

# Romanian Managerial Training System – Current State and Prospects

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## Abstract

*The paper is dealing with the great transformations the Romanian management training system undergone after 1990, its current state being the result of an evolution started in 1967, when the system was set up by creation of the Center for managers training – CEPECA. Finally, the prospects of the system are outlined and articulated in a strategy suggested by the author.*

**Key words:** *management, managerial training, strategy*

**JEL Classification:** *I23*

In the modern economic and social life framework, professionalism of managers becomes a *sine qua non* condition, only on such a base managerial approaches being able to gain in rationality, realism and reaction time, and to offer the best answer to multiple challenges the companies are facing. In relation to the needs which should be satisfied by managerial activity in the market economy, the effective managerial activity in Romanian enterprises presents contradictory aspects brought about, on the one hand, by inertial perpetuation of some concepts and attitudes specific to centralized economy regime, and on the other hand, by considerable capacity of several managers, particularly young, to adequately react to the new needs.

## Introduction

The main *weak points* with which the managers from centralized economy system entered market economy have been:

- lack of capacity to analyse market requirements and to identify the ways to adapt production to these requirements;
- lack of strategic visions, indispensable for working out re-engineering and modernization programmes, and for setting up long term development strategies;
- lack of managerial initiatives, keeping a passive attitude, banking on assistance of the state;
- ignoring quality as the main competitive advantage;
- makeshift of technical and economic solutions to the detriment of quality;

- spirit of efforts simulation, artificial, unreal amplification of economic and financial performances;
- lack of responsibility sense for organization activity and evolution.

In the context of these manifestations taken over from the period of centralized economy, the reaction of the Romanian common manager from the state ownership enterprises to these complex and unavoidable challenges proved to be, unfortunately, one that produces disappointment, the empirical evidence of continuous worsening of economic and financial performances of companies belonging to public sector being a confirmation in this sense.

Describing in detail the answers to the above-mentioned challenges brought about by the transition to market economy and Romania's integration into the European Union in early 2007, one can appreciate that the new realities of industrial enterprises' management are materialized in some actual essential features.

1. *The problems of managerial activity have been significantly broadened*, to the old concerns dedicated almost exclusively to the production function adding new and intense concerns regarding the other enterprise's functions, firstly the commercial one (marketing activity), the financial-accounting function, the staffing function, and, less, the research & development function. Identification and turning to account of comparative and competitive advantages possessed by companies, their most favorable strategic positioning on the market, endorsement of the most adequate product and market strategies, identification of possibilities to conclude strategic alliances are among the most exacting and sophisticated challenges to managerial activity, for their solution managers having to give the full measure of their knowledge, abilities and experience potential.
2. *Endorsement of the Law nr. 66/1993 of management contract*, published in Official Bulletin of Romania nr. 244/1993, by which the status of manager is legally recognized, gave a significant impulse to efforts meant to improve managerial activity in the state ownership companies and autonomous administrations (as they existed at that time, a good part of them being subsequently turned into companies and national companies with company status). Introduction of management contract in the state ownership companies aimed to intensify the sense of responsibility in their leadership as for obtaining some outputs by the activity carried out. The measure, undoubtedly beneficial, reached only to a certain extent the aimed goal as it continued to exist a number still high of economic agents whose behavior was characterized by:
  - holding back with regard to restructuring the production list;
  - offer rigidity, its low competitiveness that does not allow the desired improvement of exports structure;
  - prevailing use of financial means for paying wages, acquirement of raw materials, and creating goods in stock;
  - holding back as far as investment is concerned;
  - low concern for costs cut, in conditions in which customers have a minor role in setting up the production list;
  - maintaining, roughly speaking, the employees number, even when the production significantly decreases;
  - delaying the payment of purveyors and granting credits to other enterprises, the arrears representing a cheap source of credit, possibly to be used for funding inefficient activities;
  - financial blockage persistence, due, mainly, to the existence of a great number of enterprises with primary insolvency.

