

## **POSTADHERATION STRATEGIES OF THE ROMANIAN COMPANIES**

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*This paper explores the Romanian enterprises preparations for the adherence to the European Union. It is based on an investigation among twenty executives in which they describe their measures to deal with the changes induced by the adherence. We analyze their perception about the main opportunities and threats regarding the adherence and their preparation for the integration. We conclude that most of the strategies reflect a passive attitude of the executives and they were elaborated in a certain hurry.*

**Keywords:** *adherence, strategy, expectations and executives*

### **1. Introduction**

At the middle of 2006, the possibility of Romania to adhere to the European Union (E.U.) was quite clearly outlined. Inherently, to such an event there are associated significant opportunities and threats for the Romanian enterprises. The theory of management recommends for this kind of situations to be conceived special strategies by which to be fructified the opportunities and to face the threats [1; 5]. In a certain measure, the integration process will depend on the way these strategies will be elaborated and applied.

For the study of the strategies elaborated by the Romanian companies regarding the adherence there were used results from a bigger investigation realized in the period July – August 2006 on a group of twenty Romanian executives [9]. These managers are, alone or together with some relatives, owners of the companies they administrate, thus having no boundaries in the strategies elaboration.

The sample is reduced in size, so the results of the investigation cannot be generalized for the whole community of Romanian

executives. However, the information we obtained may offer signs regarding the circumstances in which the Romanian companies elaborate their adherence strategies. In the investigation there were used both questionnaires and interviews that allowed to the executives to offer explanations regarding some aspects of their preparations for the adherence.

In order to describe the post-adherence strategies of the Romanian companies we will approach the following themes:

- The adherence opportunities;
- The threats associated to the adherence;
- The preparations for the post-adherence phase.

### **2. Opportunities of the adherence**

According to the customs union theories, the adherence to the European Union will offer significant possibilities for the new markets penetration to the Romanian companies [2; 3]. Moreover, it will open new perspectives of cooperation with the European companies and opportunities of modern technologies acquisition. In the same time, it is expected that, under the impulse of integration, to decrease in a significant way the corruption

and the bureaucracy from the public administration, that will stimulate the economic activity.

During the investigation the twenty executives were interrogated regarding six expected opportunities of the adhesion:

- a. The cooperation with companies from the European Union;
- b. The possibility of penetration on the European markets;
- c. The possibility of getting modern technologies;
- d. The corruption decrease;
- e. The decrease of the bureaucracy from the public administration;
- f. The economic growth.

- a. **The cooperation with companies from the European Union.** From the investigation it resulted that more than half of the executives expect an increase of the chances of association with European partners (Table 1). In the phase of interviews these presented some strengths that could attract the foreign companies: the already formed clients, the favorable placement of some points of sale, the good relations with the local authorities a.s.o. On the other hand, the skeptic managers in this matter consider that in the activity of the companies they administrate there are no elements that could attract the foreign companies.

**Table 1 – Opinions of the executives regarding the chances of association with partners from the European Union**

Variants of answer	Significant decrease	Significant increase	No significant changes	No answer	Total
Number of answers	-	11	9	-	20
Weight	-	55 %	45 %	-	100 %

- b. **The possibility of penetration on the European markets.** The twenty executives were questioned regarding the impact of the adhesion on the chances of the companies they manage to enter in the European markets. From the answers of the managers it resulted that 70 percent from them do not expect significant changes (Table 2). In the interviews they offered different

explanations for their skepticism: lack of financial resources, obsolete technologies, lack of information about the European markets a.s.o. On the other hand, the managers confident in the increase of the chances of penetration on the European markets count on the advantage of some low costs and on the possibility of association with foreign partners.

**Table 2 – Expectations of the executives regarding the impact of adhesion on the chances of the companies to penetrate on the markets from the European Union**

Variants of answer	Significant decrease	Significant increase	No significant changes	No answer	Total
Number of answers	-	4	14	2	20
Weight	-	20 %	70 %	10 %	100 %

- c. **The possibility of getting modern technologies.** Our investigation revealed that 75 % from the managers consider that the adhesion will increase their chances of modern technologies acquisition (Table 3). They explained their optimism by the international trade

intensifying that would follow the adhesion. On the other hand, the managers that do not expect significant changes consider that in the present the acquisition of modern technologies from the European Union is quite easy.

