

SEVERAL EUROPEAN REFERENCES REGARDING INNOVATION MANAGEMENT

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***Abstract:** Innovation management in Romania is inspired by the European one, which successfully applied a strategy in this way. We are speaking of a “Union of Innovation”, which supposes that all member States should stimulate innovation, and at the European level, by a performing and creative management, we may encounter a congruence of ideas, deeds, actions, results, knowledge and innovation.*

In this communication, my goal is to make the analysis of national and collective performances in fields that are considered to be important to stimulate innovation, and to provide my target-group that I address in my PhD thesis, namely the small and medium-sized enterprises, the support that they need to turn innovating ideas into products and services.

I will save a special place for creativity and innovation in the frame of the Romanian management, to win the necessary recognition of the contribution to the European performances, as it happened many times in European history.

***Key words:** management, innovation, creativity, performance.*

JEL Classification Codes: O32

1. CONCEPT OF EURO-MANAGEMENT

Even though, at this moment, we are a little exaggerating when speaking of a European management, like we did for the Japanese or Northern-American management, there are obvious signs (1) that we are to implement a **modern, efficient management in the European Union**. It is said that XXI century belongs to Europe, just as XX century belonged to USA, which translates by **Europe is going to make the rules**. As such, at the beginning of XX century, Europe has been characterized more by cultural heterogeneity, which has generated a series of obstacles in treating it as entity and in defining the notion of European management. Towards the end of the century, however, a series of integrating actions started to happen, such as the EEC establishment, reconciliation between France and Germany, the fall of the Iron Curtain of communism, the European Single Market and expansion of the EU, all leading to a **much more united Europe**, where we may speak of European management.

The concept of European management distinguished itself when the Internal Unique Market appeared, and among specialists there are several opinions, both against, and for its acceptance.

Among **pro opinions**, we should remind the following:

- trans-European organizations need an European identity and an European center of planning, organization, coordination and control;

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- transnational enterprises from outside Europe demand the creation, in Europe, of distribution and sales centers;
- drafting of strategies of trans-European companies, operating under the logo of „Unique European Market“;
- due to changes in the business field in Europe, the creation of an European management model is required.

There are also several **objections** to the identification of European management specificity, among which:

- the need for a global strategy, totally against creating economic blocks or political alliances, a strategy that supports the general tendency of globalization;
- the loss of identity by the companies, and of certain competitive advantages, for instance, enterprises such as Philips or Thompson (2) believe that the national style and identity continue to be very important, hence their success and prestige;
- the European companies' tendency towards internationalization more than towards trans-Europeanization, any European enterprise will look for opportunities, regardless of the geographic area where they occur; this way, if the European countries tend to be internationalized, the creation of an European management will no longer be justified;
- the differences of pace of the internationalization process between the various sides of economy of European countries; some countries tend to acquire an international dimension right before European integration, which generates real conflicts of interest in the European economy.

Considering both positions related to the creation of an eventual **European management model**, for and against, we may conclude that this alternative is viable and capable of offsetting the global economic situation. We must specify that an European management with specific values is necessary to be able to better define the concepts and particularities of the European business environment.

The European context is characterized by great cultural diversity. For this reason, for the European Union, a certain management prototype cannot apply, but it is possible to apply a **management of diversity**, where **creativity and innovation** should have a determining importance, providing an European identity to Euro-managers and for the manner in which management functions are executed.

The European business environment is made of political, economic, social variables, etc., influencing the orientations and attitudes in the management field; all these orientations, which extend over the strategies, structures, management processes, human resources, will be at the base of a management of diversity, characteristic for the future united Europe.

In synthesis, we may assert that *European management consists in a model of managerial behavior, a concept related to issue settlement and decision making at all levels of enterprises, where the European identity of strategies is distinguished, as well as of planning, implementing and evaluation of exchanges by creativity and innovation (3).*

Such a management supposes a bigger focus on extending processes beyond the borders of a country, on developing horizontal work relations and less hierarchic, and on achieving the European identity of the company.

A regard to Euromanagement, the following appraisals may be made:

- it is in the incipient stage of evolution;
- it is related to European integration;
- it supports values such as pluralism or tolerance, even if it is not developed based on them;

- it is associated with the „stakeholder”.

