

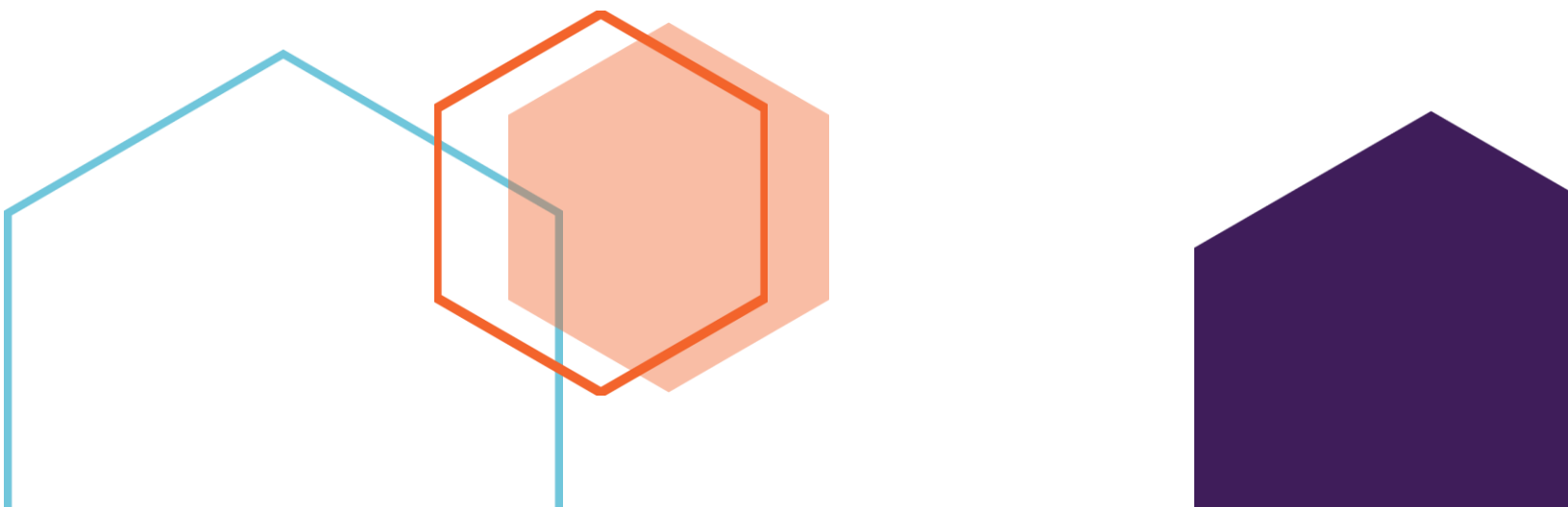


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# CULTURAL DIFFERENCES AND CULTURAL DIVERSITY

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**Abstract:** *The objective of the present study is to highlight different and marked approaches that have been developed regarding cultural diversity, without implying a "nummerus clausus" relationship, since cultural diversity approaches are broadened with the diverse realities of the countries of the entire world. The objective is to clarify the fundamental elements of the cultural diversity concept, considering that the intellectual debate on it has not yet reached a consensus and may never do so. The paper reviews the "evolution" of the concept through the theories of different institutional authors and documents, culminating in the recognition of cultural diversity as a right, guaranteed in binding international instruments.*

**Keywords:** cultural differences; cultural diversity; the theory of cultural relativism; Cultural identity.

## I. INTRODUCTION

The reality highlights that nowadays, most countries are culturally diverse, according to recent estimates, the 184 independent states of the world containing more than 600 living language groups and 5,000 ethnic groups (Garreta 2000). There are few countries whose citizens share the same language or belong to the same national ethnic group.

Currently, in the era of globalization there is a paradox regarding the substitution of traditional societies by the modern social order (urban, industrial, capitalist ones). This aspect does not only suppress linguistic, religious, cultural differences and so on among the different societies, but on the contrary, it also increases them. In this respect, cultural, ethnic and linguistic diversity ceases to be a specific feature of some particular societies (United States, Canada, Australia) to gradually extend to the whole planet.

We are immersed in a truly multicultural and interdependent world that presents the challenge of how to understand and interact, and this diversity

involves a series of important and potentially decisive issues.

Thus, majorities and minorities are increasingly confronted with issues such as linguistic rights, regional autonomy, political representation, territorial claims, immigration policy and citizenship. Finding ethically defensible and politically viable answers to these questions is the main challenge facing democracies today. And it is here, when facing the challenge of cultural diversity, that we find theoretical assumptions and concepts about cultural diversity located from different points of view, for example: citizenship, identity, linguistic theme, democracy or all the nuances or intermediate positions that may derive from it, often finding an abuse of the term "cultural diversity" by applying it in an undifferentiated way to phenomena of different natures.

## II. CULTURAL DIFFERENCES

Cultural identity is the process through which a social actor recognizes



itself and develops a meaning by virtues and above all of an attribute or set of specific cultural attributes, with the exclusion of a wider reference to other social structures. It is born from the awareness of difference, which does not necessarily mean inability to relate to other identities (Van Dyne 2015). "All societies are culturally heterogeneous while no culture develops without exchanges and cultural interactions." (Van Dyne 2015: 141).

Cultural identity, in the sense that arises from interactions with other cultures, would be a flexible and plural concept, which is not only marked by difference, but by complementarity with what is different. Thus, for example, a person can feel Catalan, Spanish, European, according to the relationship established, the circumstance and the scope in which this relationship is determined.

The understanding of space-time, the perception of physical and cultural distances, also alters the fundamental elements of the configuration of identity, such as feelings of similarity, closeness and belonging, transforming the sense of what is close or similar and of what is distant or not; of what is proper and what is improper. In this respect, globalization also confers a new character to cultural diversity (Gruenewald, Smith 2014: 102-105).

Bennett (2017) considers that the feeling of belonging that is limited to a single culture is much easier to manipulate, since one would have to ask: who is going to develop that specific cultural identity, which must one approach to be identified and accepted as a member of the community? What is the degree of difference that the community will allow before stigmatizing a person? It indicates that the conception of identity as multiple, diverse and flexible is a good antidote against manipulation. However, one forgets that many cultures were not given the option of multiplicity, but only the

option of assimilation and have survived and built their identity based on resistance to the dominant culture and the feeling of not belonging to it. This is the case of the ethnic minority groups that have suffered the imposition of national states.

What is clear is that identity is not a unitary aspect, because it needs another reference, nor is it stable and fixed, above time, because all identity evolves with history and context. Identity is formed by a dynamic of interrelations and correlations, where ultimately only the subjective consciousness of being different is an irreplaceable element; and in order to understand and value identities, there should be contextualized each case and it should not be extrapolate into different times or places.

Whelan (2016) analyzes the power of identity in the current information society, which he calls the network society, characterized by the globalization of economic activities, by its form of organization in networks, by the flexibility and instability of work and its individualization, by a culture of real virtuality built through a system of omnipresent aspects, interconnected and diversified media, and by the transformation of the material foundations of life, space and time.

Differentiating three types of identities, one would observe (Whelan 2016: 114-120):

- Legitimizing identity, which is introduced by the dominant institutions of society to perform and rationalize their domination towards social actors.
- Identity of resistance, which is held by those actors who are in devalued or stigmatized positions by the logic of the society domination.
- Project identity, which occurs when social actors build a new identity, based on available cultural materials. In addition to this act, they not only redefine their position in society, but also seek the transformation of the social structure.

Thus, in the current situation

"subjects when they are built, no longer do so based on civil societies, which are in the process of disintegration, but as an extension of communal resistance" (Whelan, 2016: 34). Therefore, there is a reaction against globalization that blurs identities. In this respect, while the legitimating identity seems to have entered into a crisis, the identities of resistance are the current forms of identity construction, although they may derive towards project identities.

It is precisely because they are the product of relationships between self-identified human groups that cultures cannot be identities that live in stillness. Subjected to a set of shocks and instabilities, they modify their nature, change their appearance and strategy whenever necessary. Their evolution is often chaotic and unpredictable. Identities must not only permanently negotiate the relationships they maintain with each other, but also those relations with themselves (Bennett 2017: 99).

Among the main elements of the right to cultural identity, one should first highlight the consideration of that cultural identity as a prerequisite of rights, in the sense that without it other rights could not be exercised. Such doctrine is formulated, for example, by Kymilcka (1996), when he speaks of culture as a collective public context from which the individual makes choices as a prerequisite for the effective recognition of individual rights. In other words, the legal recognition of cultural groups will not be satisfied only through references to individual rights, ignoring unequivocally collective dimensions, of which the clearest way is the cultural identity.

