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# INTEGRATED COMPUTER SYSTEMS. ENTERPRISE RESOURCE PLANNING (ERP)

Dan Mircea TRANĂ, Assoc. prof. Ph.D.  
Faculty of Accounting and Finance, Râmnicu Vâlcea  
Spiru Haret University  
dan.trana@spiruharet.ro

## Abstract

*At the beginning of the XXI century society, knowledge based society, the management of economic organizations can only be achieved through optimal IT systems. They can be seen as an extension of increasingly complex information systems and provide effective leadership only if they are integrated in the economic system of the organization. We have previously shown some of the features that recommend integrated IT systems to be controlled and used, as well as main principles for building the integrated computer systems, strategies that can be applied in the designing of this type of IT system. Advantages of management integrated IT systems can be best supported by examples, and therefore we intend to present a special category, but increasingly used, of integrated IT systems: Enterprise Resource Planning (ERP). They are “distributed IT systems based on client / server and developed for the processing of transactions and facilitating the integration of business processes with suppliers, customers and other business partners.”*

**Keywords:** *system, intelligent technology (IT), knowledge, integrated, planning*

**JEL Classification:** C<sub>8</sub>, C<sub>88</sub>

## Introduction

**ERP** is short for *Enterprise Resource Planning*. It is a business process management software that allows an organization to use a system of integrated applications to manage the business and automate back office functions. ERP software integrates all facets of an operation, including product planning, development, manufacturing processes, sales and marketing.

**ERP Software Modules** consists of multiple enterprise software modules that are individually purchased, based on what best meets the specific needs and technical capabilities of the organization. Each ERP module is focused on one area of business processes, such as product development or marketing. A business can use ERP software to manage back-office activities and tasks including the following: distribution process management, supply chain management, services knowledge base, configure, prices, improve accuracy of financial data, facilitate better project planning, automate employee life-cycle, standardize critical business

procedures, reduce redundant tasks, assess business needs, accounting and financial applications, lower purchasing costs, manage human resources and payroll.

Some of the most common ERP modules include those for product planning, material purchasing, inventory control, distribution, accounting, marketing, finance and HR.

As the ERP methodology has become more popular, software applications have emerged to help business managers implement ERP into other business activities and may also incorporate modules for CRM and business intelligence and present them as a single unified package.

The basic goal is to provide one central repository for all information that is shared by all the various ERP facets in order to smooth the flow of data across the organization.

### **Theoretical background**

We make a brief and concise summary of the main elements in the evolution of IT systems in general and management in particular.

In the 1960s, intelligent technology focused on systems using independent data collections managed by programs written in advanced programming languages such as COBOL and FORTRAN. The applications are developed in-house for inventory management, personnel and payroll records, records of fixed assets, purchase and sale, general accounting.

The year 1965 marks the emergence and use of applications specially designed for programming and tracking production. *Material Requirements Planning* systems type (MRP) allows users to automatically determine the necessary products based on production schedule, inventory and data about stocks, information that could be made available to the manager by the help of already operating IT systems, in that period of time. Designed to coordinate production, they allow better timing between required materials and requirements of the production process. Consequently, there is an optimization of the supply activity, eliminating unnecessary inventories of raw materials and cutting down storage costs, eliminating or limiting production goal situations due to lack of raw material.

The concerns of designers for continuous improvement of the facilities provided by IT systems that support the leadership of economic systems are rewarded by the first Enterprise Resource Planning systems (ERP) developed in 1987. They extend the use of the systems in fields as manufacturing, financial, accounting, distribution of goods, supplies, human resources management, stocks of raw materials or finished products, office supplies and secretary area, technological design. It is thus a major step towards the designing of IT systems with relational databases and the integration of IT systems in the economic systems of increasingly complex organizations.

Since 1990, there is a continuous development of ERP systems, the designers focused on uncharted sectors of production and their economic development, building up systems such as *Customer Relationship Management (CRM)*, *Supply Chain Management (SCM)*, *Advanced Planning and Scheduling (APS)*, *Enterprise*

*Integration Application (EIA), Business Process Integration (BPI).* The tendency to develop highly integrated IT systems on existing economic systems becomes more and more obvious, even anticipating the future ones.

### 1. General considerations [3]

Coming into being around the year 1987, ERP IT systems are modular software packages for management activities of economic organizations. American Production and Inventory Control Society (APICS) define ERP IT systems as a “*method for effective planning and control of resources for management of customer orders of an economic organization*”.

*Regarded as integrated systems, ERP systems provide:*

- the integration of functionalities;
- *the integration of databases (with operation collection, storage, processing, distribution, communication) constituting data stores;*

- the integration of basic and application programs.

*An integrated ERP IT system has the following characteristics:*

- the works on the architecture of client / server type;
- *it is self-adaptable, performing automated tasks without the operator intervention;*

- integrates and unifies business processes;
- process organization transactions;
- use a single database following the principle of minimum redundancy;
- data access can be done in real time;
- perfectly fit the specific industry that the economic organization is part of;
- provide multilingual and multi-currency support.

*The use of integrated ERP systems have a number of advantages such as:*

- high quality of information and knowledge provided;
- time response close to that of real-time work;
- minimum redundancy of data and operations;
- scalability;
- can be easily adapted to the activity of the organization;
- provides a framework for collaborative work;
- are e-business oriented.

*Even though it is very modern and has many advantages, by the quick and easy integration in complex economic systems, ERP systems has some disadvantages:*

- ERP projects are time consuming and increase the time response of the system;
- there are situations in which solutions offered by ERP modules are not exactly applicable to the user’s intentions regarding the business processes and strategic objectives of the economic organization;
  - ERP projects show a clear dependence on the supplier;
  - ERP modules are highly complex and require operational developments during the working period of the ERP system life cycle.

Finally, we present an integrated ERP package. Integrated organizational system contains components (on request) for all functions of a business organization performance.

Accounting management component provides integrated management of heritage, both financially as well as accounting and adapts to any type of organization, regardless of size, complexity of business areas and ownership structure. Financial and accounting records are complete at the analytic and synthetic level. Default accounting balances are updated after each accounting operations.

Supply management component provides the necessary supply operative setting, selection of the best price, the optimal quantities and conditions of supply by managing suppliers, procurement and analysis of their history, automatic track purchase requests, requests for proposals, tenders and orders, and quality while optimizing the entire supply activities.

Management Information System (MIS Business Analyzer ensure monitoring and correlation of all levels of an organization of economic activity, enabling analytical and synthetic data processing in real time decision support and information. Through integration with Oracle Express product enables the use of OLAP technology.

The ERP field can be slow to change, but the last couple of years have unleashed forces, which are fundamentally shifting the entire area. According to Enterprise Apps Today, the following new and continuing trends affect enterprise ERP software:

### 1. MOBILE ERP

Mobility continues to be a big trend. Executives and employees want real-time access to information, regardless of where they are. It is expected that businesses will quickly embrace mobile ERP, not just for reports and dashboards, but for conducting key business processes.

### 2. CLOUD ERP

The cloud has been advancing steadily into the enterprise for some time, but many ERP users have been reluctant to place data cloud. Those reservations have gradually been evaporating, however, as the advantages of the cloud become apparent.

### 3. SOCIAL ERP

There has been much hype around social media and how important – or not -- it is to add to ERP systems. Certainly, vendors have been quick to seize the initiative, adding social media packages to their ERP systems with much fanfare. But some wonder if there is really much gain to be had by integrating social media with ERP.

#### 4. TWO-TIER ERP

Enterprises once attempted to build an all-encompassing ERP system to take care of every aspect of organizational systems. But some expensive failures have gradually brought about a change in strategy – adopting two tiers of ERP.

#### 2. What is small business ERP?

In ERP terminology, the phrase small business ERP is used to describe a lightweight business management software that is designed to meet the needs of a small business.

ERP software integrates all facets of an operation, including development, manufacturing, sales and marketing. Small business ERP is typically a SaaS (software as a service) model and includes project management, financials, manufacturing, warehouse management, accounting, sales and business management.

Typically, ERP software is considered an enterprise application and it is designed for larger enterprises that require dedicated teams to customize, analyse the data and reports and handle upgrades and deployment. In contrast, Small business ERP applications differ in a number of ways including the amount of data handled by the system and less-complex screens and dashboards. Support is offered by the provider and the software is customized for the business industry you work in.

#### 3. Application Service Providers (ASP)

Today, using enterprise *application service providers* (ASP) is more prevalent. Here, the enterprise application is designed by a third-party application service provider and leased to the enterprise, as an on-premise or hosted service. This is also often referred to *software-as-a-service* (SaaS) or Web-based applications.

Another trend in enterprise applications is the move to cloud computing, where the enterprise moves some or its entire infrastructure to the cloud – a type of Internet-based computing, where services are delivered to an organization's computers and devices through the Internet as an on-demand service. Some enterprises may also choose a hybrid solution where cloud applications are integrated with on-premise systems.

Some of the more common types of enterprise applications include the following:

- automated billing systems
- payment processing
- email marketing systems
- content management
- call centre and customer support
- Customer Relationship Management (CRM)
- Enterprise Resource Planning (ERP)
- Business Intelligence

- Business Continuity Planning (BCP)
- HR Management
- Enterprise Application Integration (EAI)
- enterprise search
- messaging and collaboration systems.

Other common names for enterprise application include *enterprise app*, *enterprise software* and *enterprise application software* (EAS).

#### 4. What is enterprise search?

Enterprise search is an extensive search system that provides the means to search both structured and unstructured data sources with a single query. It addresses the needs of businesses that need to store, retrieve and track digital information of all kinds. Data sources in enterprise search systems includes information stored in many different containers such as e-mail servers, application databases, content management systems, file systems, intranet sites and external Web sites. Enterprise search systems provide users with fast query times and search results that are usually ranked in such a way that the information you need is easily accessible.

Enterprise search systems typically do not search the public Internet, but rather everything that is contained within the organization's own private corporate network, on the inside of the firewall.

#### 5. What is enterprise messaging system?

Abbreviated as EMS, an *enterprise messaging system* is an enterprise-grade system that enables “program-to-program” messaging between applications and systems throughout an enterprise. Enterprise messaging is widely used today for integrating various disparate enterprise applications. It is a software interface that enables loosely coupled asynchronous data (messages) to be sent by one program and stored in a message queue until the receiving program is able to process it.

It's important to note that while the term *messaging* can be used to describe e-mail, fax, instant messages and other services where humans read and send the messages, in EMS terminology the word *messaging* is used to describe asynchronous messages that consists of requests, reports or events that are consumed by enterprise applications and not humans. These messages contain information that is needed to coordinate systems and track progress of the enterprise.

Enterprise messaging systems, which are language and platform-independent solutions, are also called *messaging services*, or more formally, *messaging-oriented middleware* (MOM).

#### Conclusions

Integrated ERP computer systems incorporate high complexity, being designed to meet independent modular compartment requirements of an

organization. For example, an ERP system has the following functional modules for an integrated information system for public administration institutions:

- Planning and tracking of production;
- Investment Management;
- Human Resources Management;
- Financial and Accounting Department;
- Project Management;
- Workflow;
- Monitoring-Control;
- Maintenance;
- Sales and Distribution;
- Management of Materials;
- Fixed Capital Management;
- Quality Management.

Integrated ERP computer systems have an architecture organized on three levels:

1) the *presentation* layer (work station);

2) the *processing* level of *application type* (business rules, logic and system functions, application programs, including transfer of data to server's data);

3) the *data storage* level in databases (database management and metadata).

➤ There are quite a few manufacturers of integrated ERP systems. Thus, 60% of them are grouped under the acronym BOPS: Baan, Oracle, People Soft, SAP, JD Edwards. Most of ERP systems provide a flexible infrastructure, usually for business environment. Thus, ERP provide a number of *features* to their users:

➤ Flexible infrastructure for business using Oracle and SAP companies as model.

➤ Oracle uses Enterprise Service Bus (ESB), unified bus service as the basis for SOA (Services-Oriented Architecture).

➤ ESB is a multi-protocol designed to separate the concepts of integration contained in applications of those contained in the business logic.

➤ ESB is obtained by:

1) endpoints Virtualization (Endpoints) from resources to services;

2) transforming data in target- formats (target formats);

3) routing data through a variety of protocols;

4) laying out data as Web services wherever needed.

➤ Standards used for the design of ERP systems: XP, XSLT, SOAP, JMS, JCA Hot: J2EE, JMS, Database etc.

➤ BPEL (Business Process Execution) is an XML-based mark-up language for composing a set of discrete Web services in a process flow *end-to-end*.

➤ BPEL provides a strong support for asynchronous interactions, parallel processing and exception management.

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# BUREAUCRACY AND CORRUPTION IN PUBLIC SECTOR ACCOUNTING

**Luminița IONESCU, Associate prof. Ph.D.**

Spiru Haret University, Bucharest

e-mail: luminita.ionescu@spiruharet.com

**Florentin CALOIAN, Lecturer PhD**

Academy of Economic Studies, Bucharest

e-mail: florentin\_caloian@yahoo.com

## **Abstract**

*Bureaucracy and corruption represent major causes of fiscal crises, and structural unemployment all over the world. According to WEF 2014 Global Risk Report, the bureaucracy has a high level in European countries and appreciation is growing that high historical rates of economic progress, especially those experienced by emerging markets, may not be sustainable in the future.*

*Corruption is growing in a changing global environment and is considered one of the most important geopolitical risks. Most of the time, corruption is associated with fraud and money laundering. European growing cities and public administration have a strong influence over bureaucracy in public sector accounting and more time to process the accounting and fiscal information.*

**Keywords:** *corruption, government, fraud, bureaucracy*

**JEL Classification:** D<sub>72</sub>, H<sub>11</sub>, H<sub>26</sub>, M<sub>41</sub>

## **1. Introduction**

This paper seeks to present some aspects of bureaucracy and corruption in the public administration, modern trends of bureaucracy and how corruption is related to bureaucracy, in the context of shadow economy. Bureaucracy refers to the administrative system governing any large institution and many public servants who are sorting different forms and papers. In the last years, we can observe a new form of bureaucracy, bureaucracy in European Union and many European regulations for public administration in the EU member states.

Romania has a bureaucratic system, like many other European countries, with bad consequences over the business climate and not encouraging investors. We consider that the bureaucratic Romanian system is a legacy from the communist regime before 1990 and also developed by the European directives.

## 2. Literature review

The paper has based its conclusions on the researches from the last few years: Francu, L.G. and Paicu, C.L. (2008), *The Romanian Bureaucratic System of the Public Administration*, who presented how the bureaucratic system from Romania still creates a lot of artificial jobs. They think that those jobs are created to offer something to work to certain persons or not to fire others in the same position. For example, a job is created or a task is divided between two employees (two employees with one responsibility) for both of them to have a job. In this case, we can discuss about a suffocating bureaucracy. For someone “who must get certain documents being forced to wait in line in front of three or four desks or offices for stamps, deposit and petitions. In one place petitions apply, in another they are approved and somewhere else they take signatures and stamps but it is possible to wait in two places for the last two. In a way those who work in that system are helped but the state must pay their salaries, which implies further costs for the institution. People who get in contact with this system have their loss by being forced to run from one place to another” (Francu, L.G. and Paicu, C.L. 2008).

Popescu, I. (2011) in *The Expansion of European Bureaucracy* explained how descriptions and complaints about bureaucracy in the EU are numerous, but the supra-national bureaucracy is not exactly replicating the national one. He thinks that European Commission enjoys powers and privileges that no national bureaucracies have, and secondly, it is far too small to directly manage 500 million people. Also, the Brussels bureaucracy is largely dependent on the national administration and European administration is multilevel the same as its governance. “The interaction between the two national and supranational levels is said to have led to a merger of administrations (Wessels, 1997, p. 170), thus fueling the Weberian thesis on bureaucracy from a particular perspective” (Popescu, I., 2011). He discovered that European political construction reminds us of the pre-modern state building – based on some kind of bureaucracy that is “commissarial management”, a term that highlights not only the administrative actions “stricto-senso” but also and a political mission: an EU more integrated. Also, once the central bureaucracy is established, is often tends to decentralize power to agencies more or less independent for effective governance.

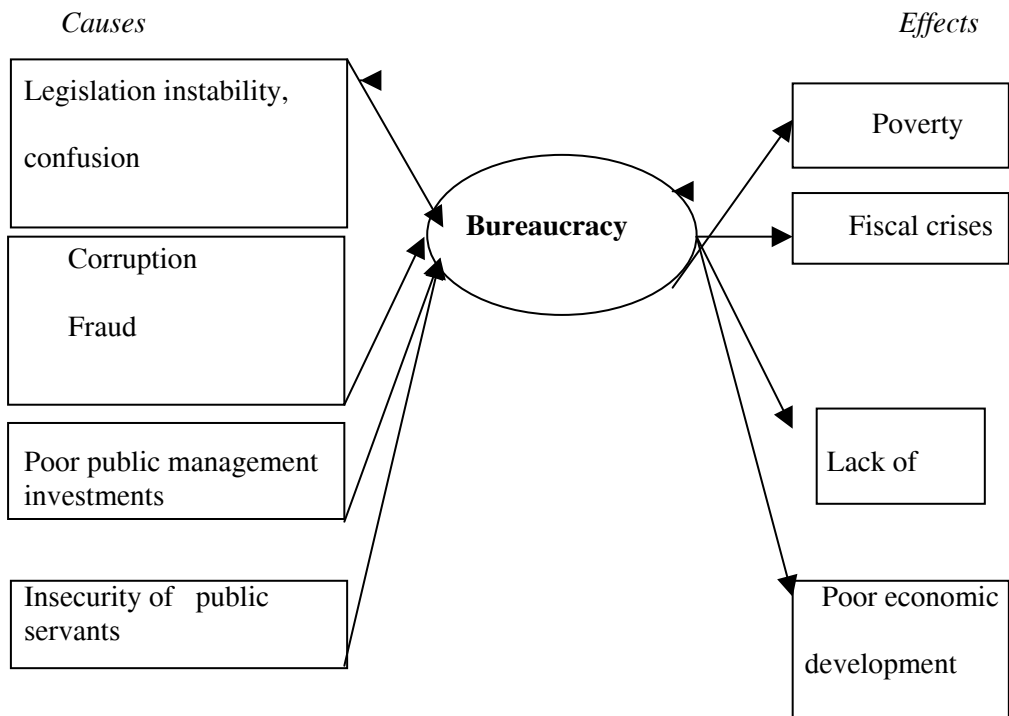
Uslaner, E.M., (2008) in his work *Corruption, Inequality, and the Rule of Law: The Bulging Pocket Makes the Easy Life* shows how corruption is persistent; there is little evidence that countries can escape the curse of corruption easily - or at all. He presented the rocky road to transition: the case of Romania. For many European transition countries, a key measure of success is admission to the European Community, but with great sacrifices from the new members. Since transition, Romania has made considerable progress in many respects, yet ordinary citizens are far from convinced that theirs lives are better. He noticed that citizens fault both democracy and the market and link these failures of liberal democracy to rising inequality and to continuing corruption. He observed how perception of rising inequality and of high-level of corruption lead to less trust in other people and low levels of trust also lead people to see more corruption.

