

THE MANAGEMENT OF PUBLIC INSTITUTIONS FACE TO FACE WITH THE EUROPEIZATION PROCESS

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Romania's integration in the European Union is a real challenge for Romanian managers, especially for those working in the public administration field. It is vital that all Romanian clerks be aware of the European realities in order to meet its possible demands.

Compared to other international economic zones, three main features characterize Europe. First, even though Europe is a multicultural territory, characterized by similarities and differences among the nations that compose it, "these nations have more commonalities rather than aspects that differentiate them"¹. Makridakis analyses the similarities and the differences among members of European Union, and he demonstrates in his study that the cultural differences do not represent a major obstacle on the way to European integration. Secondly, Europe has a unique combination of a well-educated and trained work force that influences the characteristics of the labor market. "A high level of state intervention and rules similar with those that regulate the standard market economy"² characterizes this market. But, the labor market is one of the least integrated markets of Europe.

There are different barriers that limit the integration process. "Cultural and linguistic barriers cannot be very easily overpassed"³ and also, there are high differences between productivity levels and national regulations among EU countries. Thirdly, Europe has a large number of sophisticated consumers that have a high buying power. Europe, and especially the European Union, meets the judicial, cultural, institutional,

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¹ Makridakis, S., *Single Market Europe*, Jassey, Bass Publisher, San Francisco, Oxford, 1991, p. 275

² Tsoukalis, L., *Noua economie europeana*, Ed. Arc, Chisinau, 2000, p. 118

³ Tsoukalis, L. *op. cit.* p. 274

economic, scientific, technological and educational requirements to usefully use its strengths. The integration of EU countries represents the process of taking advantage of these strengths.

“There is a current trend that national policies are driven by European values that involve changes in all fields (economic, administrative, social, scientific, educational and political) aimed to achieve a greater globalization of relationships among the European member states. This process maximizes the competitive strengths that characterize it”⁴.

The *Europeization*⁵ is based on cultural similarities and differences among European Union member states and it is aimed to achieve a comprehensive European identity that will bring together cultural and other differences and similarities.

The major parts of the European driven process are the European single market and the European single currency.

Europeization is a difficult, complex and long-term process and it represents the pillar of the European management development. The need for European management is explained by six factors:

1. The integration of the European economy through the foundation of the European single market and single currency influenced the development of a new social, political and economical environment for businesses.

In this context, a new type of management is needed, which can be easily applied in making decisions and implementing European policies within all the institutions of the European member states. This new *management* should overcome physical, and the more important and complex cultural barriers among member states.

The enhancement of the *Europeization* process determines transnational relationships of labor, capital, and services, which leads to innovations in regard to managerial practices, new structures, methods and mechanisms.

2. The regulations and the political and economical premises of the European Community represent the second factor that determines the creation of European management. In this context, the regulations and policies regarding the fiscal system, labor, environment and communications are extremely important. The management exerted on these organizations explains an important part of these regulations.

3. The experience and the efforts of the European managers represent the third factor that created the premises for European management. Within the European Union, there are common or similar managerial practices for the European Union member states. The use of these practices proved to be efficient. Furthermore, the business relationships between companies from different states are more facile and efficient when the managerial practices have many common elements.

4. The practice of the big transnational companies in developing European headquarters represents the fourth factor. The mission of these headquarters is to plan and coordinate the activity of the branches that operate in Europe. In this context, the transnational companies are interested in shaping a unitary perspective of the management of European branches.

5. The establishment of European organizations in the context of European integration to promote a European identity that would motivate people represents the fifth factor.

6. The major changes in the competition field transfer competition between European countries to competition between European companies or competition between European Union and the rest of the countries of the world. These transfers represent the sixth factor that created the need for European management.

⁴ Nicolescu, O., *Management comparat*, Ed. Economica, Bucuresti, 2001, p. 168

A new type of management was developed as a result of the influences of the above-mentioned factors. The main reason why it is difficult to define European management stems from the fact that the European management cannot be located or analyzed in the context of a single culture, as in the case of the North American or Japanese management. This aspect caused many conceptual and methodological difficulties.

