fargo, Citigroup) were from the banking and financial sector.

**Table no. 4. The ten largest US corporations by their profits in 2019**

No.	Corporation	Profit (\$B)
1	Berkshire Hathaway	81.417
2	Apple	55.256
3	Microsoft	39.240
4	JPMorgan Chase	36.431
5	Alphabet	34.343
6	Bank of America	27.430
7	Intel	21.048
8	Wells Fargo	19.549
9	Citigroup	19.401
10	Verizon Communications	19.265

Source: Fortune 500, 2020, <https://fortune.com/ranking/fortune500/2020/search/>

In 2020, Walmart remained the corporation with the highest total revenues in the USA, followed by Amazon and Apple (Table no. 5). The ten largest corporations by their total revenues activated in different domains, as follows:

- four corporations (CVS Health, UnitedHealth Group, McKesson, Cencora) were from the pharmaceutical industry and healthcare services;
- two corporations (Apple, AT&T) were from the information and communications technology (IT&C) sector;
- two corporations (Walmart, Amazon) were from the retailing sector;
- one corporation (Exxon Mobil) was from the petroleum refining industry;
- one corporation (Berkshire Hathaway) was from the financial sector.

**Table no. 5. The ten largest US corporations by their total revenues in 2020**

No.	Corporation	Revenues (\$B)
1	Walmart	559.151
2	Amazon	386.064
3	Apple	274.515
4	CVS Health	268.706
5	UnitedHealth Group	257.141
6	Berkshire Hathaway	245.510
7	McKesson	231.051
8	Cencora	189.894
9	Alphabet	182.527
10	Exxon Mobil	181.502

Source: Fortune 500, 2021, <https://fortune.com/ranking/fortune500/2021/search/>

Apple regained its first position as the most profitable US corporation in 2020, followed by Microsoft and Berkshire Hathaway (Table no. 6). The ten largest corporations by profits operated in different sectors, as follows:

- six corporations (Apple, Microsoft, Alphabet, Meta Platforms, Intel, Verizon Communications) were from the IT&C sector;
- three corporations (Berkshire Hathaway, JPMorgan Chase, Bank of America) were from the banking and financial sector;
- one corporation (Amazon) was from the retailing sector.

**Table no. 6. The ten largest US corporations by their profits in 2020**

No.	Corporation	Profit (\$B)
1	Apple	57.411
2	Microsoft	44.281
3	Berkshire Hathaway	42.521
4	Alphabet	40.269
5	Meta Platforms	29.146
6	JPMorgan Chase	29.131
7	Amazon	21.331
8	Intel	20.899
9	Bank of America	17.894
10	Verizon Communications	17.801

Source: Fortune 500, 2021, <https://fortune.com/ranking/fortune500/2021/search/>

The year 2021 witnessed the domination of the hierarchy of the largest US corporations by their total revenues by the same Walmart, followed by Amazon and Apple (Table no. 7). The ten largest corporations activated in different domains, as follows:

- four corporations (CVS Health, UnitedHealth Group, McKesson, Cencora) were from the pharmaceutical industry and healthcare services;
- two corporations (Apple, Alphabet) were from the IT&C sector;
- two corporations (Walmart, Amazon) were from the retailing sector;
- one corporation (Exxon Mobil) was from the petroleum refining industry;
- one corporation (Berkshire Hathaway) was from the financial sector.

**Table no. 7. The ten largest US corporations by their total revenues in 2021**

No.	Corporation	Revenues (\$B)
1	Walmart	572.754
2	Amazon	469.822
3	Apple	365.817
4	CVS Health	292.111
5	UnitedHealth Group	287.597
6	Exxon Mobil	285.640
7	Berkshire Hathaway	276.094
8	Alphabet	257.637
9	McKesson	238.228
10	Cencora	213.989

Source: Fortune 500, 2022, <https://fortune.com/ranking/fortune500/2022/search/>

Apple remained the most profitable US corporation in 2021, followed by Berkshire Hathaway and Alphabet (Table no. 8). The ten largest corporations by their profits operated in different sectors, as follows:

- four corporations (Apple, Alphabet, Microsoft, Meta Platforms) were from the IT&C sector;
- four corporations (Berkshire Hathaway, JPMorgan Chase, Bank of America, Fannie Mae) were from the banking and financial sector;
- one corporation (Amazon) was from the retailing sector;
- one corporation (Exxon Mobil) was from the petroleum refining industry.