Unlike the other management models in the world, Euromanagement, as management of diversity, creativity and innovation, is characterized by:

- a. Cultural, economic, political and social diversity.
- b. Conceiving, drafting and applying strategies at company level that may exceed the borders of a country.
- c. Organization of trans-European companies based on decentering into business units, so that the order and management set by the center may be reduced.
- d. Moving the focus on informal elements and establishing work relations of the same kind.
- e. Creation of an identity of the European company, based on specific economic and social values.
- f. Setting attractive objectives for the local, regional and national interests.
- g. Application of mobility of human resources.

We are asking ourselves if we can appraise when Euromanagement may become predominant in Europe. No, one thing is certain: a series of enterprises feel the need to work under EU logo and to develop an European identity that will make them easier to recognize on the international market.

The organizational structures of European companies are influenced by the combined action of several factors, such as:

- development degree of the involved functional activities;
- relative age of the economic activities achieved by the enterprise;
- types of products manufactured and traded;
- covered geographic area;
- intensity to approach the European market.

Following the analysis of the factors that are characteristic for European companies, seven types of **relevant organizational structures** have been outlined:

1. *Economically diverse structure, with a centralized export group*, characterized by: reduced product assortment, minor efforts of adaptation of products to the local conditions, little differentiated marketing strategies in relation to the markets they are operating on, relatively limited geographic area of execution of activities, concentration of production in only one country, relatively low weight of exports in relation to the total sales, and absence of economic structures in other countries where it operates, particularly by distribution enterprises and own trade agents.

2. *International structure of divisions*, a more evolved form of organizational system, due to the incorporation of divisions that are specialized in acting on foreign markets, without being limited only to export. A more intense preoccupation is noticed for developing businesses in other countries, achieving a more sophisticated approach in correlating the company's activities with opportunities provided by the other European countries.

3. *“Mother-daughter” organizational structure*, typical for enterprises with tradition in international activities at the European level. The organization is divided into two large components, specialized in autochthonous activities and, at the same time, in activities carried out in other countries. The subsidiaries manage autonomously the activities in each country under a reduced control from the center and under less intense coordination.

4. *The global structure per functions*, usually adopted in enterprises whose products, manufactured in large quantities, differentiate very little, according to the requirements of the local market. Since the production is integrated and aims at obtaining scale economies, inter-

region trading companies of the enterprise are used. In these circumstances, a central and more intensified coordination of all enterprise activities is necessary.

5. *Divisional structure per product*, as, specific to this type of organization is the constitution of strong product-specialized divisions. A certain tendency of standardization of production and marketing activities manifests on each market. Therefore, the actual activity integration possibilities are reduced, particularly of marketing elements and of manners to advertise products.

6. *The structure by local „umbrella”* consists in grouping all company units from one country under only one „umbrella”, a local holding, to avoid the excessive centralization of activities.

7. *The local functional structure*, the proliferation of this system occurring in multinationals characterized by low product diversity and by appreciable regional differentiation requirements. Therefore, what is being attempted is to harmonize product parameters with variants of need and with the conditions of each market, emphasizing the creation of regional production networks and the decentering of marketing duties.

2. MANAGER OF EUROPEAN ENTERPRISES

We are asserting that each country has its own managerial particularities. The same happens as regards the general manager. We will stop at various eloquent examples, with the positive intention of providing solutions to the Romanian SMEs looking towards Europe.

The **German** managers' strengths are the *competence in the specialized field and coordination abilities*. They focus greatly on creativity, knowledge, qualities, skills and individual behavior. Without them, in their opinion, no one can be a successful manager. The German managerial approach is rational. Their motto is „*if something needs to be done, do it well from the start*”. The German management style is no longer predominantly authoritarian, but it tends to be participative, oriented towards task-settlement.

The **French** managers consider as essential the *organizational and control abilities*. Since they are hierarchized, the power of organization and control of French firms reaches maximum heights and they derive from the manager's position in the company. Thus, the French management style is the authoritarian or paternalist one, where the focus always falls on control and order. The French managers believe to be the brains of their companies, due to their high training.