### 3. Bureaucracy in public administration

In the last years, we noticed growing bureaucracy in the public administration due to the weak institutions of EU member states. According to WEF 2014, demographic trends have been flagged, including the risk of being unable to deal with rapid population growth and the growing burden of an ageing population – which could also be a source of great opportunities for society and business if managed effectively. Bureaucracy is related to unmanaged migration flows, overpopulation and energy crises. The growing complexity of today's interconnected world reduces the ability to make well-informed decisions, leading to a loss of responsibility (WEF – Global Risk Report, p. 27).

We present the causes and effects of bureaucracy in the figure no. 1:

Figure no. 1. *Causes and effects of bureaucracy*



Source: Ionescu, L., *Postdoctoral Research*, Romanian Academy, 2012.

We consider that bureaucracy is a cause of poor economic development and is increasing the costs of public sector accounting in Romania. We would like to mention the big number of reports and accounting forms that the Romanian accountants must to fill and prepare for the accounting, but most clear reporting purpose. According to the accounting regulation, the public institutions in Romania must to prepare financial statements every quarter, but the private entities should

prepare just twice a year, end of June and end of December. In this case, the public sector accounting is facing a big volume of work, waste of paper, power and other resources, plus the work of the accountants to prepare these forms. We suggest that would much efficient for the Romanian public sector if the financial statements would be prepared just once a year, at the end of the fiscal year, thus the financial information could be correct and complete for the public management and the managements decisions would be efficient.

In the last five years, there are some efforts from the government to reduce the level of the Romanian bureaucratic system some improvements. For example, National Agency for Fiscal Administration (ANAF) has implemented a fiscal system to allow all the companies and public institutions to send the fiscal forms and reports by Internet, using the electronic signature. ANAF has an important mission to provide the resources for the public administration by collecting and managing efficiently the taxes, charges, contributions and other amounts due to the general consolidated budget. ANAF will improve the relationship between institution – taxpayer and taxpayer – institution by which the new requirements of the citizen are replied to in its double role of user and beneficiary.

#### **4. Corruption in public administration**

It is well known that corruption is one of the most important causes of poverty and fiscal crises in EU. According to WEF 2014, the geopolitical category covers the areas of politics, diplomacy, conflict, crime and global governance. The disputes over resources, terrorism and war to governance could cause corruption, organized crime and illicit trade.

We consider that is a strong link between bureaucracy and corruption in public administration and public sector accounting. When bureaucracy became complex, quiet corruption is growing.

Quiet corruption has non-negligible long-term consequences, manifesting itself differently according to the nature of service delivery. The fight against quiet corruption requires tailoring policies to country circumstances. Fighting quiet corruption is critical if governments want to reduce poverty and promote sustainable growth. Quiet corruption is less likely to attract public attention. Corruption becomes an unavoidable element of daily life for many citizens. Quiet corruption can affect incentives and distort the allocation of resources. Corruption is generally ubiquitous and inevitable. Enterprises do not always bear the ultimate burden (they can often pass on any increased costs to consumers). Corruption is a major impediment to firm operations and growth (it manifests differently in each economic sector). Quiet corruption can lead to substantial long-term impacts on poverty. The fight against quiet corruption requires tailoring policies to country circumstances. (The World Bank, 2010) Greater prosecutor resources result in more convictions for corruption. The expected costs of engaging in corruption rise with the risk of being caught and prosecuted. Vastly increased resources to combat corruption would be internalized by potential perpetrators. Using higher government wages as an incentive can lower corruption. No one has investigated

the loss of income suffered by those convicted of corruption offenses. Divided government is associated with lower corruption. Enforcement resources relative to population has a positive effect on convictions for corruption. Term limits appear to be associated with higher corruption. (Alt and Lassen, 2010)

Corruption leads to less trust in other people and to more inequality. Societies are trapped in a cycle of high inequality, low out-group trust, and high corruption. An unfair legal system is one of the key determinants of corruption. There are plenty of exceptions to treating corruption as violations of transparency. Petty corruption helps a large number of people cope with broken public and private sectors, and does not engender jealousy and mistrust. People make a clear connection between inequity and grand corruption (grand corruption troubles people far more than petty misdeeds). Petty corruption drags ordinary people into the web of dishonesty. High inequality leads to low out-group trust and then to high corruption. The fairness, not the effectiveness, of the legal system shapes corruption. The links from inequality to trust and from trust to corruption are strong. Corruption leads to public policies that produce better quality of life, stronger market performance, and less inequality. Grand corruption leads to social strains and to perceptions of rising inequality. Working from the ground up will not alleviate people's concerns about corruption. Corruption is part of an inequality trap that saps people of the belief that it is safe to trust others, transfers resources from the mass public to the elites, and is not easy to eradicate if it is largely based upon the distribution of resources and a society's culture. An unfair legal system is a key determinant of corruption (strong institutions, most notably equal justice for all, play a key role in combating corruption). Authoritarian governance generally leads to high levels of corruption. Inequality, low trust, and corruption form a vicious cycle. Reducing inequality frees people from being dependent upon corrupt patrons. Corruption rests upon a foundation of strong in-group trust and low out-group trust. Uneven economic development is strongly related to all of the other determinants of corruption. Perceptions of corruption are higher in countries that have higher levels of economic inequality. People perceive a link between corruption and inequality. (Uslaner, 2008, 5-29)

Corruption in the public sector is related to bribery and money laundering. OECD presented in 2006 the most vulnerable activities for corruption and bribery:

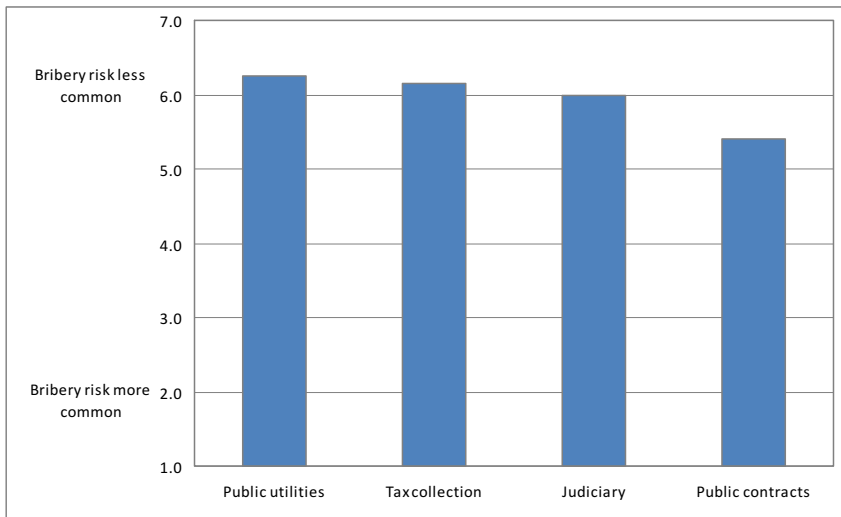


Figure no. 2. Average perceived level of bribery risk in selected government activities in OECD countries

Source: <http://www.oecd.org/gov/ethics>

In public sector accounting corruption is related to growing bureaucracy, lack of personnel and confusion due to the often changing legislation. A new case of corruption in the public sector accounting is related to the EU Structural Funds absorption and how these funds were spent in the public sector. These new issues in corruption affect central administration and local administration as well, including EU Structural Funds absorption (Zaman, G. and Cristea, A. 2011), and could involve a big number of persons, from a simple clerk to the general manager. In 2012-2013 EU suspended some payments for operational programs in Romania because of suspicious funds in the public sector and how these programs were implemented. Unfortunately, Romania has the poorest absorption rate among all the EU Member States and the worst among the ten new Member States. Moreover, the financial corrections, which amount to roughly 22% of the assimilated European funds, further reduce the real absorption rate, a loss that can be attributed entirely to corruption and mismanagement (Dimulescu et al 2013).

#### 4. Conclusion

Bureaucracy became more important in European countries in the last decades with negative consequences public sector administration and public sector accounting. The enlargement of the EU and continuing changing legislation for the EU member states determined an increasing bureaucracy and new procedures difficult to follow and implement. In Romania, public administration must find solutions for new accounting regulations and EU directives, but also for the private sector in order to encourage investments and funding.

There is a link between corruption and bureaucracy in the public sector accounting, in our opinion corruption is a cause of bureaucracy, but also bureaucracy is a cause of increasing corruption. We observed how bureaucracy determined the poorest absorption of EU Structural Funds. In our opinion, bureaucracy could be reduced using the media and information systems and modern communication. In order to develop a modern EU zone, all the member states must to rely on new type communication channels and an innovation policy opened for the European consumer (Gârdan and Geangu, 2013).

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## SILVER ECONOMY IN EU – LONG-TERM PERSPECTIVES OF LABOUR FORCE STRUCTURE

Antoniu PREDESCU\*, Assistant Professor, Ph.D.  
e-mail: gen3pavo@yahoo.com

Maria-Loredana POPESCU\*, Assistant Professor, Ph.D.

\* *Spiru Haret* University, Faculty of Accounting and Finance, Râmnicu Vâlcea  
e-mail: popesculrdn@yahoo.com

### Abstract

*This paper is focused on circumscribing in what manner labour force structure, as distinct economic factor, will influence, in next decades, process of building up a silver economy in EU. For this, we use statistical data, put to use so as to generate a proper prognosis of future increase in size of ageing population in EU, relative to size of total population. This task is accomplished using the strategy of comparing positions of different countries in European Union, the more economically developed Western EU economies and the less developed Eastern EU economies, so that to be able to argue whether European Union has its (certain) opportunities – and, of course, its drawbacks – for constructing its ‘silver economy’, and, the scope of these opportunities (which necessarily counterbalance drawbacks).*

**Keywords:** *silver economy, GDP, age, demand, output*

**JEL Classification:** J<sub>08</sub>, J<sub>11</sub>, J<sub>21</sub>, J<sub>49</sub>

### Introduction

The problem of ageing population is certainly a serious one, in Europe, in particular in European Union. Capacity in which an economy is prepared to deal with this ‘illness’ determines its further development; for, if Finland, for example, already implemented a strategy, comprising economic and social measures, to cope with all this in the foreseeable future, welfare system, at EU level, may buckle, in next decades, with its (economic and social) burden, *if* it will have a small financial base, and, comparatively, (too) many beneficiaries.

There is at least an important macroeconomic factor – labour force – that is influenced heavily under the influence of *silver economy*: labour force *structure* will most surely alter, in next decades, once European Union’s economy will become a *silver economy*. Knowing *how* this structure will be changed, and its subsequent (future) profile, is of the outmost importance for management of future ‘silver economy’.

Such a state of affairs makes it imperative to assess, using statistical data, on one side, and established economic, demographic and psychological principles, on the other side, long-term perspectives of labour force structure in EU, in the

background of *silver economy*, i.e. of known facts concerning structures and dynamics of *a – or any – silver economy*.

In present moment, specialized (economic) literature concerning *silver economy* is rather sketchy; even more so is this literature as regards impact and contribution of important macroeconomic factor (dynamics) of labour force structure. The goal of this paper is to focus on this perspective, in order to answer a question such as ‘Is European Union’s (future) *silver economy* able to work/grow in long term?’

### **Literature review**

In general terms, it is known for some time – not that much, actually – that “The notion of silver economy means the adaptability of the economy to the future needs of the growing number of elderly people” (Radvanský and Páleník, 2010). So, from this – reasonable – point of view, European Union *has to* build its *silver economy*, but, in addition, this European *silver economy* must be built *on our own*, on firm ground, so as to assure a real durable development for Romanian economy, in the long term (Ahtonen, 2012).

A *silver economy*, in general, therefore EU’s *silver economy* as well is a result of (clear) demographic trends; since the end of age of ‘baby boomers’ population of senior citizens continually – more or less – rose, until now (2014).

In other words, market itself changes, in particular labour market, existent workers – and to a larger extent *future* workers – must develop new skills ([www.cedefop.europa.eu](http://www.cedefop.europa.eu)); as a result, demand and offer either – as of today – changed already or must evolve relatively quickly in the future, in order to cope with new/larger consumption preferences of an ever larger senior citizens population and, simultaneously, with a labour market (at best) undergoing some profound changes, of not in turmoil.

Therefore, it is an established fact EU’s population is ageing: in other words, in some 30-40 years a relatively large share of *this* population will consist of senior citizens. This state of fact will undoubtedly effect deep changes in structure of real economy, and also in the *mechanism* of real economy.

### **Theoretical background**

In our paper analysis is firmly established on sound economic and statistic reasoning; in particular, we made good use of data provided by EUROSTAT in order to pinpoint the trend of growth of ageing population’ numbers in the foreseeable future, in other words the trend of increments *silver economy* in European Union grows by.

Plotting this data into specific tables and graphs, in order to circumscribe boundaries of present EU *silver economy*, respectively of future EU *silver economy*, is, to all accounts and purposes, most important in order to establish a clear and correct image of long-term perspectives of labour force structure, in European Union.

## Dynamics of ageing population in EU

An ageing population, such as European Union's, (relatively) slowly but surely increasing, as it manifests itself for almost two decades now (2014), makes each and every debate on *silver economy*, that is on an 'ageing labour force outfitted economy', important and anything but pointless. In fact, one of the most important factors comprised in any given analysis of *silver economy* is the very issue analysed in this paper: how and especially how long a *silver economy* will be able to endure as *a silver economy*?

Such an economy is one impelled by an ageing (at least in relative terms) labour force, in the benefit of a large population consisting of senior citizens – that is, of ageing men and women. And, as proof of this stands the data in the table below, that is prognosis of EU demographic trends in the foreseeable future – namely, 2015-2060 period –, as regards persons over 65 years of age:

**Table 1**

*Dynamics of ageing population in European Union, 2015-2060*

	number of persons									
Year	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060
EU27 - population, 65 and over	27,397,731	29,290,929	31,156,001	33,277,281	34,299,128	33,184,154	32,326,812	32,357,906	32,038,940	30,630,656

Source: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, 2014; authors own computations

The graph illustrating this dynamics is included below:

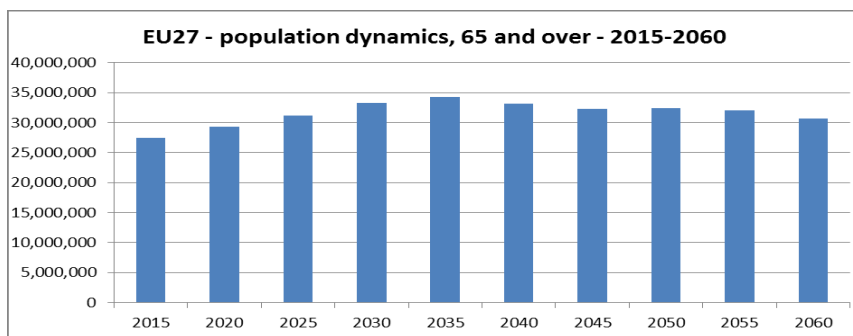


Figure no. 1. *Dynamics of ageing population in European Union, 2015-2060*

Source: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, 2014; authors own computations

As if this material (i.e., *real*) and numerical evidence isn't enough, quantifying the future from today's foothold, there is much to be desired in/with *today's* European Union *silver economy*, since it is running already out of steam – in fact, out of *future* steam, more precisely using far too quickly what little human reserves it can muster for its present needs and, hopefully, for its future.

### **Impact of silver economy on labour market**

A *silver economy*, we recall, is an economy comprising – e.g. as consumers *and* as labourers – large numbers of old men and women. This, as we will argue further on in this paper, will put the EU economy in a difficult situation, not at all comfortable, an economy whose very functioning is bound to be (extremely) 'expensive'; eventually, because everything boils down to the fact an economy *is* a *silver economy*, and not something else: the lack of *young employees*.

Or, even today, European Union's economy is far from impregnable, in face of such odds, or even prepared to accomplish whatever it will be *bound* to accomplish: European Union's population is, even today, in such a state of (relatively) senescence, that *virtually all persons constituting EU labour force by 2020* – considering today's European laws concerning retirement (age) – *is already in work!*

On the other side, already in present days only share of workers over 40 years of age is on the rise; consequently, statutory retirement age is, rising steadily in various states of European Union, being only up to states' welfare systems to cope with an ever increasing numbers of *tired, ill* or simply *less-than-utter-efficient* workers everywhere in EU.