3. *The range of managerial instruments used – respectively methods, techniques and scientific instruments (for decision optimizing, scheduling of activities, business portfolio optimizing, analysis of enterprise's competitive position on the market, domestic and international benchmarking exercises, etc.) – continues to be scanty and addressed with reduced frequency for major decision making concerning enterprise's activity.*
4. *Specialty managerial training continues to be a critical dimension for an important segment of Romanian managers from all levels, the effects of this state being the most amply and sharply experienced by those situated at high levels, in spite of the fact that the offer of management training programs is significant, and programs are attended by a continuously increasing number of managers.*
5. *Managerial culture, by which we mean the set of representations and conceptual, ethical and action values prevailing in a certain managerial environment, is at present misleading and contradictory, being very difficult to outline the representative type of such a culture showing the character of the Romanian environment.*
6. *For many managers in the Romanian enterprises proper organization of their own work, rational use of working time, centering on major problems, and intense delegation of authority for solving secondary problems, balanced covering of the whole range of managerial roles, adequate use of secretaryship continue to be unsatisfied desiderata.*

The aspects mentioned above lead to the conclusion that, at least in economic state ownership enterprises, the level of managerial practice in Romania is, from the standpoints reviewed above, much under the modernity, effectiveness, and competitiveness requirements that characterize the modern management as it is applied in the developed countries. Once again, such a conclusion emphasizes the need to initiate an ample campaign of education, at secondary and higher school levels, in order to ensure a significant improvement of individual and collective managerial knowledge base and practice in Romanian enterprises and institutions.

Indeed, the education represents the main vector of diffusion in the contemporary society of new knowledge and abilities continuously engendered by the scientific and technological progress, as well as the main factor of creating a specific national culture, a social and cultural model able to promote both the healthy traditions made up in the area of each country, or the new everlasting values associated with the general progress of the human society.

To this vector and decisive factor of human resources quality in the national area other factors are added– scientific and popularization publications, massmedia, etc. – whose formative role is, also, considerable. However, the role of education is, by far, the most important, because it addresses all population ages categories – beginning with the preschool and ending with „the third age” – and has, concomitantly, an accented formative character, brought about, firstly, by the direct contact of the trainer (schoolteacher, professor, instructor) with the participants in the education process (schoolchildren, schoolboys, students, adults).

The acknowledged role of education in creating a society able to make progress with quick steps, to assimilate new knowledge and technologies fast, and to ensure a high level of culture and civilisation to its own citizens is considerably enhanced in the context of historic process crossed at present by all countries of the world, firstly by the most developed, a process of transition from the industrial civilisation to the postindustrial one, intensive from information and knowledge standpoint, in which the quality of human resources, considered in terms of their education level, is decisive. More than ever in the mankind history, the economic power of countries is nowadays measured not only in terms of GDP (the sum of new yielded values), but also with a view to the national creative potential, the intellectual and human national force, finally expressed by the capacity to generate new ideas and to innovate, in the sense of ideas application in all activity sectors.

This dominant reality of the beginning of the third millennium results obviously from the program documents of the European Union. So, the European Social Agenda, launched at the Nisa European Council in December 2000, defines the requirement of “*European social model’s modernization and improvement*”, whose main principle is that “*people represent the most valuable asset of the European Union, investment in people will be of maximum importance for wellbeing and the place Europe will occupy in the future economy*”.

The idea about the determining role of education and vocational training in construction and consolidation of the new knowledge based society is conspicuously affirmed on the basis of spectacular examples offered by several countries – Japan, South Korea, China, Chile, Thailand, etc. – which achieved considerable economic increases due to broad population access to education and improvement of educational standards. The idea was reiterated at the Education World Forum, held at Dakar in April 2000, by J. Wolferson, president of the World Bank, who said that “*no country registered progress without educating its population; education is essential for sustaining economic increase and reducing poverty*”.

## **Evolution of the Managerial Training in Romania**

The managerial training occupies an important place in the actual national system in the field of education and improvement of human resources. The increasing role of managerial training within the framework of national education system was brought about by the generalized awareness at the world scale that management has become an essential vector, the main “*animator*” of economic development of any country. This reality is demonstrated by the existence of some material resources in poor countries, but strongly economically developed just as a result of performant management practice, innovative and adequate to national cultural, social and political traditions.

