

TEN KEY CONCEPTS AND THE SUCCESS OF ROMANIAN ORGANIZATIONS

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Abstract:

This paper is focused on ten key concepts which influence the success of the organizations at the beginning of XXI century. The great changes generated by globalization determine firms to be more competitive. This means that we have to focus on: mission, leadership, emotional intelligence, innovation, organizational culture, human resources, total quality management, ethics, conflict management, brand, and the value offered to the clients.

Introduction

The purpose of this thesis is to briefly examine the key concepts which influence the success of economic organizations at the beginning of the 21st century. The major changes generated by the globalization phenomenon exert a great pressure on the companies. Subsequently, in the pages to come we will focus on the following concepts: mission, leadership, emotional intelligence, innovation, organizational culture, human resources, total quality management, ethics, conflict management, brand and the value offered to target clients.

I. Mission

The mission of an organization represents one of the cardinal points among the activities undertaken by any organization, being that which indicates the direction of a company's line of attack and even the organizational culture values. Therefore, defining a firm's mission is a crucial responsibility in obtaining success. The mission of a company is a guide for the firm's employees and it should be conceived in such a way that it represents a

challenge capable of motivating the human resource.

A relevant example is the way McDonald's define their mission¹:

"Our mission is to become the best quick serve restaurant in the world, which means opening and administrating excellent restaurants and also assuring an outstanding level of quality, service, cleanliness and value."

We can identify here the reason to exist, explaining through this declaration, to those who are interested, the essential characteristics of the business.

In general, in Romania, declaring the mission of a firm as a strategic management tool has just emerged, hence the observation that there is a lack of experience in employing the mission as a communication tool of strategic management in the case of Romanian companies, together with the way in which it has been formulated and

¹ Philip Kotler, "Marketing from A to Z", CODECS Publishing House, Bucharest 2004, p. 120.

finishing with the objectives associated to the chosen strategy².

II. Innovation

Due to the fact that innovation represents the process of development and implementation of new ideas within a company and correlating this with competitiveness, it is most obvious that innovation is the main action which can constitute a manner of differentiation, competitiveness, but also continuous improvement.

In economic literature, the product and process of innovation is emphasized. Product innovations have a direct impact on the cost, quality, style and availability of a product or service. The process innovations are new ways of producing and manufacturing products or delivering them. For instance, a new technology is a process innovation. Moreover, the new forms of labor and management systematization, including the growth of posts and quality programs, are also considered to be process innovation.

The innovation degree is predisposed to variation. We can talk of a new order regarding the way in which equipment is disposed in a section, order which facilitates the work of employees and increases the productivity of labor with 1%, or we can talk of a 100% new product, for example, the biophotonic scanner, which in merely three minutes measures the antioxidant level in one's body.

The most tangible effect of innovation is a new or considerably improved product. It is ascertained that the time needed to put a product on the market has considerably decreased in the last decades, which demonstrates

the fervent concern of organizations towards innovation. It is considered that the success of a company is directly proportional with its capacity of innovating, capacity determined by: the quality of human resource, a proactive management, the openness of the managerial team towards innovation, an adequate reward and recognition system, an available research infrastructure and the financial resources allocated to innovation. Unfortunately, Romanian organizations have not embraced the idea of innovation, this being one of the reasons which cause them to be less competitive on the external markets.

III. Leadership and emotional intelligence

Within organizations, leaders are those who establish the unity between the aim and the orientation of the company. They have to create and maintain the internal environment in which the personnel is motivated to operate proactively and responsibly in carrying out the company's objectives and, implicitly, remains loyal to the organization. The leader encourages and trains the individuals of a team in such a way that they will give their best in completing the team's objectives³. Leadership means to resolve problems, to attain objectives, to carry out tasks with the help of a team. The complex environment in which the economic activities take place leads to the conclusion that teams act better and more efficiently.

The success of an organization depends considerably on a leader's ability to express his vision, enthusiasm and the sense of his intention in front of the team he leads. The portrait of such

² Bogdan Bacanu, „The strategy of the organization in practical approaches”, Infomarket Publishing House, Brasov, 1999, p.18.

³ Adriana Prodan, „Successful management”, Polirom Publishing House, Iasi, 1999, p. 84.

a leader should have the following fundamental characteristics:

1. **Vision** to imagine a better future situation and the means to put it into practice. A leader's vision should be challenging, able to release the creative energies of the individuals which form a team, becoming a powerful motivational factor.