**Table 3 – Expectations of the executives regarding the impact of adhesion on the possibility of modern technologies acquisition**

Variants of answer	Easier acquisition	More difficult acquisition	No significant changes	No answer	Total
Number of answers	15	-	5	-	20
Weight	75 %	-	25 %	-	100 %

d. **The corruption decrease.** The results of the investigation indicated that 70 % from the executives anticipate after the adhesion a significant decrease of the corruption (Table 4). They count on a direct intervention of the E.U. institutions that would force the Romanian authorities to fight actively the frauds

from the economic activity. On the other hand, the managers that don't expect significant changes have the conviction that the Romanian authorities would succeed to cheat the E.U. institutions, by only simulating the fight against the corruption.

**Table 4 – Expectations of the executives regarding the impact of adhesion on the corruption**

Variants of answer	Significant decrease	Significant increase	No significant changes	No answer	Total
Number of answers	14	-	6	-	20
Weight	70 %	-	30 %	-	100 %

e. **The decrease of the bureaucracy from the public administration.** Our investigation revealed a dispersion of the opinions regarding the impact of the adhesion on the bureaucracy from the public administration (Table 5). The main reason is that in the present the E.U. is perceived as a bureaucratic

organization. For 45 percent from the executives the bureaucracy from the Romanian public administration is more harmful than the one from the E.U. institutions, while 35 percent consider that the bureaucracy of European type will be more difficult to surpass than the one of Romanian type.

**Table 5 – Expectations of the executives regarding the impact of adhesion on the Bureaucracy from the public administration**

Variants of answer	Significant decrease	Significant increase	No significant changes	No answer	Total
Number of answers	9	7	4	-	20
Weight	45 %	35 %	20 %	-	100 %

f. **The economic growth.** All the twenty executives consider the adhesion will stimulate in a significant way the national economy of Romania. They expect this evolution to lead to a fast increase of the available incomes of population, implying a demand increase for the companies products.

### **3. Threats associated to the adhesion**

The adhesion of a country to a customs union may lead to an increase of the competition for the domestic producers, as an effect of removing the tariff barriers for the imports from the Union countries. Moreover, it is expected that after the adhesion the labor force to imply higher costs and be more difficult to find. Besides these aspects, it is

appreciated that the acquis application will be quite expensive.

In the investigation we approached four possible threats:

- a. The increase of the competition;
- b. The increase of the expenses with the staff;
- c. The difficulties in recruiting the labor force;
- d. The costs for the acquis communautaire accomplishment.

**a. The increase of the competition.** Our investigation revealed that 75 percent from the executives expect that after the adhesion the competition for the products of the companies they administrate will significantly increase (Table 6). They explained they expect

that the European companies to enter in a large number in all the fields of the Romanian industry. On the other hand, the managers who don't anticipate significant changes regarding the competition explained that the companies they administrate have in their fields of activity (hotel activities, trade with office items, fitting out, production of footwear and trade with cars) significant advantages in comparison with the foreign competitors. Some of them even expressed the hope that the adhesion would bring a real protection against the imports from the South - East Asia, while others count on a discrete support from the Romanian authorities against the European competitors.

**Table 6 – Expectations of the executives regarding the impact of adhesion on the competition**

Variants of answer	Significant decrease	Significant increase	No significant changes	No answer	Total
Number of answers	-	15	5	-	20
Weight	-	75 %	25 %	-	100 %

**b. The increase of the expenses with the staff.** For 80 percent from the executives the adhesion would lead to a significant increase of the wages for the Romanian workers (Table 7). They consider as unavoidable the lining up of the wages from Romania to those from

the E.U. In exchange, the managers who don't anticipate important changes think that there won't be significant increases of the wages in the lack of the corresponding increase of the labor productivity.

