

# INFLUENȚA STĂRILOR CONFLICTUALE ÎN ORGANIZAȚIILE ROMÂNEȘTI ASUPRA CAUZELOR CRIZEI ECONOMICE NAȚIONALE

THE INFLUENCE OF CONFLICTING STATE  
DYNAMICS IN ROMANIAN ORGANISATIONS  
OVER THE CAUSES OF NATIONAL ECONOMIC  
CRISIS

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## **Abstract**

The paperwork presents the evolution of the conflicting states in Romanian organizations between 1992-2008 and presents data regarding the causes of the conflicts from a economic, social and political point of view. There are presented data regarding the number of conflicts recorded in the period of years analyzed, the evolution of conflicts divided by the branches of the national economy, the number of participants at the conflicts and strikes and their claims.

**Keywords:** conflicts, conflicting rights, conflicts of interest, conflict dynamics.

**JEL CODES:** J6, J68, J7, J78

## **Rezumat**

Lucrarea de față prezintă evoluția stărilor conflictuale în organizațiile românești între 1992-2008 și prezintă date referitoare la cauzele conflictelor din punct de vedere economic, social și politic. Sunt prezentate date privind numărul de conflicte înregistrate în perioada analizată de ani, evoluția conflictelor departajate pe ramuri ale economiei naționale, numărul de participanți la conflicte și greve și doleanțele lor.

**Cuvinte cheie:** conflict, drepturile participanților la conflicte, conflictele de interese, dinamica conflictelor.

## 1. INTRODUCTION

In order to analyze the current situation of Romanian organizations, it is important to evaluate how Romanian organizations adapted from a command economy to a competitive one.

Industrial organizations seem to be most exposed to difficulties arising in the changing process (Bell 2007). This process involves a change in political and legal structures, economic, technological, organizational and social and also need to change ways of thinking and behaving from individuals, groups and organizations. During the change period, organizations have taken responsibility for resolving economic and social problems, which led to a patchwork of conflict, exacerbated by economic, social and political as they operate.

Overall, we had a highly centralized and rigid economy, characterized by an anti-economic management of resources in line with social needs, resources wasted or blocked the activity without the "market" price fixing by administrative and interpersonal relationships completely damaged. In other plans, the national currency had no significance, and external economic relations not favor the national economy. All these issues affect quality of life.

The leaders of organized structures, the constraints of external environment, chronic economic imbalances decisively influenced the conduct centralized management (Pastor, 2007). Managers duties were limited to no fault of execution instructions of superior bodies on the production plan. Thus managers have had limited freedom in the development of an organization's development plan.

In the absence of competition, the quality was not a necessity, and ignoring feedback from superior management levels led to a distancing between the rulers and the ruled.

Conflicts have arisen in the Romanian society after 1990 under sudden changes of economic and social conditions. Unemployment, inflation, poverty, all were perceived by the population as a direct threat to its future (Petelean, 2006). From the individual but the group maintain standards of living problem and develop forms of conflict that cannot be avoided. After two decades of political regime change, the standard of living is almost half to other countries in EU. This public dissatisfaction with the reforms made is an important factor when it comes to why conflicts occur.

Given these circumstances, it is not so surprising frequency rather than the aberrant behavior of managers, unions and employee behaviors that have fueled a series of conflicts with the negative effects that worsened relations between employers, managers and unions. These behaviors were a clear indication of the serious inadequacy in the changes. Under pressure from unions, many industrial organizations have been forced to neglect the primary objective of any economic subsystem-

maximizing value for fund raising wages and protection against unemployment. But, offering high salaries without any effective explanation may be beneficial in the long term, both for business and the economy at large (Conflictele și comunicarea- in ghid prin labirintul artei de a face față conflictelor,- carte apărută cu sprijinul Fundației Soros, Editura ARC, 1998).

.Radical changes after 1989 led to change, sometimes unjustified, of the management teams by the newly re-established trade unions, which led to negative results: managers have lost legitimacy and frequent changes of managers have not allowed recovery plans are properly implemented, because those don't have continuity (Stoica, 2004).