Systematic and organized management training has begun in Romania with the setting up in 1967 of the Center for managers training – CEPECA (Centrul pentru pregătirea cadrelor de conducere), following a tripartite agreement concluded between the Romanian Government, the International Labour Office (ILO), and the Program of United Nations for Development (PNUD). With the assistance of some outstanding foreign specialists, the Center initially organized short-term (4-5 weeks) programs, post – university training for managers in office and specialists in the field of enterprises’ organization and direction. The programs of the Center have aroused a large interest in the economic units of the whole country; as a result, the number of trained specialists has considerably increased, and the range of offered programs has been diversified.

CEPECA went on with its activity after 1990 and was turned into the Romanian Institute for Management (IROMA), constitutive part of the Management Department within the National School of Political and Administrative Studies. The department was broken up in 2006.

The current state of personnel training in the field of management in Romania presents some *relevant aspects*:

1. Training at the university level is ensured by specialized faculties set up in several state and private universities, as well as by specializations within the faculties for economic sciences existing in other universities;
2. Improvement of knowledge is carried out at post-university level by short term and long term courses in most of state and private accredited universities. Following the application of 1999 Bologna Declaration provisions, starting with the university year 2005-2006 the post-university training courses in different fields, management inclusively, were turned into Master programs;

3. Close to post-university perfecting programs, at present known as Master programs, organized by universities, the same category of programs is also offered by other institutions having managerial perfecting as vocation, organized as companies (limited liability companies, joint stock companies; for instance, the Institute MANAGER), as collective organizations (foundations, professional associations; for instance, the Romanian Management Consultants Association of Romania – AMCOR), or as public institutions;
4. The state and private institutions offering services of managerial training are unbalanced localized on the country's territory. According to the conclusions of a survey carried out by the International Management Foundation – FIMAN, based on a sample of 65 specialized institutions and entitled "Assessment of training capacity", public and private institutions with vocation in the field of managerial training are concentrated in the large university and industrial centers (59% of the number of post-university institutions are situated in Muntenia, 15% in Transilvania, 14% in Moldova, and 12% in Banat and Crisana). More than 50% of these institutions are concentrated in Bucharest, the capital, together with Timisoara, Cluj, Iasi and Ploiesti, covering over 75% of the managerial training services tender;
5. The new system of managerial training, that has known a spectacular expansion during the period 1990-1993, when 11 to 12 institutions at average have yearly been set up, has made its appearance and developed as a result either of foreign assistance programs (INDE, CIMP, etc.), or of some domestic initiatives (the Institute MANAGER, the Romanian Management Consultants Association – AMCOR, Presta Consult, Trend Consulting, etc.);
6. The development of training programs has mainly taken place in the framework of above-mentioned institutions (about 75% of the programs), but the present increasing trend is to organize such programs by universities and specialized institutions at the beneficiary companies headquarters;
7. The content of managerial training programs at the university or post-university levels is centered, in most of the cases, around the present and future co-ordinates of companies' management, including groups of themes (modulus) and themes dedicated to: managerial functions, their content, specific methods, techniques and instruments of operation; organizational design; introduction and development of the Total Quality Management; strategic management; new managerial models adequate to economic globalization; environment protection management; change management; project management; small and medium sized enterprises' management; prospects of the Romanian management in the context of Romania's integration into the economic structures of the European Union, etc.

Illustration of the concrete aspects fulfilled in the managerial practice by the concepts, methods, techniques, and instruments showed in the expositive part of the training programs is made, however, with examples taken over from the foreign literature and, to a lesser extent, with examples from the Romanian companies. This reality, with negative effects on the training programs' efficiency, is accounted for by management's reserves manifested in the majority of domestic and foreign companies that operate on the national area to make broadly known their development strategies, afferent policies, methods, techniques and instruments used.

In addition, the training programs' content is far from adequately satisfying the three natural categories of requirements – those individual of participants, those of their organizations, and those global of economic and social system of Romania as part of the European Union.

8. The methodology of managerial training programs' development at university level, and, particularly, at post-university level, goes on, with few exceptions, to be centered on knowledge transfer and, to a lesser extent, on assimilating abilities and forming behaviours, indispensable for a modern and effective managerial carrying out.