2. **Self-confidence** is one of the most important traits which condition the quality of leader. A person who doesn't trust herself and does not possess a sense of value will never get to be a real leader.

3. The **energy** he has to demonstrate in order to follow his vision and support his team through the tough moments, which are certain to appear.

4. **Intuition** to anticipate changes is an absolutely necessary quality if we take into consideration the alert rhythm of changes which characterize the socio-economic evolution of humanity at the beginning of the 21st century. Intuition allows a leader to have a proactive attitude in what concerns the foreseen changes and not a reactive one after they have already been produced. This kind of attitude can bring to the organization an important competitive advantage.

5. **Delegation** should be used to share tasks with those who follow the leader. By assigning tasks, you satisfy the need of affiliation and acknowledgement of potential.

6. **Communication skills** help the leader to transmit his vision to the team in a way which will motivate them.

7. **Emotional intelligence** together with self-confidence is one of the essential qualities of a leader. Emotional intelligence represents the ability of knowing yourself, it means to gain selfcontrol necessary to attain emotional stability, to be empathetic by understanding the other's interior state with the purpose to adjust your own behaviour. All this is considered to be a

great advantage in team work, the emotional intelligence of a leader concretizing in: emotional stability, opting for the right behaviour depending on the given conditions, using the most appropriate motivational factors to obtain the best out of the team.

The organization of the 21st century needs leaders, because they get the most out of the creative potential of the human resource, playing the role of a catalyser.

IV. Organizational culture

Organizational culture is one of the most significant factors of competitiveness of the economic organization. Together with the knowledge level of the personnel and the value of the brand, it forms the intangible active of the organization.

The reality of the socio-economic life imposes the granting of a major importance to the following organizational culture values:

1. The **labor cult**. Unfortunately, this value hasn't been encountered in Romanian organizations before 1989. This situation can be remediated through: personal development programs able to reflect the above-mentioned value, the creation and implementation of a reward system based on individual achievements, a clear communication from the managerial team regarding the expected achievements, an example on the side of the managerial team concerning the importance of the labor cult within the company.

2. The **quality cult**. "Employees should be remunerated for what they do well, not for everything they do" – is one of the slogans of quality management. Quality is the most important competitiveness factor. As a result, this value should be promoted in the entire organization, each employee influencing to a certain extent the final quality, as it is perceived by the client.

3. Innovation and improvement.

The human resource of the organization should be open to innovation and improvement so that it assures the development and progress of the firm.

4. Adaptability. We live in a society in which the only certainty is change. In consequence, the employees of the organization must adapt to the new conditions imposed by the market. Adaptability is a value which facilitates the long term success of the organization.

V. Human capital

We will never be able to talk about the long term success of an organization in the absence of a competent and motivated human resource.

One of the formulas of approach for the human resource competence problem is the following:

$$\text{COMPETENCE} = \text{KNOWLEDGE} + \text{SKILLS} + \text{APTITUDES}$$

Knowledge is the result of the educational system an individual benefits of.

Aptitudes are the innate qualities of a person. They cannot be created, but only activated or developed, sometimes, some of them being latent, inactive till the moment where they are solicited.

Skills are the result of the implementation of theoretic knowledge with the contribution of aptitudes. Normally, we refer indirectly to them, choosing to talk about professional experience in general or specialized in a certain field of professional activity.

In order to have noticeable **professional** results, an individual needs more than competence. He needs something which leads to achievement, fact reflected by the expression:

$$\text{ACHIEVEMENT} = \text{COMPETENCE} + \text{MOTIVATION}$$

Starting from the affirmation that the human resource is the most important resource of an organization, by being the engine of any business, we can underline the importance of human resource management which has the following objectives: permanent increase of employee value through different professional development programs and motivating the personnel in order to obtain performance.

VI. Total quality management(TQM)

Practice has demonstrated that quality has a growing economic and social importance. The management has to co-ordinate the change process of the existing attitude towards a "Culture of quality". "Management errors are the most costly" is one of the assertions worth meditating on⁴.

Total quality management represents a new management system of the organizations which use specific techniques in order to attain the following goals:

1. The satisfaction of the implicit and explicit needs of the customers and surpassing their expectations.

2. The gain of a competitive position on the market through the increase of productivity and continuous improvement of quality.