European Union needs, for its future *silver economy* of 2040-2050, a labour force structure as 'normal', that is *young*, as possible; for the time being, however, there are simply too few young workers, and, as yet, not too many (young) children. As a result, and in any theoretical analysis of those facts, such as this analysis, one may think it is fit to conclude EU's economy might just carry on using its present – and future – old workers.

This may seem too good to be true, and, if we put it this way, it *is* too good to be true. Because, whilst it is feasible, in theoretical terms, for an economy to function using a warped labour force structure, a structure, in other words, stuffed to capacity, and beyond it, with senior citizens, this perspective, in practical – e.g. financial – terms, can very well be a bit too expensive for comfort.

Firstly, skills: as new technologies currently become part of economy, and of production processes – to mention but these processes here –, 'old' workers – in this case, 'old' means 'already hired' – must be trained insofar as to be able to make use of new technologies. But, old people in general tend to be conservative, in other words to dislike new techniques and procedures and, respectively, to cling on to the old way of doing things. For any *silver economy*, reckoning with *this* issue is bound to be anything but easy.

Secondly, standards of life: social inclusion is a *goal* which cannot be ever forgotten, when senior citizens status is analysed. And this analysis is not a straight

line, given the fact standard of life as regards old people is divided, so to speak, into two realms: one is the very existence of a large number of ageing men and women, and the other is a substantial number of *ageing workers* – man and women.

### **Perspectives of EU's silver economy**

A large number of ageing people is in itself a big issue, since it implies existence, in long term, of large financial funds state has to subtract from state budget in order to subsidize *retirement benefits*. This type of transfer payments will constitute a considerable burden for both state and taxpayers in the long term, too, if that number of retired men and women will not 'contract', i.e. when some of these old persons will once again *take a job*, and, thus, become ageing *workers*.

If this is **not** the case, not only retirement benefits will be huge in size (and implications), but, also, most part of transfer payments will inevitably *go (in)to* retirement benefits.

States tend, and intent, not to behave simply as spectators of this relatively gloomy dynamics of work market; state manifest themselves for some time in this field, through legislative means – especially influencing *age threshold*.

Namely, in whole of European Union – and, of course, also in U.S.A., Japan, and so on –, age threshold in on the increase; for, whilst, historically, e.g. in EU generation of 'baby boomers' is (still!) active, states intent to make this generation work longer (at least, longer than previously intended), with the benefit of 'saving' some of financial funds used to make up transfer payments.

This effect is to be obtained by delaying benefit eligibility; considering all this, one can, or even *must*, ask himself if this delay is not – already – too much of a crisis measure, and, even more so, if it will not be in foreseeable future too much for *current* workforce to bear.

Fortunately, if we may say so, there seems to be some good part of all these plans to 'allow' senior citizens to work, instead of receiving their pensions, from a purely economic point of view: cause, if senior citizens work, *along with* younger people, forming, as a result, a *bigger* work force than it would have been otherwise the case, this will, inevitably – at least at a theoretical level of analysis –, *decrease* labour cost.

As a result, the situation will (tend to) be one in which economy puts up with lower levels of payroll taxes – levied on both employers and employees.

Old employees *tend*, at least, in present time, to earn (slightly) less than middle age – for example – employees, and it is doubtful, to say this much, *silver economy* of European Union will be able to provide them with more, globally. On the other hand, old people relying on public and private pensions can be affected in their strive to enjoy a decent life if pension level is rather low (or, European Union is, still, far from levelled in this respect: pensions in Luxemburg, for example, may well be, in absolute terms – e.g. amount of € –, satisfactory, but this is, definitely, not the case i.e. in Romania (Paşnicu D., 2013, p. 12.) or Bulgaria).

## Conclusions

The main purpose of our paper is to establish conditions in which inherent mechanisms of any *silver economy*, therefore of (future) EU *silver economy*, will affect labour force structure, with the respective inherent and unavoidable effects on the economy.

The structure of goods and services dedicated to elderly population is going to undergo changes in EU, because of the increase in the proportion of the elderly in the total population. This, naturally, will pose further complications, this time on labour force – inclusively on its structure.

In a *silver economy*, where demand and consumption preferences are, *on average*, significantly different, comparing them with those that characterize a ‘mere’ (market) economy, employees in all branches of real economy must be (re)trained, be them young or old employees – as we argued above. But, although – at it can be grasped – tough in (this) principle, this mechanism is even more difficult to manage in times of (continuous *and* gradual) rising of statutory retirement age (laws).

Due to this, old employees that must be trained on a regular basis anyway *will* be trained in the circumstance to the effect they are, so to speak, *really* old (e.g. over 65 years of age!) *and* in the same time forced, at least by circumstances/current laws, to work. These workers, considered individually, this work force, globally, are, respectively is, frail, more than a reason for EU *silver economy* to be faced with yet another problem.

In short, the point will be EU labour market will have to expand, its labour demand as much as labour supply, since *labour force (structure)* must expand in the first place. There will be, to be sure, a dire need for trainers, in all the fields ageing labourers will work (industry, commerce, services, etc.), and, on the other hand, a similarly large need for people able to keep this ‘senior industrial army’ fit – first and foremost, fit to work.

Future EU *silver economy* will need to develop its medical and welfare systems; this, in turn, imposes recruiting and hiring of **additional** medical, welfare, etc. personnel. And, of course, it will arise another need, the need for an EU strategy for developing, in this manner, and for these goals, EU labour market.

There are a lot of differences in the extent and intensity of ageing among European countries, because countries like Finland and France already implement strategies that could bring them benefits out of their silver economies. West European countries, on the other hand, are ageing faster than east European countries, at that moment, but, some are further ahead than others. The point is that, there is no European country where ageing is not clearly observable.

The problem in European Union is increase in the number of elderly will be accompanied by growing numbers of retired people. From this perspective, our analysis gives at least some hints about circumstances in which aging will be one of the key factors that, in the future will change the economic indicators at EU level, with a more than significant impact.

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# TYOLOGIES OF INSTITUTIONAL COMMUNICATION

**Gabriela IOSIF**

National Institute for R&D in Electrical Engineering ICPE-CA  
e-mail: gabyiosif@yahoo.com

## **Abstract**

*From the point of view of Durkheim, institutions are ways of acting, feeling and thinking, expressing any social act. Institutions have stringent action on the individual, have its own existence, independent of individual manifestations, which are distinctive for a given group, being accepted by all members. Types of social institutions are economic institutions, educational, political, cultural and family. Within institutions, communication is an inherent phenomenon.*

*For Katz and Kahn "communication is a social process of great relevance to the functioning of each group, organization or society," the very essence of the social system or organization. The organizational structure provides stability for human communication and facilitates administrative tasks. (Rogers Everett M. and Agarwala-Rogers Rekha, 1976, p. 6). Therefore, an effective institutional communication adds value to any institution.*

**Keywords:** *Institutional communication, efficiency, common purposes, value, succes, interrelations*

**JEL Classification:** D<sub>23</sub>

## **Introduction**

The paper aims to bring into evidence the diversity of typologies of communication and the importance of an effective communication in any institutional environment.

Communication is an important aspect; it is the soul of the organization. If we could remove communication, we would not have an organization any more. From an open perspective, an organization is an elaborate set of interconnected communication channels designed to receive, sort and analyse information from the environment and send messages processed back into the environment (Rogers Everett M. and Agarwala-Rogers Rekha, 1976, p. 7).

Each institution controls a certain area of institutionalized social life. Institutions have different regulative principles, values, norms, sanctions. In the middle of them are social form of groups and specialized roles to fulfil specific functions. From bringing together all these constituents, values, norms, sanctions, roles and social groups specialized technical and material resources results the social organization of the institution. Organizations were created to achieve some ends, in which people interact to achieve other ends.

Organizations occurred while the individual work efficiency has become increasingly dependent on the results of specialized people, due to the division of people from the same field. Organization is always specialized. It has a mission, which is associated with certain objectives. Differentiation of missions and objectives is associated with technical expertise (Vlăsceanu Mihaela, 2003, p. 88).

In terms of legislation, institutions consist of a set of rules defining recurring patterns of behaviour and social networking. Institutions function is to decide the behaviour of individuals and groups. Institutions are considered even internalized norms by the social actors in order to guide their behaviour and give them a sense of appropriateness of behaviour to a set of values compatible with. In the last sense, institutions are considered as components of common symbolic systems, of the cognitive and cultural processes of social life (Vlăsceanu Mihaela, 2002, pp. 159-160).

All activities inside and outside institutions implies communication. Highlighting the complexity of the phenomenon of institutional communication is shown by the multitude of types of communication within institutions, how they function and interact within institutions.

Because of the importance and complexity, institutional and organizational communication, aspects and specific implications enjoyed a rich professional attention from authors in the country, but especially abroad.

## **1. Current context of institutional communication**

Besides the public sector who is under the control of government agencies, the private sector, with the multitude of private organizations that operates on market rules, there are non-profit sector expanding by the day in various areas of social life: education health, environment, culture, artistic literary associations and societies, civic organizations, clubs, foundations.

Within these institutions operates the working groups. Human interactions can be ordered in a structure that differs from one organization to another, but the success of an organization in achieving its objectives depends on the quality of interactions and communication inside.

Interaction between members of the organization varies depending the type of organization, its size and, not least, the communication process. No matter the structure of organizations, formal or informal, people interact with each other. If in the informal plan relationships between people are spontaneous, undefined clear, in the formal plan relationships are stable and relatively inflexible, setting the objectives hierarchy, authority relations, communication channels. However, even within formal organizations functions informal groups as a means of cohesion and communication between individuals (Vlăsceanu Mihaela, 1993, pp. 20-23).

The meanings of the concept of communication have diversified over time, especially as a result of modern communication techniques.

Regarding the classification of communication, it can be direct, through direct contacts between people, and indirect, that rely on transmission of information techniques (Drăgan Ioan, 2007, vol. 1, p. 17).

Communication can take place on many levels. It can be verbal when uses speaking and writing, non-verbal when is based on gestures, intrapersonal, when involves one person, interpersonal when involves at least two people carrying out

an exchange of ideas, group communication when talking about a working session between co-workers, mass communication when uses a technical support to broadcast messages and publicized communication when we serve a technological tool (Rieffel Remy, 2001, p. 18).

Oral communication refers to messages that circulate, allowing other people to have something to say about us (Hall Michael L., 2008, p. 166).

Both verbal and nonverbal communication can be modelled in terms of transmitter, receiver, message, and channel of communication, effect, feedback and context of communication acts. The transmitter is the source of messages. The receiver is the one who get the message. The message has a meaning, which is encoded, transmitted in code, in a system of signs, suitable communications channel, and the receiver decodes the information. Decoding nonverbal messages must consider the cultural context, cultural information associated with the communication act. Some cultures are highly contextual and attaches particular importance of the context in determining the meaning of communication, others are weak contextual (Chelcea Septimiu, Ivan Loredana, Chelcea Adina, 2005, p. 14).

Intrapersonal communication is going on within each individual, involving thoughts, feelings and how others are perceived. Being self-centred individual is both transmitter and receiver.

Interpersonal communication is achieved by multiple people dialogue face to face. Here, important roles are gestures, tone of voice, body posture, feed-back and the distance between interlocutors. Interpersonal communication involves face to face meeting between two participants, for which is excluded any mediated communication, involves two people with varying roles in relation to each other, occurs in both directions, there is always a two-way communication flow and, not least, it is not only about messaging. It involves the creation of symbols, sharing meanings and concern for a specific message (Anghel Petre, 2003, pp. 21-24).

## **2. Typologies of institutional communication**

The typologies of institutional communication can be classified according to three criteria: according to the purpose of communication, downward communication, upward communication, communication lateral (horizontal) and cross-communication (diagonal or oblique), by the degree of formalization we distinguish formal communication and informal communication, according to the manner of deployment, organizational communication can be direct communication (personal) and indirect communication (impersonal).

Upward communication takes the form of written reports or information or direct talks in sessions of analysis, professional meetings etc. If it's oral, the upward communication may be distorted by the same factors as downward communication. Upward communication refers to messages that are sent from the lower to the higher hierarchical levels.

Downward communication refers to messages sent from higher levels to lower levels of the hierarchy. Sometimes managers do not know how to make themselves understood by their subordinates. Many managers use a specialized language that can be difficult to be understand by subordinates (Pânișoară Ion-Ovidiu, 2008, pp. 74-76).

Lateral communication is the flow of information between departments or sectors. Its purpose is to ensure the coordination of activities between the departments of the organization.

Cross communication provides flow circulation of information between people at different organizational levels, without being mediated by middle managers. This communication takes place in the general assemblies of workers, training sessions, and informally at events organized by the organization. Interpersonal communication is a useful form and helps to create a climate of cooperation within the organization. (Păuș Viorica Aura, 2006, pp. 125-126).

Lateral communication refers to messages sent from manager to manager, from the same hierarchical level, from worker to worker. This type of communication facilitates the sharing agreement phenomena, methods and problems, develops employee satisfaction related to work.

Serial communication relates on messages along people. Serial communication problems are the emergence of rumours. This refers to reducing the number of details by relaying the message, making it easier to simplify submission to another person and giving the details in the message to others in order to rebuild their own professional attitudes (Pânișoară Ion-Ovidiu, 2008, pp. 74-76).

The meeting is the institutionalized dialogue form of an organization. It is conducted according to precise rules in order to achieve a goal that cannot be achieved by any other form of oral or written communication. In sessions, there are exchanged oral words or opinions. Through the organization of a meeting, the manager communicates respect and the way in which he takes the responsibility.

Formal communication ensure the information necessary to achieve the objectives of the organization and its proper functioning: orders indicated hierarchically. Failure in doing this involves sanctions. Compliance with this type of communication takes, especially, the manager exercising.

Informal communication occurs within the working groups, helps the communication between the members of the organization and ensures a climate of harmony based on the understanding of the staff, giving values to the organization. This communication contributes even to the dissemination of positive or negative image of the organization outside (Păuș Viorica Aura, 2006, p. 126).

Informal communication is the basis of cognitive dissonance, because usually, the employees decide the source from which they receive information. Thus, there is a psychological mechanism that rejects information that is not consistent with their own beliefs, which can reach up to ignoring the views exposed (Nedelea Alexandru, 2006, p. 132).

Direct communication occurs when the transmitter and receiver are face to face, may be one-sided when is descending and bilateral when expects feedback from the receiver. A form of direct communication is the professional communication between collaborators, which include informal personal communication side.

Indirect communication can be mutual, when the channel of communication is the phone or one part only through written documents, film, television, radio, speeches lines and any form of communication that does not allow feedback. A mixed type of indirect communication is the interactive radio broadcasts or interactive communication on the internet (Păuș Viorica Aura, 2006, p. 126).

### **3. Issues of institutional communication**

In the case of big institutions, the institutional communication is done by formal communication channels and represent the management ideas about who should communicate with whom, in order to solve a problem.

Instead, in the case of the small institutions, formal communication networks are simple and barely noticeable.

The top-down communication flows heavy because the messages are insufficient or not clear, or too much, come at a wrong time, are transmitted in a serial way, losing quantitatively the content.

Upward communication message issues are such as distortion problem and differentiated status between employee and boss. The benefits arising from this communication are aspects such as: provides feedback on the accuracy of the received message, indicates how well the management decisions were received, increases the acceptance of the management decisions, prevents new problems and highlight the old ones.

Horizontal communication is represented by the messages between members of the same power with others in the same department or in different areas. Issues that inhibit horizontal communication may be rivalry, differences in specialization, lack of motivation and mental barriers.

Organization involves people interacting to achieve a common goal. Human interactions can be ordered in a structure that differs from one organization to another, but they are the ones that determine the functioning of the organization foundation.

According to Mihaela Vlasceanu, the success or failure of the organization in achieving goals and objectives are closely related to the interactions between members, whether consolidated or not. In other words, the process of interaction can influence the intensity of personal and organizational objectives.

The interaction between the members of the organization is inevitable and varies according with the communicative process. People interact with each other, generating formal and informal relations, spontaneous and inflexible relations, through the communication channels. But, often, the lack of proper communication, differences in values, culture, goals and interests, or an inappropriate leadership represents, for the climate of communication in every organization and institution, disturbing elements.

If the communication mean, like the Palo Alto School, the matrix in which are all human activities, it is impossible not to communicate because every action presupposes and includes sine qua non communication.

This is why a good and efficient institutional communication is an important aspect for any organization.

### **Conclusions**

Whatever the work, communication is a vital, important aspect. In all institutions and organizations, no matter their form and organization, we can meet, inevitably, the notion of communication.

Communication occupies most of the working time and at the same time, it is essential for the effective functioning of an organization and successful careers of its members (Adler Ronald B., 1986, p. 5).

In essence, communicating aims the accuracy information of the group members, the formation of opinions, the transmission of ideas, suggestions among group members, performing tasks, making decisions and assessing performance.

Group communication is specific to the organizations or places where people gather to discuss certain topics. Public communication is the form in which representatives of organizations or specialized groups appeal. Mass communication is actually sending messages to a diverse audience. Certainly, all these forms of communication are interrelated, merging with each other (Drăgan Ioan, 2007, pp. 17-18).

Communications within the group are influenced by the quality of the message, the speed and place of communication, meaning: upward, downward, horizontal, oblique communication, group size, spatial position of the group members in the communication process (Tran Vasile, Stănciugelu Irina, 2001, p. 196).

No matter the many types of communication found in the institution, formal, informal, verbal, nonverbal, intrapersonal, interpersonal, upward, downward, lateral, horizontal, serial, direct, indirect, bottom-up and top-below, it is good to create and continuously improve procedures for communication, because communication it's a rapidly growing phenomenon, which involves, obviously, the developing of methods and procedures for the development of institutional communication.

To be effective, communication must express coherent institutional goals of the organization so that they can be understood and shared by all members of the organization and even the society, being redefined depending on the socio-political dynamics. In this way, the optimization of the communication contributes to positive and lasting effects in people's work. The areas where the impact of communication is a key element are efficiency, cohesion and trust among the members of the organization and, last but not least, the efficiency of their actions (Minulescu Mihaela, 2004, pp. 2-5).