The diversity related to indigenous peoples refers to a plurality of individuals, and not just groups, with specific social, cultural and political configurations that present cultural features, social institutions, worldviews, linguistic forms and specific political organizations. According to Hall and Fenelon (2015), "indigenous peoples

are considered as such because they descend from populations that lived in the country or in a geographical region that belongs to the country at the time of the conquest, colonization or establishment of current state borders and they conserve all their social, economic, cultural and political institutions or part of them".

The identities of these peoples are organized and focus much more strongly on a collective identity, rather than on an individual one; in this respect, one would observe why they recognized collective rights together with individual rights. Also, this collective identity is not formed with the shared possession of fixed objective features, but by a continuous dynamic of interrelationships and correlations that are changing, as for any process of identity formation, where ultimately only the self-recognition of being Indigenous peoples and of having a collective identity is the constituent element (Hall and Fenelon 2015: 388). In this respect, they are not frozen in time, as exotic vision that most people have of them, as their traditions and ancestral institutions are changing and evolving, without losing their status as indigenous.

### III. CULTURAL DIVERSITY

The term "cultural diversity" has been charged with different interpretations and changes sometimes derived from history, such as colonialism and linguistic or semantic subtleties. As Parekh considers (2001: 113), "any attempt to write a summary of the history of the cultural diversity debate cannot begin without the recognition of the existence of multiple definitions of the term. The lack of a single definition or of a diversity of definitions represents the biggest obstacle in identifying the most important instruments and forums that in the past have dealt with issues of cultural diversity."

It is possible to distinguish two general approaches to cultural diversity: diversity "within" states and diversity "between" states. In the large western cities, the question of internal diversity is indisputably linked to the phenomenon of immigration, although internal cultural diversity can be independent of this phenomenon as it is in countries where cultural diversity is connected to the ethnic minorities that have remained over the years in these territories. This approach looks at individuals as potential holders of multiple identities and heterogeneous cultural characteristics that jointly build a nation or another form of identity. This approach can also be understood as "multiculturalism", and although recently it was discussed and talked about multicultural societies, the first multicultural legislation in the world was adopted in 1988 in Canada, which recognized in its "Multiculturalism Act" that cultural diversity was a fundamental characteristic of their society and created a series of policies and government programs to protect and enhance it (Banks 1988: 68-72).

Cultural diversity "between" states or nations focuses on the need for a balanced cultural exchange of goods and services between states and / or cultures. This approach is characterized by the development of the relationship between culture and commerce, or culture and economy; as well as the capacity of the states to "intervene" in cultural markets in order to sustain their "local" or "national" production by assuring them a space in the markets, respectively with a balanced exchange between cultures. And it is translated as the right of a state to develop, preserve and implement the public policies necessary for the preservation and promotion of its cultural diversity (Banks 2000).

Traditionally, cultural diversity was approached by anthropology, where it was also an ambiguous concept, between relativism and the sub-alternization of

diverse (Neulfeld 2006). In that historical era and in the context of anthropology, one referred to and even refers to radically different types of social formations (ethnic groups, indigenous tribes). Some of them still exist today and conserve many of their traditional institutions, which do not mean in any way anachronisms, or testimonies of evolutionary backwardness but simply other ways of conceiving the world.

One of the arguments that currently highlights the value of cultural diversity is that it creates a more interesting world, and because other cultures have alternative models of social organization that can be useful to adapt to new circumstances. This is often mentioned in relation to indigenous peoples, whose traditional lifestyles provide a model of sustainable relationship with the environment. It is increasingly accepted that Western attitudes towards nature are unsustainable and self-destructive, so that indigenous peoples "can provide models, inspiration and guidance for the essential task of redefining a new world order" (Kymlicka 1996: 171).

It is important to emphasize that cultural diversity cannot be seen only as a differentiation (something that is defined in relation to something else). Diversity manifests itself in concrete situations and needs to be contextualized, since the historical meaning of "differences" redefines its own symbolic meaning.

Nor should we forget that we live in contexts of cultural diversity, and that these contexts, in so far as they involve diversity, are simultaneously constituted by relations of domination / subordination: the status of immigrants, the connotations attributed to the places of origin, the languages that are declared to be official or the jobs they are allowed to access, build unequal relationships or power relations. In this respect, it is important to understand how those power relations are developed and when the discourse on

diversity hides issues such as inequality (Van Dyne 2015).

#### IV. THE THEORY OF CULTURAL RELATIVISM

Faced with the thesis of cultural diversity, the theory of cultural relativism was opposed: the primacy of the particular over the universal (Spenser, Valery, Sebrel 2000). It is pointed out that cultural diversity gives philosophical reasons to nationalisms, fundamentalisms, primitivisms and various forms of anti-Westernism. The thesis mainly maintains that beyond cultures and diverse historical circumstances there is an essential identity in all men: all people get to understand each other and experience analogous emotional, volitional and intellectual states before the basic situations of life, expressive means are also repeated, as well as sometimes the rituals, rules, codes, taboos, prejudices and ideologies of different cultures. There is a common background in the forms of social organization, work and artistic creation, and even the different languages probably have derived from a simple original language in the Neolithic age (Sebrel 1992: 73-75).

Diversification of human experience is attributed to cultural diversity and therefore they oppose it. Herder, in his *Philosophy of History for the Education of Humanity* (1774), was the first to use the word "cultures" in plural, distinguishing them from civilization. For Herder, the human experience was not uniform but diversified and the historical process was not extensive to all humanity, but was limited to particular peoples and strains, denouncing the invalidity of the general characteristics and any general concept was considered to be only an abstraction. Even human happiness was a heritage of peoples, ethnic groups, races, nations, the sense of happiness being

peculiar to each culture and non-transferable to another. "Even the image of happiness varies with each state and latitude, because what else is happiness, but the sum of satisfactions, of desires, of realizations of ends and that sweet overcoming of the needs that all depend on the country, the time and place? Who can compare the different satisfaction of different senses of different worlds? "

In this respect, according to the theorists who oppose diversity, cultural relativism is reached, being considered an inevitable consequence of particularism. According to Sebrel (1992), the diversification of cultures was a relatively late evolution of a common humanity in the stage of *homo sapiens* as a consequence of the migrations of the last glacial cycle. The racial differences would be, according to this hypothesis, a simple expression of the adaptability to diverse environmental conditions, of temperature, light, humidity, pressure and solar radiation. He gives as an example the discovery of America, where civilizations were discovered that totally isolated from the rest of the world repeated forms similar to those experienced in other continents many centuries ago. In this respect, leaving human groups enough time, will probably pass through evolutionary stages similar to that of other groups. There is no absolute originality of a single human group, there are always similarities, either by diffusion, by influence or by coincidences and it can be demonstrated historically that all peoples have followed approximately the same successive steps.

#### V. CULTURAL IDENTITY

The report "*Creative arts*" written by L. Egri in 1946 stated that "art transcends documentation by interpretation, and helps to give people and nations an intimate knowledge of each of the human beings within different conditions, but in close relationship with

human experience, which is essential for the achievement of world peace" (Egri 1946: 123). "In the human family, each country and region has its own characteristics and values, and each one makes this distinction a contribution to the common treasure of culture" (Egri 1946:124). The arts, the concrete product of culture, are then the means of exchange and mutual understanding: "art is the key to understanding our culture and that of our neighbors" (Egri 1946: 6), and diversity is understood as a source of wealth and not of conflict. The Report echoes the constitution formula of the organization: "knowledge, understanding and peace".

However, the Director General's Report of 1947 (written by Sir Julian Huxley) pointed out that this variety of human experiences could lead to conflict. Given this possibility, Huxley pushed a middle ground between standardization and incomprehension, captured in the now familiar motto: "unity in diversity" (p.47) and, although noble, this phrase did not go beyond rhetoric, as it did not count with a clarified content yet.

Likewise, the project "*General History of Civilizations*" written by A.H. Dani (2005) pointed out that there were multiple civilizations, not a single category that adequately involved all human experience. This idea, the emphasis on particularity rather than universality, was reinforced in the observation that differentiated cultural diversity from science whose ultimate goal is the unity of even uniformity. Diversity could be based on the idea of endogenous development as the development trajectory that presents to people their "unique culture", rather than uniformity or a formula of trajectory prescribed by the dictates of science; which did not imply isolating it. The potential for "empowerment" contained in this diversity was motivated by the goal of preventing smaller nations from being dominated by the propaganda of

politically more powerful nations, a message clearly related to the cold war context that was emerging.