The European management is just in the embryonic stage of its development, when the content, the functions and the ways of applying to the real context are defined. Even though we cannot argue that the European management will become dominant in Europe, many European organizations are more orientated toward using European management, even if they are not aware of doing that.

In conclusion, we can argue that the European management represents a combination of elements that are based on beliefs and values agreed on by European Union member states. It includes abilities and specific competences needed to face the European Union context. Also, it represents the sum of national management styles from the European Union and the synthesis of these styles that resulted after comparative studies were conducted.

The European management will be applied in the managerial practice at the following levels:

- At the level of the managers of the private multinational and national companies that are strongly integrated in European Union economy through supplying, selling, financial and personal relationships. In order to achieve the positive financial goals, they have to know and to apply the principles of the European management, working and making decisions like European managers.
- At the level of the managers of the private corporations that are performing their activities within the national market, but that have to use some elements of European management because the economic activities that they perform are regulated by the European Union strategies and regulations.
- At the level of managers of small private organizations that perform their activities exclusively at local level within national boundaries
- At the level of managers of national public organizations that have to apply and monitor the implementation of the White Book⁶ provisions.

The ideal profile of the European manager requires that she/he has certain specific characteristics that differentiate him from other managers:

- The ability to understand the European environment and the specifics of its cultural, social, political and economic complexity;
- The capacity to create, imagine and perform new activities that surpass the national cultures and barriers;
- The ability to motivate the employee, despite his or her cultural values, in order to achieve the mission and the objectives of the organization;
- The capacity to gain the support of national stakeholders, when they are doing business in other countries in order to perform the activities of the organization;

⁵ This is a concept that has gained acceptance in the last several years in different policy fields. Similar terms include globalization and internationalization.

⁶ White Book of European Commission, which was published in June 1985, was included in the European Union Treaty when the Single European Act was signed when the Luxemburg Council met in December 1985. Presently, there are implemented 300 regulations that were adopted and implemented according to the White Book. These regulations are in the following fields: standards, testing, certifying, assemblage, labeling, transportation, health, procurement, services, capitals, organizational behavior, taxes and fees, national transit, interior commerce, labor and E.U. specialists movement.

- The ability to accept and use the international mobility in order to manage an international career;
- The capacity to select and use information from the exterior environment of the organization;
- Good knowledge of the European Union policies and regulations;
- To have work experience in a context other than national;
- To have personal and family mobility that would allow them to live in different cultural contexts.

These characteristics are based on a combination of personal features and competences that the European managers should have:

- A high level of education (master or PhD);
- Confidence in the personal ability to achieve important objectives, based on managerial and technical competence;
- The ability to have empathy for different cultures and people. This ability should be supported by the desire to discover and harmonize divergent issues. These features are based on knowledge of several foreign languages and on the capacity to communicate.
- Awareness of the personal values and cultural preference;
- A strong desire to accept changes in the professional field throughout life, which implies flexibility and ability;
- Managerial experience in a national context;
- The courage to take risks;
- Capacity and desire to learn and start from the beginning;
- Good intuition in regard to human relations.

The literature⁷ discusses a possible European model of management. Even if it is not adopted in a formal way, it will evolve, as integration continues through the extension to the East, and through the assimilation of new managerial practices and experiences, to be systemized in a way that will allow a greater accessibility throughout Europe.

The features of the European management model⁸, which is the development stage, can be:

1. New characteristics of the environment where the organizations are performing their activities. Currently, the organizational environment is characterized by:
 - A broader perspective on the organizations, considering that Europe has the biggest market on the world and the European Union is the biggest trader in the world, performing over 50% of the international commerce;
 - Capacity to manage organizations characterized by great cultural diversity and performing the activity in a very heterogenic cultural environment;
 - Organizational flexibility and adaptability to the dynamic evolution of the environment;
 - A network of managerial relationships at the European level based on personal relations between managers, some of them having historical determinations, and others which were formed in schools, on vacations or participation in international organizations.
2. Equilibrium between management and leadership. This is based on the fact that presently, in the European Union an important emphasis is on a focused leadership and on human dimension of activities, which is the opposite of the situation in the U.S. The equilibrium between management and leadership has the following elements:

⁷ Nicolescu, O., *op. cit.*, p. 176; Burduş, E., *Management comparat*, Ed. Economica, Bucuresti, 1998, p. 172

⁸ Nicolescu, O., *op. cit.*, p. 176-177. Professor O. Nicolescu takes this european model of management from the works of the Belgian professor Ph. De Woot

- Currently, leadership is more important than management because of the predominance of the turbulent situations that the managers have to face;
 - Leadership should be based on the capacity to articulate a coherent conception that would reflect cultural differences and that would be able to take advantage of the European single market and the European single currency, and also of the other mechanisms created by the European Union
 - The application of leadership through intense and efficient communication processes that are shaped according to the involved cultural similarities;
3. Redefining the goal of the organization taking into consideration its multi-dimension and its cultural features. In this process we should consider two aspects:
- In the European Union the base of the managers' power is larger than the power of the managers from the U.S. In the American context, the legitimacy of the general manager and the higher decision makers is represented, in the private companies, by the General Assembly of the Stakeholders.⁹ In the European Union, it is not enough for the managers to be approved by the stakeholders. The employees, the union, and in certain situations the politicians, political parties and local public institutions should also approve the managers. This procedure is common also for the public institutions. So, the situation in European Union is more complex than in the U.S. because it has a more predominantly political character.
 - The perception of the population, specialists and managers regarding the role of the market in the economic activity has certain characteristics. In the European Union, where the majority of the population is Christian and therefore animated by socialist ideas, the management has a predominantly social dimension. It is orientated, according to the specialists, toward a so-called "capitalist responsibility"¹⁰ and not toward pure capitalism.

It is important to analyze each national context in order to understand the model of European management. The analysis should be conducted following the observations recommended by Geert Hofstede, who is the founder of the comparative management model, which is named for him¹¹.

This model has four cultural dimensions, each of them being influenced by the interaction between complementary and contradictory elements¹²:

1. Individualism or collectivism?

The intensity of the relations between people in a society is one of the cultural dimensions that generate differences between cultures. There are major differences between different cultures regarding the community life. It has been observed that wealthier is a country, more individualistic is the mentality of the citizens. Also, it has been observed that the poorer a country is, more developed the community spirit is.

⁹ This concept defines the executive structure in the company formed as a joint-stock company where the stock holders decide the naming of the superior management (Administration Board)

¹⁰ The concept belongs to Ph. De Woot

¹¹ Geert Hofstede, a Dutch researcher, being preoccupied by the study of cultural differences and their impact on the management, has conducted a thorough research. This research includes the results of other previous researches conducted together with the French Andre Laurent who researched and studied the philosophical concepts and managerial behaviors of nine Western countries, U.S. and two Asian countries: Indonesia and Japan. Hofstede studied first 40 countries, but later he enlarged this number to 72. Also, he used a questionnaire to interview more than 116,000 people from oriental and Western cultures. The study was conducted between 1967-1973 within an international industrial group (HERMES) located in the U.S. Like A. Laurent, Hofstede found differences in the behaviour and the attitude during the work of the managers and the employees that work in multinational companies. Hofstede revealed that most of the differences in the values and the attitudes connected to work are explained by the national cultures rather than by one's profession, sex or age.

¹² Hofstede, G., *Managementul structurilor multiculturale*, Ed. Economica, 1996, p. 92-98

Hofstede identified certain premises of individualism:

- A high level of economic development
- A great social mobility
- A moderate or cold weather
- The need for human intervention in the nature for survival
- High level of industrial and urban development
- Families with few children
- A strong tradition of classic capitalism

The premises of collectivism identified by Hofstede are:

- A low level of economic development
- Low social mobility
- Tropical or subtropical weather
- No need for a strong human intervention on the nature for survival
- Strong and developed agriculture combined with low level of industrial and urban development
- Families with many children
- Frequent social movements

The implications for management in the cultures based on individualism are:

- The relations between the members of an organization are based on interests;
- The employees do not expect the organization to take care of them;
- The existence in an organizations is based on personal initiatives;
- Promotion is from interior as well as from exterior;
- The personal decisions are predominant;

Implications for the management in the collectivist cultures are:

- The relations between the members of an organization are based more on moral values;
- The employees expect that the organization they work for to take care of them;
- The life in the organization is based on loyalty and sense of duty;
- Promotion is from interior, based on years of experience
- The group/collective decisions are predominant;

Great Britain, Netherlands and Germany are examples of European countries that have cultures based on individualism. Ireland, Portugal and Greece are examples of countries with collectivist cultures.