**Table no. 8. The ten largest US corporations by their profits in 2021**

No.	Corporation	Profit (\$B)
1	Apple	94.680
2	Berkshire Hathaway	89.795
3	Alphabet	76.033
4	Microsoft	61.271
5	JPMorgan Chase	48.334
6	Meta Platforms	39.370
7	Amazon	33.364
8	Bank of America	31.978
9	Exxon Mobil	23.040
10	Fannie Mae	22.176

Source: Fortune 500, 2022, <https://fortune.com/ranking/fortune500/2022/search/>

In 2022, Walmart remained the corporation with the highest total revenues in the USA, followed by Amazon and Exxon Mobil (Table no. 9). The ten largest corporations by their total revenues activated in different domains, as follows:

- three corporations (UnitedHealth Group, CVS Health, McKesson) were from the pharmaceutical industry and healthcare services;
- two corporations (Apple, Alphabet) were from IT&C sector;
- two corporations (Walmart, Amazon) were from the retailing sector;
- two corporations (Exxon Mobil, Chevron) were from the petroleum refining industry;
- one corporation (Berkshire Hathaway) was from the financial sector.

**Table no. 9. The ten largest US corporations by their total revenues in 2022**

No.	Corporation	Revenues (\$B)
1	Walmart	611.289
2	Amazon	513.983
3	Exxon Mobil	413.680
4	Apple	394.328
5	UnitedHealth Group	324.162
6	CVS Health	322.467
7	Berkshire Hathaway	302.089
8	Alphabet	282.836
9	McKesson	263.966
10	Chevron	246.252

Source: Fortune 500, 2023, <https://fortune.com/ranking/fortune500/2023/search/>

The year 2022 witnessed the domination of the hierarchy of the largest US corporations by their profits by the same Apple, followed by Microsoft and Alphabet (Table no. 10). The first ten largest corporations by profit operated in different sectors, as follows:

- five corporations (Apple, Microsoft, Alphabet, Meta Platforms, Verizon Communications) were from the IT&C sector;
- two corporations (JPMorgan Chase, Bank of America) were from the banking sector;
- two corporations (Exxon Mobil, Chevron) were from the petroleum refining industry;
- one corporation (Pfizer) was from the pharmaceutical industry.

**Table no. 10. The ten largest US corporations by their profits in 2022**

No.	Corporation	Profit (\$B)
1	Apple	99.803
2	Microsoft	72.738
3	Alphabet	59.972
4	Exxon Mobil	55.740
5	JPMorgan Chase	37.676
6	Chevron	35.465
7	Pfizer	31.372
8	Bank of America	27.528
9	Meta Platforms	23.200
10	Verizon Communications	21.256

*Source: Fortune 500, 2023, <https://fortune.com/ranking/fortune500/2023/search/>*

To sum things up, the analysis of the evolution of the ten US largest corporations in the period 2018-2022 reveals the following issues:

- Corporations, either multinationals or transnational, are the largest enterprises in the US economy. They have obtained the biggest revenues and profits during the period mentioned above.
- Walmart, the world's biggest retailer, monopolized the first place in the hierarchy of the largest US corporations by their revenues in the period 2018-2022.
- With only one exception, Apple dominated the top of the largest US corporations by their profits in the period 2018-2022. It was dethroned by Berkshire Hathaway in 2019.
- The corporations from the retailing sector, pharmaceutical industry and healthcare services, petroleum refining industry and the IT&C sector led the hierarchy of the largest US corporations by their revenues.
- The corporations from the IT&C sector dominated the top of the largest US corporations by their profits. They were followed by the corporations from the banking and financial sector, petroleum refining industry and retailing sector.

## **5. Conclusions**

The beginning of the last century witnessed the appearance of big corporations, especially in the USA and Western Europe. Since then these business organizations have become much bigger and more powerful all over the world.

The paper shows that US corporations obtained impressive performances in the period 2018-2022. In that period, Walmart preserved its first place in the ranking of the largest US corporations by their revenues. In its turn, Apple dominated the hierarchy of the largest US corporations by their profits in the same period.

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