In this respect, two important issues emerged in the platform of UNESCO, linked together, and contain at the same time a certain internal tension, if not a contradiction: first, the mutual concessions between unity and difference, the idea that the first could be achieved without sacrificing the second; and second, the idea of individual development trajectories, with the advantages of a balanced "empowerment" against the potential dangers of excessive isolation.

Previously, following the titles of the reports of the General Director, one could see how "culture" was perceived and defended as cultural activities. In this respect, it seemed to occupy an autonomous sphere separate from the social sciences. In 1951, however, Sub Section 4E of the category of cultural activities dealt with "action in the service of human rights", establishing a relationship between culture and rights, which represented an important step in bringing culture closer to society as a central line of politics, making it constitutive of individual and group identity and independence (and not simply expressive or as a product). For that reason in 1952 the Economic and Social Committee was specifically responsible for: "fight against discriminatory measures and the protection of minorities", which reflected again that the realization of culture could not be limited to the definition of artistic production.

## VI. CONCLUSION

Cultural diversity is not a closed concept, on the contrary, it constantly evolves according to its own dynamic and flexible nature, the result of the constant

interaction between different cultures. It must be recognized that there are multiple definitions of the term related to its various aspects: identity, own languages, immigration, citizenship, indigenous peoples, cultural expressions, development; that beyond confusing us, it can help us to better understand the concept of cultural diversity in which we are all immersed today and which we must face in a creative and solidary way.

One would appreciate that there is a diversity "inside" of the same states produced by the different cultural groups that coexist in the territory (indigenous, indigenous or immigrants); and a diversity "between" states more related to the national cultural production and to the exchanges of products, goods, services and cultural activities between countries. There is also a new diversity that begins to encompass both: global, transnational cultural diversity, provided by those people who cannot be located in a single country, but who distribute their lives between two or more countries, but this is not yet a fact homogeneous to most countries, as if it is that national states are transforming into multicultural states.

As a limit to the concept, we must point out that cultural diversity cannot be seen only as a differentiation: something that is defined in relation to something else. But cultural diversity manifests itself when there is the "cultural element" that differentiates it in concrete situations; and that it needs to be contextualized because the historical sense of "differences" also defines its symbolic meaning or its cultural construction.

Many times the term "cultural diversity" has been abused by applying it in an undifferentiated way to phenomena of different natures, or generalizing the concept to all realities. Cultural diversity as a cultural approach or policy can and should be treated transversally in all areas and sectors of countries that recognize themselves as multicultural. But do not confuse the part with the whole, cultural

diversity is a part of the reality we live that can be recognized, guaranteed and promoted in all public and private spheres, but do not try to put everything within the concept of cultural diversity, as if this were a "catch-all".

The defence of cultural diversity is inseparable from respect for the dignity of the human person, it implies the commitment to respect human rights and fundamental freedoms, in particular the rights of people belonging to cultural minorities. In this sense, no one can invoke cultural diversity to violate human rights.

There is a certain criticism of the purpose and limitations of the Convention on the protection and promotion of the diversity of cultural expressions, in the sense that it focuses on cultural industries, leaving aside historical and structural aspects of cultural diversity with which the UNESCO initiated its process and fought for its recognition. Despite some limitations, the Convention is an important step and serves as a basis for the protection and promotion of the diversity of cultural expressions, not only from developed countries, but especially from less favoured countries, so that they can participate in a more balanced in globalization and benefit from the diversity of its cultural expressions. This economic benefit of culture must be seen and worked as a factor of development, from the dynamics of cultural groups.

Likewise, the tools that allow promoting, protecting and prioritizing almost all important aspects of cultural diversity are present in the preamble of the Convention, which must be interpreted systemically and not in an isolated manner according to convenience. Reiterating that the Convention is an act complemented by human rights and fundamental freedoms that broaden the range of possibilities for a greater guarantee of it. In any case, the usefulness of the Convention in the protection and promotion of cultural diversity will be determined mainly by the number of ratifications, the responsibility

of the signatory countries in the execution of the Convention, as well as the follow-up work that must be performed by UNESCO.

It is very important to develop and implement the Convention, according to the realities and national contexts; as well as include references to the Convention in bilateral and multilateral cultural cooperation agreements, in the declarations and in the documents that arise from the meetings and the governmental and non-governmental conferences. It is equally important to continue the in-depth debate on issues of cultural diversity and its challenges among artists, professionals, policy makers and cultural academics. Only in this way will the Convention be a truly useful tool.

Nowadays, the economic importance of culture is an undeniable fact; that the culture generates income and employment opportunities is a fact that has been demonstrated by the defenders of a greater allocation of resources to the cultural sector. However, exaggerating this type of argument runs the risk of cultural objectives being subordinated to purely commercial objectives. Cultural expressions should not be dissociated from the identity of the cultural groups from which they emanate. Rather, the economic value must be an acknowledgment for the community to value its identity.

Without departing from the economic approach, the crucial role of culture in national and international development strategies and policies is increasingly highlighted. And the protection and promotion of cultural diversity is presented as a basis for the defence of sustainable development. Therefore, a new approach of cultural industries and creative potentials should be given as tools that serve sustainable global development, from their own development visions, unquestionably linked with their identity and culture.

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# PR COLONISATION - A NEW PERSPECTIVE

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**Abstract:** *Too many journalists are passively or actively accepting colonisation by PR. Discuss and critically evaluate. (Kevin Moloney, Rethinking Public Relations: The Spin and the Substance, Routledge, 2000, p. 122). In 2010, a group of Romanian journalists paid a visit to New Zealand, to see an open-pit, cyanide-based exploitation of gold. The visit, organized by the PR firm hired by a Canadian-Australian company (Rosia Montana Gold Corporation - RMGC), might have passed unnoticed if one independent journalist did not have the courage to publish a short story on "deep background". While these journalists - important opinion leaders, managers of national news rooms and respected figures of Romanian media - were having a great time in New Zealand, an important part of the Romanian society was openly against RMGC and the project of exploiting gold using cyanide technologies, in a historical and green area of Western Romania - Rosia Montana (Avadani, 2016, p. 29, Bucurenci, 2010). Between 2008 and 2015, tens of thousands of people protested against RMGC on the streets, on different occasions. The protests - held under the slogan "United we save Rosia Montana" - outburst with every political decision in the favour of that controversial company. The protests became a turning point for the Romanian society, and they determined the government to cancel the contract with RMGC in 2015. Currently, RMGC sues the Romanian government at an international court of law (Ciobanu, 2016).*

**Keywords:** journalism; pr colonisation; Rosia Montana.

## I. INTRODUCTION

"Too many journalists are passively - or actively accepting colonisation by PR. They are so content to accept 'newszak', news designed for a market and delivered in small bits for easy consumption, from their PR suppliers. For journalism as public gossip and as entertainment, this colonisation is entrenched. (...) PR colonisation, however, is immediately destructive of journalism as scrutiny..." (Moloney, 2000, p. 122).

In what consists of this phenomenon coined as "PR colonisation"? According to Moloney, it refers to several situations such as: (1) PR practitioners deliver press releases (news) to media outlets on a daily basis, and these press releases are published by media without professional scrutiny. Journalists accept them in many cases, at the expense of objective information of their readers and viewers on companies, products or services. (2) Journalists get involved in PR practitioners' training. They train the PR practitioners and they teach them how to "beat" the journalistic vigilance or prudence (3). Spinning is an increasing phenomenon among reputed journalists. They get involved in electoral campaign, or they support political figures in their efforts to distort the truth about their actions (Clinton's case). (4) Tabloidization of media is encouraged by PR content that focus on celebrity news. (Moloney, 2000, pp. 122-129).

This study has gone from Moloney's negative theories just to bring in this critical study the opposite positive opinions of other specialists in the field. For example, L'Etang (2008) suggests that persuasion is a dangerous weapon in the hands of those authorized, but this does not prevent their duty to present the truth without damaging its basic meaning. Thinking divergently can help our creativity is a facility much prized in public relations by forcing the pathways in our brains to work in unusual ways. PR transforming from a service activity to

journalism into a pervasive commercial communication, as Moloney (2000) explains "PR is partisan, persuasive communications. This partisan characteristic marks off it from uncolonised journalism which transforms PR material by its scrutiny. Such journalism is persuasive in assessment of the validity of interests by its scrutiny and is not a priori committed to an interest. Where journalism is partisan to a media owner or a political owner, it diminishes itself. The intensely persuasive quality of PR is hidden when the PR media system works vicariously through journalistic forms without the latter declaring or amending that quality", argues Moloney (2000, p. 130) and explains that journalists have their share of blame in this situation, too. Moloney acknowledges the difficult financial status of media outlets and journalists in the last decades, status that opened the "gates" of news rooms to soft news, and PR-driven stories, but underlines that journalists have been also "complicit" to the PR colonization of journalism. Journalists should have treated PR practitioners with scepticism and, even, hostility, explains Moloney (2000, p. 131).

