

# Comparative Approaches between the North American and European Management System

Valentin PĂUNA<sup>1</sup>  
Ovidiu Andrei Cristian BUZOIANU<sup>2</sup>  
Ana Maria BOLOHAN<sup>3</sup>  
Laurentiu-Dorel COROBAN<sup>4</sup>

## *Abstract*

*The scope of comparative management is significantly larger than that of international management. The first deals with all the management phenomena that have founded multinational and multicultural. From this point of view, it can be considered that the international management represents a component or a specific field of particularization of the comparative management. In terms of the nature of the approaches, it is clear that international management - which explicitly meets the requirements of multinational comparisons - is predominantly pragmatic, focusing on providing solutions for these comparisons. In fact, between the two domains, which are not infrequently independent, there are multiple conceptual, methodological and operational connections, each contributing to the development of the other. International management, often substantially sponsored by large transnational corporations, is in a rapid and complex process, but fully benefits from the theoretical and methodological knowledge resulting from rapid and comprehensive developments towards maturity, which are characteristic of comparative management in the last decade.*

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## 1. Introduction

In recent decades, the word management has acquired an international character, and involves the management of economic processes (Bodislav et al., 2021). The new context in which all European companies are currently operating, the acute need they feel to have well-trained managers from a professional point of

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<sup>1</sup> Valentin Păuna, Bucharest University of Economic Studies, Romania, Email: valentin.pauna@metro.ro

<sup>2</sup> Ovidiu Andrei Cristian Buzoianu, Bucharest University of Economic Studies, buzoianu.ovidiu@yahoo.com

<sup>3</sup> Ana Maria Bolohan, Bucharest University of Economic Studies, anamaria.bolohan@gmail.com

<sup>4</sup> Laurentiu-Dorel Coroban, West University Timisoara, Romania, Email: laurentiu.coroban@e-uvt.ro

view but also of scientific management and more recently, in the field of international comparative management, able to think and to act in a trans-European vision, beyond what was previously considered to be barriers imposed by geographical borders and national cultures, require the increasing use of a still incompletely defined term, which can lead to confusion (Androniceanu et al., 2017). European management model, or even more so, the European management model. It is often seen and interpreted by some company managers in EU Member States as an antidote to American or Japanese management (Orzan et al., 2020). The extreme diversity of the European cultural-historical context is obvious, and in these conditions only the nuanced, contextualized approach can allow us to correctly interpret the particularities of this possible management model (Sarbu et al., 2021).

Thus, the Anglo-Saxon countries (Great Britain, Ireland, Germany, the Netherlands, Luxembourg, Austria) are characterized by high urbanization, a strong middle class, a system of values based on private initiative and entrepreneurship, openness to change and innovation, taking calculated risks, but of course economic and social progress, full freedom to act, a strong national identity. In these countries, a commercial culture predominates, characterized by perception, with a penchant for action, enthusiasm, by the importance of managers with leadership qualities (Radulescu et al., 2020a).

The object of the research is the specific aspects of American and European management, culture and business, the differences and similarities between the cultural environment and the socio-economic context of these two systems.

The aim of the paper is to highlight the positive and negative sides of each system, which could later be implemented in the management practice of Romania. The aim of the paper is the comparative illustration of these two systems both in terms of historical development and in terms of managerial practice.

## **2. Specific aspects of management systems in Europe**

The ongoing process of European integration, carried out on a continent-wide scale, has implications for all areas of social and economic life in the Member States of the European Union, and as such has implications for the management practiced in these countries (Balu et al., 2021). The following are some of the most important social and economic features that currently characterize the European context:

- the creation of the European single market, which aimed at eliminating physical barriers (border, phytosanitary), technical barriers, standards, regulations on state orders, restrictions on the free movement of capital, people, products, services, different legislation, intellectual property rights), tax barriers (VAT differences applied to different categories of goods);
- implementation of common policies (regional policies, social policies, human resources policies, financial policies, agricultural policies, common defense policies);

- resizing relations between the European Union and other countries or economic regions of the world (United States, Japan, Russia, China, Africa, Latin America, Southeast Asia).

The Nordic countries (Denmark, Sweden, Finland) are characterized by a very high level of social assistance, in which the state and the citizens mutually assume their obligations, free access to resources, conscious acceptance of responsibilities, especially of a social nature, including towards immigrants, whose integration is facilitated, the valorization of the mutual social support rather than of the one of primarily material nature (Bodislav et al., 2020). In these countries, a bureaucratic culture predominates, characterized by thinking, with a penchant for knowledge, strategic planning, an emphasis on managerial control exercised by a manager who emphasizes change (Radulescu et al., 2020b).