**2. RESEARCH**

The full economic reform have determined that each socio-professional group to maximize the income or resources due to him, because the rules of distribution of resources was undermined. Labor disputes in key sectors of the economy have become national issues involving including Government. Satisfying the claim of a interest group put in situations and other groups claiming that they felt neglected their duties. Lack of crisis management in our society has made it possible to focus on real problems and has not offered a coherent framework for action. National Economic Research Institute of the Romanian Academy has conducted questionnaire "Quality of Life" in October 1997 on a national sample of 1218 where we see that the population most frequent conflicts between politicians with different options, such as between employees and leadership enterprises.

TABLE 1 CONFLICTING GROUPS AND THEIR INTENSITY

Criteria	Greatly	Much	Little	Very little	At all	Non-answer/Don't know
0	1	2	3	4	5	6
Between young and old	10.5	35.1	33.2	9.4	8.5	3.4
Between employees and management	17.8	46.6	19.9	4.1	3.4	8.1
Between poor people and rich	16.4	39.6	24.5	8.5	6.7	4.3
Between people with different political views	28.1	45.1	12.9	3.2	3.5	7.2
Between people of different religions	11.6	29.0	23.2	13.0	17.6	5.7

Between Romanians and people of other nationalities	8.9	28.7	31.0	11.7	14.2	5.4
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Source: Romanian Academy, National Institute of Economic Research, Quality of Life, 1997-www.iccv.ro

A brief analysis of Table 1 shows that a percentage of 73.2% of subjects considered conflict between politicians from states with different opinions are many and more, followed by conflicts between employees and managements of organizations with 64.4%. Conflict is clear that states are concentrated in the political and economic problems.

To make an objective assessment of the phenomenon of conflict as the Romanian economy, we performed a statistical analysis of labor disputes in the period 1992-2007. The analysis does not include the years immediately following the events of December 1989, years characterized by numerous ambiguities and Statistical Yearbook does not provide data on labor disputes in these years.

In retrospect, the period after the change of political regime in Romania were registered over 3,600 labor disputes, most were recorded in 1999-653 nationwide. On the opposite side is 2004 with 79 conflicts of interest.

We note that in 2001 was signed the first Social Agreement serving as a consultation and cooperation in finding solutions to economic and social problems. In 2002 the second agreement was signed and in 2004 the third ending a continuous process begun during the first two agreements. Although there has not delivered all agreements so-called social peace, their practice has proven to be beneficial because of accountability, to a certain extent, the social partners, with considerable consequences for conflict mitigation work.

Since 2000 were have been monitored only conflicts of interest. The statistics do not include actions brought after failure of rights arising from individual employment contracts (salaries, bonuses, meal vouchers), they are considered by the new legislation as conflicts of rights, which are resolved in court and not allow the triggering of collective events, such as strikes.

If we consider the first period after signing the Social Agreement, 2001, found that the number of labor conflicts registered in 1997 reached its minimum of 260 conflicts. As the election next year, it was characterized by positive expectations and a high level of social trust. The idea is supported by the observation that in 1997 saw a number of labor disputes resulting in strike relatively low (only 5.7% of conflicts), this can be traced in Table 2. Also, this year was formed the Economic and Social Council established the advisory structure of Government and Parliament, composed of Government representatives, representatives of trade unions and employers' national.

Although 1997 is a year that could be considered the most "stable" period of analysis, next year is characterized by a growing number of conflicts (352 to 260), their number is steadily increasing reaching the highest level in 1999 with 85 against an average of 21 strikes per year over 1992-2007). This phenomenon of considerable change in labor disputes may find explanation in terms of both economic and political. 1996 was an election year as political leaders failed to promote reform plans that favor a higher level of quality of life. Therefore, the level of pre-election hopes of the population was high, but not confirmed subsequently, caused a continuous decline until 1999 and this is seen in very large increase in the number of labor disputes.