For **British** managers, *the independence in thinking and acting, interpersonal abilities, capacity to influence and to negotiate effectively* have the greatest importance. To become a successful manager, in the British vision, one must know how to create a good image, to be noticed by the others and to know how to negotiate. Even though in the UK, the management style is a very diverse one, the most common is the participative democratic one. It is characterized by participative decisions, consulting the labor counselors of various production levels.

According to specialists, the companies need two types of managers:

1. *functional* managers, who are specialized in various activity fields;
2. *integrating* managers, who provide the harmonization of all interests within functional departments.

Of the three analyzed countries, **France** is the only country where the parts played by the functional managers and those played by integrating managers are not combined.

The functional parts are given to medium and lower level managers, while the integrating ones are given to top managers.

In the **UK**, managers are selected from among specialists from various company departments, giving smaller attention to the training of general managers with integrating qualities.

In **Germany**, the recruiting is carried out in the same way, with the difference that, throughout their career, these specialists are trained to develop a series of integrating qualities.

Therefore, the managers and their managerial style differ from many points of views. This is why, following the crystallization of Euromanagement, the need for affirmation of a distinguished category of managers is strongly felt, namely that of **Euromanagers**, capable of implementing the approaches specific to Euromanagement.

Not all specialists seem to agree with this new category of managers. Some of them support the idea of an international manager rather than that of an Euromanager (4), placing the Euro-manager in the following scenarios:

- manager of an EU member State;
- manager working in the country of origin for a foreign company;
- manager working in another country for a company from the country of origin;
- manager who, throughout his/her career, worked in various EU States or in a trans-national company.

They are also the ones that highlight that the most important feature of an Euromanager is *the capacity to adapt very fast to different cultures*, along with their work experience in another country and with their own and their family's mobility to move to other cultural backgrounds.

The Euromanager must possess a series of **specific features**, by which he/she may distinguish himself/herself from all the other categories of managers, such as:

- the ability to understand the European business environment and the particularity of its cultural, economic, social and political complexity;
- the capacity to imagine, create and manage new activity forms, that exceed the borders and connect cultures;
- the ability to capture the staff's focus, regardless of its cultural values, in order to achieve the goal and the identity of the enterprise;
- the capacity to obtain support to carry out company's activities in other countries from national „stakeholders“;
- the ability to accept and carry out trans-national mobility, achieving an European career.

The Euromanager does not just happen, he/she needs special training and basic formation apart from his/her native qualities. This scope of training must consider four elements: *awareness, knowledge, skills and attitudes*. Awareness is a resultant, while knowledge, skills and attitudes are achieved by three training modules: European economic environment, dynamics of European management, and Europeanization processes.

We conclude that, among the most important features of the Euromanager, the following must be found:

- the capacity to collect and use information from outside the immediate action scope of the enterprise;
- the capacity to negotiate with other Europeans;
- communicational abilities in multinational context;
- linguistic abilities;
- value added applications;

- the skill to decode the professional behavior of persons coming from other cultural backgrounds.

The manager's relation with trade unions in the European countries supposes the application of an efficient management, plenty of *fantasy, creativity and innovation*. Similar to US trade unions, the European ones are organized per branches, sub-branches and trades, the strongest ones being those of workers. But, apart from the organizational similarity, among the European trade unions there are several differentiations. For instance, the number of trade union members varies very much from one country to the next. In the past 25 years, the weight of trade union members dropped visibly. Other differences consist in the relations within trade unions. In Germany, Sweden and The Netherlands, cooperation relations predominate, while in Italy or France, conflict ones predominate. **Strike**, as form of protest, differs in the European countries. In Germany and The Netherlands, strike is the form of protest appealed to in extreme situations, while in the Latin countries, strike is deemed to be a preliminary form of negotiation.

In **France**, even though the employees, employers and the State are considered to be social partners, it is very rare for them to reach an agreement. In the beginning, trade unions were believed to be illegitimate due to their political connections. After the Second World War, trade unions have strengthened, and companies have weakened. At mid-80s, the situation was reversed, and the part of trade unions weakened visibly. The French trade unions are characterized by pluralism in terms of manner of organization and by actively participating in the social protection of its members.