Latin countries (France, Belgium, Italy, Spain, Portugal, Switzerland), as well as countries in the south of the continent (Greece, Malta, Cyprus) are characterized by a strong appreciation of the group, the family, sometimes by fostering relations between members of these groups. or of these families; even people who, regardless of their methods, have managed to make a fortune are overestimated. In these countries, the culture is familiar, characterized by feelings, by the fact of feeling, with a penchant for teamwork, social values and in which a visionary manager usually acts. Bulgaria and Romania will be added to this group after accession.

The countries of the central continent (Poland, the Czech Republic, Slovakia, Hungary, Slovenia) as well as the Baltic countries (Estonia, Latvia, Lithuania) are characterized by the continued existence of two value systems: one imposed by the communist regime and which was, with a few exceptions, relatively the same and a total specific to the population of each country. The first category of values includes: respect for the hierarchy, the obvious separation of the workplace from the private life of the individual, the greater importance of the position than of the person, the devaluation of money itself (Ionita et al., 2009a).

The category of specific values includes some that are, however, ubiquitous: responsibility for mutual obligations, the importance of the relationship between manager and subordinate, between businesspeople, obligations to the group to which each person belongs (Nastase et al., 2020). In these countries, the culture is of the industrial type, characterized by intuition, rapid folding to the context, appreciation of technology, computer science, work discipline, medium-term perspective, associated with an architectural manager (Negescu Oancea, et al., 2020).

Europe wants to be an extremely cohesive and united economic, political and legal area (Radulescu et al., 2018). The problem becomes much more difficult when it is approached from a cultural point of view and a delimitation is tried precisely because of the rather accentuated diversity, although all the European states are based on the Greco-Roman culture. At the same time, we can talk about similarities that are based, in turn, on the role played by Christianity.

The nature of the current economic regime in the key countries of the European Union is shown in Table 1. It should be noted that only one third of the

"old" countries, members of the European Union, are oriented towards market economy values, while two thirds of the countries, in the economic manifestation he tries to find the golden means, using the advantages of the organization and prediction of the planned economy and the principle of competition of the market economy.

**Table 1. The share of state expenditures in GDP and the level of the tax burden in the countries of the European Union**

Country	Share of government expenditure in GDP, %		Tax rate in GDP %
	2005	2015	2020
ANGLO-SAXON ECONOMIES			
United Kingdom	39,8	42,2	37,4
Ireland	35,0	35,2	31,1
THE ECONOMIES OF SOUTHERN EUROPE			
Greece	47,8	47,2	37,8
Spain	41,4	39,5	35,2
Portugal	44,1	47,9	34,5
SOCIAL ECONOMIES			
Austria	54,0	51,2	43,7
Belgium	50,7	51,4	45,6
Denmark	48,8	48,9	37,9
Finland	57,6	56,1	48,8
Luxembourg	49,9	48,9	42,0
Sweden	42,0	46,9	41,7
Netherlands	47,2	48,9	41,4
Italy	42,8	50,6	46,9
France	53,7	54,5	45,3
Germany	60,7	58,2	54,2

*Source: OECD*

Countries with an economic form based on market economy principles can be countries of the European Union such as Greece, Spain and Portugal. In our case, an active criterion for their qualification is not only the share of state expenditures in gross domestic product, but also the low level of financing of social programs, which is characteristic of the traditional *laisser-faire* economy.

Thus, in Germany the social market economy was based on small and medium-sized entrepreneurs, and until 1967, the state had a neutral role in

entrepreneurship. Beginning in 1967, the social market economy under the influence of the Social Democratic government gradually transformed into an economy where social protection programs began to stagnate in entrepreneurship and the level of competition of the national product. Austria is also close to the German development system.

The Scandinavian countries have historically been oriented towards social democratic values, the partnership of business and society, the distribution of income for the benefit of low-income citizens, so the social market economy already had its base implemented. A similar system exists in Finland.

### **3. Specific aspects of German and British management**

German managerial behavior and thinking are strongly influenced by Protestant principles and Max Weber's theories on the social efficiency of organizational structures (Ionita et al., 2009b). All this led to the concept of a social market economy whose promoters formed a circle of resistance against socialist nationalism. Among the important principles of the social-Catholic system are: human dignity, which aims at the well-being of people; solidarity characterized by common responsibilities at both individual and group level; responsibility for one's own business and inviolability of property.