## II. PR&Journalism - A PR PERSPECTIVE

In Moloney's term, public relations and journalism have a "love-hate relationship" (Moloney, 2000, p. 121), in which the definition of persuasion is important. For public relations, persuasion (understood as: "responsible advocacy", Bivins, 2006) is a legitimate course of action, when used in the benefit of the company and of the public, at the same time ("it involves a dialogue where an organization and its various publics (...) listen to each other", Gregory, 2015, p. 5).

"Used correctly, media is an invaluable tool for the public relations practitioner", argues Bland, Theaker&Wragg (2005, p. 139). Indeed, media audience is still very important for public relations, even in the era of digital revolution. Classic and contemporary books and textbooks on

PR emphasize the role of media in PR campaigns (Gregory, 2015, L'Etang, 2008, Morris & Goldsworthy, 2012).

PR practitioners need media because journalistic pieces of news seem unbiased for the audience: "Editorial coverage carries an implicit endorsement of information and is consequently held to more believable than advertising, which is paid for and expected to be biased. By using media relations effectively, public relations practitioners will not only enhance the reputation of their clients or employers, but also themselves, and establish good working relationships with the journalists that will serve them well in the future" (Bland, Theaker & Wragg (2005, p. 1-2).

Gregory also signals the need for an audit in public relations campaigns. It is a third part of the communication process and contrary to Moloney's trusts, it shows that there is a solution to the danger of being subjective, after a love pattern. In the same way, it identifies communication gaps and unexploited opportunities, as well as the information needs of all the key publics.

It also looks ahead by "examining future information requirements and new methods of communication that should be used" (Gregory, 2015). At least in PR theory there are solutions to the danger of being influential and to make hasty and wrong decisions at the same time. Morris & Goldsworthy also shows that no matter how organized the PR methods, there may be a doubt in their application in practice. The public tend to trust the media for documenting and writing the stories in a professional way.

Therefore, it is the PR's aim to reach the media and journalists with well-written messages about the companies, products or services. The most important tools of PR practitioners are press releases, VNRs, press conferences, mediating interviews, press trips etc. "The balance of power between journalists and public relations professionals has shifted, leaving many understaffed and financially strapped newspapers, radio and television stations, and Internet news and

entertainment sites dependent on low-cost public relations materials" (Bronstein, 2006, 74).

As Bronstein writes, the journalists need more editorial content easy to produce, ready on time, and foremost cheap. The PR practitioners are tempted to take advantage of this opportunity by producing more content (text, images, and videos) about the companies they represent. This content produced by PR was, according to the figures presented by Bronstein (2006, p. 76), between 25% and 40% of a daily newspaper or a TV news bulletin. Even the PR practitioners who work for non-profit organization, and that were in past insignificant for journalists, manage to take advantage of poor condition of journalists and media. In the condition of a low public trust on important companies, these practitioners had been considered by journalists to be "less self-interested" and "candid" (Bronstein, 2006, p. 77) and that also led to dangers and ethical slips, too.

To solve this delicate problem, Bronstein (2006) argues for PR practices that encourage fair reporting, truth respecting and responsible advocacy. In this context, I think it is still important to underline that it is not the public relations firms, companies or practitioners' fault for the poor economic condition of journalism (decreasing number of journalism jobs, closure of newspapers, radio and TV outlets, decline in advertising revenues).

PR vs. Journalism - The journalists' perspective In 1971, Jeremy Tunstall published a book, *Journalists at Work* that will turn out to be a cornerstone on research on journalists in UK and globally. Tunstall did the research on 200 specialists newsgathering journalists, employed by 23 national news organizations from UK (Tunstall, 1971, p. 1).

The most accepted PR was this one conducted by non-commercial and non-government organization. But, as Tunstall argues, journalists preferred to work with companies that had an active PR department and that employed practitioners with

journalism experience. When it comes to PR content, Tunstall wrote that journalists considered the public relations material as "junk" (Tunstall, 1971, p. 181). Out of 15 or 20 materials delivered by only one or two were used as "a basis for a story" (Tunstall, 1971, p. 181). If we compare these figures with the ones presented by Bronstein (2000, 76), and above-mentioned in this paper, 25%-40% of the present-day media content rely on PR, then we get a serious question mark related to the PR-journalism relationship.

What were the conditions for this disastrous situation for journalism? Tunstall wrote back in 1971: "By helping specialists to cover 'all' the news, to work at speed, to meet deadlines, and to present lively material briefly, public relations has much success. However, with every success there goes an element of failure. Although specialists use much public relations material, they tend to see anything that emerges in this form as devalued; moreover the speed and efficiency of public relations activity allows specialists time to continue looking for other stories" (Tunstall, 1971, p. 181). It looks like journalism and PR figured out a way of living together, and doing their duty to the public.

PR practitioners prepared press releases or press conference, while journalists decided to use them as source of information if they identified the newsworthiness. "Journalists in search of quick, easy stories are vulnerable to (...) pseudo-news, contrived by specialists who understand the rules of production in the news factory".

Davies (2000, p. 130-131) also speaks of pseudo-events, pseudo-experts, pseudo-evidence, pseudo-leaks, pseudo-illnesses, pseudo-world, all created by PR. It looks like PR managed to colonise the journalists who are unable to counter-attack this industry. It looks like the innocent face of PR from the professional codes of ethics and the devious face of PR from accounts like Davies' are far from being entirely correct.

## II. CONCLUSION

I presented in the introduction paragraph of this paper the case of Romanian journalists who accepted a press trip in New Zealand. The value of this press trip was 10.000 euros/person (Avadani, 2016, p. 29). The journalists were important media figures, and we may assume that they knew exactly how much a press trip cost, what the implication of accepting such a gift from a company were, and how the public distrusted the company RMGC. A report on corruption in Romania concluded that the whole Romanian media system acted as a "corrupted actor and a collaboration in a corruption act" (Avadani, 2016, pp. 29-30) in dealing with RMGC. It is also true that in the effort of attracting public's approval on open-pit, cyanide-based gold exploitation at Rosia Montana, RMGC used all the PR tools. It also invested 12 million Euro in advertising, between 2007 and 2010, in the Romanian media; it became one of the major advertising players in a difficult period of economic crisis (Avadani, 2016, p. 26). Nevertheless, media chose to be colonised the PR practitioners that designed that campaign. This colonisation implied press trips (apparently there were several press trip, not just one), positive coverage, silencing of the critics, partial reporting etc. (for the full description, see Avadani, 2016, p. 27-28). This example and the opinions of the academics or journalists above-presented lead to the argument of accepting "Journalism's colonisation by PR" as a trend of the nowadays public communication. However, several accents should be inserted. This colonisation is not a forced or imposed one. It is, as argue the cited authors, accepted by journalists. This acceptance is driven by economic reasons, for which, as I said before, PR cannot be blamed.

The decreasing number of journalism jobs, the closure of newspapers, radio and TV outlets, or the decline in advertising

revenues for media are triggered by economic and societal factors, and these events have a negative influence on the PR industry, too. The PR industry is still very tightly closed of journalism industry. To diminish the PR's negative influence on journalistic scrutiny, Moloney (2000) argues that PR should define itself as a persuasive media system, doing commercial communication.

However, Moloney (2000) does not touch the issue of ethics in PR. From this point of view, I think that the contribution of Bronstein (2006) about the responsible advocacy offers a better answer to the problem of journalism's colonisation of PR. Both PR and journalism industry should strengthen their codes of practice, and should apply the professional ethics more carefully.

This "love-hate" relationship should transform into a mature and normal one, taking into consideration that the public is at stake, and also the good image of two communication professions: journalism and public relations. Contrary to this theory, as Thekler & Yaxley say, "psychologists, therefore, study the formation of attitudes (learned evaluations), beliefs (subjective expectations) and values (guiding principles) and their relationship to behaviour." Social learning theories suggest that people acquire mental rules relating to positive or negative outcomes which reinforce behavioural responses. These and other relevant cognitive aspects can be researched within the PR planning process (Theaker & Yaxley, 2012).