If we observe the evolution of labor disputes between the years 1993-1999, we find that there is a correlation between their numbers and social optimism. Degree of optimism in 1997 the peak of 43% and the number of labor disputes 260 point minimum of conflict. In 1999, optimism reaches the minimum threshold level of 23%, the percentage being caused amid a political crisis exacerbated by conflicts between the major coalition partners of government, labor disputes this year the number reached 653, two miners in January . So reform is not only politically, but also projects that would boost the living standards of citizens.

The statistics show that the largest share of labor disputes is in the manufacturing sector accounting for 53.9% of all conflicts in the national economy. This state of affairs is natural, given that manufacturing is the most representative holding the period of analysis, accounting for almost one third of GDP. Turning to the conflict share, is transport, posts and telecommunications, accounting for 9.5% and agriculture at a rate of 5.3%. As shown in Table 3, are located relatively close to producing areas are not strictly income: health and welfare by 5.7% and 3.2% education.

In both public sectors, health and education held the greatest increase in the number of conflicts in 1999. In the health sector has increased from 5-31 in 1998 and 16 in 1999.

Explanation we can find that these two fields have been continuously ignored, and the interface difficult roles they have achieved in the reform of the entire Romanian society, which have provided more limited resources.

Get interesting information if we compare the number of participants in conflict with the total number of employees for establishments where conflicts have occurred, namely the number of strikers in comparison with the number of employees for establishments where strikes have occurred. From calculations on the whole period of analysis suggests a high rate of participation in conflicts in 60% and 52% for strikes. Participation dynamics closely follows the trend of participation in strikes, labor disputes, supported by graphical representation of Figure 3 and data presented in Table 4.

