

Teodora V. F. RCA
Babe -Bolyai University, Cluj-Napoca, Romania
Adriana TIRON-TUDOR
Babe -Bolyai University, Cluj-Napoca, Romania

INTERCULTURAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT IN ENTERPRISES FROM ROMANIA

Case Study

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Abstract

When talking about the European economic context an attempt to equilibrate the gap between countries can be noticed. Through different projects, financed by the European Commission, the disparities between Western and Eastern Europe, in the entrepreneurial environment, are trying to be reduced. The aim of this article is to serve as model case that illustrates the intercultural partnership between Finland, Hungary and Romania in order to develop workplace innovation in Eastern Europe. The focus of this paper is to present a detailed descriptive analysis of the various practical issues that are related to effective implementation of workplace innovations in Romania and the adaptability of the Finnish model to the Romanian context. Special emphasize will be put on the pedagogical methods used by the innovation deliverer, the Finnish partner.

Introduction

Investments in research and innovation are widely acknowledged as being crucial drivers for economic growth, for job-creation and to secure social and economic welfare. Romanian economy lags behind European countries in terms of innovation, research and development activities. According to the results of the Community Innovation Survey - CIS2008, 33.3% of the Romanian companies can be considered innovative (much below the European average of 51.6%) and the share of those companies who developed innovative activities in partnership with other institutions is only 13.8% (compared to the European average of 34.2%). Technological innovation (improved products and processes) was introduced by 19.7% of the enterprises and 13.6% were non-technologic innovations, improving new methods of business practices, workplace organization (Kerekes & Coste, 2013).

In the framework of the European commission policies the intention of creating a bridge between the more developed countries and the last entered into the community, encourage and finance intercultural partnership projects which have the aim of transferring innovation between countries in educational sector and private sector of SMEs. Under these circumstances a strategic partnership between Budapest Business School, Babe -Bolyai University of Cluj-Napoca and Lahti University of Applied Sciences has developed in the framework of a Leonardo da Vinci project.

In Finland, a national programme concerning the sustainable productivity growth in companies went for several years. In this welfare state the TYKES programme, how is called, was a success and the Lahti University of Applied Sciences used the results of this project and transformed them into trainings for decision makers inside the companies. The success story of the Finnish

state will be transferred in Romania and Hungary in a Leonardo da Vinci Innovation Transfer project, *AdapTykes*. This project aims to analyses the adaptability of the Finnish model to the economic and political environment of the two countries.

The present study shortly presents the analysis that was made in Romania in order to provide an insight in the organisations here that have used high performance practices and presents the methods used by the Finnish partner in order to be introduced in 10 pilot companies during the project.

We will start by presenting the methodology, than the actual stage of the meaning of innovation in companies in the welfare countries and in Romania and methods, and models proposed by the Finnish partners to be used in companies as innovation factors.

1. Methodology

We have used for this article desktop analysis and field analysis. There were carried out semi-structured interviews in two companies that used innovative methods in developing their business from Cluj-Napoca area. We also used the preparatory paper that was done with the aim of comparing the economies and innovation levels in enterprises of the three countries engaged in the project.

2. Actual stage of meaning of innovation in companies

In the actual instable economic context, companies need a more flexible and knowledge-based work. Education and training – as a function of HR management – have a key role in the realization of knowledge-based strategies. Human resources are important assets of each organization. If there are created the necessary conditions, innovation at work place can be carried out through employees.

The innovation potential depends of the human resource quality attracted, and education has a critical role to realize this goal (Smith, 2008). Until the past decades the word *innovation* was defined as “the ability to do things alternatively and to continuously reinvent products and services.”

(<http://www.euofound.europa.eu/emcc/content/source/eu05013a.htm>)

Companies from welfare states (e.g. Denmark, Sweden, Germany, Finland, Belgium, Luxemburg, Netherlands) have adopted lately a new approach in what it concerns innovation as a driver for sustainable development of the business. This new approach refers to a more flexible and team-oriented practice which is ensuring the high performance of the company (Erickson & Jacoby, 2003). This concerns the work organization. For example, many companies from US, in majority big companies, started to use the “high-performance” practice or the innovation practice in order to improve the results of the company (Gittleman et al., 1998; Osterman, 2000).

In literature it was found a strong link between innovation practices and the main objectives that a company aims: the profitability, productivity, quality, stock prices (Becker & Gerhart, 1996; Huselid, 1994; Ichniowski & Prenzushi, 1997). This innovation practices are linked with the human resources and not like before with the change in technology or product development. The new high-performance practices are oriented towards the human resources who are considered the most valuable assets of the company, which can produce profitability, or not.

There are studies that integrate a number of streams of research on the antecedents of innovation to develop and test a model of individual innovative behaviour. Hypothesizing that leadership, individual

problem-solving style, and work group relations affect innovative behaviour directly and indirectly through their influence on perceptions of the climate for innovation (Scott & Bruce, 1994).

From the comparative national report that was made with the aim of exploring the economic environment and the degree of innovation in SMEs from the three countries involved in the *AdapTykes* project, few conclusions could be driven regarding the innovation in companies from Romania, Hungary and Finland. Therefore, Makó, Illéssy and Csizmadia (2013) have identified after studying individually the national reports of each of the above mentioned countries, that there are technological innovations and non-technological innovations inside European community. Besides, related to the subject that we are interested in, they also identified what type of *non-technological* innovation the SMEs from these countries are using:

- marketing innovation,
- organisational innovation,
- new business practices for organisational practices,
- new methods of organising work, responsibilities and decision making,
- new methods organising external relations (networking).

