

# MANAGEMENT IN THE EUROPEAN CONTEXT

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## ABSTRACT

*Europe can be characterized by different cultures that have significant similarities as well as differences. The achievement of the Single European Market and the Single European Currency had an extremely important impact in the evolution of the European Union, of companies and management.*

*Europe has two single competitive advantages as it is a body of educated and skilled workforce and has a large number of consumers with high purchasing capacity. The capitalisation of these advantages is achieved through the Europeanization of member states, as this process consists of all the mutations in all areas and, also, it has the effect of creating a new economic environment, sets the basis for the development of Euro management.*

*The definition of a management model in a global economy (the one of the European Union) is strictly linked to the capitalisation of positive influences of the economic, cultural, political and social environment of each member state.*

**KEYWORDS:** *Euro manager, Euro management, European strategy, innovation*

## **The influence of the market and single currency on companies and their management**

Europe can be characterized by different cultures that have significant similarities as well as differences. The achievement of the Single European Market and the Single European Currency had an extremely important impact in the evolution of the European Union, of companies and management.

The European Single Market attempted to eliminate certain barriers such as:

- Physical barriers represented by the existence of custom offices at the border, their controls;
- Technical barriers, i.e. standards and the regulation of state orders, the limits for financial services, new technologies, differences in the legislation for companies, etc;
- Fiscal barriers regarding the difference of existing VAT.

Therefore, the SEM generates increasing effects on companies, and some of the advantages mentioned by specialists are the increase of the intellectual potential, economic force, the visions of Europeans that exceed industrial and commercial barriers, the reduction of deficiencies in the European collaboration that appeared when a central power existed, the increase of investments etc. Regarding disadvantages, they are countered with the help of defensive strategies, capitalising on opportunities, concluding marketing covenants for markets within the European Union, as well as those outside the EU and the extension of the activity on an international level.

The implementation of the Single European Market and capitalising on the opportunities that it offers are achieved through the Single European Currency that has a number of advantages, such as:

- The decrease of costs of multinational transactions;
- The decrease of capital cost and the improvement of its allocation;
- The increase of efficiency in using the company's financial reserves;
- The improvement of management at macroeconomic level due to the improvement of cooperation;
- The increase of the degree of EU's stability.

The implementation of SEC also has disadvantages such as: deflation, costs for the reconversion of coins and the loss of incomes, the diminishing of the sovereignty of member states, the increase of costs needed for the adjustment of economic shocks, the decrease of the rate of economic increase. However, the introduction of the SEC will be beneficial to the European Union.

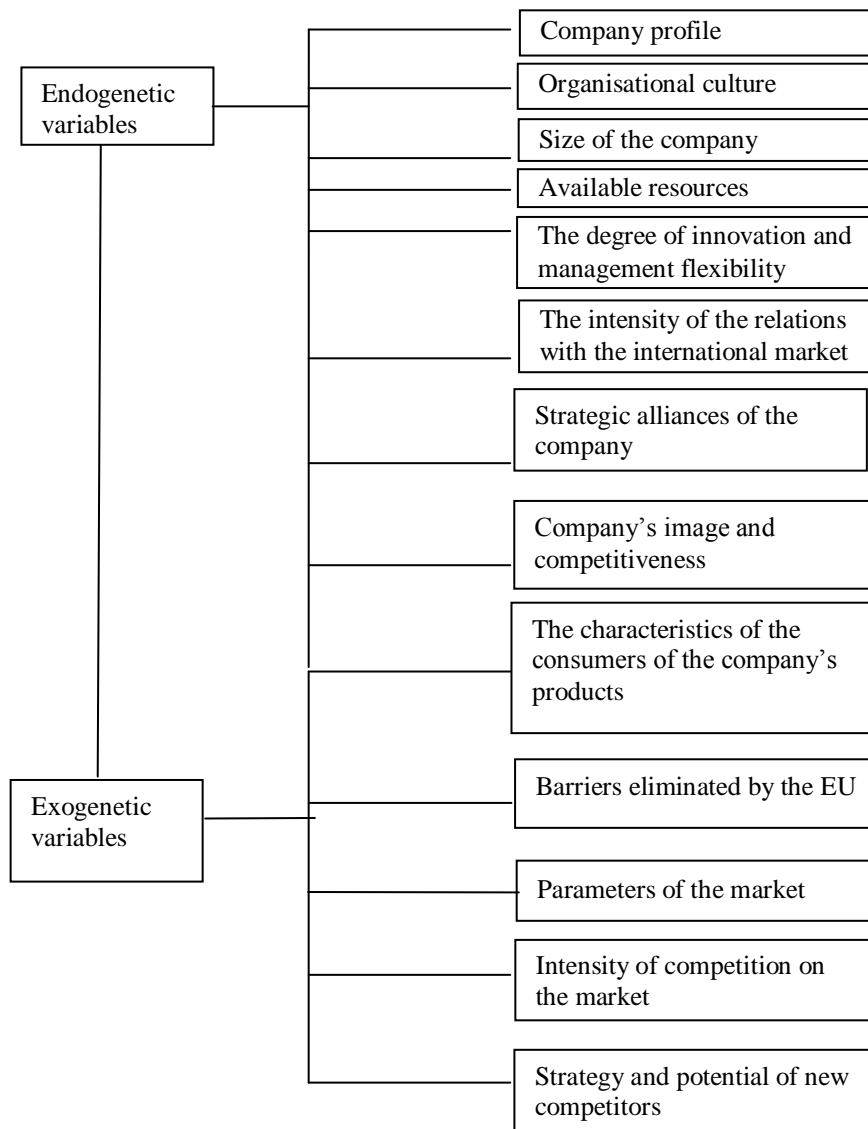
With regard to social aspects, the introduction of SEM and the SEC will affect employment, working conditions, social security, rights, rules of association, negotiations between employers and unions, all these implications having the effect of changes in companies' law in view of developing the ability of employees for decision making, the need to ensure social rights for employees, negotiated between the EU and employers, ensuring the right of each employee for permanent training. All these issues require special attention from managers of European companies in view of the introduction of the SEM and SEC, given the fact that influences of their achievement on companies are different, depending on the factors and variables that show their level, and they are shown in Figure number 1. [3]