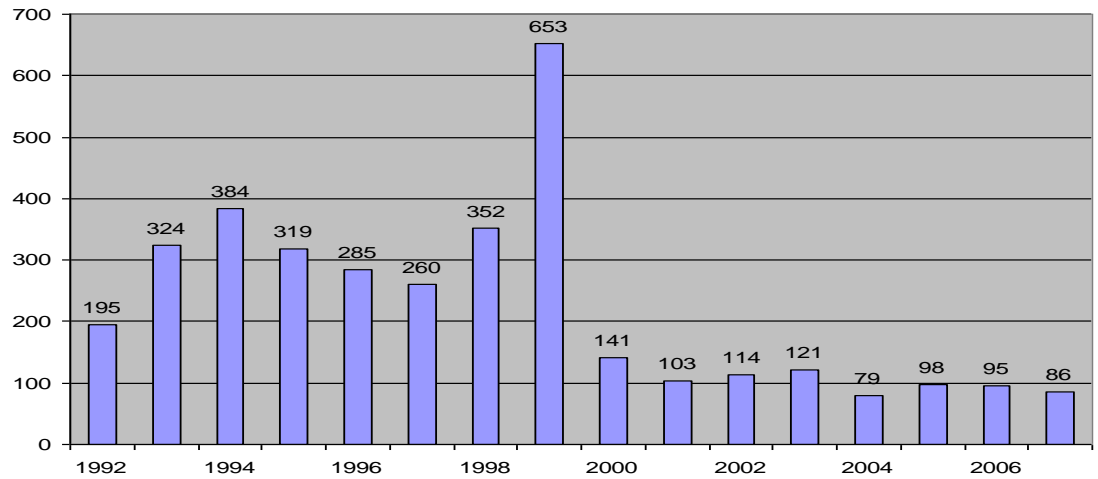


FIGURE 1. EVOLUTION OF NUMBER OF LABOR DISPUTES DURING 1992-1997

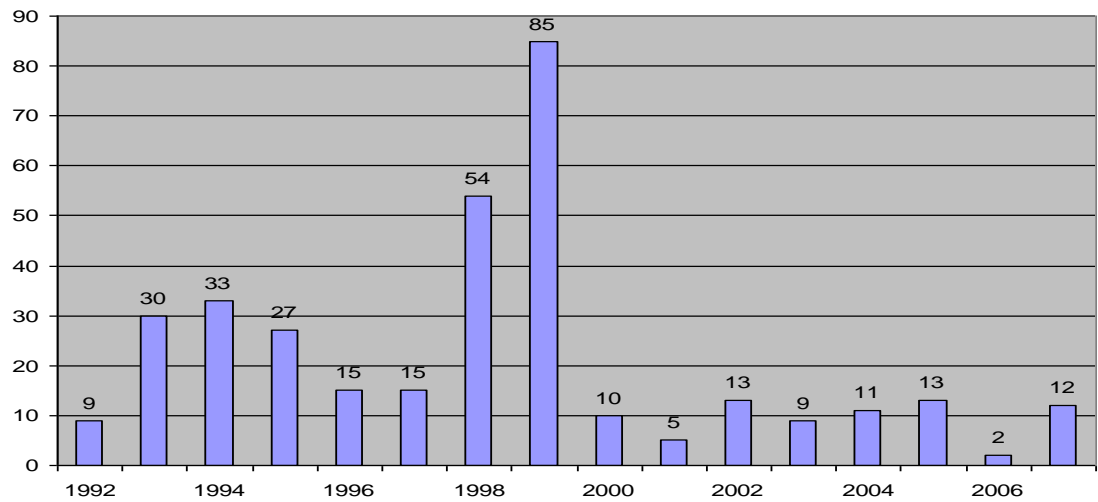


FIGURE 2. EVOLUTION OF THE NUMBER OF CONFLICTS RESULTING IN STRIKES IN THE PERIOD 1992-2007

Table 5 contains the number of strikes by the legal nature and confirms that legal procedures were not always followed, passing directly to the actual start of the strike without prior actions required by the law. Moreover, not every time employers protested against the legality of strikes precisely because unions have managed to save the business partnerships informal undertakings.

Table 6 presents the types of claims that gave rise to the onset of labor disputes. Important to note is that claims are taken out only declared.

Throughout the period of analysis, the largest share in total claims was owned by wage issues (with values ranging from 34.3% in 1992 and 68.6% in 2003). This is due to continuing decline in living standards and capabilities for meeting basic needs in 1990 so far. In second place is not secure claims

relating to normal working conditions, and labor organizing and social rights. That claims involving wage and working conditions are in the top of the table says that the actual level of material resources, assets and income, and relations between social actors it influence over the state of dissatisfaction.

Table 2  
Dynamic states of conflict between 1992-2007

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of labor disputes	195	324	384	319	285	260	352	653	141	103	114	121	79	98	95	86
Number entered conflicts with strike	9	30	33	27	15	15	54	85	10	5	13	9	11	13	2	12
Conflict concluded with strike number (%)	4,62	9,26	8,59	8,46	5,26	5,77	15,34	13,02	7,09	4,85	11,40	7,44	13,92	13,27	2,11	13,95
Number of employees (thousand pers.)*	1403	1195	1281	1075	1274	1033	1557	1621	369	395	242	260	221	323	109	103
Number of participants in conflict (thousand pers.)	400	498	646	771	694	615	909	1030	237	271	165	142	177	184	80	73
Number of participants in conflicts (%)	28,51	41,67	50,43	71,72	54,47	58,40	58,38	63,54	64,23	68,61	68,18	54,62	80,09	56,97	73,39	70,87

\* Units for the labor disputes occurred  
Source: National Institute of Statistics, Romanian Statistical Yearbook, 2008