This aspect, in contrast with realities specific to western education institutions, is brought about by the insignificant weight, in the training programs, of participative, interactive methods, broadly used in the modern education, and, so much the more, in the managerial training.

Therefore, one dare say that several determining factors of companies management quality are addressed in a broken up way, depending on the goals of courses and debates within the training programs, without an unitary and coherent approach, in a comprehensive vision about both features and abilities of managers and managerial teams, ways of company's activities carrying out, allocation and use of available resources, actions finality, company relevant performances thanks to its management. One can draw the conclusion that the actual manner of treating the content and finality of management in the Romanian managerial training system does not go deeply into close connexion between managers' features (personality, competences, abilities, etc.) and companies' performances which they act in, this topic being addressed only by references within different themes and without an adequate conceptual and methodological model. We are pointing out that the syntagm "companies' performances" is used in a very comprehensive acception, including the economic and financial output of activity carried out, qualitative characteristics of the organizational culture, effectiveness of environment protection actions, company's image on the market, magnitude and observance of social responsibilities taken upon themselves.

The review of the most relevant aspects presented by the managerial training system existing in Romania leads to the conclusion that the last two decades recorded significant progress in the field of managerial training and perfecting, consisting, especially, in thematic diversifying of programs tender, extending their development forms' range, improving their content's quality. At the same time, it still persists the lack of an articulate institutional system, several elements of formalism, weak connection of some programs to the acute requirements of beneficiary companies' economic activity, and low weight of interactive training methods in the programs' economy.

## Conclusions about System Perspectives

The essential ground of these drawbacks and lack of balance, of structural nature mainly, between managerial training demand and supply, lies in the lack of a coherent, flexible, and dynamic strategy at the national level, which may be consistently and vigorously applied in order to significantly improve the managerial carrying out in the whole economic activity, and, hence, to increase competitiveness of Romanian companies and products on the international markets.

*The strategy in the field of managerial training* would be a main component of economic, social, and cultural dimensions of the Romanian society's reform, an effective key factor of efforts dedicated to reducing significant lagging Romania registered as against the developed countries.

Deciding upon this strategy should be done within a process including the following *stages*:

- organization of a systematic and constructive dialogue among specialists from universities, economic scientific research, economic and social activity, governmental bodies and non-governmental organizations, in order to outline the conceptual and methodological action framework;
- analysis of the managerial training actual state at the world level, the main trends and the best practices to transpose trends and new orientations into economic activity;
- realistic analysis of the managerial training actual state in Romania, its comparison with the reference points highlighted by the analysis carried out at the previous stage, and, based on

this, making evident the strong and weak characteristics shown by the Romanian system, the opportunities and threats influencing its development in the future;

- outlining, depending on conclusions of previous analysis, some strategic alternatives in the field of managerial training and perfecting, connected to the requirement of rapid and efficient assimilation of contemporary scientific and technological progress, and knowledge society's development and consolidation;
- designing, based on a dialogue with specialists, the strategic alternative that corresponds best to trends and human, social, cultural, and financial assets of the country, on medium and long term.

Such strategic alternative, aiming at enhancing human capital in the field of management, its knowledge, creative, and productive potential, according to economy modernization requirement, should join some *coordinates* presented further on:

1. Significant increasing in initial education financing effort from public sources, according to considerable requirements in this domain of the knowledge society and specific policies of the other member countries of the European Union.

It is worth mentioning that, constantly after 1990 until 2007, Romania earmarked less than 4% of GDP to education, the official statistical data in this respect being distorted by including some social protection expenses into that of proper funding education and vocational training. The other neighbour countries, which are also facing the difficult problems of modernization, earmarked between 4,5% and 7,3% of GDP to education, spotlighting the deep acknowledgement of its essential role in a sustainable economic and social development. It should also be underlined that in EU-15 the average weight of education funding from public sources has been 5,2%, while the average GDB per capita registered by the Union, calculated at the purchasing power parity, has been 3.5 times than the one registered in Romania.

Such a measure will beneficially affect the activity of state universities which include management faculties and/or university and post-university programs and courses tender in the field of management;

2. Adapting the Romanian education system, as a whole, and management training, within it, to the requirements of knowledge and information society, as well as to specific foresights of the *acquis communautaire*.