In conclusion, current practices recognize that PR practitioners face significant challenges from fragmented audiences, greater access to uncontrolled media, a more aggressive media, frequent challenges to government policies and to the principles active. People of integrity are most highly regarded; it is one of the keys to having a good reputation. "For an individual of reputation to be in charge of an organisation's most precious asset the

relationships on which its own reputation." (Tench & Yeomans, 2017).

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# CREATING VALUE FOR CONSUMERS THROUGH SPORT

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**Abstract :** In the post modern era, creating value for consumers seems increasingly challenging. Indeed, consumers want to live a memorable experience, develop social ties, co-produce their own experience and are inclined to enter a universe of consumption which transcends the product itself. In this context, a product or service may be envisioned as experiential, social, democratic, and as an element of an organisation, network or universe. Taking professional sports as our research field, this paper looks at product representations in the sports industry that are supported by marketing decisions. These decisions could provide guidelines to sports managers who want to strengthen the emotional connection between their team and fans.

**Keywords:** value; sport; ethics in sport.

## I. INTRODUCTION

Sport is highly desirable because:

- (1) it attracts large and passionately devoted audiences;
  - (2) in a relative sense it is cheaper to produce than many other types of programming;
  - (3) it is human drama at its finest, providing a stimulus and an acceptable arena for the full range of human emotion;
  - (4) it reveals real people demonstrating the limits of the body;
  - (5) it provides us with carefully crafted narratives of heroes and villains (Whannel, 2002);
  - (6) it is associated with positive images of health and nationhood (Rowe, 1996).
- Finally, it is important to note that sport is an ideal conduit of promotional culture because in many ways it mirrors the idealized version of capitalism; that is, it is

based on competition, achievement, efficiency, technology and meritocracy.

Sport has become such a powerful vehicle for mediating meanings and feelings that this is not a simple task. Every image of sport in the media evokes a wealth of associations, constructing a lens through which to view society.

Dramatic changes and controversial developments are transforming the ways in which sport is experienced and understood. Many of the old ideas about sport embracing 'noble' and 'educational' values, offering disadvantaged peoples 'a way out', bringing nations closer together, or creating healthy bodies seem increasingly to lack credibility.

Further, there are anxious and often confused debates about the impact of new technologies and cultures of consumption on the integrity of sport. In short, as we move through the twenty-first century, sport faces serious and important

challenges since its emergence in its modern form in the nineteenth century. Can we say with any confidence, for example, that sport as we now know it today, still recognisable from the beginning of the last century, will be equally recognisable at the end of this century?

My intention in this paper is to tackle some of the big questions facing sport, society and brands to question assumptions about sport, to critique established ideas, and to explore new ones emerged from the need of making ads and profit through sport. I will investigate some of the changing features of 'old' sports and the distinguishing characteristics of 'new' ones; I will expose some of the social, environmental and technological dimensions of sport; I will identify uncertainties that pose important questions about present trends and future predictions.

## II. ETHICS IN SPORT

It is very widely promoted by the mass media and people involved in the area of sport that ethics have disappeared in sports and the sporting world. It would be very important to try to provide a definition of "Ethics in Sport". Actually the term "ethics" has been very widely used, with different meanings and purposes. Dr. Jacques Rogge (2005), President of the International Olympic Committee in one of his presentation on ethics and Olympism, stated that "It is in style to say that ethics have disappeared in sports; ethics are an indefinable concept, and the base is respect for others"<sup>1</sup>. However, sport might be a universal language that is approached from very different angles by different cultures and nations.

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<sup>1</sup> Rogge, J. (2005). Ethics in Sport. Presentation to the MEMOS Students. Olympic Museum, Lausanne.

By examining the past, specifically examining how sport has changed throughout history, one can definitely deduce that games and sport activities have undergone a number of important changes. Such changes have always been related to the political, social and economic relationships between people in society.

However, after the Industrial Revolution, things radically changed, and sports became gradually very pervasive and influential in the lives of people. Never before have sports been so closely linked to profit making. So we are at the point now where sports have become a combination of business, entertainment, education, moral training. Therefore, modern sports have turned into a very important social phenomenon in the 20th century. Modern sports are the creations of people coping with the conditions of life in their societies. Economic forces and the emphasis on achievement have become so pervasive in contemporary society that they have heavily influenced the way people define and organize sports and the sport experience. The unrestrained commercialization, the rapid transformation of sport from amateurism to professionalism, the rich sponsorships and the accompanying huge money flows into sports, have led, let us admit it, to an erosion of ethical standards<sup>2</sup>.

People in this area are concerned that if this situation continues to persist, sports will not be as we know it today, in the near future.

Therefore, the question that arises is whether sport is in danger, or whether it is in crisis, bearing in mind the points emphasized in the previous paragraph. What is clear is that sport is a reflection of our society<sup>3</sup> and as such it has serious

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<sup>2</sup> Kartakoullis, N. L. (2006). *Challenges facing the Olympic Movement*. Presentation at the International Olympic Academy. Ancient Olympia, June.

<sup>3</sup> Coakley J.J. (1990). *Sport in Society: Issues and Controversies*. Times Mirror/Mosby- College Publishing.



problems and issues to face. Sport is an institution, and as such is very dynamic and never static; continuously changing. There are many people that criticize this modern form of sport and its consequences, e.g. the antisocial aspect of competition, and are therefore looking forward to a revival of ethics in sport as it used to be in the past.

Science is so fast improving in the area of sport and new technologies and means are discovered for improving performance. These new innovative technologies can lead to deviation, can cause harm to athletes and can threaten their lives. This raises another issue, that of overtraining and competition; there are many examples worldwide of athletes that were physically and psychologically traumatized by their demanding attempts to improve their performance and overcome their limits. This could eventually lead to alienation, psychological problems and a deviation from a well balanced way of life.

According to Dr. Rogge the ethics of sport will not be enacted by rules, it regards people and their consciences (the consciousness within oneself of the choice one ought to make between right and wrong). Ethics are evaluative concept..... And the world is changing.... Therefore, according to the Council of Europe, hit level sport or top sport, when dealing with young people requires extreme vigilance on the part of the authorities concerned with regard to all aspects related to the physical, psychological and moral integrity of the young athlete. It appears that this is an emerging issue, and there is no unified political strategy on the field. There is a range of approaches when dealing with young people in high level sport. Bearing in mind this variation in structures, it cannot be guaranteed that the rights of these young talented people will always be respected. In view of this, sport management and good governance have to play a critical and crucial role in the

attempt being made to develop young athletes in a healthy environment.

The growth and significance of corporate sponsorship over the last 20 years is well chronicled. McDowell determined that of the 7.5 billion dollars spent by corporations on sponsorship, almost 5 billion dollars have been directed to sport properties<sup>4</sup>. This represents a doubling of the amount of money spent on sport sponsorships since 1993. The spending trend on sport sponsorships is expected to continue. Corporations are flocking to sport sponsorship in order to achieve the benefits of this association.

Corporate sponsorship of sports, the arts, entertainment and causes has been recognized as marketing communications tool. In 1986, the International Events Group (IEG,) estimated the amount of sponsorship spending in North America at approximately \$1 billion (Ukman, 1996). By 2005, sponsorship, defined as a cash and/or in-kind fee paid to a property in return for access to the exploitable commercial potential associated with that property, accounted for worldwide spending in excess of \$30 billion, with spending in North America alone reaching \$12 billion.

In 2007, sponsorship spending reached \$37 billion worldwide (Cornwell, 2008). In 2008, U.S. and Canadian companies spent \$16.61 billion, up 11.4% from \$14.91 billion in 2007 (Armstrong, 2008)<sup>5</sup>. These amounts represent fees paid for sponsorship rights. They do not include, for example, the additional expenditures incurred for advertising, promotion, and client entertainment. It is generally assumed that a sum at least equal to the property rights, if not double or even triple the amount, is spent on other forms of promotion that are used to leverage the

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<sup>4</sup> McDowell, *New Evidence That Demands A Verdict*, Word, Nashville, 1999.

<sup>5</sup> MICHAEL ARMSTRONG, *STRATEGIC HUMAN RESOURCE MANAGEMENT*, KOGAN PAGE PUBLISHERS, 2008.

initial investment. Even in the current economic crisis facing the United States in 2009, the total amount of corporate sponsorship dollars is not expected to decrease. IEG predicts 2.2% growth in spending for North American companies for 2009, the smallest growth rate in the last 24 years (Armstrong, 2008).

A sponsorship is sought to attain four principle benefits for a corporation, including awareness improvement, image enhancement, relationship building through hospitality, and increased sales (Howard & Crompton, 1995). Researchers have attempted to determine the value of each of these marketing objectives to sponsors.