In **Germany**, the agreements between enterprises, trade unions and owners' associations are characterized by determination. Co-determination entitles employee representatives to plan and make decisions at company level, together with the managerial team. The negotiation partners are the trade unions and owners' associations or companies, and they are organized by branches, for all the employees. Agreements are made at the company level, and the manager must satisfy the conditions set by the trade unions, and the need to reduce costs and to increase competitiveness.

In the **UK**, there are two approaches of the managers in relation to trade unions: *pluralist* (a correlation of the various interests per group and individualist is acknowledged) and *unilateral* (the management's focus falls on joint policies and objectives). The amendments in the political, economic and legislative field of the last years were based on a series of changes, namely: increase of the employees' degree of involvement in the company's activity; come-back of the authoritarian management style in highly competitive companies; increase of interest for paternalist work relations, following the success registered by Japanese enterprises; decrease of the tendency towards a formalized management following the decrease of the number of trade union members and of the decrease of State's intervention in the economy.

Therefore, the relations between manager – trade unions differentiate according to the activity sector and to the property form. As such, in the public sector, managers are not that hostile against trade unions like those in the private field. The general trend is to give increased attention to politics in the field of human resources, which increases the number of enterprises without trade unions.

In conclusion, a global approach of management in Europe is difficult to achieve due to the geographic, economic, linguistic, legislative and cultural differences. From the outside, Europe is seen as a whole within which the borders are not very clearly defined. Such cultural and socio-economic heterogeneity is encountered even inside States, as it happens in Germany, Italy, Spain, Belgium. It is clear that **the EU has become the largest economic market in the**

world, the most important commercial partner for USA, together with Japan, and it tends to become the biggest economic power in the world, by re-launching the Lisbon Strategy.

3. A UNION OF INNOVATION. STRATEGIC OBJECTIVES AND DIRECTIONS.

According to European Commission reports, the EU economy has registered good results in the past few years, and important growths are expected in 2016, a limit set in Lisbon, but also ...as follows. Even though the oil price is estimated to remain high, the EU exchanges with its commercial partners will not be affected. This subtly shows that Euromanagement is needed, to grant **European identity** to all its economic agents and to the manner in which management functions are carried out.

In Europe, one could no longer speak of an European management model, but of a **management of diversity**, due to the numerous differences encountered from one country to the next on the entire continent. This model could only be achieved in the conditions of cultural diversity, which will most definitely not disappear in the near future.

The European Union drafts the **new research and innovation politics** within the **Europa 2020 Strategy**. The main objective of this new approach is to support innovation in the fields that represent challenges for the European society, as well as climatic changes, energetic efficiency, food safety, population's health and aging. For this purpose, among the objectives set to be achieved by 2020, aiming to achieve the following objectives: increase to 75 % the percentage of the population aged between 20 and 64 that has a job; invest 3 % of the Gross Domestic Product (GDP) in research and development; reduce by 20 % the emissions of carbon dioxide (and even by 30 %, if there are favorable conditions), increase by 20 % the percentage of renewable energies, and increase by 20 % the energetic efficiency; reduce the school abandon rate to less than 10 % and increase to 40 % the percentage of higher education diplomas; reduce by 20 million the number of persons threatened by poverty. **The development of knowledge and of skills** is carried out by promoting scientific learning, interdisciplinary university programs and IT skills. Moreover, the European research space scheduled to be achieved by 2014, but which is still ongoing, facilitates the mobility and cooperation of researchers and works together in building new European research infrastructures in terms of international scientific and technological cooperation (5).

The innovating enterprises are encouraged by diverse financing sources, especially by creating a European fund with risk capital. The departure point is the idea that their transnational activities must not be restricted by tax obstacles, and the domestic market should be facilitated, especially by instituting a European patent, a unified conflict settlement system, as well as by improving inter-operability of innovating products and systems.

The promotion of creativity (6) in an Union of innovation is encouraged by the joint research initiatives and by the transfer of technologies among member States, in compliance with the intellectual property rights and with the free access to public research results.

The increase of social and territorial cohesion targets the structural funds used in the service of innovation. Technically, they must be used to finance national innovation systems, intelligent specialization strategies, transnational projects and social innovation.