Table 3

Evolution of conflicts on national economy activities

Activities of national economy-section-	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Total	
	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	Nr.	%
<b>Total</b>	<b>324</b>	<b>384</b>	<b>319</b>	<b>285</b>	<b>260</b>	<b>352</b>	<b>653</b>	<b>141</b>	<b>103</b>	<b>114</b>	<b>121</b>	<b>79</b>	<b>98</b>	<b>95</b>	<b>86</b>	<b>3414</b>	<b>100,0</b>
Agriculture	17	44	17	14	6	21	39	11	4	1	1	2	0	2	2	181	5,3
Fishing and fish farming	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0,0
Mining industry	8	18	13	35	21	20	36	3	5	7	0	2	0	1	5	174	5,1
Manufacturing industry	164	211	179	157	149	170	325	74	63	58	77	47	56	52	57	1839	53,9
Electricity, gas and water industries	10	5	9	7	10	16	26	6	4	5	5	6	5	11	6	131	3,8
Construction	6	4	17	8	6	5	28	6	1	4	2	3	3	2	2	97	2,8
Commerce	4	4	4	6	7	2	17	6	2	0	1	2	1	4	1	61	1,8
Transportation	55	28	39	35	21	19	57	4	9	8	4	11	23	9	4	326	9,5
Financial intermediation	0	0	0	2	4	1	16	0	0	1	2	0	1	0	0	27	0,8
Real estate and other services	0	0	0	2	13	2	14	1	1	4	1	1	1	0	1	41	1,2
Public administration	31	26	0	0	1	4	1	0	1	3	3	1	1	0	3	75	2,2
Education	9	10	13	2	8	31	16	8	3	4	0	2	3	1	0	110	3,2
Health and social care	8	6	14	3	5	47	59	14	6	10	15	0	1	6	1	195	5,7
Other service, social and personal activities	12	28	14	13	9	14	19	8	4	8	10	2	3	7	4	155	4,5

Source: National Institute of Statistics, Romanian Statistical Yearbook, 2008



Table 4

## Dynamic participation in strikes

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Total strikes</b>																
Number of employees *	13660	50041	161347	53187	217908	59428	318947	429045	47772	4398	60775	27045	17308	7052	1493	27725
participants to strike	4057	22517	69157	38259	59848	52007	119659	232217	24964	1848	35195	11786	12357	4393	1254	8081
(%)	29,7	45,0	42,9	71,9	27,5	87,5	37,5	54,1	52,3	42,0	57,9	43,6	71,4	62,3	84,0	29,1