### **Euro management and Euro managers**

Europe has two single competitive advantages, as identified by Nicolescu Ovidiu, in his book "Management comparat", as it is a body of educated and skilled workforce and has a large number of consumers with high purchasing capacity. The capitalisation of these advantages is achieved through the Europeanization of member states, as this process consists of all the mutations in all areas (economic, political, social, scientific, educational) intended to produce the internationalization of its activities. This complex process of Europeanization, conducted over a long period, which has the effect of creating a new economic environment, sets the basis for the development of Euro management.

The following elements lie at the foundation of this new type of management:

- The need for innovation in the field of management practices caused by the complex changes due to the acceleration of the Europeanization process, reflected in the flows of labour force, products, services, etc.
- The regulations and political situation, the economic and social decisions adopted by the management of the EU, the elements that become operational through the management of companies;
- The experience and efforts of European managers to carry out euro management, thus creating a series of identical or similar management practices in the EU states that is reflected in the establishment and development of business relations and partnerships;
- The practice of transnational companies to develop European centres in view of planning and coordinating activities carried out by their branches in Europe.



**Figure.1. The main variables of the influence of SEM and SEC on companies**

The definition of this type of management is difficult as the Euro Management cannot be labelled and analysed from the standpoint of a single culture and also due to the difficulty encountered in carrying out the analysis of its manifestation, spread over a wide and varied area that cannot be reported to a single culture.

Of all the common definitions for Euro Management used by different specialists, the most substantial one is that of Keith Thurlez and Hans Wirdemus [4]: “the distinct behaviour structures and the decision making approaches and for solving problems at the level of the organisation that set the identity of the strategy as being distinctly European and that is mainly focused on planning, implementation and assessment of changes”. Euro

Management is an initial development phase, and most European companies have the need for Euro Management, as they are more or less involved in European management approaches.

### **Euro managers**

Euro managers represent a special category of managers that have the duty to apply and implement the approaches of euro management.

Professor Ovidiu Nicolescu [3] considers that Euro Managers will be used on three different tiers by:

- The managers of multinationals, large, medium and even small sized national companies that are strongly integrated in the European economy. This way they will have to gain and use Euro Management knowledge, thus raising the efficiency of the company and becoming euro managers;

- The managers of companies that are directly subject to the European strategy and regulations, due to the operations they undertake, even if they mainly carry out their activity in a certain national space;