While there has been significant growth in corporate sponsorship of sporting events, research has been limited (Speed & Thompson, 2000). In their review of 80 published articles, Cornwell and Maignan (1998) concluded that sponsorship research has "not adopted any specific theoretical framework that could guide investigation of consumers' reactions to sponsorship" (p.14). Research on the factors that impact traditional advertising, however, has identified several theoretical orientations. This research has implications for examining the effectiveness of sponsorships.

This paper also presents a methodology to assess the perceived image fit between a sport and a brand and empirically validates this approach in an applied research setting and investigate what an average spectator at a sporting event visually records in a two-hour span. In order to make their brands recognized by consumers, corporations invest billions of dollars in a wide array of marketing activities.

Merriam (1998) defines ethnography as a sociocultural interpretation of the data. The author also discusses ethnographic techniques of data gathering such as interviewing, creating diaries, examining life histories, and observing participants. In either sense of

the term, it is believed that this study tails under the qualitative tradition of ethnography. Not only do these research techniques focus on examining the attitudes and cultures of the participants (sport spectators) through visual observation (photo journal) and interview, but also the nature of this study is an in-depth field study of naturally occurring behavior at a sporting event.

The purpose of this paper is to present a methodology to assess the perceived image fit between a sport and a brand and the way one brand can change the person's idea about a sport category. This is meaningful to potential sponsor firms who note their concern with finding the appropriate image with which to align themselves.

After professional tests and observations, the new results indicate that perceptions of a brand's "fit" with a particular sport increase as the personalities between the brand and sport become more congruent. While personality fit was found to be a significant predictor of sponsorship fit, demographic fit was not. This supports the need to explore personality congruency when utilizing sponsorship for image association benefits.

Results also indicate that a good demographic fit between a target market and a sport audience does not necessarily imply it will also be an appropriate image match for the firm/brand. For firms seeking image association benefits from sponsorship, it is necessary that testing the congruency of sport and brand images should be added to the research methodology.

If a company's goal is to reinforce a brand's existing image, selecting a sport with a high-level of congruency is advised. However, when altering a brand's image is the objective, associating with a sport with the desired but currently incongruent image is recommended.

### III. SPORT AND BRAND INFLUENCE

The connections between sport and values have been of interest to sociologists of sport with reference to the assumed characteristics and qualities of sport participants, particularly young people and celebrities. The 'fair play' ethos at the heart of modern sport has been critically examined as reinforcing dominant values and social cohesion (Jarvie and Maguire 1994). Sport stars are often expected to serve as role models and to behave in socially approved ways according to the demands of an assumed and imagined community (Eitzen 2000). In addition, the behaviour of athletes with endorsements may be further scrutinised by advertisers, sponsors, managers and administrators with little tolerance for negative publicity. The mediation of the character of sport stars, therefore, involves linking particular significations to an image that may appeal to media consumers.

Oscar De La Hoya is perhaps the most commercially successful boxer of all time, a pay-per-view superstar with crossover appeal and a plethora of corporate sponsorships. De La Hoya benefited from massive media attention during his quest for Olympic gold and was also marketed very astutely as a human-interest story. The story of a young man winning the medal as a promise to his deceased mother was guaranteed to sell very well in mainstream American culture.

De La Hoya provides a very attractive vehicle for sponsors for a number of reasons. The boxer offers access to the vast Latino market in the US, and since his professional debut in 1992 De La Hoya has penetrated new markets for his promoters by drawing female fans and socially-mobile Hispanics to the sport. The Latino market already accounts for a significant percentage of the American population and is the most important growth consumer segment in professional boxing. De La Hoya, with his youth, pop-

idol good looks, charisma and boxing ability served as the perfect vehicle to attract a broad cross-section of the Hispanic market. The marketing strategy that positioned him as America's "Golden Boy" legitimised his claim to corporate America sponsorship dollars at the same time.

The sport also provides a unique environment for building the sponsor's brand, offering an intoxicating mix of glamour and danger, with undertones of masculinity and courage that are rarely exploited in the current sponsorship climate but can be used by a whole range of products and services. Essentially, anyone targeting young males could benefit from associating with the sport, and opportunities to strengthen brand associations among this market are relatively untapped in a sport where very few brands are currently involved.

FORGET Andy Murray's failure in the Australian men's tennis final over the weekend. Advertising and marketing experts were far more excited about what happened 24 hours earlier in the women's event, when Li Na became the first Chinese player to reach a Grand Slam final. The fact Li lost didn't matter. The significance was that, even before she hit a ball, Li had attracted a new TV audience -- said to more than 100 million -- back in China. Li's achievement points to an important trend. Marketers reckon that the popularity of top-class sport -- both national and international -- is only going to increase in the next 10 years as new markets open up.

Lord Bell, chairman of communications firm Chime, argues sport has already become such big business that it increasingly dominates the news and entertainment agenda. "*Sport is probably the biggest activity in the world,*" said Bell.

Notably, sport, as a global cultural form, practice and institution, has not been immune from advertising's cultural excavation and exploitation. Indeed, for a variety of reasons sport has arguably been

at the cutting edge of developments in contemporary advertising technology. In addition to sporting events and venues, the bodies and equipment of athletes are now an integral part of advertising and promotion. From Tiger Woods' Nike 'swooshed' golf balls to Adidas' tri-striped logo on the trigger finger of the glove of Winter Olympic biathletes, transnational corporations are constantly seeking brand exposure. The sport of auto racing may be one of the most interesting with respect to sporting sign wars. A strict hierarchy of sponsor signs determines the size and placement of logos on every inch of the car including the driver's suit, steering wheel, even under the hood. Even occasional accidents, though tragic, offer 'advertising opportunities' as announcers fit sponsor soundbites into their narratives. Corporatized bodies are also emerging in professional boxing (McKelvey, 2003) where athletes are permanently or temporarily tattooing their torsos with sponsors' logos for upwards of US\$100,000.

#### IV. CONCLUSION

The consumer has so many choices, so the producers of sport articles need to make sure they make the hard ones. A trademark is a badge of origin that enables a customer to recognize a product of a particular company. Depending on domestic law and practice, it can be a word (for example, Wilson), a symbol (Nike's swoosh or the three stripes of Adidas), a number (No. 5), a colour (orange), a shape, or even a sound or smell.

Trademarks distinguish a company, its products and services from those of competitors, acting as a quick and reliable guide to quality. They help the company to build a reputation in the market and to develop and retain a loyal clientele, by instilling consumer confidence and trust in the goods and services it provides. The goodwill associated with a successful trademark or brand can be a huge commercial asset.

The prominent display of trademarks at prestigious sporting events increases sales by appealing to the aspirations and emotions of sports fans, who are drawn to signs associated with a given club or sport. Trademarks can also become symbols of a specific lifestyle or behaviour. Brand advertising using sports teams and players is also big business, and the financial health of many sports organizations, clubs and even individual athletes can depend on advertising and sponsorship revenue. The more successful a team, the more valuable its brand, and the higher the income and spending power of the sports organization involved.

First thing to note is that adding the word "loyalty" to "brand" provides as much additional information as adding "wet" to "water". Brands were invented for one reason and one reason only/ to encourage repeat purchase. Given that this is what brands are about, the fact that marketers found themselves needing to add the word "loyalty" to "brand" should have set alarm bells ringing. If brands needed something new, special and extra called "loyalty" it meant they were no longer doing the job they were invented to do.

The second thing to note about the loyalty bandwagon is that it masterfully adopts the first rule of the Teflon politician - manufactured meaninglessness. The politician's trick is to come up with a word or phrase that seems to resonate with the times but which is empty enough of real content that different people can project his or her own meanings into it - thereby

"uniting" people who disagree behind the same banner.

The promotion of mass participation in sport, as a form of physical activity, is now firmly on the public policy agenda in the United Kingdom and elsewhere.

Golf is unlike any sport on the planet when it comes to marketing their brand. Basketball players can push shoes, but 60-year-old men aren't so keen in this types of sport. Golf is an ageless sport and it seems the older one gets, the more he tries to find that "edge" within the game to get better. So how about Nike? The golf company that wasn't even a golf company until Tiger Woods signed his first endorsement check after his third U.S. Amateur win has slowly but surely made an imprint on this game. Woods switched to their clubs and slowly integrated the Swoosh into his entire bag.

Industry experts believe the Nike deal will be worth around a £12.5million a year to world No1 McIlroy, about half the sum Woods commanded at his peak and about the same level as he is on now. Nike looks to be hedging its bets to an extent.