In this context, communication in organizations is an important factor that determines at micro level the purpose of our actions and at macro level the organizational excellence.

Therefore, institutions and organizations would be better to have a well-organized system of communication in order to improve business, by developing procedures to increase and control the institutional communication.

Through the development of information and communication technologies, which are present in each institution, it is possible to transmit large amounts of information and, ultimately, to develop a knowledge-based management. On the other hand, new technologies have created new ways of organizing and action in institutions, by abandoning hierarchies for communication networks. Through the development of communications, due to the evolution of internet, new forms of communication appeared in which people can be in the situation of talking one to many or many to many (Gârdan Adrian Daniel, Geangu Iuliana Petronela, 2013, p. 81).

This aspect implicitly leads to the transition from the organizations structured vertically to the organizations structured horizontally. These new forms of communication involve the democratization of the organizational life, the whole activity being centred especially on knowledge and communication and less on control. So, the control relationships and the vertical communication are being replaced with the lateral relations (Vlăsceanu Mihaela, 2005, p. 26).

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# THE COMPLEXITY OF THE IMPLICATIONS OF GLOBALIZATION IN THE CONTEXT OF THE CURRENT GLOBAL ECONOMY

**Raluca Ionela CREȚOIU**, Ph.D. candidate  
Free International University of Moldova

## **Abstract**

*Globalization represents a controversial phenomenon both because of its complexity and because of the various implications it has on the global economy. Globalization will act simultaneously on many levels, its effects being correlated with the diversity of the angles from which this phenomenon can be approached from – economic, social, politic, cultural, philosophic etc.*

*The article represents an incursion into the issue regarding the implications and effects of globalization grouped in several areas of analysis such as the disappearance of borders, the effects on culture, the effects on the education, the impact on labour market impact and the phenomenon of immigration, the effects of globalization in the context of the food crisis underdevelopment and poverty.*

*To complete the analysis that points out enough elements considered to be negative, at the end of the article, there are also approached the development opportunities that globalization can offer in terms of boosting the economic exchanges, the exchange of genuine cultural values and ensuring a transfer of information at a global scale, so necessary for the scientific and technological progress.*

*The conclusions of the article weighs the many aspects highlighted, both negative and positive, and suggests a series of useful research directions in order to fathom the complex features of this concept so controversial – globalization.*

**Keywords:** *globalization, labour force migration, underdevelopment, global problems*

**JEL Classification:** F<sub>15</sub>, F<sub>4</sub>, F<sub>6</sub>

## **Literature review**

The issue of globalization and its influences has been approached by numerous specialists, a lot of views and standpoints standing out. Globalization is seen either as a artificial phenomenon, imposed by the neoliberal current, or as a phenomenon resulting from the unprecedented development of communications technologies and more and more complex commercial trades from the second half of the twentieth century.

Experts distinguish two major dimensions of the phenomenon of globalization in the context of its evolution: (Gunter G. Bernhard, Van der Hoeven Rolph, 2004, p. 7-43) on the one hand, globalization seen as a manifestation of a

combination of factors including: trade, investment, technology, transborder production systems, flows of information and global communications and respectively the process of increasing homogenization of policies and institutions around the world, such as liberalization of capital markets and trade, international agreements on intellectual property, standardization of policies and practices specific to the international law etc. In this context, globalization can be seen also as a multidimensional process of creating some international networks. (Brady David, Beckfield Jason, Zhao Wei, 2007, p. 313-334) The nodes are represented by individuals, organizations and national states, while relationships are developed under the notions of trade, investments, consumption and migrations. Conceptualizing globalization as a multidimensional training of networks helps identify different levels of analysing the process of globalization. Globalization will involve local, regional, national and international level of social life. Thus, globalization becomes easier to see in terms of flows of people, capital, information, goods and services. (Alderson S. Arthur, 2004, p. 81-122)

However, on the background of globalization, we have seen an increase in opportunities and actions related to closing strategic alliances, many companies promoting a business strategy that involves cooperation in one form or another (mixed companies, licensing, co-production agreements, joint research programs, etc.). (Ungureanu Gabriela, 2010, p. 71-72)

The effects of globalization are complex and inter-related. Thus, the studies show that the phenomenon of globalization can have implicit effects on social and fiscal policies – on most striking manifestation of the phenomenon of globalization, the effective tax on capital increasing for most OECD countries. (Dreher Axel, 2003, p. 4-6)

In terms of the welfare of a state (accumulation of income and reserves the state makes at a certain moment), globalization has not had relevant effects, although some experts have argued otherwise until recently. It is possible that the constitutional structure and the size of the elderly population actually have the greatest influence on the variation of a state's welfare. (Brady David, Beckfield Jason, Seeleib-Kaiser Martin, 2005, p. 921-925)

From the point of view of the social acceptance of globalization, we can notice a number of social phenomena that affect the identity of each individual. Thus, the experts believe that, currently, most people develop a dual cultural identity that combines their local cultural identity with the identity of a „global” culture. (Arnett Jeffrey Jensen, 2002, p. 774-783) Also, each person is caught in the vortex of the consumer culture, exacerbated by the globalization phenomenon by opening new channels of trade and the unprecedented evolution of the Internet. (Bauman Zygmunt, 1999, p. 81)

At the same time, modern consumers, implicitly in the context of globalization, have become more demanding, less tolerant of the quality of products or services and less sensitive to price in relation to favourite brands. (Gârdan Daniel Adrian, Geangu Iuliana Petronela, 2009, p. 1-6) The possibilities that consumers have currently have determined as well a critical attitude towards manufacturing companies which do not have an ethical behaviour, an

overwhelming proportion of the consumers refusing to consume the products of these companies. (Geangu, Iuliana Petronela, Ionel Dumitru, Daniel Adrian Gârdan, 2013, p. 182-194)

### **Main categories of globalization's implications at the present time**

Currently, the complex dynamics of human civilization requires a series of major changes to both social and economic, political and even biological levels. Humanity is currently engaged in a variety of exchanges and networks, which often have resulted in the emergence, and development of some imbalances. These imbalances manifest as global issues.

The problems facing mankind such as underdevelopment and lack of food, the rapidly rising of population, the shortage of raw materials and energy, the expanding of urbanization, the massive spendings needed for scientific research in order to better understand the cosmos and the technological progress and, implicitly, the increase of living standard and well-being, the militarization and the overgrowth in military spendings, the increase of environmental pollution and many others have become global issues with major implications for the entire world on multiple levels: social, economic, political, environmental, etc.

The phenomenon of globalization requires a complex understanding of the factors responsible at national and international level, the development of an ample vision in order to offer the opportunity to successfully manage all challenges. In order to substantiate and implement the viable strategies to manage crisis situations and challenges mentioned above, the global issues should be studied in a broader time horizon, on several levels simultaneously. Creative and efficient use of production factors, identifying ways of developing these, not encroaching on the environment, is an essential prerequisite for the real progress of humanity. Sustainable development cannot take place without a set of interrelated measures aimed at the very global nature of the current challenges and the very close relationship between production, management and proper use of natural resources.

The implications that globalization will presently have can be grouped in the following main possible directions:

#### *a. The implications of globalization from the point of view of the disappearance of borders*

One of the most important features of the globalization process refers to the concept of border change itself. Globalization has determined the alteration until extinction of the concept of the border, not only in terms of national identities of some geographical territories but especially in terms of various aspects of human activity, such as the transfer of knowledge, capital, the culture or politic activity. The concept of frontier in the classical sense was used in the sense of delimitation, of establishing separation between different entities. In the present context of globalization event, this led to the reinterpretation of the concept, borders become more „vague” and „unsafe”. In fact, globalization has led to a sharp growth of these borders, their permanent „reinvention”, an adaptation to the needs related to

exchanges and global processes. Thus, an accentuated mobility of the production factors was impelled – labour, capital, know-how etc. Also, the mobility of goods and services related to production processes, the consumption mobility has increased.

However, currently, there are different degrees of mobility and global integration of production factors, a thing which leads to imbalances and disparities. Thus, the capital markets are strongly globally integrated, while labour markets are at the opposite end. The lack of synchronization between the different markets associated with the production factors is one of the main sources of the current imbalances, having long-term implications.

#### *b. The implications of globalization on culture*

Another category of effects of globalization refers to the effects that globalization has had on national cultures. Here, the analysis reveals multiple changes and controversies. To what extent the dissolution of borders (implicitly of those of cultural nature) is a negative or positive phenomenon for the development of human civilization. Certainly, the increase of the dynamics of the forms of cultural expression, the possibility of rapid communication from one language to another, the possibility that different categories of consumers of culture to have better access to the desired cultural services and goods, the possibility of interference and sharing of superior cultural values regardless of the physical distances – all of these – undoubtedly represent positive elements that can contribute to the spiritual development of the humanity, to the creation of the common cultural dowry of humanity. On the other hand, the cultural dominance of certain states, the imposition of some values over other national values, the often unfortunate connections between the economic and political power of some states and the imposition of these values are elements that raised and still raise serious questions in terms of the real development of civilization.

#### *c. The implications of globalization on education*

Globalization could not affect to a large extent the educational process because it is closely related to the exchange of culture, to the learning processes and the knowledge transfer from all fields of human activity. Analysing the influences of globalization at the education level there are highlighted a number of issues related both to the process of supply, delivery and consumption of educational services and to the image and attitude of individuals in relation to education itself. The profound transformations in the information technology, telecommunications and the Internet have determined irreversible mutations in education also. The possibility of cultural and information exchanges on a global scale has created a global market of educational services, causing major changes in the way they are consumed and designed. Educational institutions have access to global clients, organizations transfer know-how through some learning systems accessible to everyone, going over old cultural, language etc. barriers. However, the imposition of English language as a universal language of learning contents available online has created ample opportunities for the educational institutions from the British cultural space to impose its own cultural model and the values of

its educational system. Beyond the positive effects in terms of boosting the adventure of human knowledge, globalization also causes negative effects on educational systems that do not have regulatory and auto-retrenchment mechanisms of some inappropriate educational approaches. The adoption of some universal formulas, of some „global” teaching, grading, evaluating systems must be made with maximum discretion, taking into account the specific of the psychology and local culture, of the different training needs a national economy has at any given time.

*d. The implications of globalization on the labour market*

The labour market at the level of the world economy has undergone profound changes over the past 50 years. The causes of these changes are not to be found only in the unprecedented evolution of technology, but also in political, economic regime, trade policy and even consume changes the world knew in the time mentioned. Boosting the transport of goods and persons, eliminating taxes and barriers for labour migration has determined the emphasis of flows of individuals looking for a job and has led, in time, to the manifestation of some particular trends for different regions. Thus, national economic systems or particular ways of development of the work demand-supply ratio have manifested one at a time, that had different approaches to the work processes – „Asian tigers”, „low-wage countries”, brains exporting countries, etc. The labour migration flows are influenced by employment potential existing in each national economy, by the economic, fiscal and social policies promoted by each state. Specialists bring various arguments for boosting the trade exchanges between the different types of economies – developed, industrialized, developing, etc. The conclusion is that, on the labour market as well, like on other markets, globalization has encouraged some states and disfavoured others, the effects manifesting asynchronously.

*e. The implications of globalization on the level of immigration*

The migration phenomenon has known along history many developments and particularities. Globalization has enhanced some of them and inhibited others. North-south and east-west classical migration trends continued, but sensitively modified by the new cultural and economic relations that have settled between these areas along with the manifestation of globalization. One of the key motivations of the migration process referred especially to the labour force migration. Social and even economic relations between the populations that have migrated and the country of origin have determined new evolutions in the context of globalization. Technology has allowed exchanges between immigrant communities and the native economy to be held more easily and quickly, a thing which led in time to the development of certain exchange relations between economies (the origin one and that in which the migrants naturalized in). Although consumption globalized as well, the gaps between the demand and supply of local labour force have led to numerous disparities resulting from the labour force migration in certain areas. This led to protectionist policies (as it is, for example, the policy adopted by England until recently), and the erection of some barriers in the way of migration. In the long term, despite the trends of regionalization and streamlining the trades (including the flow of people) – see the example of the

European Union, it is difficult to predict whether policymakers will identify effective measures to balance the demand and supply of labour.

*f. The implications of globalization in terms of poverty*

The phenomenon associated to poverty is a scourge for the world economy. A number of countries and areas of the world are excessively disadvantaged in terms of resources to ensure the existence and development of a viable economic system. This inevitably leads to extreme living conditions for the vast mass of the population and the manifestation of the phenomenon of poverty. Globalization has had contradictory effects in this regard.

Thus, although the boosting of foreign trade, of the access to resources and raw materials, to capital and labour force (elements associated with the general effects of globalization considered to be positive for any national economy) should have generated positive effects as well for some states lacking some resources, this did not happen in all cases. Moreover, on the background of globalization, we are witnessing actually to the widening of the gaps between very rich states and those very poor. This widening of the gaps leads to the manifestation of a true vicious circle, the poor countries become poorer the smaller their chances to integrate into the world economic and participate in the international division of labour force and exchanges that would bring them the resources they need.

*g. The implications of globalization in terms of food crisis and underdevelopment*

The issue of food crisis and underdevelopment is organically linked to that of poverty. The food crisis occurred on the ground of the explosive growth of the world population and of the overall demand exceeding the agricultural production capacity. Significant effects of further propagation of the food crisis are determined by global environmental problems – uncontrolled pollution, deforestation, the loss of some arable lands due to their irrational use for industrial constructions, the lessening of the freshwater available etc. In addition to the production capacities for some states already known on the world agricultural market, globalization should allow politic and social decision factors the unfolding of more joint programs that will ultimately aim the supply migration in case of overproduction from developed countries towards underdeveloped countries, even in terms of their inability to pay. The development of some initiatives to highlight the human potential of underdeveloped states, the implementation of performant agricultural technologies at the level of their economies, the humanitarian programs and other solutions of this kind may represent elements that counteract the de facto widening of the economic gaps mentioned above.

### **Development opportunities offered by globalization**

The phenomenon of globalization has been assessed so far both in terms of its adverse effects for some national economies or socioeconomic categories and in terms of the positive effects that have accompanied its development and affirmation.

Thus, economically, there are real development opportunities once the states create their viable mechanisms to control their participation in world trade. Applying some intelligent export strategy, implementing a set of measures to overcome the simple reducing of customs duties may represent elements that enhance the welfare of national economies seeking active engagement in the current world trade mechanism. This openness to the global market should however be managed very firmly, with the help of some institutions and mechanisms proper to the concerned state to gradually address the integration process. Without a coherent strategy in this respect, some states have already suffered, as a result of the contact with the globalization of trade, the erosion of their domestic production capacity, of the mechanisms of internal goods consumption, outdated qualitatively by the influx of imported products.

Also economically, globalization offers development opportunities for the developing countries by means of the activities developed by the transnational companies as well. They offer higher wages rewards on the local market, they bring technology and know-how to the economy, contributing at the same time to the transfer of certain managerial cultures etc.

Another source of opportunities is represented by connecting the world states to the global computer networks. The investments into the IT infrastructure, into the specialized personnel offer the possibility of connection to a true highway of information. The benefits are huge in terms of cooperation and integration in the network of technical and technological values from the global level, the real-time and low-cost access to information from various fields of economic development boosting the development of the economic agents and the capacity of the respective state to impose its own technologic values on the world market.

Culturally, globalization can bring opportunities, although, from this point of view, there were discussed the hazards or negative effects visible in some cases. However, the cultural openness offered by globalization can be used advantageously and creatively in the conditions of the existence of a certain intellectual maturity and a greater institutional competence of the states in question. The access to real culture, to the creative values of all peoples of the world presupposes enriching the cultural universe of every citizen, the possibility of developing joint cultural projects, a transfer of ideas and the identification of some new forms of expression of the cultural creativity.

## **Conclusions and proposals**

Despite the many controversies, the trends for and against globalization, this complex phenomenon must be examined with the utmost objectivity as it is part of the socio-economic reality of the beginning of the century and, as such, cannot be and should not be ignored.

The implications that globalization has on multiple levels determine the need for a deep and lasting analysis, aimed to clarify not only the content of these implications, but also show the future trends and correlations that exist between them.

Analysing the substrate of some phenomena that occur in the context of globalization, we can extract some conclusions that we consider most important overall:

- The widespread corruption of the institutions, the lack of institutions or their completely inadequate organization, the lack of vision and the foundation of some inappropriate economic policies are the main causes of the failure of some national economies in the effort to integrate into the global economic cycle.

- The politics of force, the unjustified imposition of a set of macroeconomic neoliberal nature measures to all states are the main causes of the failures registered in the activity of some institutions such as the IMF or World Bank, considered to be „agents of globalization”.
- Job insecurity, forced relocation of some employees within transnational companies, income disparities between the various categories of employment maintain and contribute to the destabilization of the different national, cultural, etc. communities, affecting their value system and security.
- The openness to the global economy or to the free trade does not ensure in any circumstance the economic development of states, this openness is necessary to be made gradually and individually as each economy has its peculiarities and its own production mechanisms to be protected and helped integrate into the global market.
- The global issue of the environment can be managed only by implementing some regulations that take into account the extent of the phenomenon and to be applied and applicable not only nationally but internationally as well in a long-term unified and coherent form.

