

## OPEN LETTER TO ROMANIAN ACADEMIC SOCIETY OF MANAGEMENT

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I consider it is time the Romanian management model found its right place within the European and International comparative management.

I expect that some readers will send me to the "*Universality of management*." I admit it, not from now, but from 21 years ago. Within the university course "*The Management*", published by Holding Reporter publishing house, in the first chapter, subchapter 1.4., I make some ample references to both sides of management universality approach (technical and organizational and social and economic) and an essential reference to the statement made by P. Drucker at the XV<sup>th</sup> Congress on management issues, held in Tokyo: "*there are tools and management methods, concepts and principles of management. There may also be a universal management "discipline". No doubt, there is a general specific function, which we call management and serves the same purpose in any developed society*" (Drucker, P.F., 1969, p.5).

As a follower of the thesis, I consider management to be a social institution, starting from the field of business activity. And, in my opinion, management represents a universal process in any organized life. Its fundamental principles are valid everywhere and can be encountered not only in business, but also in other forms of uneconomic organization. I remember and emphasize, explain and generalize the importance and universality of management through the life requirements of increasing the efficiency of using material, financial, human, information and time resources.

I master the methodological components of international transfer of management knowledge and I argue that this transfer shall constitute one of the fundamental goals of comparative international management. I encouraged this process constantly and continuously: in 1990, within the General Management Course organized by the Chamber of Commerce and industry of Brasov; between 1991 and 1993, training the managerial team of the company Fartec S.A.; in 1994, training managers from Braşov, Ploieşti, Iaşi, Cluj-Napoca to support projects for occupying managerial functions in representative units; since 1992 until present within the

general management courses, the managerial practice basis, manager's thinking and skills, comparative international management, held with the students of the Faculty of Management Brasov; from 2004 until present, within the European Management courses, Guidelines and behaviour within the total management in the company of the 21<sup>st</sup> century, the European dimension of the staff management, presented to the students within the European Organization Management; at the international conferences on management topics organized at Braşov University Centre, and more. For each form of action, we have established the needs of international transfer of knowledge management, with emphasis on managerial functions, subsystems that are components of the management system, operational management tools. I identified the favourable factors and the non-favourable forces within the international transfer of management knowledge. I took and adapted items for the management knowledge transfer to our culture and to the organizations where I worked. I conceived concrete actions for the awareness and preparation of the holders of interests referring to international transfers of management knowledge. And, last but not least, I set out concrete measures for implementing the international transfer of management knowledge and evaluation of the results obtained in this process.

In parallel, for 22 years, I have granted a special place in my lectures to the beginnings of managerial culture treatment in Romania that occurred during the last decades of the XX<sup>th</sup> century, under two forms:

a) acquisition and adaptation of the concepts belonging to the classics of management and the authors of the Sunset;

b) development of certain Romanian works and economic studies at the beginning of the theory national vision of managerial practice (Petrescu, I., 1991, pp. 81-91).

Starting from the analysis of basic social and economic problems, from the Romanian way of thinking, the Romanian thinkers, D. P. Marţian, B. P. Hasdeu, B. Bariţiu, P. S. Aurelian, A. D. Xenopol proved originality and high competence in addressing an issue of major significance, i.e. the prosperity of Romanian nation on the path of industrialization of the country. Regarding the ideas applied in management, I would like to mention the emphasis made by the representatives of the Romanian School of Economics, namely that it is impossible to have an economic science that applies to all countries, irrespective of its development stage, but, on the contrary, it is necessary for each country to address its economic science. This idea maintains its contemporaneity even nowadays and it constitutes one of the reasons that have led me to kindly request you to consider the Romanian management model and to place it within the European management and the international comparative management.

In the same spirit, Ion Ionescu from Brad, economist and statistician, apart from the merit of being the founder of modern agricultural science in Romania, has significant contributions to the field of management as well: he highlights the need for critical processing of certain managerial forms and methods, which should be promoted by adapting to the concrete historical, social and economic conditions in Romania; he is among the first persons to deal with essential matters concerning the human resources management, making precise and competent reference to the professional and moral qualities that a manager should have in order to the expected efficiency in the management process.