The company now has the most recognisable face in golf in Woods, and the young pretender to his throne in McIlroy. In this context, it is easy to understand why brands are interested in sports. It gives them fantastic exposure and maximises their chances of connecting with their key customers. Sports enable better media buying segmentation.

Over time, sport has become a show. People go to the show, they see the brands at the show, and maybe they will buy the brands when they go back home. That is the main idea. The better the show, the more they will enjoy it, and if they are entertained, the brands on show will benefit from their exhilarated state.

High performances are expected and media space must be available. American football is a good example of how advertising and sports are intimately correlated; short and spectacular action on

the field, short and catchy spots on the screen. They are formatted for each other. This applies to many other American sports, including basketball. One could say that the US provides the best example of how sports and marketing can benefit from each other.

The game has changed. Sports authorities and organisations have had to adapt to the expectations of brands and their sponsors. For example, the environment of the sports field is changing too. Thirty years ago the football field was surrounded by simple and plain fences. Nowadays, the field is surrounded by a digital screen promoting four to six brands every minute.

Brands need sports, and brands need sportspeople. Athletes can promote the key values of a brand. Accenture chose Tiger Woods because he embodies precision, foresight and strength. Accenture could not anticipate Mr Woods' extramarital affairs. Gillette decided to put an end to Woods' contract. The same thing happened to Thierry Henry, who gave an early tribute to the handballers against Ireland. Athletes are human beings. They have weaknesses. You cannot control them. When they appear humble and easy to manipulate, the public finds them boring. This is the ambiguity. Brands want extraordinary sportsmen but they fear their extraordinary behaviour and possible misconduct.

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# STRATEGY AND INNOVATION IN BUSINESS

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**Abstract:** *The concept of competitive advantage has become, in the last two decades, one of the most intensely debated and analysed. Considered essential to long-term development businesses and businesses, competitive advantages are seen as true turning points in the activity of businesses. At the same time, competitive advantages are seen as the answer to „Why do some businesses fail to become efficient, while others stagnate or go bankrupt?“ It is true that these advantages must be the main objectives of the business, but attention must direct primarily towards specific sources and through which you can gain competitive advantage. Based on the main objective of any business represented by the desire for profit, strategic management is focused on the integration of all activities of businesses in this direction. The primary role of strategic management is to create and sustain competitive advantages, particularly through analyses, decisions and actions taken by the business.*

**Keywords:** competitive advantage; business; competition; work and identity.

## I. INTRODUCTION

The competitive advantage is the result of detailed analysis and strategic planning, through which the business identifies opportunities arising in the market and exploits these opportunities allocated resources. Strategy is more than drawing a linear direction toward a goal stated above. The strategy is, above all, a way of thinking that involves observation of all activities taking place around the business and decisively influences every decision taken by it. Corporate strategy should represent a lifestyle and not just a means to achieve a particular purpose. Thus, our scientific approach will focus on specific ways that businesses observe and react to different events that occur in the environment in which they operate and the decisions arising from these events in order to identify the mechanisms underlying the growth businesses. It is very important, strategic formulation process to ensure flexibility and adaptability of the chosen

strategies. Dynamic environment in which they operate businesses work requires providing mechanisms by which they will be able to adapt to the new changes, so as to ensure continuity of competitive advantage gained. It should also be noted that nine out of ten strategies fail due to poor design and management of the implementation process. Why? Is it really that important strategic implementation process? The answer to this question is YES. The most brilliant strategy formulated in the most efficient way possible, will lose its effectiveness in the absence of a mechanism to ensure the implementation of the principles and strategic goals. Unfortunately, the theory and practice of strategic importance given to the implementation of strategies is significantly compared to the formulation of strategies. The important causes of this imbalance, from our point of view, result from the different characters of the two processes. Strategic

formulation is an analytical process, being relatively easy for managers to quantitatively assess the environment in which the business operates thus, the indicators obtained by analysing the evidence I can draw conclusions that will lead ultimately to identify and formulate the most appropriate policy options. On the other hand, the strategic nature of the implementation process does not allow full, its structure only based on purely quantitative indicators. The most important part of the implementation strategy is the creation of an optimal context for the strategy formulated to result in the acquisition of competitive advantages. In this respect, significant changes will be brought to the organizational structure, especially the values, attitudes and skills of the staff in the business, leading to the need to change the organizational environment. From the point of view of the possibility of failure of the implementation strategic mismanagement of organizational change is the greatest danger in the first place, because changing values, attitudes or existing rituals rooted in the business, without generating fierce opposition from employees is a very difficult process and, secondly, because the evaluation of the effectiveness of organizational change process is not a purely analytical process but involves analysing data from the employees' mind-set. Based on the considerations outlined above, this paper aims to study the characteristics of central enterprises in the construction industry and the efforts made by them in order to gain competitive advantages. Upsetting relations of cooperation between firms in the same industries lead to the rarefied collective achievements, such as research - development and training, which played a decisive role in promoting technological innovation and labour productivity in developed countries. (Arvanitis, 2004)

## II. BEAUTY STUDIO

Public organizations, as opposed to profit organizations, do not have many resources at their disposal. Of the human ones is the most precious and most effective. Here I want to introduce a

differentiation: I talk about the "human resource" and not about "personal". The two phrases attest to a philosophy, a different orientation; if I refer to "staff", I consider our organization's employees to be a definite and finite factor, like a typewriter: each has its place and its use and I can not expect more. "Human resource" refers to the fact that any individual, if necessary, can grow and develop; Emphasizes that employees are not an investment like fixed or mobile capital but are a source of profit for the organization if they are offered the necessary opportunities. This is precisely the essence of human resource management: to teach managers how to create those conditions that allow employees to "produce" more. In other words, the HRM is trying to create the organizational space where employees can reach their full potential.

In order to further clarify the modern perspective on what I call the "human resource", let us also address the fundamental question: "What elements of the human resource are important to the professional activity carried out by it?" The answer becomes particularly difficult if I try to give it for each specialization in an organization, whether public or private. It is easier to give a simpler and more generic response, namely: competence and performance are the two general characteristics relevant to the human resource existing within or necessary to an organization.

One of the most accessible formulas for addressing the problem of human resource competence is the following:

$$\text{COMPETENCE} = \text{KNOWLEDGE} + \text{SKILLS} + \text{DEPRECIATION} \text{ (Amenc, 2002)}$$

Knowledge (theoretical) is the result of the educational system that an individual benefits from, sometimes restraining him to aspects of the type of vocational training in a particular field. However, this luggage of theoretical knowledge can not be abusively restricted only to a particular subject, as the concrete situations encountered in the workplace sometimes require the use of general knowledge obtained at the non-specialized (pre-university) level.

Skills are the native qualities of an individual. They can not be created, but only



activated or developed, sometimes some of them being in a dormant, inactive state until they are called. (Altman, 2005)

Skills or skills are the result of putting into practice theoretical knowledge, of course with the contribution of skills. It is usually indirectly referred to them, speaking more about professional experience in a general or specialized field in a specific field of work. In turn, experience is directly related to the concept of length of service, the importance of which is reflected in the level of remuneration enjoyed by an employee.

### III. PERFORMANCE = COMPETENCE + ATTITUDE

In order to achieve appreciable professional results, an individual is not only competent enough. He still needs something to lead to performance, reflected in a second formula:

$$\text{PERFORMANCE} = \text{COMPETENCE} + \text{ATTITUDE}$$

If I have explained to this point that competence is the result of summing up three types of human resource specific qualities and that performance is obviously the professional outcome from the point of view of human resource management, I still have to clarify what the link term is between them, and namely the attitude.

Attitude (professional) is the intent of an employee to work, to make the most of the workplace, to use his / her full professional competence. Attitude is closely related to motivation, which is on the one hand of the strictly personal characteristics of an employee, such as conscientiousness or awareness of the fact that he has to give something in exchange for the various rewards offered to him by the organization in which he works, On the other hand it may keep to an even greater extent the external elements of that employee, but which have a major influence on the employee, such as the directing style of the chief but also those at

senior levels, the relationship with teammates, The use of resources and authority appropriate to the specifics of his work, culture and organizational climate, etc.

Once these two human resource problems are clarified, they can become milestones very useful in carrying out activities of major importance in human resources management, the first formula being very useful for recruitment, selection and promotion activities, and the second one Chosen for the assessment of individual performance and motivation of employees.

And now that I have thoroughly explained the issue of the relevant human resource features, let's see how I can make that gain in managerial practices.