For the first two types of innovation, the statistical analysis revealed the fact that Finland is the leader, this being the reason why this country is the innovation transferor. Regarding the Romanian situation, the three authors concluded that this country is ahead Hungary in what it concerns marketing and organisational innovation in SMEs area and the new methods of organising work and networking is better implemented in Romania in all type of enterprises from small to large companies than in Hungary.

We will now pas to describing the results of two case studies realized on two companies from Cluj-Napoca in order to see

how they use the human resource innovation as a driver for sustainable development of their business.

3. Transforming the human resources of the company in innovation factors

There were chosen two companies which are on the opposite side in terms of size. One of the companies is the biggest cosmetics company from Romania, having a long tradition on the market, dating back in 1945, and a number of over 500 employees. This company has passed last year also through a process of marketing „reinvention” and innovation, but the technique that they presented during the interview we had with them concerns the human resources of the company. Therefore, we consider that is a non-technological innovation referring to new methods of organising work, responsibilities and decision making.

The innovation practice implemented by the cosmetics company is the **employee performance evaluation** process. But the implementation of this practice was a consequence of investing in young people. Therefore, the company has decided to sign collaboration with the University for having students in internship for the HR department. Since the company had only 3 employees in the HR department, most of their activity was dedicated to perform the payroll. Through the involvement of a new person during the internship program, the company decided to implement the employee evaluation process. The evaluation procedure: the evaluation was performed by the direct supervisor. The HR department developed evaluation forms for different categories of positions in the company, such as packaging positions, preparatory positions, repair and maintenance. The internship programme was a success and this is why the company decided to have interns also in the other departments of the

company. Also the evaluation process was received very well by the entire organisation having as main contribution to the development of better communication between all the levels, but especially between supervisors and employees. The interviewed persons (7 persons from all organisational levels) said that in some cases, the method, even lead to an increase of productivity. Due to the implementation of the evaluation system, the whole organization went through positive changes mainly in better planning and upgrading strategy by improvements in setting priorities.

The other company which served as a case study is a micro company, with 8 employees having as main activity the human resources sector. This company has gain an important role on the Cluj-Napoca market in recruiting activities, but also in selection, training, employee integration, evaluation of satisfaction

The innovation practice implemented by the company is the **assessment centre**. It is a part of the job selection process (following the CV screening, phone interview and the first selection interview). It represents a step in the selection process of the future employees and includes exercises, situational tests, aiming to emphasise the candidates' competencies. As mentioned, the assessment centre is organised following the pre-selection interview (on the phone) and the first face to face interview with the candidate. During the first interview the recruiters (usually one recruiter) checks the CV, gets familiar with the candidates (education background, computer skills, personal characteristics, integrity), and tests the English language skills of the candidate. Also, during this phase, the candidate goes through a written test.

The assessment centre is conducted by three persons (two HR specialists and one

recruiter). Sometimes, a fourth person, the sales agent, also participates to the organisation of the assessment centre. It usually involves a set of evaluation techniques, including various types of job-related simulations, and psychological tests. Some of the job simulations used in assessment centres are:

- In-basket exercises
- Group discussions
- Simulations of interviews with “colleagues” or “clients”
- Fact-finding exercises
- Analysis/decision-making problems
- Oral presentation exercises
- Written communication exercises

The establishment of the assessment centre is an innovation extending and improving the quality of services, this is the most important direct outcome. An indirect outcome was that the role of the customer also increased. For designing the assessment centre, the client had to offer a clear picture of the vacant job and their requirements. This helped in better understand and satisfy customers' needs.

4. Innovation methods transferred

As we have mentioned since the introduction, our study aims to present the methods that the innovation transferor proposes for supporting the sustainable development of the businesses from Romania. The decision of which parts of the Tykes program to be transferred in Romania and Hungary was decided together by the three partners after the required studies of the environment.

The Finnish partner started his knowledge transfer through presenting and using their tools together with the future facilitators and mediators in the pilot companies from the two partner countries Romania and Hungary. This transfer was realized using the study visits method. There was decided as methods for

innovation at workplace to be developed three modules which afterwards to be implemented in the pilot companies:

1. *Strategic competence management*
2. *Process and project management*
3. *Workplace Human Innovation* - a joint development of the Hungarian and Finnish team

The first two modules are directly delivered by the Finnish partner from their curricula organized after the Tykes program and introduced to the master level at Lahti University of Applied Sciences. The 3rd module it is not decided yet what to contain exactly. For the first module, *Strategic competence management*, the Finnish partners are proposing us the innovative method of solving the problems of the organization through co-operation. For this method they propose a series of tools to use:

- Affinity diagram
- Fishbone
- Interrelationship diagram
- Tree diagram
- Process decision program chart
- Matrix diagram

Together with these tools they deliver an entire series of their theoretical knowledge regarding the methods proposed.

Conclusion

This project is an example of good intercultural partnership for exchanging experience. Even if the transfer in the project is supposed to be from the Finnish part, also they learned many things from the Romanian and Hungarian partners. At the beginning there were some issues regarding the communication and acting during the study visits because the three cultures are very different, especially the Finnish from the two eastern European cultures, but in the end we reached to a common point. These cultural issues were regarded also from the point of view of the enterprises culture, this is why it hard to identify which are the parts

of their program which can be implemented in the two countries.

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