A characteristic and specific feature of the German business culture is the principle of order, which is noted both in the leadership style and in the organization of the decision-making process. According to the German point of view on the character of the development of any process, each object and each person has its place in the corresponding plan, calculated to achieve maximum efficiency. The Germans believe that well-designed procedures and processes support the solution of most problems, which is why they give the highest priority to order in order to achieve the well-being of society. The feeling of order developed in the Germans requires conformity. They are subject to the symbols of power, laws and rulings, and eccentric people and those who break the law do not enjoy the sympathy of society.

German business culture is specific in its attitude towards time (the desire to end one chain of action and then move on to another), the belief in sincerity, the inclination to radicalism, and its own clearly expressed (contrary to friendship and diplomacy). In essence, the German nation agrees only with the simple scientific truth, only with what can be demonstrated empirically. They act rationally and pragmatically, they are characterized by materialism and orientation towards the end result of the action.

The German nation is prone to long and deep searches on the meaning of life and they love to spend time with a material and spiritual profit for themselves. In this sphere, the Germans are very active and curious. They love to spend their free time traveling around the country or abroad. There are various cheap tours in the country, so the tourism industry has a considerable income. The Germans strive not to break the law, that is, to be disciplined citizens. They strive to be fairly compliant, and the manifestation of radicalism is rare on their part.

German citizens strive not to make mistakes, and they have been successful in this area. Any manifestation of extremism is not welcome, and law enforcement agencies behave fairly in such situations by respecting the rights of protesters. Even during the traditional demonstrations by the leftist powers, which are taking place in the big cities since May 1, the law enforcement agencies do not abuse power, but maintain public order.

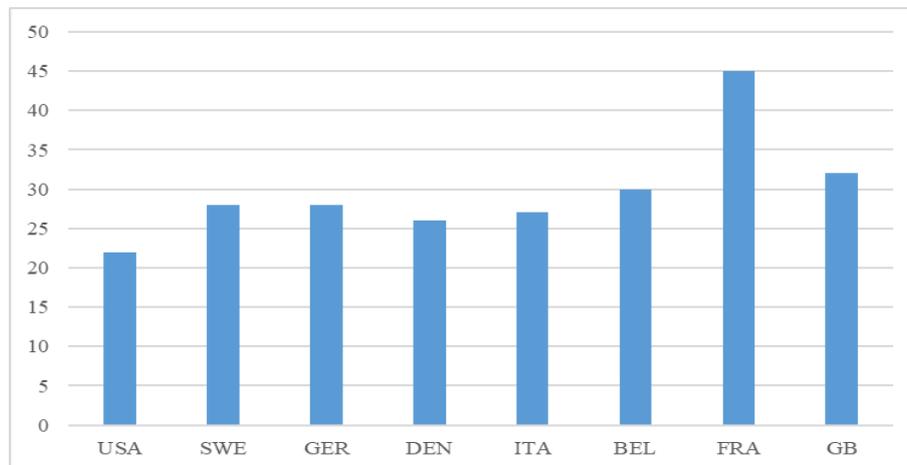
From the point of view of leadership style, Germany is an example of hierarchy and understanding, ie the sphere of responsibility and competence is spread among employees based on the jobs occupied, orders are transmitted from top to bottom and are not discussed.

The status of managers in German companies is related not only to individual leadership skills, but also to the length of work experience, work qualification and level of education. It should be noted that the German manager, who holds a university degree, is promoted to employment on average every 4 years, and those who have a doctorate in science, have a chance to reach the governing body of the company

In terms of external relations, European organizations are more in touch with government institutions and agree that government involvement in the capitalist economy should decrease as in the US organizational environment (Litra & Burlacu, 2014).

There is a recognition by trade unions that these links contain ideological elements. At the same time, there is even greater recognition from the democratic worker. As a result, European companies are more willing to negotiate and compromise in labor relations.

**Figure 1. The intensity of the appreciation that the main utility of the organizational structure is the establishment of the hierarchy in the company%**

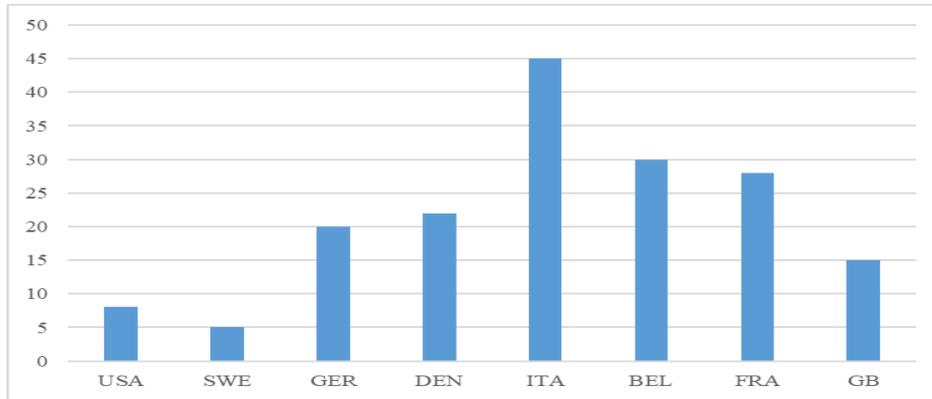


*Source:* Bendickson, J., Davis, P.E., 2016

The hierarchical importance of the organizational system correlates with the perception of managers regarding the relationship between the functionality and