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# THE STRATEGIC MARKETING PLANNING – GENERAL FRAMEWORK FOR CUSTOMER SEGMENTATION

Alina Elena OPRESCU, Ph.D. student  
Bucharest University of Economic Studies

## Abstract

*Any approach that involves the use of strategic resources of an organisation requires a responsible approach, a behaviour that enables it to properly integrate itself into the dynamic of the business environment. This article addresses in a synthetic manner, the issues of specific integration efforts for customers' segmentation in the strategic marketing planning. The essential activity for any organisation wishing to optimise its response to the market, the customer segmentation will fully benefit from the framework provided by the strategic marketing planning. Being a sequential process, it not only allows time optimisation of the entire marketing activity but it also leads to accuracy of the strategic planning and its stages.*

Keywords: *strategic planning, marketing strategy, customer segmentation, marketing mix, optimisation*

**JEL Classification:** M<sub>19</sub>, M<sub>31</sub>

## Literature review

Strategic planning has developed as part of the marketing activity as a response to demands and challenges coming from the business environment. Issuing an appropriate response for inputs corresponding to environmental factors require a continuous decision-making process that enhances the modality of creative use of all company resources at a certain moment.

This decision-making processes will have a continuous and also elaborated character, not the result of spontaneous mechanisms.

Policy makers from each organisation need to dynamically connect to the reality of the marketing environment, both internal and external. In order to achieve this, the identification of the main evolution coordinates of the environment are the responsibility of marketing researchers.

They allow, through their scientific methodologies and tools, in-depth investigation of all phenomena that occur in the environment, of their dynamics, structured according to the type of analysed elements – elements of microenvironment or macro environment, or elements of the internal environment of organisations. Informational support for the decision-making process determines the actual quality of the approach and certain reaction times of the entire business entity.

However, the possibility of implementing a comprehensive marketing strategy, to enable a real growth for the economic entity will be based not only on decisions developed with a strong support based on information but also on a

proper strategic planning, the decision-making processes meaning the undergoing of several steps.

The strategic marketing planning is a complex notion that has evolved with the very concept of marketing. Thus, in the 1950s and 1960s, the economic growth was the dominant feature of the external economic environment, therefore the planning processes were directed towards the discovery and exploitation of entrepreneurial opportunities, being characterised by decentralisation (Jain C. Subhash, 2000, p. 1). Managers were focused on major decisions on investments and ways of operating the annual budget. Thus, there were no long-term planning efforts at corporate level.

In the 1970s the situation changed dramatically when company needs changed drastically as a result of changes in the economic environment (4- times increase of energy costs, increased competition, recession, capital crisis etc.). In this new context, the managerial needs regarding the strategic planning went towards a tighter control of limited resources and finding efficient ways of fighting the competition. Planning seen as a function of modern management has become increasingly important with the evolution of complex business relations and micro- and macro-economic factors.

Thus, at present, strategic planning may be defined as, the systematic process through which an organisation agrees on priorities that are essential to its mission and meet environment demands while providing in the same time the foundation of a commitment among key stakeholders. Strategic planning will guide the acquisition and distribution of resources necessary to achieve these priorities' (Allison Michael, Kaye Jude, 2005, p. 1). This process will take into account the existence of three key dimensions for planning, interrelated dimensions and equally important to the success of organisations: analytical dimension related to techniques, procedures, planning systems and models, organisational dimensions related to the flow of information, structures, processes, management types and organisational culture and behavioural dimension related to the nature and degree of participation and motivation of the managerial team (Bondrea A. Aurelian, Gărdan Daniel Adrian, Geangu Iuliana Petronela, 2010, p. 54-55).

Current context characteristic for the marketing environment of organisations is characterised by the following categories of factors that emphasised the need planning development:

- Globalisation (easier world trade, easier access of competitors to cheap labour, raw materials etc.);
- the free market, existence of an entrepreneurial political environment in many countries;
- Rapid technological innovation, creating new ways to increase competitiveness.

Strategic planning will consider three basic levels necessary in a modern organisation: corporate-level planning, strategic unites-level planning and functional or departmental-level planning.

Accordingly, the three ,layers' of strategic planning have three corresponding strategic approaches – global business strategy of the organisation, specific

business strategy of the strategic unit and strategy specific to function or department taken into consideration.

In terms of marketing activity, it could be also conceptualised on three levels, thus the role of marketing at corporate level being to provide the broadest perspective on environment of the organisation in order to correctly identify corporate business objectives on long and very long term; at the strategic business units-level, the marketing will play the role of identifying the situation and tools appropriate to implement a strategy to help integrate objectives specific for strategic business unit while at the departmental unit – the marketing activity will meet the needs regarding the concept and implementation of marketing programs for a good short- and medium term functioning of corporate individual organisation forms.

### **Steps in marketing planning**

In general, marketing planning process consists of the same stages, regardless of the nature of organisation where it is applied (Blythe Jim, Megicks Phil, 2010, p. 16):

A. *Analysis* – the step when there are identified the defining elements for the current situation of the organisation, both internal and external;

B. *Planning*- an essential step which involves setting of marketing objective, identification of activities leading to achievement of set objectives, taking into account of their group and according to the elements of marketing mix.

C. *Implementation* – step that consists in applying the set of specific activities previously identified for achieving the objectives. During this step there are established in detail the time span of activities, their sequence, responsible personnel, pay etc.

D. *Control* – this step is not exactly the last one because it is actually is a sort of audit and control and it exists in one-way or another throughout the entire planning process. It is aimed primarily the feedback at internal or external environment- level of the organisation as a response of the implementation of all the other previous steps. If special circumstances require reconsideration of activities, deadlines, responsibilities, even budgetary decisions in order to ensure the achievement of set objectives, there can be re-establish the set of activities, their content, sequence etc.

However, the steps presented above may be customised according to: specific industry, scale of the marketing activity developed by the organisation, history on the market, cyclicity of the production process, specific elements and external influencing factors.

As mentioned above, the marketing activity has the purpose of achieving specific objectives depending on the level of planning: corporate, strategic business unit or functional-departmental. In this context, experts talk about marketing strategies, seen as ways to achieve marketing objectives, organically subordinated to the organisation as a whole. Thus, the marketing strategy will represent an essential component of organisations marketing policy representing real ways of

achieving the objectives: market strategy, product strategy, marketing strategy etc. (Florescu Constantin, Mâlcomete Petre, Pop Al. Nicolae (coordinators), 2003, p. 669).

Worldwide and at organisation-level, the marketing policy will define the broad vision necessary to fulfil corporate objectives – this will be applied in each business strategic unit as a marketing strategy, given the specific objectives, for that specific market. In turn, the operationalization of the market strategy from the business strategic unit-level will be performed by means of marketing mixes tailored for each case, with specific objectives and activities.

Therefore, it becomes obvious the relation between the two concepts – strategic planning and marketing strategy. Planning will represent the process by which it will be effectively implemented and properly defined the way to go in order to achieve the objectives – strategy. The output of the planning process will be represented by action plans, one of the steps presented above – implementation representing the highlight of the sum of activities and for the strategy itself.

### **Customer segmentation and its role in the strategic planning of the organisation**

Substantiation of the marketing strategy will take into account the segmentation process of customers, seen as a fundamental element in the context of marketing strategic planning. Customer segmentation will represent an essential process for the correct substantiation of the marketing strategy and the realisation of an appropriate strategic planning.

In the figure below, you can highlight the place it occupies segmentation with respect to other processes within the marketing planning.

The marketing planning process	The output of the marketing planning process strategic marketing plan contents	Marketing theory (structures, frameworks, models)
Stage 1 Goals setting	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Mission statement</div> <div style="border: 1px solid black; padding: 5px;">Financial analysis</div>	
Stage 2 – Situation review	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Market structure</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Market trends</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Key market segments</div> <div style="border: 1px solid black; padding: 5px;">Gap analysis</div>	Market audit Market research Market segmentation studies Gap analysis Product life cycle analysis Diffusion of innovatio Ansoff matrix Forecasting
	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Opportunitis/Threats</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px; margin-bottom: 5px;">By product</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px; margin-bottom: 5px;">by segment</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px;">overall</div>	Issue management
	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Strengths/Weaknesses</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px; margin-bottom: 5px;">By product</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px; margin-bottom: 5px;">by segment</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px;">Global</div>	Key success factors matrix Market research Market segmentation studies
	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Issues to be solved</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px; margin-bottom: 5px;">By product</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px; margin-bottom: 5px;">by segment</div> <div style="border: 1px solid black; padding: 5px; margin-left: 20px;">Global</div>	
	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Portfolio summary</div>	BCG matrix Directional policy matrix
	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Assumptions</div>	Downside risk assessment
Stage 3 – Strategy formulation	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Marketing objectives</div> <div style="border: 1px solid black; padding: 5px;">Marketing strategies concerning the 4Ps</div>	Matricea Porter Matricea Ansoff Matricea BCG Analiza decalajelor
Stage 4 – Resource allocation and monitoring	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Resource requirements</div>	Forecasting Budgeting
		Measurement and review

Figure nr. 1. The stages of the marketing planning and the integration of the segmentation within their adjacent concepts and instruments

Source: adaptation from McDonald Malcom, *Malcom McDonald on Marketing Planning*, Kogan Page, London, 2008, ISBN: 978-0-7494-5149-3, p. 47

Customer segmentation allows any organization to direct its limited resources to the most promising opportunities through customer sorting within groups prioritized and managed easily.

Segmentation process may begin with a “mapping” of the market. Making a “map” of the market involves defining the value chain and distribution between supplier and end consumer, taking into account the various mechanisms on the market purchasing processes, including those played by the “influencers” or those who advise consumers or affect in any way the result of the buying process.

They are on the market map where transactions occur. By identifying “tracks” of transactions in the market in which an organization operates, is likely to identify the most important routes as key junctions where decisions are made and segmentation occurs. Clearly, the types of customers or segments should be linked to distinctive competence of the firm and its competitors, that if you want to create a true competitive advantage. In fact, the goal of segmentation should be to find the best ways to match the capabilities of the organization with customer groups that share similar needs.

Many experts, including the renowned Professor Malcolm McDonald, believe that segmentation should be a process that will take place before the strategic planning as the correct definition of existing market segments, the organization will be able to: (Malcolm McDonald, 2008, p. 59):

- Identify better the market share owned;
- Measure better the growth;
- Correctly identify target customers;
- Recognize relevant competitors;
- Formulate marketing objectives and strategies

It should be noted that the correct definition of customer segments facing the organization in their market space, is a process that really should be performed at the beginning of strategic planning at the strategic business unit or department – functional. When we discuss corporate planning at the global level of the whole organization, it may happen that customer and market segmentation does not represent an objective necessity in the beginning of the planning process. Substantiation of overall, corporate objectives involves identifying targets defined by levels of profitability and efficiency of investment that addresses the entire business unit of the organization, regardless of the number of markets or product lines or separate services it operates with,

Substantiation of marketing objectives specific to strategic marketing planning at the strategic business units requires in exchange knowledge and correct identification of all existing customer segments in the market, because all marketing activities will be customized based on the profile of these segments.

Segmentation will consist in identifying homogeneous groups of customers in terms of needs, products and/or services consumed, of the methods of their choice, consumption habits, etc.

Most organizations will have a range of approaches to segmentation that will materialize in the form of archetypes as shown in the figure below.

		The level of organizational integration	
		High	Low
Orientation towards customer	High	Effective segregation (4)	“Screw” type segregation (3)
	Low	Structural segregation (2)	Segregation based on sales (1)

Figure nr. 2. *Archetypes of segmentation within the companies*

Source: Jenkins Mark, McDonald Malcolm, *Market segmentation: organizational archetypes and research agendas*, European Journal of Marketing, vol. 31, no. 1, 1997, p. 17-32

The four types of segmentation are global “models” that companies will deploy depending on the weight of the two criteria considered: the level of integration in terms of organizational of the segmentation model chosen and the level of customer orientation. Thus, the four models of segmentation consider the following characteristics: (McDonald Malcolm, Dunbar Ian, 2004, p. 46).

**Segmentation based on sales** – Is an organizational archetype, which involves market segmentation based on the way it is organized by sales, which does not always reflect customer groups with specific characteristics and needs. Usually this type of segmentation does not reflect the priorities of the organization viewed as a whole, is based internally.

**Structural segmentation** – Involves defining “segments” of customers depending on how the organization is structured. This segmentation is often geared towards production and sales being incorporated in all the structures and processes of the organization.

**“Screw” type segmentation** – Implies a segmentation that uses a strong customer focus, being used customer information already available within the organization such as the location of purchase, behaviour patterns, preferences for products etc. This information will be combined with the external classification systems that align customer base with certain socio-economic profiles. This type of segmentation will be close to that based on sales, as it is limited to a number of functional areas within the organization and is not embedded in the organization viewed as a whole. Often this type of segmentation will be used for promotional campaigns as needed to target a specific group of consumers, niche, so although it

is very focused on consumers, it will not allow the redefinition of business processes across the organization.

***Effective segmentation*** – Will combine both a high level of integration within the organization and the customer focus. In this segmentation, the organization is able to use a range of customer information to develop a set of defined segments. However, unlike the previous type, the organization will integrate these segments across key functional activities. Thus, in fact, this type of segmentation represents the actual segmentation that provides the work basis for both promotional activities and for all other processes and operations of the organization. In this case, we can speak of a customization of the marketing mix for each segment.

The customer segmentation will be a constant effort that in the strategic business units or functional level of marketing departments will effectively overlap with the planning. Each new effort of planning and foundation of marketing strategy will take into account in advance the customer segmentation process, following that the concrete results of the foundation of marketing strategy to be found those new inputs for situational analysis and a new state of the market in terms of segmentation. Here he will be able to discuss a permanent cycle – segmentation – planning – foundation of strategy – segmentation.

## **Conclusions**

Proper development of tomorrow's companies found their solid substrate in creating new models based on strategic planning. Nothing can be left to chance. No matter how great may be the potential of an organization, regardless of the nature and amount of resources available and the number and quality of existing opportunities in the external environment, the use of rigorous principles of strategic planning will always be a strong competitive advantage. Planning manages to print consistency and continuity of marketing activity, ensuring a healthy cycle of adjustment process to the marketing environment and allows naturally emphasize of the opportunities in conjunction with strengths.

Strategic planning involves judicious engagement of all strategic resources of companies and their long-term orientation towards development of strategies relating to environmental elements of marketing. Note the opportunity for any current economic entity to investigate and develop the potential of creating the marketing network, an expression of the principles of relationship marketing. Thus, strategic planning seen in the context of relationship marketing would only potentiate the possibilities offered by this concept. Currently, strategic orientation specific to relationship marketing is far from being outdated, in fact technological evolving and IT tools available in conjunction with the development of social networks offering new directions of evolution for both the concept itself and for its operational modalities (Gârdan Daniel Adrian, 2011, p. 86-87).

Customer segmentation is a natural expression of the principles of strategic planning. Made in the development of relationship marketing strategies, segmentation is the basis for a coherent strategy to enable effective positioning of organizations in relation to segments that have an interest in developing long-term relationships.



This strategy takes into account the major networking features of target groups, their ability to answer, the specific and dynamics of interests manifested.

In an extended term vision, strategic planning and segmentation process shape for any organization the complex mechanism by which it will emulate the development directions of its business environment, the directions of action necessary to optimize competitive potential.

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## BOGDAN MURGESCU

### *The Romanian Countries between the Ottoman Empire and Christian Europe*

Editura Polirom, Iași, 2012, 364 p., ISBN print: 978-973-46-2453-9

The works of Professor Bogdan Murgescu cover more than five centuries of economic, political and cultural history, of a wide geographical area, from the Atlantic to the Eastern borders of the former Ottoman Empire.

The volume of articles “*Țările Române între Imperiul Otoman și Europa Creștină*” (The Romanian Countries between the Ottoman Empire and Christian Europe) published by „Polirom” Publishing House in 2012 is, in the author’s own words, “a phase balance”, putting together a collection of research papers performed over more than two decades and a half.

The articles included in this volume are grouped in four theme chapters: I. Politics, diplomacy, attitudes; II. Economy, finance, war; III. Structures and commercial contexts; IV. Synthetic perspectives.

Chronologically, the earliest articles go back to 1985-1986, „O nouă reglementare de pace moldo-otomană în 1481?” (1985) (A new Moldo-Ottoman peace regulation in 1481?) respectively, and „Impactul conjuncturii europene asupra comerțului românesc în a doua jumătate a secolului al XVII-lea” (1986) (The Impact of European background on Romanian trade in the second half of the 17<sup>th</sup> century), and the most recent since 2008 and 2011: „Lumea românească în economia europeană până la 1859” (2008) (The Romanian world in European economy until 1859), „Anul 1711 și filorusismul românesc în secolul al XVIII-lea” (2011) (The year 1711 and Romanian pro-Russian trend in the 18<sup>th</sup> century) respectively.

Between the two moments, 1985 and 2011, the themes approached in the articles published in this volume include both the analysis of concrete cases of Romanian medieval life (trade relations, financial aspects, balance of payments, freight) and wide syntheses on the integration of Romanian countries in European economy, i.e. „modernization” of the Romanian Countries in the 16<sup>th</sup>-17<sup>th</sup> c.

The complexity and level of detail of the analyses included in the articles and studies published in this volume may raise debates and exegesis, which would make the object of at least one other large work.

The core objective followed persistently and with scientific accuracy in all the author’s articles and studies is objectifying the results of historical research in the line of more or less delicate matters.

*History* is one of the most uncertain scientific disciplines of them all. The saying: *Truth is not only the fact, but [mostly] its interpretation* is suitable for historical research. But before *interpretation*, he who approaches history first faces the issue of *facts, data* determination, using the available documents, scarce and contradictory more often than not. Therefore, the researcher of *history* is mostly facing not only the overwhelming variety or, on the contrary, sources’ scarcity, but mostly, the arbitrary of their potential interpretations.

Bogdan Murgescu’s whole heuristic approach is oriented to the animation of the „exchange of ideas at the level of specialty” by „[...] confronting points of

view, [...] verification, confirmation or denial by the academic community of the ideas and (hypo)theses formulated.” Hence, in all his scientific works, Bogdan Murgescu excels by the investigation’s scrupulosity of the themes approached, presenting a considerable number of citations and references to all the available sources for a high degree of objectiveness of their interpretation.