**Table 7 - Expectations of the executives regarding the evolution of the wages from Romania after the adhesion**

Variants of answer	Significant decrease	Significant increase	No significant changes	No answer	Total
Number of answers	-	16	4	-	20
Weight	-	80 %	20 %	-	100 %

**c. The difficulties in recruiting the labor force.** Our investigation revealed that 50 percent from the executives consider that after the adhesion the recruitment of the labor force will become more difficult for the companies they administrate (Table 8), especially because of the labor force migration that will increase after the adhesion. On the

other hand, 45 percent from the managers don't expect significant changes because, in their opinion, the migration phenomenon arrived to a saturation level and there must be taken also into consideration the incoming labor force from the poorer countries than Romania.

**Table 8 - Expectations of the executives regarding the impact of adhesion on the labor force recruitment**

Variants of answer	Easier labor force recruitment	More difficult labor force recruitment	No significant changes	No answer	Total
Number of answers	-	10	9	1	20
Weight	-	50 %	45 %	5 %	100 %

**d. The costs for the acquis communautaire accomplishment.** Our investigation revealed that 55 percent from the executives expect that the acquis communautaire accomplishment will suppose medium costs, while 35 percent

expect quite large costs (Table 9). From the interviews it resulted that all the managers are sure that the companies they administrate will be able to face these costs.

**Table 9 - Expectations of the executives regarding the costs of the acquis communautaire accomplishment**

Variants of answer	Very large costs	Quite large costs	Medium costs	Low costs	No answer	Total
Number of answers	-	7	11	2	-	20
Weight	-	35 %	55 %	10 %	-	100 %

#### 4. Preparations for the post-adheration phase

At the moment of the investigation nineteen from the twenty executives declared that they had elaborated a strategy of integration. The manager who didn't do this mentioned

that, in his opinion, the evolution post-adheration of the business environment is unpredictable, making useless any strategy. Our investigation revealed that 70 percent from the managers took into consideration the elaboration of an integration strategy only in 2006 (Table 10).

**Table 10 – Answers of the managers regarding the moment of integration strategies elaboration**

Variants of answer	Integration strategy elaboration in 2005	Integration strategy elaboration in 2006	No elaboration of an integration strategy	Total
Number of answers	5	14	1	20
Weight	25 %	70 %	5 %	100 %

Taking into consideration the serious changes that adhesion would bring, the time horizon of a year for the elaboration of most of the strategies is quite short and it doesn't allow too much time for the foreseen measures implementation [4; 6; 8]. We can

make a connection between this situation and the fact that 60 percent from the executives became convinced only in 2006 that Romania would adhere to the E.U. latest at First of January 2007 (Table 11).

**Table 11 - Answers of the managers regarding the year when they became convinced that Romania will adhere to the E.U. latest at First of January 2007**

Variants of answer	2004	2005	2006	Total
Number of answers	1	7	12	20
Weight	5 %	35 %	60 %	100 %

From the interviews it resulted that the so-called post-adheration strategies are quite simple, reflecting passive attitudes against the changes from the business environment that are induced by the adherence. None of the managers intend to make major investments, technologies updating or reorganizations of the companies' activities until these changes appear.

### 5. Conclusions

In this paper we approached some aspects of the post-adheration strategies of the Romanian companies: opportunities, threats and preparations. We used the results of an investigation done in the period June – August 2006 among twenty executives.

Regarding the opportunities of the adherence, we questioned the managers about the cooperation with companies from the E.U., the possibilities of penetration on the European markets and getting modern technologies, the decrease of the corruption, the bureaucracy from the public administration and the economic growth. We found out that, in majority, the executives are confident in the chances of association with partners from the E.U., of modern technologies acquisition, of corruption decrease and of benefiting from the economic growth. On the other hand, the managers are quite skeptic regarding the penetration on the markets from the E.U. or the decrease of the bureaucracy from the public administration. Concerning the threats associated to the adherence, the managers answered to the questions about the increase of competition, the expenses with the staff, the difficulties in recruiting the labor force and the costs for the *acquis communautaire*. Our investigation revealed that, although most of the managers pay a special attention to these threats, none of them consider these could lead to the end of their companies' activity.

The analyze of the practical aspects of the strategies managers prepared for the adherence revealed a passive attitude, the managers waiting for the impact of the adherence on the business environment to be seen, before introducing major changes in the activity of the companies they administrate. Moreover, many post-adheration strategies were elaborated in a hurry, because most of the managers became convinced only in 2006 that Romania would adhere to the E.U. in 2007.

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