performance of the company on the one hand and the existence of conflicts within the enterprise. It is found that (see Figure 1), in general, organizations that place high emphasis on hierarchy seek to avoid conflicts, considering them to affect its results - probably because they are conflicts over the exercise of power.

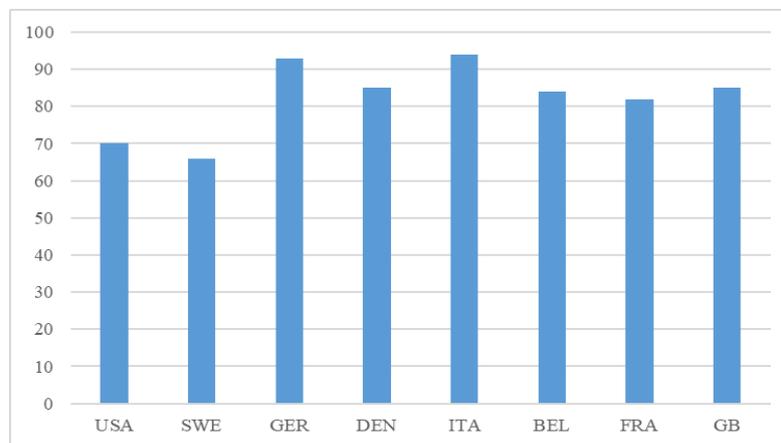
**Figure 2. The extent to which it is estimated that the company's functionality would be superior if internal conflicts were eliminated (%)**



*Source: Bendickson, J., Davis, P.E., 2016*

A key issue for the organization and, in general, for the management of any company is the definition of the tasks to be performed by each employee. In this regard, it is noted that in all countries it is appreciated that they need to be defined as well as possible, the concern in this regard being necessary to increase as the complexity of the activities involved increases. The maximum intensity in this area - in over 90% of cases - is recorded in Switzerland, Italy and Germany - and the minimum in about 1/3 of the companies in Sweden and the USA (see figure 2).

**Figure 3. Increasing the need to define the tasks of employees as the complexity of the activity increases (%)**



*Source: Bendickson, J., Davis, P.E., 2016*

Regarding the tool that is recommended to be used, the job description is most often chosen. Of course, the structure of country assessments in this regard is similar to that of the previous question. The only major difference is that the percentage of US managers who opt for them is significantly higher - 78%.

Of course, this situation reflects the degree of democratization of the companies involved, as well as the sensitivity to the proposals put forward. Perspective always plays a key role in management. In this regard, the managers were asked about the assertion that in the next period the manager will be primarily a negotiator.

From the point of view of comparative management, it is important to note that the role of negotiator takes different forms when the partners belong to the same culture, compared to the situation when they represent another culture. The study by two well-known experts in the field, Nancy Adler and John Graham, is instructive in this regard.

Based on the analysis of 500 subjects from the USA, Japan and Canada, their availability and partially special characteristics for intracultural and intercultural negotiations from multiple angles were highlighted: strategies used, extent of personal interactions, intensity of satisfaction felt, level of individual performance, profitability. etc.

So the characteristics and role of managers have a great cultural dependence, varying significantly from one cultural environment to another, with direct and indirect effects in terms of content and effects of managerial work.

Undoubtedly, one of the most important trends in the management of the last decades is the shaping and amplification of its participatory dimensions. The content and forms of participatory management, the degree and the ways of involvement vary between very wide limits from one country to another. In this context, we appreciate as interesting and useful to know the comparative analysis of some elements of participatory management considering the involvement of trade unions in companies in Germany and the USA, two of the countries with the strongest and most dynamic economies.

### **3.1 Trends in North American and Euro-management management systems**

The success of an activity, regardless of the field in which it takes place: economic, social, political, sports, etc., depends on a number of factors, the most important of which is how that activity is conducted.

Emerging technical firms are pursuing the development of a new type of industry on the basis of scientific innovations or the transformation of the existing one with the help of techniques that come from radical innovations (Costache et al., 2015).