The most dangerous form of pre-judgement in history research is *scientific bias*. Apparently deriving from facts (phenomena) and processes considered rather a-priori as *data* than proved as evidence, scientific bias takes shape and imposes by repetition and recognition to most of the intellectuals taking part in the debates on the past.

The *methodical* doubt is for the reviewed author an intense motivation for step-by-step building of scientific argumentation of „(hypo)theses”, based on the inherent Cartesian methodological scepticism and, where the case may be, on the „deconstruction” of those „common places” which won „an undeserved right of fortress in Romanian historiography”.

Prominently among such „common places” ranks the Turkish **monopoly on foreign trade of the Romanian Countries**, which, during the last two centuries has become a sort of haunting prejudice of most of the references to those over four centuries of Ottoman rule (p. 151-172: *The Avatars of a concept: the Ottoman commercial monopoly on the Romanian Countries*, 1990).

*Causa tanti mali* seems to be the very contents of the Treaty of Adrianopole of 1829, which in „Title V” developed included *Actul osăbit pentru prințipurile Moldova și Țara Românească* (*The special act for Moldova and Tara Romaneasca principalities*). The provisions of this part of the treaty on the freedom of the Principalities’ foreign trade remained *effective* in Romanian and European historiography, and are synthetically reiterated by the formula „the abolition of Turkish monopoly on the Romanian countries”.

The issue of „the Ottoman monopoly” is the absence of both the establishment documents, and clear reference to abolition. Practically, in 1829 was abolished a monopoly about which nobody knows and is specified nowhere *tale quale* when it was established. The contents of the Treaty make concrete, positive reference to „the freedom of trade”, with no negative connotations, such as „abolition”, „removal”, eradication” etc. The idea of monopoly resulted from the strict interpretation of the text of the treaty is, in the best case *implicit*, and not at all explicit.

Moreover, subsequent references to the despotic regime of the High Porte imposed to the inhabitants of the Principalities gradually soften, at least in the case of the Forty-Eighters and Unionists, who mention the relationships with the Ottoman Empire as rather a cooperation, based on the „multitude of treaties signed with other sovereign states, during several hundreds of years after the Romanian-Turkish capitulations”.

The author makes a comprehensive overview of the contributions on the prejudice theme of „the Ottoman monopoly on the Romanian Countries”, the list (totally selective) including older authors, such as F. Wilhelm von Bauer (1778), Charles de Peyssonnel (1787), Andreas Wolf (1805), Thomas Thornton (1807), William Eton (1809), William Wilkinson (1820), newer ones, such as Romulus Scriban (1885), A.C. Cuza (1895), A.D. Xenopol (1892), C.I. Baicoianu (1896),

Leonida Colescu (1897), Nicolae Iorga (1897), I.N. Angelescu (1919), N. Razmiritza (1932), Gheorghe Bratianu (1929-1938), or contemporary authors: C.C. Giurescu (1946, 1977), Vlad Georgescu (1970, 1972, 1987), Paul Cernovodeanu (1978), Mihai Maxim (1974, 1979), Alexandru Dutu (1985), Alexandru Zub (1985) etc. The above list, which includes only a few names, highlights the exceptional effort of research made by the author to objectify the facts and their interpretation in any of his writings.

Along with the diversity of the analysed texts, unfolds the refinement of the interpretations of the issue in question: the so-called *Ottoman monopoly* would have actually materialized either in a „pre-emption right” of the Porte for certain products, or in various abuses or „raping” by the Turkish officials of the Porte and the tradesmen, set out by various documents and stories, either in the actions of the suzerain power manifested by worsening taxation rules, or in feeling the price decrease during various market circumstances.

On the background of the analysis of the Principalities’ commercial relations with Central and Western Europe, based on the works used (Nicolae Iorga, for example), was also found the impossibility of an effective establishment of an efficient control on the export of products from the Romanian Countries etc. Without the „**literal existence of a commercial monopoly**”, „we would rather say, that it is a varied range of means and practices through which the Porte has deformed the free play of market forces.” (p. 169).

Consistent to his assumed objectives, Bogdan Murgescu also sets forth the requirements which must lead the future research in approaching the theme of the Ottoman monopoly on the foreign trade of the Romanian Countries: abandoning the state-juridical views: „there was no unitary, constant norm (or even steady) which should settle the right for monopoly”; „overcoming the provincialism manifested both by historiography and by the Balkan national schools”; extension of the presented chronological interval, study of the relation between the politics and the economy in the Romania-Ottoman trade, and of the connection between the practices of the Porte and the overall economic circumstances („the Porte’s measures were typically anti-cyclical and their result inevitably mediocre”, p. 171).

Taken over elsewhere (pp. 173-185: *Comerț și politică în relațiile româno-otomane în secolele XVI-XVIII*, 1995 (Trade and politics in the Romanian-Ottoman relations in the 16<sup>th</sup>-18<sup>th</sup> c., 1995)), the analysis of the issue of the Ottoman „monopoly” leads to a conclusion which is more than enough argued in the two articles : „Accepting the fact that trade between the Romanian Countries and the Ottoman Empire was not free from the intervention of the politics, we should point out that **there never was in the 16<sup>th</sup>-19<sup>th</sup> c. an Ottoman monopoly on the Romanian Countries trade**”, p. 183 (B.M. underlining).

Under the consistently debunking circumstances due to some historians of the post-December period, Bogdan Murgescu has a careful and nuanced contribution to the crumbling down of other „common places” solidly built during the romantic nationalism period, extended and consolidated during the socialism decades.

In this respect, the reign of Ștefan cel Mare<sup>1</sup> (Stephen the Great), the nature of the reign of Mihai Viteazul<sup>2</sup> (Michael the Brave), respectively the capacity of the Romanian Countries of *keller* of the Ottoman Porte and that of Romania as „Europe’s garner”.

For the term of Stephen the Great reign, the author brings into discussion at least three sensitive points of the romantic nationalism historiography: the dedicated defensive character of the Moldavian ruler politics (and of all the Romanians, for that matter), his military achievements against the Ottoman giant, respectively the prosperity and peace of the inhabitants of Moldova during the 47 years of reign of the great voivode.

The reevaluation of the sources highlights the frequently offensive of the Moldavian ruler’s foreign policy. Thus, for example, having accepted the payment of the tribute for 16 years (1457-1473), in November 1473, for various reasons, Stephen attacks Tara Româneasca, replacing Radu cel Frumos (Radu *the Handsome*), a ruler placed by the Turkish (Mehmed the II<sup>nd</sup>), with Basarab Laiota. The repeated interventions of the Moldavian ruler in Tara Româneasca, Transilvania and south of Poland, the high frequency of the initiation of military conflicts determines the author of the studies to qualify Stephen the Great’s foreign policy as „pro-active”, mainly offensive respectively, not at all defensive.

Similarly, without diminishing the military merits and achievements of the Moldavian voivode, the tradition of Romanian textbooks is reasonably corrected where, for the last fifteen years, the idea that „ours” defeated most of the times the „Turkish” has been present. Chronologically calculated, „the periods when Stephen paid tribute to the Ottoman Empire (1457-1473, 1480-1481, 1482-1484, 1486-1504) exceeded by far the periods of direct confrontation”, respectively approx. 34-35 years of submission from among the 47 years of reign. Though such a calculation seems mean as compared to the glory of the great leader, a glory consecrated by important personalities of the 15<sup>th</sup> century, in general the Moldavians’ victories coincided with fragile circumstantial positions of the Ottoman Empire, internally or externally.

Analysing the ‚pro-active’ politics costs promoted by Stephan and his subjects, Bogdan Murgescu submits data on the damage caused on the territory of Moldavia by the Turkish, Tartars, Hungarians and Wallachians, despite of the prevalence of the Moldavians victories. The author qualifies, for example, as significant some „elements, noted by Iorga”, which the great historian „deemed as irrelevant: those called to war «had endured for two months the suffering of fierce heat, scarce and bad food, hasty marches»”.

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<sup>1</sup> „Dimensiunea europeană a domniei lui Ștefan cel Mare” („European dimension of Stephen the Great reign’), previously published in *Studii și articole de istorie (History studies and articles)*, vol. 69, 2004, pp. 5-20, respectively „Ștefan cel Mare-2004. Câteva reflecții la 500 de ani de la moartea domnitorului” („Stephen the Great-2004. A few reflections on 500 years since the death of the ruler’), previously published in *Acta Moldaviae Septentrionalis*, vol. 4, 2005, pp. 132-141.

<sup>2</sup> „Mihai Viteazul – medieval sau modern” („Michael the Brave – medieval and modern’), previously published in *Studii și articole de istorie*, vol. 68, 2003, pp. 14-24.

The author's change of attitude is obvious concerning the age of Stephen the Great from one article to the other, respectively from one year to another:

– in the first article, *The European dimension of Stephen the Great reign*, published in 2004, the conclusions usually follow the classical line of highlighting positive aspects:

1. „Stephen the Great exceeded all the previous Romanian rulers, managing an **unprecedented foreign policy for Moldavia**” (B.M. underlining).

2. „The experience acquired [...] enabled Stephen to handle skilfully and pragmatically international relations and to safeguard Moldavia's essential interests under difficult circumstances”.

3. „Stephen the Great managed to consolidate this position [Moldova's] in relation with Hungary and Poland, leaving on his death a wider and more prosperous Moldova than on his enthronement.”

4. „As compared to most of his contemporaries, as well as predecessors and successors on the throne of Moldova, his political balance is definitely superior.”

5. Invoking the feeling of the subjects as „the essential criterion for the evaluation of a monarch's merits”, the author cites an account of 1502 of doctor Matteo Muriano who „shows that Stephen deserved the rating «the Great»”.

– a few negative aspects arise from the same article:

1. Despite his experience, Stephen failed to eliminate „all in all the choleric component of his nature”.

2. Until the end of his reign, Stephen the Great „could not prevent the deterioration of Moldova's position in relation with the Ottoman Empire”.

– the article published in 2005, *Ștefan cel Mare-2004. Câteva reflecții la 500 de ani de la moartea domnitorului (Stephen the Great-2004. A few thoughts on 500 years since the death of the ruler)*, ends in the same glorifying note, despite the „iconoclast” nature of certain remarks, who „**aims in no way the diminution of the historical merits of Stephen the Great**” (B.M. underlining).

Nevertheless, in the post-scriptum attached to the article in 2011, in the light of some subsequent editorial events<sup>3</sup>, Bogdan Murgescu „radically rethinks” the term of Stephen the Great reign:

1. The works appeared between 2005-2006 (Stefan Gorovei, Maria Magdalena Szekely) confirm the hypothesis formulated by the author in the other two articles between 2004-2005 concerning the emphasis on the hostility between Moldova and Tara Româneasca during the reign of Stephen the Great.

2. Worsening Moldova's residents' status (or at least of certain areas) during the reign of Stephen is reflected by the diminution of the cash availabilities as compared to the first part of the 15<sup>th</sup> century (Ernest Oberländer-Târnoveanu).

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<sup>3</sup> Stefan Gorovei, Maria Magdalena Szekely, *Princeps omni laudae maior. O istorie a lui Ștefan cel Mare (Princeps omni laudae maior. A history of Stephen the Great)*, Musatinii Publishing House, Suceava, 2005; Stefan Gorovei, Maria Magdalena Szekely, *Maria Asanina Paleologhina. O prințesă bizantină pe tronul Moldovei (A Byzantine princess on the throne of Moldova)*, Musatinii Publishing House, Suceava, 2006; mention is made of the authors of other two works and the years of publication, without specifying the titles of the works on the list of „References”, i.e. Ernest Oberländer-Târnoveanu, 2003-2005 and Serban Papacostea, 2007 respectively.

3. „A depleted population of Moldavia, half of the country outraged for many years against Stephan, who «dares not step in Tara de Jos» (according to the Polish report cited by Papacostea 2007: 17) and a deepening of the adversity between the Moldavians and the Wallachians are **images which challenge the traditional historiographical image** of Moldova’s ruler” (E.G. underlining).

Therefore, Bogdan Murgescu is consistent with the assumed objective concerning „the confrontation of the views”, in order to get closer to the historical truth.

The greatness of Stephen the Great cannot be diminished, as the author himself pointed out in various occasions. On the other hand, for a country with a low population density, at the crossroads of the interests of the feudal Great Powers in the north and central Europe with the pressure of the Ottoman Empire at the beginning of the period of maximum expansion and the eastern Tartar incursions, the attempts of assuring an approximate sovereignty cannot be imagined and achieved without disproportionately high costs.

It is most likely, from the financial point of view, that the „pro-active” politics of the Moldavian ruler should have been more expansive than the unconditional obedience to the Turks.

For the avoidance of transforming certain areas of the country in a battle field, the Moldavian ruler could have accepted, it’s true, the High Porte’s suzerainty and protection even in the terms of regional instability during the reigns of Mehmed II (1451-1481) and Bayazid II (1481-1512), before the instauration of the Ottoman Peace (*Pax Ottomana*) under Suleyman *Muhteşem* (1520-1566). But it is hard to imagine, in the second half of the 15<sup>th</sup> c., a potential efficiency of the protection of the Ottoman Empire on a vassal Moldova, permanently confronted with the versatile and expansionary Hungarian and Polish kings.

Despite the hard times of Moldova population – of Tara de Jos people in particular – during the reign of Stephen the Great, along the next century the situation seems to have worsened, at least from the point of view of an increased number of obligations to the High Porte. At the end of Stephen’s reign the tribute (*haraciul*) paid annually (4000 golden pieces (*galbeni*)) was more than 16 times smaller than the maximum level attained in 1583 of 66,000 golden pieces.<sup>4</sup>

Therefore, under the given historical conditions, despite or better with the price of the assumed real sacrifice, the reign of Stephen the Great remains the most consistent period of political, economic and military affirmation in the medieval history of the Romanian Principalities.

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<sup>4</sup> Cf. „Țările Române în epoca timpurie” (The Romanian Countries in the Early Age) in the reviewed volume, *Țările Române între Imperiul Otoman și Europa Creștină (The Romanian Countries between the Ottoman Empire and Christian Europe)*, p. 316. The article was initially published under the title „Die rumänischen Länder in der frühen Neuzeit“, in the volume edited by Thede Kahl, Michael Metzeltin and Mihai-Răzvan Ungureanu, *Rumänien, Sonderband der „Österreichischen Osthefte“*, Wien: LIT Verlag, 2006, pp. 231-235. Though both increasing of the obligations to the suzerain power, and of home taxation reflect a sensible growth of the production and marketing capacity of the Romanian Countries during the 16th century, most of the social surplus product could not be designated for domestic use, respectively domestic investment (public or private).



The author achieves remarkable analyses on the motivations of the Romanian rulers in their attempts of contesting by military and/or diplomatic means both Ottoman suzerainty, and Austrians, Hungarians, Poles and later, Russians expansion, making the distinction between *financial*, *religious* and *political* motivations.

While for Stephen the Great the political and religious aspects prevailed, in the case of Michael the Brave the main motivation was financial, considering that during the 16<sup>th</sup> century the amount of payments to the Ottoman Empire, and in the case of Țara Românească, had increased considerably, the tribute (haraciul) increased from 10000 golden pieces (*galbeni*) annually la early 16<sup>th</sup> c., to a maximum amount of 104,000 golden pieces between 1574-1583.<sup>5</sup>

Although worsening of the debt to creditors was the obvious cause of triggering the anti-Ottoman fight in 1594, the Wallachian ruler would not include it in the official documents – memoires, diplomatic letters – invoking in exchange religious and geo-political arguments. Michael the Brave's military actions after 1597 would confirm the decisive role of the seriousness of the financial situation of Țara Românească Principality: peace agreement with the Porte, respectively attacking Transylvania in 1599 for the relaxation of trade relationships. In counterpart, attacking Moldova in 1599 and the less concessive character shown in the treatises with the Habsburgs prove the priority of politics (a rather *military-political* strategy) over economy.

The political philosophy of the ruler matches the trends of the age. Citing various sources, the author emphasizes the maturity of Michael thinking, which exceeds the pragmatic prospect of the money destination *only* for battle fighting, supporting the idea that „money is the soul of all things in a state”. Paraphrasing the Latin collocation „*pecunia nervus belli*”, modern economic vision the voivode adopted would have been *pecunia nervus status*.

As for the personality of Michael the Brave, there are still, after 1990, two contradictory perceptions: from the nationalist-classical-romantic point of view the image of the great voivode initiator of the fight for national unity remains prevailing, an image consecrated by Nicolae Bălcescu; from the debunking perspective of the post-December period, *the Wallachian* seems to have been rather a typical *condottiere*, a kind of late medieval knight of the East.

Analysing the works dedicated to the Wallachian ruler, Bogdan Murgescu points out that „no text coming directly from the ruler expresses the idea that his endeavour aims at the political unity of the Romanians.”

Besides the idea of the absence of certain clear references related to the ethnic motivations, the author brings other eloquent arguments. Here are a few examples:

- instead of appointing in executive positions mainly Romanian natives (Wallachian, Transylvanian and Moldavian natives), Michael promoted „many Levantine and Balkan ethnics”;
- in all his campaigns he relied, from the military point of view, especially on Székely, Albanians, Serbians, whose respect he enjoyed as a brilliant military leader;

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<sup>5</sup> *Idem*, p. 316.

– he was badly received in Moldova, and the proof is that „he appointed in the fortress of Suceava as *Parcalab* (≈ Chief Magistrate) the Székely János Kaptury and not a Romanian”.

On the other hand, we should consider the fact that in 1600 a *national idea* could not possibly be taken into consideration, the arguments formulated for the end of the 16<sup>th</sup> century aiming, in the best case, *the ethnicity*, and not *the nationality*. The very idea of unity of the three principalities would not have been the result of actions arisen from the Romanian political environment, but the initiative of „the Chancellor of Prince Sigismund Bathory, Stefan Jósika, the artisan of a first union in 1595.”