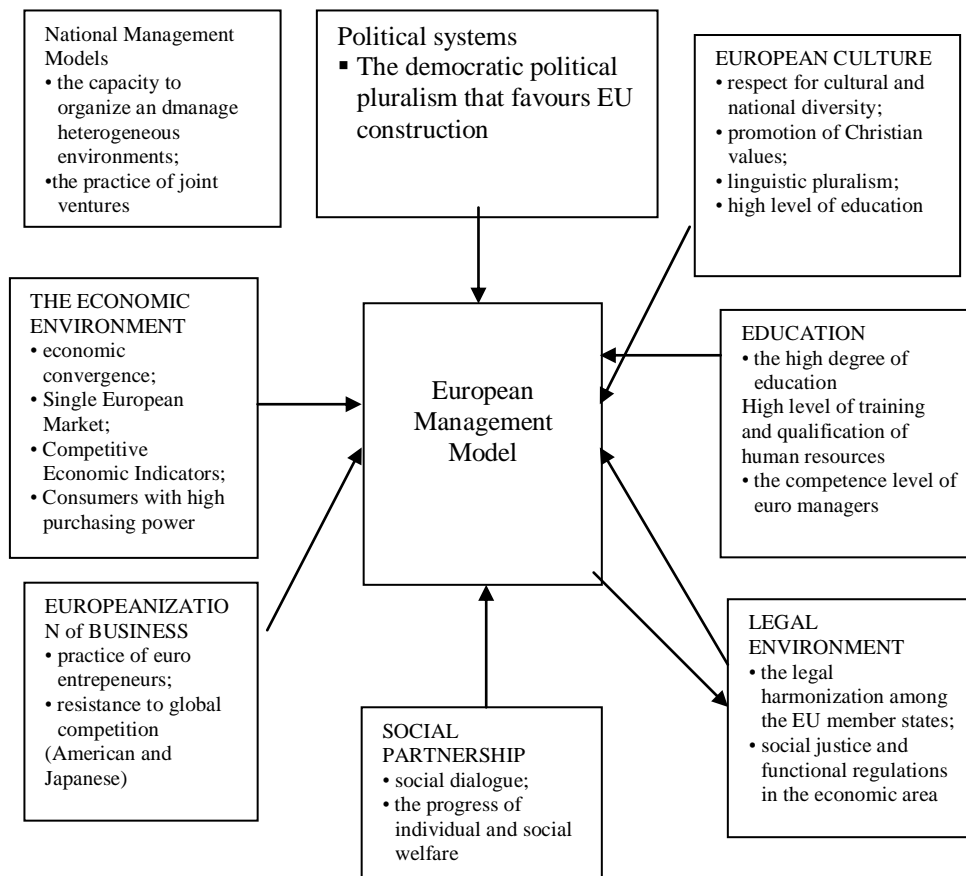
- The managers of small and sometimes medium sized companies that carry out their activities in a certain local area in a country and are influenced by Euro management to a limited extent due to Europeanization

This way, one can notice the increasing need for Euro Managers by the companies' management, that must have specific characteristics [5], such as: the ability to understand the European business environment and its cultural, economic, political and social complexity; the ability to imagine, create and manage new forms of activity that go beyond borders and connect cultures; the capacity to generate the concentration of staff, regardless of their different cultural values, that has the goal to achieve the mission and identity of the company; the skill to obtain the necessary help from the national stakeholders to carry out the activity of the company in other countries; that have a transnational mobility. All these characteristics require certain qualities and competences: trust in their own ability to carry out activities based on their management and technical competences, enthusiasm for different people and cultures, the desire to discover and harmonise conflicting problems, the knowledge of foreign languages, the capacity to communicate, the awareness of their own personal values and cultural orientations, flexibility, and openness to change.

### **The European Management Model**

The definition of a management model in a global economy such as the one of the European Union is strictly linked to the capitalisation of positive influences of the economic, cultural, political and social environment of each member state. In the context of a cultural, economic, political and social diversity, an efficient and competitive management of European enterprises requires the knowledge and promotion of fundamental factors that can support the collaboration among people and groups, the obvious trends of cooperation among organisations, communities. All this can be reflected in the development of an European management model.

Ioan Mihaș identifies the fundamental synergy elements (figure no. 2) [2] in view of developing an European Management Model, starting from the fact that in the economies of EU member states one can identify the largest number of joint ventures and strategic alliances outside national borders.



**Figure 2 The fundamental synergy elements of the construction of the European management model**

The European management model consists of three elements:

- the new modernity that refers to the environment in which the company functions;
- the balancing of management and leadership, needed due to the increasing emphasis placed on leadership;
- the redefinition of the enterprise's purpose that looks at its multiple sides, with a strong cultural determination.

The intensification of Europeanization, the consolidation of the Single European Market are premises for the building and development of the European Management Model that will not be limited only to the economic dimension, but is also extended to social and cultural issues.

Among the characteristics of European Management [1] the following can be identified: cultural diversity, the differences of the banking system, differences in the level of economic development.

The Dutch researcher Geert Hofstede provided a typical description of management through four different cultural dimensions: 1. Individualism- collectivism; 2.

Distance to power: large- small; 3. Control of uncertainty: intense- reduced; 4. Masculinity – womanhood. If one makes an analysis of the European management using these four dimensions, the following findings could be identified:

- it is characterised by individualism supported by a high level of economic development;
- small distance towards power (organisational structures have the tendency to harmonise formal and informal relations) and the decisions are therefore take in a participative manner, the decision making process is decentralised, the management style is democratic. The distance towards power increases as the inequality in the distribution of social wealth is wider.
- The control of uncertainty has a low level, the risk is minimised by developing plans and programmes with a scientific basis and thus the business environment is prepared to accept the risk;
- It has a high degree of womanhood in many points of view: moral and material motivation, achieved through balance and discrimination is not frequently encountered. The degree of masculinity is high in the countries in Southern and Central Europe, where the organisational management promotes policies and strategies that are offensive with authoritarian management styles.

In order to become competitive with the American and Japanese management, the European management must harmonise the degrees of formalisation and decentralisation, to grant more attention to setting long term objectives that look at the economic development at an European level, supports reforms in Eastern Europe, which will attract the economic and social stability etc.

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