The creation of partnerships for innovation in the Union of Innovation is an objective promoted by a new approach based on partnerships among regional, national and European partners involved along the entire chain of research and innovation. These partnerships target the fields where governmental intervention is clearly justified, and where the cooperation between the involved parties is more efficient. The commission sets a series of interdependent conditions for partnerships' success, such as:

- to focus on a joint European challenge, with clear and measurable objectives;
- to mobilize the involved parties on a long period of time;
- to be more efficient by actions taken at the European level;
- to be result-oriented according to the defined objectives;
- to benefit from enough financial support.

Enhance the effect of external cooperation, the EU becoming an attraction pole for university didactic staff, for researchers and citizens of third countries that are highly qualified. In addition, the European politics of foreign relations must encourage the scientific research and the international research strategies.

The strategic directions will allow the European Union (EU) to **reach a growth that would be:**

- **intelligent**, by developing knowledge and innovation;
- **sustainable**, based on a more ecologic economy, more efficient in managing resources, and more competitive;
- **favorable to inclusion**, aiming at consolidating manpower occupancy, social and territorial cohesions.

The EU 2020 program is structured on **seven emblematic initiatives** that need to be applied at the European level and in EU countries:

- **A Union of innovation**, namely to promote innovating products and services, especially related to climatic changes, energetic efficiency, health and aging of population;
- **Youth on the move**, an initiative that allows the improvement of performances of the education system, non-formal and informal learning, students' and researchers' mobility, but also the youth's access on the labor market;
- **Digital agenda for Europe**, capable of favoring the creation of a unique digital market, characterized by a high level of security and a clear legal frame. Moreover, high-speed internet, then ultra-speed one, must be accessible to the entire population;
- **An efficient Europe in terms of use of resources** in order to provide a sustainable management of resources, and to reduce the emission of carbon dioxide, at the same time supporting the competitiveness of European economy and its energetic security;
- **An industrial politics adapted to the globalization era**, an initiative that will help enterprises in the sector overcome the economic crisis, integrate in world trade, and adopt more ecologic production manners;
- **The strategy for new competences and for new jobs** will allow better manpower occupancy and the viability of social systems. We are mainly speaking of encouraging the strategies of flexicurity which, once the Lisbon Strategy and the 2020 Strategy have been implemented, it has become a key element of the European politics for the right to work, of training workers and students, but also of the equality of chances between men and women, and of jobs for aged persons;
- **The European platform of fighting against poverty** will enhance cooperation among member States, the economic, social and territorial cohesion of EU, as well as the social inclusion of persons dealing with poverty.

The application of „Europa 2020” strategy, adopted by the European Council, supposes addressing **political** recommendations to member States in terms of economic and budget issues, as well as for all the thematic fields included in the strategy. An important part of the strategy will be applied by the **national, regional and local authorities of the member States**, by associating national parliaments, social partners and civil society, by actions of sensitization of the European citizens.

The commission is in charge with **progress monitoring**, it submits annual reports, including as regards the execution of stability and convergence programs.

The European Commission notifies that it launches a new index to compare national politics in the field of innovation:

- outcomes of innovation: Sweden, Germany and Ireland are member States of the European Union that best capitalize innovation, according to a classification published by the Commission. At the opposite pole, are situated Latvia, Lithuania and Bulgaria, while **Romania is classified in the group of States with medium to modest performances in innovation.**

"The innovation outcome index" measures the extent to which the ideas in the innovating sectors manage to enter the market, creating better, new jobs and increasing Europe's competitiveness. The index has been created in response to the EU leaders' request to compare national politics in the field of innovation (7), Communication of the European Commission indicating Romania with medium to modest performances in the field of innovation, according to this new index, where Romania occupies position 21 (out of 28), the last positions being occupied by Slovakia, Poland, Croatia, Portugal, Latvia, Lithuania and Bulgaria.

4. CONCLUSIONS

Innovation finds an exceptional application "ground" in Europe, by contribution of the member States, including Romania, each, individually and jointly, stimulating creative solutions, leading to a performing management by congruence of ideas, actions and results in an elevated environment. To our joy, the European model of management includes in the applied strategy the small and medium-sized enterprises, showing their support in stimulating innovation and creativity.

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