The author tries to identify elements of modernity in the institutional political efforts of the Wallachian ruler, Michael the Brave actions being consistent with those of the princes of his time. In the long run, tax increase for the purpose of supporting the mercenaries’ armies, as „modern” as it may seem, was only a marginal element in the potential attempt of achieving a coherent system of state institutions. The undeniable merits of brilliant army commander prevailed over the incapacity of political man, edifier of state unity.

Despite the elements of modernity identified for the beginning of the 17th century and consecrated as such by the European historiography in the last two centuries, „the nationalistic anachronism,” typical for Romanian post-Balcescu historiography is quantifiable by a period of about two hundred years, while the organization according to national criteria of the modern states became a characteristic aspect only in the 18<sup>th</sup> century.

Besides, no matter how peripheral seem to be the Romanian Countries as compared to Central and Western Europe, the institutional gaps were not so obvious, at that time, as they would become in the following three centuries. At the end of the 16th century, neither Spain of Philip II (or III), nor Elisabethan England, nor France of Henric IV were much better institutionally structured in the modern sense of the word.

Another “common place” (*‘ponciŃ’*) deconstructed by Bogdan Murgescu in the study *Pondereea cerealelor românești în comerțul european (secolele XVI-XX)* (“Weight of Romanian grain in European trade (16<sup>th</sup>-17<sup>th</sup> centuries)”) is the label of Romania as *granary of Europe*.<sup>6</sup>

The term of five centuries analysed in the study is divided into four periods: I. sixteenth century – beginning of the nineteenth century, II. Nineteenth century (up to WWI), III. Interwar period, IV. The post-war period.

For the first period the author concludes that “**the share of Romanian Countries throughout the European trade was very modest until the early nineteenth century**” (B.M. underlining).

The analysis performed for the second period leads to the conclusion that “**the share of Romanian cereals within Western Europe imports, although it has grown from nothing in 1820 to 12-13% in the years 1891-1913, was never**

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<sup>6</sup> The study was originally published in Maria Muresan (eds.), *Experiențe istorice de integrare economică europeană* (Historical Experiences of European economic integration), Editura ASE, București, 2006, p. 31-57.

**large enough to justify the claim that Romania would have been ‘granary of Europe’**” (B.M. underlining).

For the interwar period, comparing data available shows that **“Romania’s role in the grain supply for the European industrialized countries was less important in the interwar period than in times previous to World War first.”** (B.M. underlining).

For the post-war period, the decrease of the cereals’ share in Romanian exports value structure to less than 10% leads to the conclusion that **“grain exports have ceased to be a driver of the country’s integration into the European economy”** (B.M. underlining).

Bogdan Murgescu ends his study concluding that his own investigations confirm Victor Axenciuc’s statement that **“Contrary to common prejudice, Romania was never ‘the granary of Europe’**” (B.M. underlining).

It should also be noted that, by his research, Victor Axenciuc has decisively contributed to creating the most comprehensive historical-statistical data series on the modern history of Romania, providing a broad and carefully documented reinterpretation basis of the economic history for the period 1859-1947.<sup>7</sup>

Coming back to the relation *ethnic-national*, in another article, *“Phanariots” and “Pământenii”*. *Religion and Ethnicity in Shaping Identities in the Romanian Principalities and the Ottoman Empire*<sup>8</sup>, the author points out that, until the 16<sup>th</sup> century, religion, not ethnicity, had a prevailing role in establishing identities/solidarities. On this line of reasoning, the following conclusion arises: “a single political system functioned since the middle of the 16<sup>th</sup> century until the ’1820s, based on the appointment of the Țara Românească and Moldova rulers from among the Orthodox subjects of the Porte.” Therefore, just like “the national idea at 1600”, and “the Phanariot age” is a “modern historiographical construct”.

Moreover, in the synthesis of the latter part of the volume reviewed, *Romanian Countries in the early modern era*,<sup>9</sup> Bogdan Murgescu systematically deconstructs “the common place” (“ponciful”) of the *Phanariot Era* established since 1711 in Moldova and in 1716 in Wallachia, after repeated betrayals of the

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<sup>7</sup> In his papers on modern economic history of Romania Bogdan Murgescu resorts to statistical and macroeconomic indicators documented in the works of Professor Victor Axenciuc. For this article, he makes reference to four works: V. Axenciuc, *Evoluția economică a României. Cercetări statistico-istorice 1859-1947*, Vol. 2: *Agricultura*, (Romania’s Economic Evolution. Historical-statistical Research 1859-1947, Vol. 2: Agriculture), Editura Academiei, București, 1996 and Vol. 3: *Monedă-credit-comerț-finanțe publice* (Vol. 3: Money-Credit-Trade-Public Finance), Editura Academiei, București, 2000; V. Axenciuc, *Introducere în istoria economică a României. Epoca modernă* (Introduction to the Modern Economic History of Romania), Editura „Fundăției România de Măine”, București, 1997; V. Axenciuc, „România – grânarul Europei?” (Romania – Granary of Europe?) edited in *Magazin istoric*, 33, nr. 1, 1999, pp. 24-26.

<sup>8</sup> An article published in English, under the title “«Phanariots» and «Pământenii». Religion and Ethnicity in Shaping Identities in the Romanian Principalities and the Ottoman Empire”, in the volume *Ethnicity and Religion in Central and Eastern Europe* coordinated by Maria Craciun and Ovidiu Ghitta (Cluj University Press, 1995, pp. 196-204).

<sup>9</sup> Cf. *supra*, footnote 4.

*hospodars* of the two principalities. Since the second half of the 16<sup>th</sup> century to the first decades of the 19<sup>th</sup> century, “getting of reign was achieved in Istanbul and meant the obtaining of the widest possible support within groups of influence in the Ottoman capital, requiring the payment of considerable sums to the Sultan and the people who could influence his decision.” During this period, the only restriction on the pretenders to the throne was not of ethnic order, but only to be “Christian, not Muslim”.

The attempts of some historians to identify contemporary sources supporting the decision to replace the *Landers*’ (“pământeni”) hospodars (proved, as we said, traitors) with *Phanariots* (coming from the Phanar district of Constantinople) failed. It’s true that “practice has made the most *hospodars* were Greek Orthodox, which, according to Ottoman terminology, meant they belonged to that category of Greek subjects of the sultan (*Rum zimmi*)”.

Although perpetuating in handbooks the period referred to as *Phanariot era* to somewhat simplified both the periodization of principalities’ history in the “early modern age” and the patriotic-ethical approach of the *Non-landers*’ (“nepământeni”), “the idea propagated by many Romanian and foreign historians that in 1711 (1716) there was a change of political regime [...] is just a historiographical myth.”

The solid reasoning of the author should, perhaps, be completed by the *statistic-genealogical* analysis of the ethnicity of Moldova and Țara Românească rulers during the 16<sup>th</sup>-17<sup>th</sup> c., “*nepământeni*” (non-natives) *zimmi* (“subjects of a Moslim state”) and *harbi* (“subjects of an independent non-Moslim state”), “pământeni” respectively. Also exciting seems to be the identification of the moments or periods of *awakening* of the “pământeni” as against the seizure of political and economic power by *venetici* (aliens).

For the time continuity and consistency of ethnic identity, Bogdan Murgescu’s remark on the solidarity at *inferior* social levels is essential: “family ties and, maybe, village solidarities were even more important than the devotion to Christianity.” This kind of “solidarity” is actually the deep foundation of gradual awareness of ethnicity, of the identity atomized for centuries at the level of the small local communities and gradually coagulated under the form of *national conscience* along the 19<sup>th</sup> c., under the pressure of the Western culture.

The same cannot be said about the upper strata of society in the two Principalities. The lack of various political factions’ unity is understandable, if we consider on the one hand the diversity of external influences and pressures, and on the other hand ethnical heterogeneity of the allogeneous participation in different administrative offices, up to the office of ruler.

The ethnical heterogeneity of the political-administrative elite of Wallachia and Moldova is not a peculiarity with a character of uniqueness. The Kingdom of the Two Scillies is, among many others, an edifying example in this respect. As compared with Northern Italy, where the continuity of German prevalence became defining along the centuries, *the South* knew a remarkable ethnical heterogeneity generated by the succession of dominions, starting with the Ancient Greeks (Graecia Magna) and continuing with the Romans, Arabs, Normans, Byzantines and Spanish. Despite the political unification after 1860, Italy remained well defined until today according to its historical structures.

In the article *Confessional Polemics and Political Imperatives in the Romanian Principalities at the turn of the 17<sup>th</sup>-18<sup>th</sup> c.*<sup>10</sup>, Bogdan Murgescu analyses the offensive of Greek orthodoxy in the Romanian Countries in the last quarter of 17th c. and early 18th c. achieved by printing in Greek, „a great number of books of Orthodox propaganda” in the printing houses on the territory of the two Principalities.

The effect of the propaganda of Jerusalem patriarchs, Dosithei Notaras and Hrisant Notaras was, apparently paradoxical, “inhibiting any temptations of the Romanians to rise against the Ottoman rule”. Moreover, the author also advances the “more brutal” hypothesis of the conscious involvement of the two patriarchs and of other clergymen in a “fifth Ottoman column” in the Romanian Countries.

How was it possible for Moldova and Țara Românească to be a kind of *spearhead* supporting the Greek religious campaign with the considerable political help of some rulers of Greek origin of the 17<sup>th</sup> century (e.g., Gheorghe Duca, between 1665-1683)? The answer to this question is essential for the explanation of the beginning of Greek hegemony in the Principalities’ administration and economy, to last at least 150 year (until after 1821) along the so-called “Phanariot period”.

Bogdan Murgescu is again exhaustive in his research, reasoning and blast of eloquence in a 7-page only article!

The offensive of Greek orthodoxy was, in fact, a counteroffensive to the growing effective penetration in Hungary (through Ardeal) and Poland in Moldova and Țara Românească of the ideology of the two great enemies, Catholicism (*counter-reform*) and Protestantism (mainly *Calvinist*), with the Habsburgs’ military achievements in the last quarter of the 17<sup>th</sup> century. And the Greeks fear was not ungrounded: shortly after the Habsburgs’ rule over Ardeal (1699), the United Romanian Church as a part of the Catholic Church would be established officially (in 1716).

The High Porte *promoted* by means of the *Greek*, not only a visible tolerance towards Orthodoxy, but also a kind of *support* for the subjects in the Romanian Countries in front of the pressure of Catholicism and Protestantism. While gradually reducing, during the 16<sup>th</sup> century, of the attempts of organizing the anti-Ottoman *Christian Leagues (Catholic)* by the Holy See and by Central and Western Europe, the Ottomans encouraged the *right faith*, Eastern Christian (*the Greek branch*), seeking to stem the impetuous advance of western Christian ideologies.

In the post-scriptum of the article of 2011, Bogdan Murgescu cites the conclusions of Paschalis Kitromilides’ research in a paper of 2008, according to which the anti-Protestant position in Dosithei Notaras’ writings “are marked by a

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<sup>10</sup> Initially published in Romanian *In honorem emeritae Ligia Bârzu. The time of history I. Memorandum and heritage*, a volume edited by Miron Ciho, Vlad Nistor and Daniela Zaharia, Universitatea Bucuresti Publishing House, Bucharest, 1998, pp. 272-280 and republished in the same year in English, under the title „Confessional Polemics and Political Imperatives in the Romanian Principalities (Late 17<sup>th</sup>-early 18<sup>th</sup> Centuries)”, published in Maria Craciun, Ovidiu Ghitta (eds.), *Church and Society in Central and Eastern Europe*, EFES, Cluj-Napoca, 1998, pp. 174-183.

strong Catholic influence” revealing “rather political than theological roots” for the “virulent anti-Catholic” attitude of Jerusalem’s Patriarch.

On the other hand, though *Greek* was not foreign to the cultural and administrative environment in the Principalities, the echo of the religious publications in this language was much less than the success of the Protestants in Ardeal by means of the writings in Romanian.

Despite the cultural and religious success, it should not come as a surprise that the whole Greek Orthodox propaganda did not diminish in the least the tension of the hostility between the two Principalities to the “*păgânii osmanlii* (heathen Ottomans)”.

Under the circumstances of the Greek Orthodox counteroffensive, at the turn of the 16<sup>th</sup>-17<sup>th</sup> centuries it is at the same time noticeable the increase of the Moldavians and Wallachians sensitivity towards Russian orthodoxy. After the fall of Constantinople, Moscow would have been recognized, even if not unanimously, as the “third Rome”. The Russian Orthodox Church was becoming autocephalous in 1589 (by the efforts of Boris Godunov), and in 1652 Patriarch Nikon accomplished the centralization of ecclesiastical power by Russia, adopting at the same time uniformly the rituals of Greek Orthodox Church.

Russia’s rapprochement to the Romanian Countries, to Moldova in particular, during the 16<sup>th</sup> and 17<sup>th</sup> century, was achieved first by the echo of Russian orthodoxy, especially due to the endeavour of the Metropolitan of Kiev, Petru Movila, (1633-1646) and of Moldova’s metropolitans Varlaam and Dosoftei.

If the above-mentioned Greek prints would have aimed at the distraction of the subjects of the High Porte in the Romanian Countries against the western Christian “heresies” and at the avoidance of their involvement in the potential anti-Ottoman campaigns, the year 1711 (besides other moments) reflects the full failure of such attempts.

But how could the Russian variant of orthodoxy be more attractive than the Greek one?

In the studies: *Factorul popular în lupta antiotomană. Un studiu de caz: 1711*<sup>11</sup> (The popular factor in the anti-Ottoman battle. Case study: 1711) and *Anul 1711 și filorusismul românesc în secolul al XVIII-lea*<sup>12</sup> (Year 1711 and the Romanian pro-Russian spirit in the 18th century), Bogdan Murgescu analyses the external and internal circumstances of the pro-Russian attitude of most of the Principalities’ population in the first decade of the 18<sup>th</sup> century.

In the first of the two studies, the author emphasizes the main reasons of the Moldavians’ sympathy for the Russians, choosing as a moment of reference the year of Peter the Great’s campaign against the Turks.

The result of a repulsion accumulated during over three centuries, “**the persisting hostility towards the *osmanlii*** (Ottomans), was a basic element of the common culture both of the elite and of the masses.” (B.M. underlining).

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<sup>11</sup> Based on a communication presented in 1987, the text was published in *Caietele Laboratorului de Studii Otomane* (Notebooks of the Ottoman Studies Laboratory), nr. 1/1990, pp. 153-164.

<sup>12</sup> The study was first published in *Studii și articole de istorie* (History studies and articles), 78, 2011, pp. 15-22.

Apparently odd enough, the Greek (except for the Ionian Islands) manifested only sporadically during the 16<sup>th</sup>-18<sup>th</sup> centuries by anti-Ottoman political or military actions, the Ecumenical Patriarchate of Constantinople being practically responsible rather of maintaining the status of subordination of the Christian populations subject to the High Porte and of inciting them against the Catholics and the Protestants.

On the other hand, at the end of the 17<sup>th</sup> century few Romanian rulers (most of them of Greek origin) still dared to resume the *classical* alliances with the Habsburgs, in spite of their military achievements after the rejection of the Turks in front of Vienna (1683).

Based on a growing aggressive oppression from the Turks, the Austrians arrogance and the Greek's duplicity generated, especially in Moldova, **“a strong wave of anti-Turk orthodox exaltation inexorably pushing towards a pro-Russian politics”** (B.M. underlining). Yet, even under the circumstances of the „anti-Ottoman turmoil arisen in various parts of South-Eastern Europe”, the above-mentioned *exaltation* failed to have identical effects in the two Principalities.

If in Țara Românească, “after 20 years of relatively steady reign, Brâncoveanu was able to resist any internal pressure and decide depending on his own analysis on his and the country's interests”, Dimitrie Cantemir “recently enthroned [...] had no choice”. In order to consolidate the ruler's authority, he had nothing to do but “place himself in front of the anti-Turkish wave [...]”

Bogdan Murgescu chooses quotations as suggestive as they are picturesque in the chronicles of Ion Neculce, Radu Popescu, Radu Greceanu and Miron Costin, presenting not only the hesitations of Constantin Brâncoveanu towards engaging in combat on the Russians' side, but also, the fate of the Moldavians called to war by Dimitrie Cantemir under the flags of Peter the Great from the moment of passing under arms until the final disaster. So, in two quotations from Neculce, is admirably grasped the trespassing from a specific *ecstasy* in the beginning of the campaign, on which the chronicler noticed quite puzzled and compassionate „they stood pretty well the poor Moldavians, though they were crowd armee” („sta bine și bieții moldoveni, măcar că era oaste de strânsură”), to the *agony* of the humiliating defeat “the Turks pounced upon as a pack of wolves in a sheep herd” („le-au dat turcii năvală ca o noajă de lupi într-o turmă de oi”).

In the second study mentioned above, Bogdan Murgescu adds to the arguments of the pro-Russian attitude the image that Peter the Great had gained after the victory of Poltava (1709) against the Swedish, as „pious tsar, always victorious and potential liberator”, expected as „Messiah of the Moldavians, Wallachians and Bulgarians”.

The author also reviews the previous attempts of association to the Russians' anti-Ottoman battle, mentioning the treatises of Gheorghe Stefan (1656) and Stefan Petriceicu (1674) with tsar Alexei Mikhailovich, and the appeal to the tsar of Metropolitan Teodosie of Țara Românească in 1700. It is important also the report of courier David Corbea to the Russian authorities, where the name of the hesitating Constantin Brâncoveanu is also included, together with those of Jerusalem Patriarch Dosithei Notaras and of brothers Mihai and Constantin Cantacuzino, where mention is made of the request addressed to the tsar for “the redemption of all the pious Christians who are moaning under the yoke of the

unfaithful tyrant [...]”. In the same text, mention is made, besides the above-named, about the Moldavians and Bulgarians again, and in addition the Greeks (!), the Serbians, the Arnauts, and the Romanians from Transilvania.