3. The creation of a management system based on the involvement of all employees, and most importantly of the managerial team, which has as focus the client, for which they promote a genuine cult.

Total quality management means , first of all, the constant improvement of

⁴ Ada M. Tomescu, "The management of integrated systems.Quality & environment", Publishing House of Oradea University , 2004, p.9.

the products, processes and quality system, which are meant to add value to the client's perception through the creativity and participation of the whole personnel to this effort. TQM includes the technical, economic, juridical, ergonomic and psychological aspects which intervene in the completion of the mission⁵.

We consider to be relevant the following enumeration of total quality management principles:

1. The involvement and total participation of top management
2. Orientation towards customers
3. The involvement of the whole personnel
4. The generalization of the relation: CLIENT – SUPPLIER(internal and external)
5. The continuous improvement of quality through actions that prevent predicaments
6. "Zero defects"
7. The taking of decisions considering available information and facts
8. Orientation towards economic efficiency , using as a basic tool the evaluation of quality costs
9. Systematic view of the organization

These nine principles should not remain abstract values, they should be incorporated in the organizational line of attack by coming up with an organizational system capable to accomplish this. The implementation of total quality management in an organization is a requirement of the long term success of the organization.

⁵ Ada M. Tomescu, "The management of integrated systems.Quality & environment", Publishing House of Oradea University , 2004, p.88.

VII. Ethics

Ethics are defined as a systematic reflection upon the moral consequences of decisions⁶.Moral consequences can be judged through the potential damages brought to the beneficiaries of the decision. The beneficiaries can be persons from within or outside the organization which can potentially be affected by the decision taken. Relevant to this subject is the presentation of the aspects which define a morality standard in the taking of decisions:

1. **Honest and straightforward** communication. For example: to do publicity and label the products in a sincere way, to not distort the proposals which need to be passed on to superiors.

2. **Fair treatment.** For example: the objective evaluation of employees, equitable salaries, the obeying of auction procedures, impartiality in the relations with suppliers, the assuming of responsibility as opposed to blaming the subordinates.

3. **Fair competition.** For example: avoiding to offer bribe in order to obtain an order and refusing to reach a price agreement with competitors.

4. **Corporate responsibility.** For example: Do not pollute, be concerned about the health and safety of your employees, get involved in the community.

5. **Obeying the law.** For example: legally avoiding taxes, obeying the labor legislation and all laws.

On the other hand, there is a series of ethical issues which emerge in an organization: the conflict of interests between employees, sexual harassment, environment problems, the content of commercials, the subjective evaluation of employees, discrimination based on various reasons, the signing

⁶ Gary Johns, "Organizational behaviour", Economic Publishing House , Bucharest, 1998, p. 406.

of contracts with the aid of bribe, the hiring of staff on preferential criteria, unjust declarations concerning superiors or state institutions.

Ethics are also a problem of organizational culture. We must emphasize that even if unethical decisions can bring immediate and considerable benefits, they affect in a negative way and on a long term the image and success of the company. Romanian organizations should be open to the problem of ethics, imposing to their employees certain values regarding the matter.

VIII. Conflict

Conflict is a constant in any organization's life. It can release the creative energies of the employees or, on the contrary, it can have a considerable destructive potential.

Interpersonal conflict is extremely harmful, because a person, a group, a department in an organization can frustrate another in attaining the objective that has been set⁷. In what concerns attitude, the parties involved in a conflict grow mutual aversion, consider one another unreasonable and develop negative stereotypes about the opponents.

The most significant causes of organizational conflicts are:

1. Identifying oneself with the group
2. Interdependence
3. Differences in power, status and culture
4. Ambiguity
5. Insufficient resources

The main styles of conflict management are:

1. **Avoiding** – characterized by the low capacity to affirm oneself's

interests and reduced co-operation with the other party.

2. **Accommodating** – characterized by the fact that an individual co-operates with the opponent but neglects his or her interests.

3. **Competing** – style which maximizes the use of both co-operation and individual interests.

4. **Compromising** – attempting to resolve a conflict by identifying a solution that is partially satisfactory to both parties, but completely satisfactory to neither. It combines in equal doses individual interests and co-operation.

5. **Collaborating** - cooperating with the other party to understand their concerns and expressing your own concerns in an effort to find a mutually and completely satisfactory solution. It also combines self-concerns with co-operation.