In his turn and in his era, the economist, sociologist and politician, university professor Virgil Madgearu approaches certain managerial components within his economic theory on the character of the agrarian countries development.<sup>1</sup>

In his works of underlying the „*peasant state*” doctrine, based on laborious statistical research, he analyses the structure and perspective of the Romanian economy, whose organisation and development connects it to the necessity of associating the economic enterprise to a unitary management of the definitions “*factors of production, capital, labour, and natural energy for a specific purpose, inside a closed and independent organisation whose coordinator, master, producer or any other employer have the right to dispose of the given forces on their own will*” (Madgearu, V., 1944, pp. 117-118). The managerial goals, organisation, functions and obligations are handled by V. Madgearu in close connection to the basic organisational link – the enterprise. With a proper and complete managerial view, V. Madgearu suggests that “the enterprise science researches how this organism is made of, according to the functions that it has to meet, in what ways it is divided, what bonds each of its parts has, and how they are brought to fulfilment so that the enterprise may reach its goal: to produce (Madgearu, V., 1915, p. 14). In another work (1940), V. Madgearu approaches the market management, according to which he sees the future opportunities of industrialization. In his opinion, any initiative in industrial management must be linked to the examination of the opening.

In the inter-war period, economists as N.P. Arcadian and Mitiță Constantinescu deal with some aspects of management within the mixed agro-industrial economy, and Ion C. Rarincescu highlights the management features influenced by the process of electrification.

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<sup>1</sup> A broad overview of the great Romanian economist, his scientific contributions, his professional, academic activities and his involvement in national journalism: I.- Gh.; Nicolescu, O., (editors), *Big personalities*, Virgil Madgearu, Editura ASE, Bucharest, 2011

Rich objectifications in the co-operation management are found at Gr. Mladenatz, A.G. Galan, G. Tașcă, Victor Jinga, Ion Răducanu, Gh.Dragoș.

Significant references concerning the enterprise management are found in the works of V. Slăvescu, I. Evian, I. Tatos, V. Tarța.

University professor Paul Negulescu introduces interesting concepts in the Romanian way of thinking concerning the scientific management applied to the administrative organization. In his course (1939), P. Negulescu approached numerous managerial principles and methods: establishment of rules for the recruitment of the personnel; determination of some reasonable promotion rules based on merit and seniority; development of managerial control, organization of education and its completion with basic elements of administrative management; appealing to logic in managerial approaches; treating management under the intellectual and volitional aspect of the participants in this process.

Another important field of management, namely that of finance and accounting, has been dealt with competence and profound scientific spirit, by Victor Slăvescu, V. V. Protopopescu, Spiridon Iacobescu, I. N. Evian, D. Voinea, D. Hașigan and others.

At the same time, we also have a past worthy of appreciation in terms of actions concerning the practice of management in Romania. The first attempt at introducing certain measures on the scientific organisation branch in a Romania enterprise dates from 1907. We have in mind the experiment conducted on the Romanian Cotton Weaving Hall in Pitesti. Referring to this experiment, Ed. Launder, the Belgian representative in the International Council of Scientific Organisation, in the Letter that he addressed to the Romanian Institute for Scientific Organization of Labour, he mentions that this represents the first Taylor system application attempt in Europe.

In 1918, the General Association of Romanian Engineers was founded, which, right from the beginning, has displayed numerous and interesting concerns in the field of scientific organization of labour. The Association's President, professor Constantin B. Bușilă shows that *"the proper organization of the Romania of tomorrow must be made through the organisation of labour and through specialization"* (Dulfu, P. P., 1931, p. 18).

C. D. Bușilă along with well-known scientists such as V. Madgeanu, Gh. Țițeica, Dimitrie Gusti, Gh. Ionescu-Sisești, Gh. Marinescu, have initiated the foundation, on 3<sup>rd</sup> of February 1927, of the Romanian Institute of Scientific Organization of Labour. The purpose of the Institute was to introduce and develop in Romania the best ways to save time, and to use the material, the machine, the human and natural energy in the most profitable way, for the good and benefit of the developer, worker and consumer (Vijoli, A., 1939, p. 27), the main objective being to make the

necessary step in order to enable Romania to come out of the field of empiricism in the field of rational organisation with the help of science.

The Institute has developed an arduously activity in the international realm as well. It was among the first institutes which have affiliated to the International Council of Scientific Organization, high scientific forum created in 1924.

All the aspects mentioned above have permitted the organisation of actions for the implementation and development of management, and of many advanced concepts and methods for the period. As a result, there has been an advanced level of competitiveness in both internal and European market.

The brief references described above represent a sign of gratitude for the efforts made by our predecessors, and many skilled scientists and practitioners, and an assertion that we have a past with meritorious results in management, both in theory and in practice. In other words, we have a past that deserves to be positioned within the Romanian management model.

At the same time, we also have a present which allows us and engages us to place the Romanian management model inside of the European management and international comparative management.