Apparently abandoned by the western and central-European powers after 1716, the persistence of the Romanians’ pro-Russian feelings during the 18<sup>th</sup> century appears justified, especially after the peace of Kuciuk-Kainargi (1774), when Austria acquired Bucovina, and Russia was recognized as diplomatic and military protector of the Romanian Countries.

The climax of the Romanians’ pro-Russian feelings despair seems to have been attained in 1770 by the Wallachians and between 1806-1812 by the Moldavians. For the first year, the author quotes the memorandum of the Wallachian delegates sent to Moscow requesting neither more nor less than “the complete annexation to Russia”. During the Russian-Turkish war, 1806-1812, Veniamin, Moldova’s Metropolitan, in front of a group of noblemen and bishops were sending memoranda by which, in their turn, they requested the incorporation to Russia. In this last case, ironically enough, the request was partially fulfilled by Bessarabia’s annexation to Russia in 1812. And then (in 1807 at Tilsit) and later (in 1939), both France (Napoleon), and Germany (Hitler) manifested their full *désintéressement* regarding Bessarabia.

Perhaps the only positive effect of this pro-Russian attitude would have been the institutional modernization of the Principalities by the Organic Regulations elaborated under the coordination of Pavel Kisseleff during the Russian occupation, between 1828 and 1834. With the still obvious indifference of the West towards the two Danube Principalities, we may say that Romania’s *modernization (westernisation) started from the East by care of the Russians.*

Emphasizing the passing from one extreme to another, Bogdan Murgescu follows the line of pro-Russian turning into anti-Russian attitude and points out a few “traumatic” moments of the relations with Russia, starting with 1811, when it was obvious that Bessarabia would be yielded, and the territories of the Principalities left also in the hands of the Turks, then the 4 and 5 decade of the 19<sup>th</sup> century when the attraction towards Moscow starts to vanish in favour of the European West and, finally, the introduction of communism in 1944.

Another “common place” of Romanian historiography in the last 150 years was the participation of the masses in the anti-Ottoman battle, known in the textbooks as *oastea cea mare (the big army)*. While deconstructing this prejudice, as well as in any other endeavours, Bogdan Murgescu is objective and careful.<sup>13</sup>

The author analyses differently the existing situation of the 15<sup>th</sup> century with extensions even in the next century, as compared to the 17<sup>th</sup> century. For the first period, in spite of certain justified “puzzles” – which we fully share – expressed “in relation with the concrete way of functioning of this military system” (“how the supply of large armies was provided when the campaign was extended, all the more so as the Romanian traditional tactics provided a long wear and tear of the opponent before the decisive battle”), the reasoning in favour of the thesis of Romanian historiography is pertinent: “it is clear that the efficiency of the anti-

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<sup>13</sup> In the above-cited quotation *Factorul popular în lupta antiotomană. Un studiu de caz: 1711*, pp. 68-73 in the reviewed volume.



Ottoman fight of Mircea the Elder or Stephen the Great involved a large mass basis, assured by the mobilization of a numerous and rather wealthy free peasantry”.

The three characteristics of the peasantry called to army in the 15<sup>th</sup> century are essential: *free, numerous and wealthy*.

But the situation gradually changes, almost radically, during the 16<sup>th</sup> century, not only as the result of the emergence of “new types of arms, expensive and rare in the Romanian space, which drastically reduced the efficiency of the troupes supplied with traditional arms”, but as a result of an “extension of the campaign duration” and especially of “taxation tightening”. The last cause “determined the numerical decrease of free peasantry and of the categories of courtiers and servants”.

Therefore, after the glorified age of Michael the Brave (a ruler who, among others, did not manage to attract the efficient support of the *masses*) as the peasantry was no longer either free, or numerous, or wealthy, could no longer be the basis of the “great army”, despite the persistence of the hostility towards the Ottomans.

It still remains totally unclear, as Bogdan Murgescu shows, how could “the great army” be organized based on the participation of the peasantry, be it *free, numerous and wealthy*. For the late beginning of the 18th century, the rhetoric of Ion Neculce is suggestive, and cited by the author for the description of the *heap* soldiers: “What sort of soldier could have ever been ragtail and bobtail, boors who never mounted a horse, and also did not grasp any arm in their hand since they were born, nor served in the *armee*” (“Dară ce oșteanu va să fie prostimea, mojiicii ce nici odată pe calu n’au încălecatu, nice armă în mână n-au prinsu de cându erau ei, nice în oști n’au slujitu?”) In other words, how prepared, trained for battle could have been the peasant taken away from his plough to be efficient on the battlefield?

Scientific accuracy, permanent concern to specify more complete historical data and information is one of the defining qualities of the researcher Bogdan Murgescu.

As an example, we will review as synthetically as possible, two of the most eloquent testimony of the author’s fidelity to the accuracy of history’s understanding and interpretation:

a) **most accurate determination of the extent to which Romanian Countries revenue succeeded to cover the level of payments due to the Ottoman Empire** in the sixteenth century.<sup>14</sup> Given the absence of statistical records, estimates are extremely difficult, while being very approximate.

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<sup>14</sup> The whole discussion is presented in the reviewed volume’s study „Plăți externe, fiscalitate și economie monetară în Țara Românească la sfârșitul secolului al XIV-lea”, “Foreign Payments, Taxation and Monetary Economics in Wallachia by the late 16<sup>th</sup> century”, originally published in *Revista istorică* (serie nouă) (Historical Journal – new series), IV, nr. 5-6, 1993, pp. 457-471.

Taking the size of the amount of debt to the Sublime Porte in the ninth decade of the sixteenth century, Michael Berza estimated in a 1958 paper,<sup>15</sup> the author considers proper the annual average of 650,000 golden pieces (*galbeni*) destined to *formal* (official) payments (the tribute, *haraciul*), as well as *informal* (mainly “rușveturi”). The covering of the average annual amount is calculated first, based on tax revenues (taxes owed by the reign’s subjects), the result obtained being then checked by analysing Wallachia’s monetary stock and overall balance of payments. The value obtained by both methods was approximately 400,000 golden pieces (*galbeni*), amounting therefore insufficient to ensure obligations to the suzerain power, the difference of about 250,000 ducats being covered by borrowing.

The inevitable consequence has been the increase, from year to year, of borrowing to Porte Wallachia rulers, so that at the beginning of the reign of Michael the Brave "Wallachia hospodar’s debts amounted to 700 million *akçes* (about 5.8 million golden pieces (*galbeni*) at the official exchange rate, somewhat less in the free market)."

Analytical results confirm not only the “cataclysmic impact of the economic domination of the Ottoman”, historiographical consensus yet reached before 1960,<sup>16</sup> but also that “the Romanian Countries apparent economic phenomena of modernity in the sixteenth century (the expansion of the monetary economy and production to exchange high rate of exports) were actually the **expression of a peripheral incorporation** [...] centred in this case on Istanbul.” (B.M. underlining). Despite a chronic active trade balance, “peripheral-type relationship was likely to steer the country’s economic development on a path to ensure the preservation of long-term gaps, as compared to more developed areas of the Ottoman world, and also to other world economic systems.”

b) **correcting the size of the physical volume of grain exports of Romanian Countries in the 16<sup>th</sup> century** by analysing the units of measurement used in historiography.<sup>17</sup>

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<sup>15</sup> Mihai Berza, „Variațiile exploatării Țării Românești de către Poarta Otomană în sec. XVI-XVIII” („Variations of Romanian Countries exploitation by the Ottoman Empire in the 16<sup>th</sup>-18<sup>th</sup> centuries”), edited in *Studii. Revista de istorie*, II, nr. 2, 1958, pp. 59-71.

<sup>16</sup> Here are mentioned the innovative studies of Mihai Berza, such as the one of 1958 (mentioned above), and another one of 1957, „Haraciul Moldovei și al Țării Românești în sec. XV-XVI”, (The *haraci* of Moldova and Wallachia in the 15<sup>th</sup>-16<sup>th</sup> centuries) in *Studii și materiale de istorie medie*, II, pp. 59-71, as well as those of Damaschin Mioc from 1957: „Despre modul de impunere și percepere a birului în Țara Românească până la 1632” (About taxation and levying the tribute in Wallachia until 1632), *Studii și materiale de istorie medie*, 2, pp. 49-116, and from 1962: „Cuantumul birului pe gospodăria țărănească în Țara Românească în secolul al XVI-lea”, *Studii și materiale de istorie medie*, 5, pp. 151-173.

<sup>17</sup> The analysis is presented, in the volume reviewed, in an article entitled „Au exportat Țara Românească și Moldova cereale în secolul al XVI-lea?”, („Did Wallachia and Moldova export grain in the 17th century?”) pp. 236-243, originated in two previous works: Dorin Matei, Bogdan Murgescu, „Două kile buclucașe”, („Two troublesome *kile*”) *Magazin istoric*, 24, 1990, p. 27, and in the paper presented in 1995, respectively, „Did Moldavia and Wallachia Export Grains During the 16<sup>th</sup> Century?”, published in the volume *Miscellanea in honorem Radu Manolescu emerito*, edited by Zoe Petre and Stelian Brezeanu, Editura Universității din București, 1996, pp. 190-199.

A part of the official Romanian historiography had already assiduously promoted the Romanian Countries' image as the leading provider of Ottoman Empire (Kingdom's *keller*). Interpretations of part of Romanian historians are not at all an exception in the European historiography dedicated to this topic. The author quotes Fernand Braudel's statement according to which Moldova would have sent to Istanbul, "bon an mal an," not more or less than 350,000 hectoliters of grain in the sixteenth century, which "would be equivalent to 1/5 of the whole grain Mediterranean trade estimated [...] at approximately 100,000 tons every year."

The exaggerated estimates of Moldavian grain exports to Istanbul are owed to one of Ion Nistor's works, published in German in 1911,<sup>18</sup> in which the 100,000 *kile* of grain (mainly barley) that Moldova had to send annually in Istanbul, were considered to 350,000 hl. Leaving aside the fact that the 100,000 *kile* mentioned certainly were not an average, available for each year, but even one exaggerated, Bogdan Murgescu notes that the transformation unit of *kila* into kilograms used by the Bucovinian historian was the *Galați kila* of the early nineteenth century (equivalent to 380.852 litres). For the documents issued by the Ottoman authorities in the 16<sup>th</sup> century the unit of weight was the *Istanbul kila*, which contained only about 25 kg of barley, so that "the whole amount was actually about ten times smaller than considered it Ion Nistor, Fernand Braudel and all the other historians who have taken this information from them."

Here's how a simple and seemingly insignificant confusion may generate excessive estimates, distorting historical phenomena and processes.

The last 53 pages of the volume (p. 269-322) are devoted to "Synthetic Perspectives", including the following studies: *Lumea românească în economia europeană până la 1859* ("Romanian World within the European Economy until 1859"),<sup>19</sup> *Economiile sud-estului european în epoca timpurie modernă: între Istanbul și Occident* ("Southeastern European Economies during Early Modern Age: Between Istanbul and the West"),<sup>20</sup> "Modernizarea" Țării Românești și a Moldovei. *Tipare, particularități, perspective* ("The «Modernization» of the Romanian Principalities during the 16<sup>th</sup>-17<sup>th</sup> centuries: patterns, distortions, prospects"),<sup>21</sup> *Țările Române în epoca modernă timpurie*. ("Romanian Countries in the early modern era")<sup>22</sup>

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<sup>18</sup> Ion Nistor, *Die auswärtigen Handelsbeziehungen der Moldau im XIV. XV. und XVI. Jahrhundert*, Gotha, Perthes, 1911.

<sup>19</sup> Study developed with Florentina, originally published in Maria Muresan (ed.), *Procesul de integrare a României în economia europeană. Dimensiuni istorice și contemporane* ("The integration of Romania into the European economy. Historical and contemporary dimensions"), Editura ASE, București, 2008, pp. 17-50.

<sup>20</sup> Initially published in a volume edited by Almut Bues, *Zones of Fracture in Modern Europe: the Baltic Countries, the Balkans and the Northern Italy*, Wiesbaden, Harrassowitz Verlag, 2005, pp. 187-202, the study was reprinted in Romanian with the title „Economiile sud-estului european în epoca timpurie modernă: între Istanbul și Occident” ("Southeastern European Economies during Early Modern Age: Between Istanbul and the West") în *Studia varia in Honorem Professoris Ștefan Ștefănescu Octogenarii*, volume edited by Cristian Luca și Ionel Cădea, Editura Academiei Române & Editura Istros, București-Brăila, 2009, pp. 341-357.

<sup>21</sup> The study originates in a paper presented in Warsaw in 1998, initially published in English with the title "The «Modernization» of the Romanian Principalities during the

In the postscript to the third synthesis, the author deplores the unwarranted reluctance of Romanian historiography to “summary trials perceived as mere compilations, and not for what they actually are: interpretations that give meaning to point investigations, integrating them into a coherent overview.”

In fact, in the four syntheses, Bogdan Murgescu does right that: puts together, orders and systematizes the lessons learned during the point investigations, trying to integrate the Romanian historical research within Western research trend. If “piecing together” in the sense of the above means “compilation”, then we can call “compilation productive and beneficial”.

Pointing out quite briefly here, because extensively reviewing the four synthesis involves preparation of at least one new work, the author touches the essential elements of Romanian modern and contemporary history within the Southeast-European and European context, as a whole:

– a first conclusion that crosses all four studies is the peripheral condition of the South-East European space from the main monetary and commodity flows of both Central and Western Europe and the Near East (“until the 13<sup>th</sup> century the Carpathian-Danubian region was somewhat peripheral to medieval trade axes”, “[...] Romanian countries were in the 16<sup>th</sup>-18<sup>th</sup> centuries in the contact area of the two world-economies, the Ottoman and the (western) European, underwent the attraction of both and, therefore, were not fully integrated within any of them until the 19<sup>th</sup> century when the Ottoman economy was incorporated in the outskirts of the Western world-economy.”; “from the 16<sup>th</sup> century to the early 19<sup>th</sup> century, Wallachia was an economic periphery of Istanbul, typical for the early modern era.”);

– the periods of attraction of the Romanian territories into significant European circuits were the 2<sup>nd</sup> and 3<sup>rd</sup> centuries, determined by the Roman integration, the 14<sup>th</sup> and 15<sup>th</sup> centuries, associated to Genoese trade in the Black Sea and intensifying trade with Brasov and finally, after three centuries, the timid attracting within the interest area of the West, due to the Treaty of Adrianople, after 1829 (given that “during the 16<sup>th</sup> and 17<sup>th</sup> centuries there was no economic system that can truly be called «Ottoman trade monopoly», the role of the Treaty of Adrianople was much more limited than assumed until now”, instead “the significance of the Treaty of Adrianople was greater through its provisions that led to the drafting of the Organic Regulation and to the acceleration of institutional modernization of Wallachia and Moldova”);

– otherwise, from the beginning of the 16<sup>th</sup> century until the early 19<sup>th</sup> century, economic growth trends of the Romanian Countries were timid, to not call them belated, as compared to those of Central and Western Europe;

– on the other hand, “[...] despite the economic backwardness, the two Romanian countries were neither stagnant nor completely separated from Central Europe and Mediterranean regions.”;

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16th-17th centuries: patterns, distortions, prospects”, in the volume *Modernizacja struktur władzy w warunkach opóźnienia. Europa środkowa i Wschodnia na przelomie średniowiecza i czasów nowożytnych*, Red. Marian Dygo, Sławomir Gawlas, Hieronim Grała, Warszawa, Wydawnictwo DiG, 1999, pp. 173-184.

<sup>22</sup> Cf. *supra*, footnote 4.

– increasing “tax burden”, the official, and, especially, the informal duties to the Sublime Porte led to the paradox of the formation of export economies with chronic active trade balance. The net export was absolutely necessary to gather the accepted monetary liquidity for the payment of the tribute owed to the suzerain; “Tax burden threatened to displace production structures” and the outflow of resources “**prevented the modernization of Moldova and the Wallachia**”. (B. M. underlining);

– “**over the 17<sup>th</sup> and 18<sup>th</sup> centuries, the Ottoman rule did not prevent population and economic growth of the Romanian Countries**”, but, instead, *only* their development and modernization; “**«the achievements» on the modernization way of Wallachia and Moldova during the 16<sup>th</sup> and 17<sup>th</sup> centuries are rather modest.**” (B.M. underlining);

– the low rhythm of an incomplete urban development, the obvious limits of capital accumulation (be it even a *primitive* one), restricted development area of the monetary economy (barter remains prevalent, the peasant scarcely sees the akce, the para or the golden coin) made the Romanian Countries to remain, during “**the whole early modern age, territories with a relatively low population density and a less efficient agriculture**” (B.M. underlining).

We must end this review, although we managed to render very little of what we believe it had to be exposed.

The whole issue discussed in the volume reviewed consists of defining concerns not only for the undersigned, but also, and we can assume it without any doubt, for any scientific explorer of the classical *fundamental (or essential) problems of homeland’s history*.

The volume reviewed, along with that published in 2010, *Romania and Europe. Accumulation of the economic lags (1500-2000)* constitute, through the huge documentation, systematization efficiency and essential conclusions, indisputable value works of Romanian, European and world historiography.

**Eugen GHIORGHITĂ**, Associate prof., Ph.D.  
*Spiru Haret* University, Bucharest

Redactor: Mihaela Ștefan  
Coperta: Magdalena ILIE  
Tehnoredactor: Georgiana Laura GÎRJOI  
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e-mail: [editurafrm@spiruharet.com](mailto:editurafrm@spiruharet.com)