The main role in conflict management is occupied by negotiation. Through negotiation one makes an attempt to reach a satisfactory deal with the other party. Mediation is one of the ways of resolving a conflict.

The managers of an organization must have the ability to manage conflicts, in the way that they need to make the most out of the company's interests and reduce their destructive potential. Most of the times, conflict can be an important improvement source within the organization.

IX. The Brand

The importance of this subject is given by the fact that brand influences decisively the buying decision of the consumers. This fact is more and more obvious on the Romanian market, thing to be considered by the Romanian economic organizations.

Brand is perhaps the most important intangible value of an organization, representing a considerable component of it's wealth.

⁷ Gary Johns – „Organizational behaviour”, Economic Publishing House, Bucharest, 1998, p. 420.

Relevant in this way is the affirmation of former CEO of Coca-Cola⁸, Robert Goizueta: "Even if all our factories and equipment would burn to the ground over night, the situation would not manage to affect a great deal the value of the company. In fact, all this value resides in the commercial active assured by our franchises and collective knowledge within the company". The importance of a brand also follows from the words of Niall Fitzgerald, the president of Unilever: "A brand is a deposit of trust, fact which matters the most when choices multiply." Obviously, brand is a tool used to obtain the loyalty of customers, with direct consequences on the financial results of the organization.

In our opinion, any Romanian organization which wishes to be successful on the market on a long term, should develop a strong brand, the fame of it having to exist at least on a national level.

In the context of globalization and that of the integration of Romania in the EU, we believe that Romanian organizations should commence assuming a Balcanic role and why not an European one, by continuously extending their operating area and implicitly the renown of their brand. A positive example of an organization which has assumed an European role is that of Jolidon. Next, we will briefly present the history of this brand⁹:

- 1993 is the year the company has been founded, in the beginning carrying out it's activity in an apartment and having only two second-hand sewing machines in it's endowment.

- The spring of 1994 brings it's first participation in an exposition. In

1993 and 1994 the company has assumed a local role, having as target Transilvania.

- 2000 brings to the firm the leader position on the Romanian market. Therefore, we can talk of a brand with national notoriety , at present Jolidon products being distributed through a network of 30 personal shops and many other partner stores.

- In February 2000, the company opens towards the European market , by opening a branch in Budapest – Jolidon Budapest, in 2002 being inaugurated Jolidon Hungary.

- July 2001 marks the opening of Jolidon Italy in Milan. In 2002 the volume of the sales on the Italian market triple.

- The company moves to attack the French market by opening a store in the centre of Paris and a storehouse in Lyon.

- At present, the company exports to the USA, Russia, South Africa, Saudi Arabia and other countries.

The development of a brand means a long process and considerable resources, but it has to be seen as a long term investment , rather than an expense.

X. The value offered to target clients

Value signifies the making of that combination between quality and price, which fits the market the best. The value offered to the target market means to satisfy the customer's demand on the lowest possible purchase and utilization cost. The duty of any economic organization is to create value for the customer, more exactly, to include it in the promise it makes to the market, and to deliver it as it has promised.

A relevant example to what value means is the case of a German bank X: "German bank X has numerous

⁸ Philip Kotler -"Marketing from A to Z", CODECS Publishing House, Bucharest, 2004, p. 108.

⁹ "Jolidon – 10 years of existence" – presentation CD.

branches throughout Germany. Each branch manager has the responsibility to help the customers get richer. The branch manager doesn't settle for opening accounts and deposits and granting loans. The branch manager teaches the clients how to better save, invest and purchase. Each of the branches offer magazines on the subject and also organize courses on investments with no participation fee for it's clients, with the purpose of providing them with the necessary skills to obtain more wealth. ”

The offering of value on the market is a condition to take into account in order to have happy and loyal customers, the base of any long term business. This concept is a very significant aspect, which Romanian companies should take into account, considering that Romania will soon join the EU.

Conclusions

A growing number of firms enter the competitive market , now that competition does not exist only on a local level , but also on a global level. The firms which operate on the national market should do their best in order to come up with products equally competitive to those on the global market.

The economic gap between Romania and the majority of the EU member countries represents an impediment in the assuring of competitiveness on the European market. We believe that this problem can be surpassed.

The success or failure of the adaptation of Romanian economic organizations to the conditions of the expanded European market will demonstrate the competence the managerial teams have shown in approaching the ten concepts revealed above.

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