In the case of evolutionary technologies in which the Internet, electronic banking, etc. are making more and more room. offers a rich source of market

opportunities that stimulate risky investments. Each of the two categories mentioned has certain specific characteristics as follows:

- emerging techniques - in the American economic environment is manifested by high uncertainty, high income generation, knowledge dependence ensures the creation of new markets, the knowledge base is growing, applications have an innovative trend and ensure the development of new markets. Such companies can be considered the pioneers of progress and rethinking the organizational structure of employee relations and strategies.

- specific new technologies, based on knowledge, have in view the capitalization of primary knowledge.

A number of elements in the field of opportunities can be mentioned, as follows: the market to which these products are addressed (military field) is in a continuous search and transformation, and the user's reaction is not known in advance. The development of new competencies (skills and knowledge) and involves a dynamic pace of development.

European managers in the near future will tend to have a higher education than the US and Japan, a trans-European vision adapted to the diversity and complexity of cultural, social, economic, and political in relation to the environment in which they operate, so leadership style will depend on a very large measure of the culture of which the manager is a part.

### **Conclusion**

Changes take place everywhere in the universe, in our private life or in the life of organizations. Knowing the process of change, to stop it as much as possible, is a feature of a successful management, which can ensure the competitiveness of the organization. An organization is more efficient, more competitive, the more it has the capacity to develop continuously on multiple levels. This explains the fact that in the specialized literature, but also in the complex reality of the human society, the concept of organizational development is approached more and more often.

Organizational development, as a process or as a field of research, includes a wide range of activities, from setting up a management team to senior management to improving an organizational structure or designing a job description.

Organizational development is a response to changes in technical, economic, political, social, cultural, which take place in the internal and external environment of the organization. Organizations operate in an increasingly uncertain environment, in which change is rapidly occurring and to which internal and external communication must adapt. Of all the changes that take place in the external environment of the organization, the most important that determine effective actions of organizational development are: globalization, computerization and innovations in the field of management. In the face of such challenging and priority changes for any organization, organizational and managerial communication must respond accordingly.

There is a marked tendency to develop a general theory of leadership that offers a more comprehensive perspective on all aspects that it covers (economic, social, moral, ethical and technical).

In the field of organization, worldwide, there are many transformations and new elements, some unique, of a great variety, consequences of the diversity of objectives and conditions faced by organizations. The dynamism of the structures is a direct consequence of the modification of the conditions that determine them, which are both internal and external.

When organizations' results are positive, their managers have no reason to worry about structures. Usually, the symptoms of a change in structure appear when organizations have problems, and the most relevant symptoms are:

- non-fulfillment of the planned objectives, due to some internal and contingent causes with the external environment.

- slow decision-making process and weak decisions (there are consequences of the quality of the structure: oversized number of subordinates to a leader, large number of levels in the management pyramid, excessive centralization of the decision, weak concern for delegation, insufficient equipment);

- fatigue of managers (has as main causes: overloading them because of an oversized control area; exaggerated bureaucratic requirements to make analyzes, to replace reports; insufficient IT means to assist the management).

Organizations, entering a period of unprecedented promotions and uncertainties, are looking for structural variants through their leaders, because traditional functional models no longer seem to be effective in today's highly dynamic environment.

To this end, worldwide, there are concerns expressed synthetically in the form of the transition from mechanistic to organic. The evolution and development of organizations involve many changes, in different fields and with different intensities, either to adapt to changes in the environment or to exploit certain opportunities. This process of change must be planned, coordinated, controlled, ie it must be managed efficiently.

The management of the English companies considers both the definition of the objectives and the definition of the procedures, respectively of the instructions that will be followed at the level of the entire company. The relations between the hierarchical levels are formal, and the honesty, the frankness are appreciated in the interpersonal relations and pursued at the level of the whole company. The decision-making process takes place at the level of an extended team and as a result the decisions are implemented relatively easily. As an organization of work, employees prefer to work in a secure environment, provided by a team that will assume a pre-established order with which they can identify.

At the level of team members there is a strong sense of individual responsibility, because in case of failure the responsibility will be individual and not of the team. It can be concluded that the relations between the employees are somewhere on the border between the formal relations and the informal relations.

Italian managers prefer the functional organizational structure, followed by the divisional structure, specific to large enterprises. One of the peculiarities in human resource management is the predominance of informal relationships. These are manifested in work teams formed on the basis of the feeling of mutual dependence. We can say that the Italian employees show the feeling of mutual obligations, respectively a team is formed and it will work only if an interpersonal relationship has been established before. What is important in the formation of the team is not to form members of the same rank, as the Italians do not agree with the idea of equal sharing of power.

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