\* For units held strikes

Source: National Institute of Statistics, Romanian Statistical Yearbook, 2008

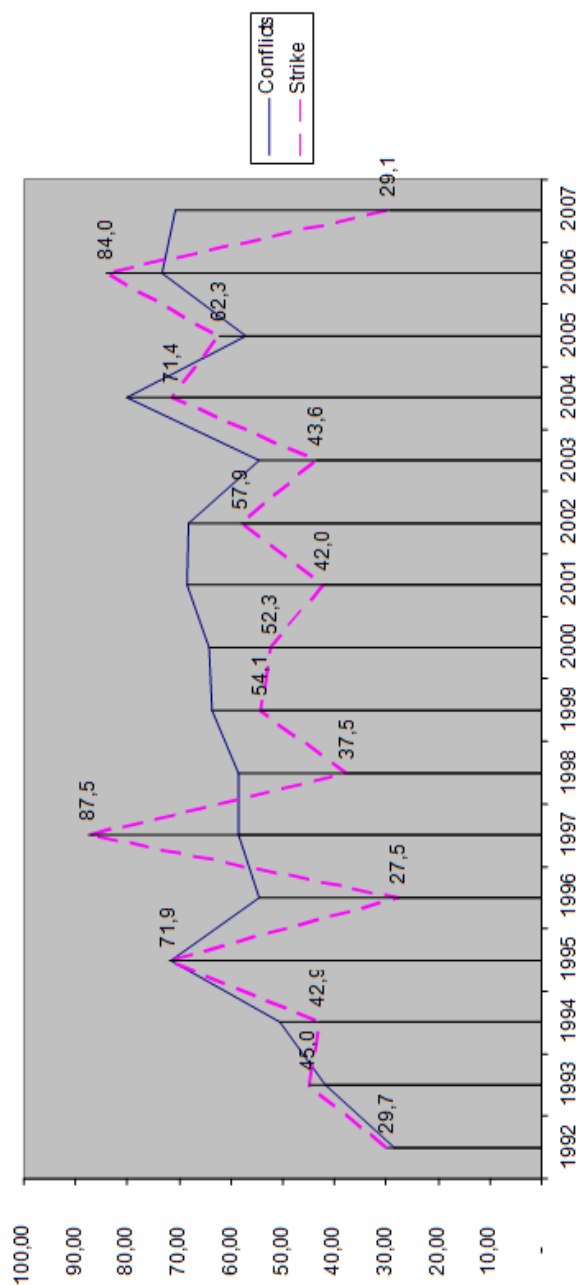


Figure 3. Dynamic participants in conflicts and strikes

Table 5

Strike type	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Total
	number																
<b>Total</b>	9	30	33	27	15	15	54	85	10	5	13	9	11	13	2	12	343
Warning strike	1	10	7	1	6	3	5	22	2	3	10	4	3	9	0	4	90
Warning strike followed by strike	2	9	5	7	6	9	37	26	6	2	3	5	4	4	1	2	128
Strike	6	11	21	19	3	3	12	37	2	0	0	0	4	4	1	8	131
	% in total																
<b>Total</b>	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Warning strike	11,1	33,3	21,2	3,7	40,0	20,0	9,3	25,9	20,0	60,0	76,9	44,4	27,3	69,2	0,0	33,3	26,2
Warning strike followed by strike	22,2	30,0	15,2	25,9	40,0	60,0	68,5	30,6	60,0	40,0	23,1	55,6	36,4	30,8	50,0	16,7	37,3
Strike	66,7	36,7	63,6	70,4	20,0	20,0	22,2	43,5	20,0	0,0	0,0	0,0	36,4	30,8	50,0	66,7	38,2

Source: National Institute of Statistics, Romanian Statistical Yearbook, 2008

Table 6

Claims that gave rise to conflicts and their share (%)

Claims	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Salary type (refusing compensation, indexing, paying salaries on time, denial vacation wage)	34,3	49,6	39,7	44,4	43,9	38,7	40,6	43,4	48,8	47,1	47,7	50,9	54,5	60,0	57,7	68,6
Use of labor force (staff redeployment, redundancy, unemployment, etc.)	10,3	4,7	7,5	5,0	3,9	6,4	5,4	5,2	2,4	2,0	4,1	1,2	1,5	0,0	0,0	0,0
Organization of work (review of labor standards, organization of working time, working hours, lack of job descriptions)	9,5	6,1	8,2	12,0	5,6	8,4	7,1	7,5	5,3	1,3	2,9	7,2	5,5	1,6	0,9	0,0
Material and technical conditions (failure to provide normal working conditions and social conditions, to grant work groups, etc.)	7,8	7,4	5,3	4,6	6,1	6,0	7,6	4,3	1,4	0,6	0,0	1,2	0,0	0,0	0,0	0,0
Working conditions (failure to provide normal working conditions)	6,6	6,1	8,7	21,0	15,6	9,3	11,8	11,6	5,3	11,1	8,1	5,4	5,0	14,2	5,4	2,3
Working time (not granting time off, overtime, additional holidays, shift work)	5,8	0,6	0,8	0,0	1,7	2,0	2,6	1,5	2,4	3,9	8,7	4,2	5,0	5,0	6,3	0,0
Social rights (lack of social protection measures, their social security systems, providing housing, treatment tickets, funds for social activities, etc.)	5,7	9,8	7,4	7,9	3,3	3,1	5,0	4,7	5,7	8,5	5,2	5,4	4,5	0,0	0,0	0,0
Union life (life conduct union, employer interference in union life, measures to punish the leaders, lack of transparency, the presence of leaders in negotiations)	3,8	4,9	7,8	2,4	3,9	7,2	4,6	3,2	3,8	1,3	2,9	3,0	7,0	0,0	1,8	0,0
Other claims (changes in organizational structures, negotiating collective agreements, etc.)	16,2	10,8	14,6	2,7	16,0	18,9	15,3	18,6	24,9	24,2	20,4	21,5	17,0	19,2	27,9	29,1