In this respect, it is necessary to initiate at national level the dialogue mentioned above aiming at defining the conceptual and action framework, ensuring:

- assessment of detailed current and future labor market requirements concerning the range of professions and trades, necessary knowledge and trades;
  - establishing curricula prospects improvement, in order to make them suitable to labor market needs;
  - spotlighting existing dysfunctions in the national education system and deciding upon concrete ways to remove them;
3. Changing the prevailing reproductive character, centered on memorization, of the actual managerial training process in Romanian institutions, into a creative one, centered on innovation.

This is possible by deep reconsidering of the weight assigned in curricula to the theoretical part (centered on knowledge transfer), to the methodological part (centered on procedural abilities development), and to the applied part (centered on action abilities and behaviour development), in the sense to significantly increase the last two weights, so as to emphasize the training

process pragmatic character, and to develop capacities for graduates to quickly and competently answer the real requirements of their jobs;

4. Extension in the state and private managerial training of modern, interactive teaching methods – panel, case study, role playing, sensitivity training, business game -, able to ensure the indispensable pragmatism of teaching process, to develop real abilities, and to model adequate graduates behaviour necessary for their efficient action in a competitive environment.

These recommended changes in the Romanian managerial training system will show their effects in all society's fields, the system proving to be a decisive factor of transition to the new information and knowledge-based society. Accordingly, the society's members should permanently learn and improve their standard of living by intense personal efforts.

5. Curricula's periodical and deep reviewing, in order to permanently update their content, to closely connect them to the newest concepts, trends, and instruments used in the didactic activity carried out in the developed countries, to ensure flexibility of teaching process in accordance with the labour market requirements.
6. Intensifying connections between university and industry, significant opening of managerial training institutions towards communities within their activity being carried out.

Such a co-ordinate supposes, on one hand, closer connection of university, didactic, and scientific research activities with real needs of companies concerning their technological, financial, organization, and managerial restructuring, as well as their modernization based on judicious strategies, and, on the other hand, involvement of managerial training institutions in the community's life, support of the last for solving the diversified and complex problems it is facing. Concrete ways to answer these needs are very diversified – programs organized at the demand of companies or local authorities within managerial training institutions or at the beneficiary headquarters, intensive use of communication and information modern instruments, specialty consultancy support, researches carried out on commercial basis concerning pressing topics formulated by beneficiaries, joint organization of scientific sessions, promotion actions, public information campaigns, etc., organization of partnership between managerial training institutions and business environmental/local communities, etc.;

7. Intensifying participation of managerial training institutions to infrastructure of technological transfer and innovation (technological transfer centers, technological information centers, innovation business incubators, offices for relation with industry, scientific and technological parks), these forms standing for an effective way to improve the relationship between universities and other education institutions and industry. Such forms have been imposed in the second half of the last century as a reaction in the developed countries to problems related to economic recession, unemployment increasing, and traditional industries decline, by stimulating development of activities based on new technologies, promoting transfer and diffusion of new technologies and efficient use of development local potential.

In Romania, innovation and technology transfer centers, and invention implementation centers, initiated in 1992, were quickly multiplied, diversifying their juridical status (companies, non-profit firms, sub-units which are not legal entities functioning within some research institutes, units functioning based on association contract), and their activity, namely, market-oriented scientific research (meaning working out studies commissioned by beneficiaries), production, import-export, services. The setting up of specialized institutions in the field of technological transfer and innovation was intensified after 2003; for instance, during the period 2003-2004, 19 entities belonging to innovation and technological transfer infrastructure have been authorized to function.



Managerial training institutions can be involved in this infrastructure by bringing in the expertise of their specialists in management, organization of human resources, setting up new structures, establishing multiple relationships between research and industry.

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## Sistemul românesc de instruire managerială – starea actuală și perspective

### **Rezumat**

*Articolul tratează marile transformări pe care sistemul românesc de instruire managerială le-a suferit după 1990, starea sa actuală fiind rezultatul unei evoluții începute în 1967, când sistemul a fost inițiat prin crearea Centrului de pregătire a cadrelor de conducere – CEPECA. În final, perspectivele sistemului sunt conturate și articulate într-o strategie propusă de autor.*