We have an Academic Society of Romanian Management “*consisting of the best specialists in management from Romania, which aims to stimulate the development of local management, to establish a competent Romanian management school at international level*” and which *includes the best management professors from Romania, doctoral advisors*” (Nicolescu, O, 2011. p. 548). The founding members, titular members, honorary members have important contributions in optimizing the managerial processes through multidisciplinary managerial and industrial research. They are registered with multiple participations in the international and national research programs. They manifest themselves as active attendances in the scientific councils of some specialized magazines of national and international notoriety. They carry an extensive scientific activity, promoted in books, textbooks, articles in specialist magazines from the country and abroad and published studies in the volumes of national and international scientific events. As a sign of esteem, the Management Dictionary systematises their work in its pages. I shall make further reference to naming them in an alphabetical order and I shall indicate the page (in brackets) which refers to the personality of the appreciated teachers of management: Abrudan, Ioan (24), Bărbulescu, Constantin (82), Băşanu, Gheorghe (82), Brătianu, Constantin (87), Burduş, Eugen (92), Burloiu, Petre (92), Burtică , Marin (92), Cazan, Emil (103), Căndea, Dan (103), Căndea M., Rodica (103), Cârstea, Gheorghe (104), Cochina, Ion (126), Constantinescu,

Dumitru (153), Dănăiață, Ion (180), Fundătura, Dumitru (260), Ilieș, Liviu (279), Ionescu Gh., Gheorghe (297), Lefter, Viorel (319), Manolescu, Aurel (358), Mihai , Ioan (395), Mihuț, Ioan (395), Naghi, Mihai (420), Nicolescu, Ovidiu (422), Nistorescu, Tudor (423), Oprean, Contantin (434), Pantea, Ioan Marius (447), Petrescu, Ion (456), Pintilie, Constantin (458), Pleșoianu George (466), Popa, Ion (468), Russu, Corneliu (545), Rusu, Costache (545), Târoată, Anghel (618), Vagu, Paraschiv (640), Verboncu, Ion (644), Zaiț Dumitru (648).

By developing their academic experience and creativity as scientific advisors, the personalities mentioned above have created a Romanian doctoral school in management specialization, which benefits from national and international appraisals. Doctors in management were trained from Romania and from abroad. PhD thesis themes contribute to widening the horizon of management knowledge, amplifying the corpus of scientific knowledge with fundamental and applicative character and helps at the theoretical understanding of the relationship between the variables that characterize the management phenomena and processes.

A large part of the doctoral theses have been completed with significant results, which have led to practical applications in the management of Romanian organisations, but also to the enrichment of our literature.

In the six years of existence of the Academic Society of Romanian Management, I managed to know the work of my colleagues and I came to the conclusion that we have specialists in the management science, in the organizational and managerial national culture, in the comparative international and in European management, in entrepreneurship and management of SMEs, in economic management and research-development-innovation management, in production and human resources management, in marketing and management, in managerial remodelling, in the organizational and commercial management, in management based on knowledge and in subsystems of management systems.

We can therefore proceed to the elaboration of the Romanian management model. The requirement and usefulness of this goal are highlighted by the fact that, in the European management, treated by specialists as a complex of national models, there are presented: the defining features of management in the United Kingdom; the potential, resources and image of the French management model, the complex of German transitions and German management model; corporate management in the Netherlands; the Swedish management model; the functionality and limitations of the Spanish management; the structure, process and style in the Italian management model. Nevertheless, only professor Ioan Mihuț (2002, pp. 245-268), mentions the Romanian management model, in his work “*Euromanagement*” in Chapter 8, “*The*

*Eastern-European Kleptocratic Management*”, subchapter 8.4. “*Kleptocratic Management and Organizational Culture of Romanians*”. Besides the fact that the term “*kleptocratic*” cannot be found in the orthographic, orthoepic and morphological dictionary of Romanian language (2005, p. 155), I see as being uninspired the appreciation of a specific feature as a model and from this derives the necessity of presenting the Romanian management model with: the principles, the constitutional and legal bases and the specific features of the model; the influence of the administrative and political structure on the Romanian management; European policy of Romania and its consequences on Romanian management model; cultural foundations and their influence on Romanian management; personnel management in the Romanian model; the style and values of Romanian management style; characteristics of management in Romania, with a focus on the specificity of the size and structural organization of the Romanian enterprises, the status of manager in Romanian approach, the management-unions relations in Romanian enterprises; orientations and attitudes in addressing the role of the State in economy and social and the consequences on Romanian management; labour legislation and social dialogue; theory and models, systems and structures in the market economy management; pragmatic components in Romanian management.

A similar treatment may also be found in the international comparative management courses taught in higher education Romanian institutions.

In terms of content, elaboration phasing, establishment of the managerial processes and relations subject to modelling, the object and purpose of the model, forms of collecting and analysing information concerning the variables of the Romanian management model, the issues related to model testing and the provision of their effective functioning with the help of specific and useful tools represents the responsibility of SAMRO administration and of the specialists commissioned with the elaboration of the Romanian model and its introduction in the European management and in the international comparative management.