2. Is the distance from power small or great?

The cultures are different among them according to the importance given to inequalities in economical and social functioning. A small distance toward power or a strong collaboration with the power characterizes the societies that tend to reduce the inequalities in power and wealth. The cultures that are characterized by great differences in power and wealth are considered having a great distance toward power or a small collaboration with the power.

The premises that ensure the small distances from power identified by Hofstede are:

- Countries with temperate and cold weather;
- Countries that need the human intervention on the nature;
- Countries with strong developed industries;
- High social mobility;
- National wealth;
- A high percentage of middle class;
- The political power is based on a representatives system;
- The education is based on dialogue

The premises that ensure the great distance from power identified by Hofstede are:

- Tropical or Mediterranean weather;
- A limited human intervention on nature for survival
- Traditional agriculture
- Low social mobility
- Not a very large middle class
- Reduced national wealth;
- Military political power or oligarchy;
- Education that lacks dialogue
- The wealth is divided among a minority group;

Italy, France, Belgium and Spain are examples of countries that are characterized by great distance from power, while Austria, Denmark, Ireland, Sweden, Norway and Germany are examples of countries characterized by small distance from power.

This dimension influences the management in the following way:

In cultures characterized by small distance from power, we can distinguish the following characteristic features:

- The organizational structure has a small number of hierarchical levels;
- A small difference between wages;
- High skilled workforce;
- The workers have the same status as the clerks;

In cultures characterized by a great distance from power, we can distinguish the following characteristic features:

- The organizational structure has many hierarchical levels;
- A high diversity of the wages;
- Low skilled workforce;
- Clerks have a privileged status comparatively with the workers;

This dimension influences also the organization of unions. In the countries with a great hierarchical distance unions function in a centralized manner, while countries with a small hierarchical distance, unions have a more pragmatic orientation, being oriented more toward fighting for wages, working environment or the security of the working place.

3. Is the control of uncertainty highly intense or reduced?

The control of uncertainty is a cultural dimension that measures the level of tolerance toward anxiety generated by future events. The higher the tolerance, the lower the control of uncertainty. There are cultures where people consider that uncertainty is part of their life, and it cannot be influenced. These cultures have a low control of uncertainty. In other cultures, people consider that the future is challenging and they fight to influence it. A high control of uncertainty characterizes these cultures.

Conditions that allow an intense manifestation of control of uncertainty identified by Hofstede are:

- Developing countries;
- Young democracies;
- Intolerant religions;

Conditions that allow a reduced manifestation of control of uncertainty identified by Hofstede are:

- Developed countries;
- Traditional democracies;

- Tolerant religions;
- Countries that have high density of population, but which are poor and countries with low density of population, but which are wealthy;

Greece, France, Belgium, Portugal, Italy and Austria are examples of cultures with a high control of uncertainty. Denmark, Sweden, Great Britain, Ireland and Finland are examples of cultures with a low control of uncertainty.

Cultures characterized by low control of uncertainty have a low nervous tension at the working place, a high mobility of employees, preference for small size organizations and more probability of taking individual risk.

Countries with high level of uncertainty control have conflicts at the working place, preference for big corporations and smaller probability of taking individual risk.