Source: National Institute of Statistics, Romanian Statistical Yearbook, 2008

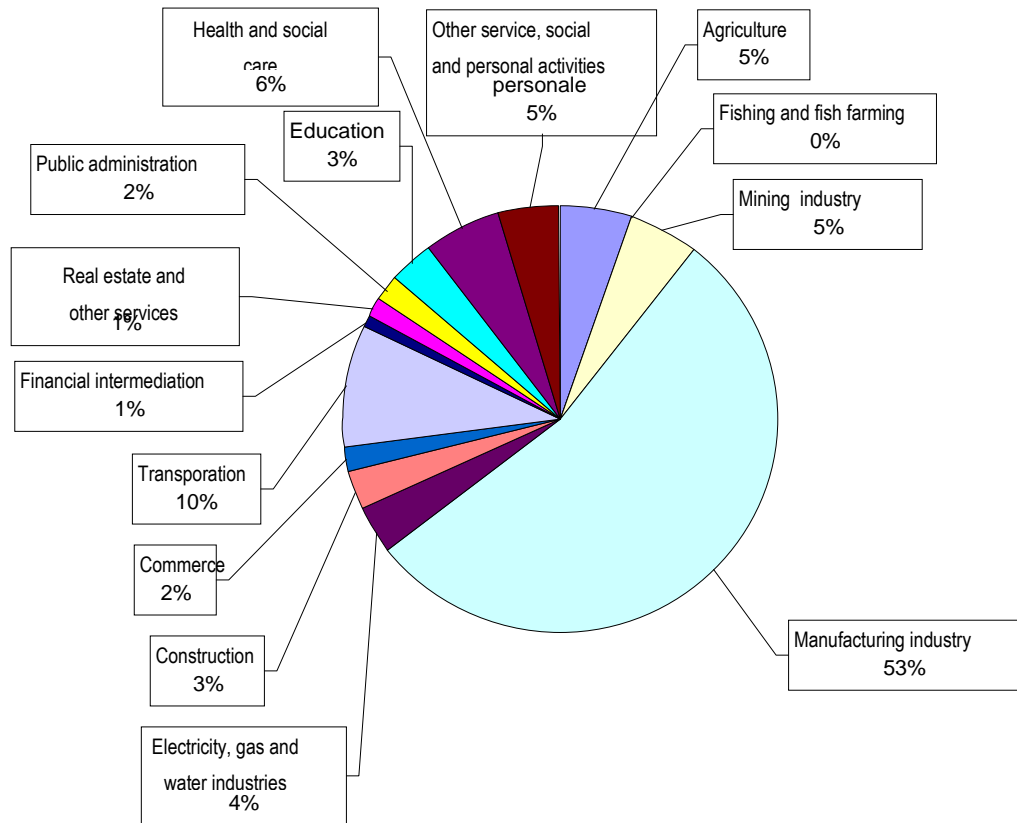


FIGURE 4. CONFLICTS OF WORK ON NATIONAL ECONOMIC ACTIVITY

### 3. CONCLUSIONS

Lack of appropriate and necessary adaptation of transition from a command economy to a competitive economy had a negative impact on the activities of organizations that operate below the standards of classical industrialism as being unable to compete. Weakening national currency, the continuous growth of inflation, high unemployment, low incomes have led to lower living standards of the population. All these things carried on amid the political conflicts have led to the outbreak of conflict states.

Extreme forms of protest harm stranded and trying to prevent the final status issue is much more effective than need to be stopped once started. Thus managers have an important role in controlling these conditions conflict and maintain their optimal, beneficial to the organization.

Therefore a management culture focused on continuous acquisition of knowledge management, motivating employees, and optimize functional organizational structures are a starting point in trying to bring in a competitive Romanian market offering quality national and worldwide.

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