I am aware that the proposal I make is extremely complex and difficult. It involves a broad management research, a collaboration, judiciously directed, with the Romanian Academy institutes, with specialized departments of the Academy of Scientists, with the economic faculties of the Romanian private and state universities.

At the same time, I am convinced that the Academic Society of Romanian Management can involve in the achievement of the Romanian management model and in its placing inside the European management and international comparative management. It has achieved equally

important, complex and difficult goals, which determines me to think that it will achieve this goal as well, in the interest of management and managers in Romania.

Looking forward to receiving Your Opinion, please accept my feelings of esteem and fellowship.

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Braşov,  
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# ORGANIZATIONAL KNOWLEDGE CREATION IN THE PERSPECTIVE OF SUSTAINABLE DEVELOPMENT

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## **Abstract:**

*In the context of a sustainable economy, knowledge has gained more and more ground, becoming an invaluable resource, the competence to generate and apply new knowledge giving the company a source of competitive advantage. Thus, the understanding and managing of knowledge dynamics become vital for the company. The main purpose of this article is to critically analyze the state-of-the-art in the field of knowledge creation, and to present the main characteristics of the most significant models designed to reflect organizational knowledge creation processes. The paper presents the impressive work done by Nonaka and his co-workers and the complementary contributions brought by the Spanish team coordinated by Gregorio Martin de Castro.*

**Keywords:** knowledge creation, knowledge dynamics, SECI, sustainable development

**JEL Classification:** D<sub>83</sub>, Q<sub>01</sub>

## **1. Introduction**

Classical economic theories and models contain variables derived from the tangible environment, focusing on labour, capital, and materials. Knowledge has been considered only as an external factor able to influence the production functions. Whereas, now, knowledge must be incorporated in these functions as a key factor, this being a difficult task due to its intangibility nature. The competence to generate and apply new organizational knowledge is considered as one of the main sources of the competitive advantage of a company (Leonard- Barton, D., 1990, pp. 111-125; Nonaka, T., 1994, pp. 14-37; Zollo, M., Winter, S.G., 2002, pp. 339-351). If knowledge is a source of competitive advantage, then, understanding and managing knowledge dynamics become vital for the firm in the context of a sustainable development economy (Candea, D., Sunhilde, M., 2008, pp. 1-126). Investments in knowledge will lead to higher

productivities and efficiencies but the correlations are not any more linear, since knowledge processing is by its own nature highly nonlinear. Thus, one of the main barriers in understanding the intellectual capital is exactly this nonlinearity of its intangible components, i.e. knowledge, intelligence and values (Andriesen, D., 2006, pp. 93-110; Bratianu, C., 2008, pp. 103-107, 2009a, pp. 52-56).

Furthermore, in the perspective of a sustainable economy (Candea, R., Candea, D., 2008, pp. 237-263) we can no longer regard humans as replaceable parts of a machine, but as beings who differ from each other due to their different visions of life and work. In this view humans are purposeful beings who will act to realize their visions and ideals (Nonaka, I., Toyama, R., Konno, N., 2000, pp. 5-34; Nonaka, I., Toyama, R., 2007, pp. 13-32). In the organizational knowledge-creating process, individuals interact with each other going beyond their own boundaries and, as a result, change themselves, others, the organization, and the environment.

In Western epistemology, knowledge has been defined as “*justified true belief*” (Nonaka, I., Takeuchi, H., 1995). This formulation gives the impression that knowledge is something objective, absolute, context-free. However, this may not be necessary true since it is humans who hold and justify beliefs and knowledge cannot exist without human subjectivity. “Truth” differs if we are to take into consideration the values of the person that holds that truth and the context in which we look at it. On the other hand, the Eastern epistemology regards knowledge as “*a meaningful set of information that constitutes a justified true belief and/or an embodied technical skill.*” Thus, the knowledge creation is defined as “*a dynamic human process of justifying a personal belief toward the truth and/or embodying a technical skill through practice*” (Nonaka, I., Takeuchi, H., 1995). The Japanese thinkers tend to consider knowledge as primarily “tacit,” personal, context-specific, and not so easy to communicate to others. Westerners, on the other hand, tend to view knowledge as “explicit,” formal, objective, and not so difficult to process with computers. But these two types of knowledge are not totally separate, they are mutually complementary entities. They interact one with each other and even may transform one into the other, in given specific conditions.

The knowledge-creating theory developed especially by the Japanese thinkers is based on the assumption that knowledge inherently includes human values and ideals. The knowledge creation process cannot be described only as a normative causal model because human values and ideals are subjective and the concept of truth depends on values, ideals, and contexts. Unlike traditional views of knowledge, the knowledge-creating theory does not treat knowledge as