The high control of uncertainty influences the organizational management in the following way:

- Preference for small size organizations;
- No ambition for promotion and preference for managers with more experience;
- Preference for taking a more formal attitude in performing the prevision function;
- Tendency to avoid competition between employees;
- Resistance to change;
- Group decisions are the most common;
- Promotion from interior;

The low control of uncertainty influences the organizational management in the following way:

- People prefer small organizations;
- Ambition for promotion and preference to promote young people;
- Performing the prevision function is not very important;
- Stimulating the competition between employees;
- High tolerance to change;
- Individual decisions are most common;
- Promotion is from interior and from exterior;

Countries with low control of uncertainty are characterized by having less stress and disagreement of aggressiveness, the emotions are hidden and the authorities are working for citizens. Countries with high control of uncertainty are characterized by more stress, people believe that time means money, aggressiveness is accepted and values are important.

4. Masculinity or femininity?

The following premises characterize cultures dominated by masculinity:

- Emphasized differentiation of values;
- Success is the most important;
- Money and wealth are the most important;
- People fight to achieve their goals and dreams;
- Admiration for successful people;
- Appreciation for the things that are important or have large sizes;

The characteristics of cultures dominated by femininity are:

- Interchangeable roles are accepted;
- Importance for the quality of life;
- The work is needed in order to live;
- People and the environment are important;
- The dream or the goal is to be useful for the others;

- Understanding and compassion for less fortunate people;
- Appreciation for what is beautiful and have small sizes;

Austria, Italy, Switzerland, Great Britain, Germany and Greece are characterized by masculinity, while Sweden, Denmark, Norway, France and Spain are characterized by femininity.

Masculinity determines the following features in the organizational management:

- Women that hold leadership positions are aggressive;
- High level of tension at the working place;
- Both women and men are dedicated to have a career;
- Reconfiguration of responsibilities favor personal achievement;

Femininity determines the following features in the organizational management:

- Decisions taken by one person are predominant;
- Women that hold leadership positions are not aggressive;
- Tension at the working place is reduced;
- Group decisions are predominant;
- Reconfiguration of responsibilities favor integration in the group of the employees;

Hofstede's study concludes that the organizations and the management have a cultural determination that not only influences organizational behavior, but also has an impact on transferring the management from one country to another. This has explained that organizations and the management use symbols that come from what people learned in family, at school, in the community that they belong to, or at the work place.

All these differences identified by Hofstede's study represent in the European integration practice as being major barriers. The experience of the European Union member states proved that European integration is not a simple and linear process, not even for countries that have similar levels of development. The shock and the harmonizing difficulties for the Romanian management will be extremely strong because our country has many important objectives to achieve in a very short period of time. The European Union is asking Romania to reform public management, but people working in the public system barely know what public management is. In this sense, we consider that managerial training of the Romanian civil servants is needed in order for them to become more familiar with the requirements of the new European organizational environment.

The first step in the *Europeization* process of the Romanian civil servants is to train them to become fully knowledgeable of the European regulations and their implementation. But the most difficult barrier to overcome still remains the cultural differences needed to harmonize the attitude and the behavior toward organization and job performance.

As far as we know, there is no study of management completed of the Romanian organizations. Such a study is needed in order to identify the cultural dimensions that characterize them. If we analyze Romania from the perspective of grouping European countries in "Anglo-Saxon, Germanic, Latin, Northern and Eastern, then we can characterize the country as being Latin"¹³. The major arguments are: a medium to great coefficient of individualism, a great distance from power, a powerful control of uncertainty and a low coefficient of masculinity. But Romania can also be characterized as an Eastern country because of collectivism, high distance from power, a powerful control of uncertainty and a medium coefficient of masculinity.¹⁴

¹³ Burduş, E., op. cit., p. 167-168

¹⁴ These statements represent only estimation of the four cultural dimensions as they aren't grounded on enough pieces of information. The lack of the comparative studies in the Romanian organisations transform these estimations into mere assumptions.

In the context of the integration of Romania in the European Union, the process of *Europeization* of the Romanian public institutions is necessary and inevitable.

The short history of European Union has successes and failures. People have to know and avoid the failures and the errors of the European construction. Romania will become completely integrated in European Union only if the national cultural particularities will assimilate those European values that can enhance the performance of the organizational structures strongly eroded by the old mechanisms and communist behaviors. The central and local public institutions have to generate renewal and the management will play a decisive role.

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