Human resources management is the organizational activity that allows the most efficient use of people (employees) to achieve organizational, group and individual goals. (Alvarez, 2005)

Human Resource Management (HRM) consists of many activities, including the following:

- Analyzing and designing job postings
- Personnel planning
- Staff recruitment, selection and orientation
- Advice provided to employees for the future of their personal careers
- Performance evaluation
- Job-specific compensation and benefits
- Health and safety
- Relationships at work
- Discipline, control and evaluation of staff functions, etc.

Obviously, this list is not exhaustive but reminds most of the important actions that the HRM is dealing with.

If I am still trying to describe what the HRM is doing and what it is, then I need to review three important features of this activity. (Allen, 2004)

MRG is oriented towards action. It does not focus on billing, description or rules. HRM highlights and looks for solutions to employee problems to help achieve organizational goals and facilitate individual development and satisfaction.

HRM is individualized. Whenever possible, the HRM treats each employee as a distinct individual and offers services and programs designed to meet their individual needs.

The HRM is forward-looking. It is trained by the objectives of the organization and helps to achieve them by providing "competent", ill-motivated employees.

The objectives pursued by the HRM in its attempt to help the organization become effective include the following:

- Help the organization achieve its goals
- Make effective use of skills and manual skills
- Provide the organization with ill-trained and motivated employees
- Increase the employee's satisfaction with the workplace
- Develop and maintain a quality work environment that transforms employee status into an organization in a satisfactory personal and social situation
- Communicate personnel policies to all employees
- Help maintain professional ethics
- To help introduce beneficial changes for individuals, groups, organizations and the public.

All these goals form a whole. Once they are touched, then HRM can be considered effective and useful to the organization in which they take place.

Here are a few words about the role of manager or specialist in HRD. Unfortunately, I do not have valid data for Romania, so I will have to make comparisons. In 1981, there were 250,000 people employed in the HRM field in the US. Of these, 60% were from the private sector, 30% from the public domain and the other 10% from other areas (health, education, libraries, non-governmental organizations, etc.). The growth rate of the staff I am talking about is 5% per year. Let's focus on the public sector. (Altman, 1995)

If in the private domain any firm can come up with any kind of personnel policy, in the field of public administration the freedom is more restrained; there are laws, rules and regulations that emphasize uniformity rather than flexibility.

Traditionally, the role of the staff department focused on two functions: the routine processing of administrative burdens related to salaries, retirement and other benefits, and the observance of a growing set of laws, regulations and rules. What was the respect for the rules, not the innovation of HRD work? As a result, a rigid system that could not meet the goals mentioned above (or did not intend to meet them). This problem was encountered not only in us, but everywhere, in any administrative system. As the results were not in line with expectations, in the context of the public administration undergoing a general reform process aimed at "humanizing", making it more flexible and streamlining, three strategies have been designed to bring reform to the HRD as well. (Allen, 2007)

The success of a business in the field of body beauty is closely correlated with a number of factors such as the entrepreneurial skills of the initiating businessman, the mastery of the staff who performs the work procedures, the level of knowledge in the field. If the entrepreneurial skills and the mastery of the execution of the working procedures are in close correlation with the competencies of the respective persons, this guide gives the future entrepreneur a lot of useful information, thus contributing to the formation of an overview of the activity he intends to carry out.

#### IV. CONCLUSION

One of the strategies to engage customers from various segments, is the loyalty card, this becomes another criterion to motivate the customer to return to your establishment. Consider, for example, offering a 50% discount after every five cuts.

Nobody likes to feel cheated, does not it? If you can not keep, do not promise. This applies to the shifts, the duration of the cut, the prices and the final result.

Do not hesitate to ask customers about their preferences. Ask if there is something you want, if you liked the previous cut, if you need some alteration in the structure, if you have

suggestions, etc. Attentive treatment motivates you to return in the future.

On special occasions, such as graduations, weddings or anniversaries, the client may spend a lot of time in the establishment. To avoid having a tedious experience, it is necessary to offer forms of entertainment, such as a television tuned to a channel of interest, updated magazines and free internet access.

Finally, it is worth remembering that it is necessary to invest in surveys that measure the level of customer retention and accompany this evolution over time. A good alternative for that is to bet on a CRM system that gathers up-to-date data on consumer behaviour. In this way, you will identify what gives result and what you can adapt to your company with more effectiveness.

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# LEAN PRINCIPLES

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**Abstract:** *Research on such complex interventions requires special methods and research designs. Currently, case study designs are the most frequently used. While this design can provide useful insights, it has serious limitations regarding generalizability and inter-subjectivity. Along with the other methodological issues surrounding the evaluation of lean thinking, which we mentioned in the introduction, it is safe to say that not only more research, but also higher quality research is needed. At this time, to state that 'the lean message is 100% positive' seems a bit of a stretch. Research has also highlighted other factors that are influencing the move towards systems managing the total marketing operation. From a workload point of view BTL marketing creates significant demands on the department. Instead of completing say one advert in a national paper BTL may require five individual adverts in specific interest magazines supported by five tailored mailshots that will be different to reflect the particular interests of the prospective customers. Although the budgets for BTL have grown, very few companies have budgeted for increases in staff (based on responses to PIPC survey), or for the significant extra costs which BTL will incur (eg print runs for different brochures will be smaller so printing costs will rise). So many departments struggle to find ways to absorb the work and costs. It is an accepted truth that Below The Line marketing (BTL) delivering personalized messages directed at specific sectors of the market is the most effective way to communicate with the required audience.*

**Keywords:** lean principles: lean management; customer demand.

## I. Introduction in lean management

Lean management could serve as a facilitator of instigating greater co-operation and alignment in the design, development and implementation, both intra-organizationally and on a supply chain level, of more environmentally friendly processes and products. The purpose of the present thesis is to uncover any possible synergies and interrelations in terms of adding value to companies between Corporate Social Responsibility/Sustainability and Lean. In this

sense, the objective is placed upon unveiling the strategic character and the reinforcing and supportive role of both concepts (Lean and Corporate Social Responsibility) into becoming more economically justified and efficient, offering benefits in terms of cost savings and economic effectiveness. In this sense, the following lines serve as a means of providing a developmental account and a thorough understanding of the current reality concerning the two concepts. In order to objectify and concretize the rather vague notion of value and provide a comprehensive yet elaborate understanding of the contribution of Lean to strategic advantage, we have framed the realization

of value capture and appropriation through the competitive positioning framework.

Therefore it entails increased potential to provide tangible research results which can advance academic inquiry.

Lean operating system concepts have been around for a long time. While frequently using different names, the fundamental concepts of Lean have been the subject of many industry and trade publications for many years. Many manufacturers are therefore very well read about the theories of

the Lean operating system. They understand the Lean concepts and the potential benefits to their companies. Eliminating waste is also nothing new. Just the idea of eliminating non-value-adding waste makes common sense. Most manufacturers have been trying to eliminate waste and make their operations as efficient as possible since the first day they opened their doors.

## II. MAIN CONCEPTS

In order to implement the demand phase successfully, the core implementation must:

Understand customer demand. It is need to spend the time upfront to understand customer demand thoroughly. It is the foundation upon which you lean system will be built. If your customer is another functional area, you must work with them until you know their sequences. Collecting accurate data is important. Determining customer demand for administration may be difficult, but it can be done. (Hobbs, 2011)

Don't attempt to micro-design the future state in this phase.

You will not need to identify specific action items to implement this phase of the future state.

Be flexible: Tracking customer demand in the office may require constant adjustments in your plans for the future state. It is need to be flexible, not hold too tightly to any one set of ideas

as being is a process of evolution. As people learn and grow, they will take more responsibility and make better decisions.

Create a plan that the whole team can agree on.

One of the best ways to make sure a plan will work in to get rapid buy-in. The team should follow these few guidelines to make sure they agree on the plan:

- Restate the original problem and review the current-state map, as well as others discussed but not posted - and the reason why. (Tapping, 2003)

- Review problem-solving projects listed.

- Make final changes.

- Get buy-in from anyone.

In terms of lean manufacturing, anything that does not directly add value to the product is inefficient (waste). To make it more clear what is considered as wasteful, we have to explain what the term value means. Valuable work is the work that the customer really thinks is worth paying for (the product). In every particular operation there is an element which is value-creating. Actually, only this element we can call work, and everything else is called motion. In its nature, motion is considered to be wasteful. Every part that is not being worked on is a sign of inefficiency. Toyota has basically split the waste into seven types: overproduction, operators waiting, excess transport, overprocessing parts, unnecessary inventory, unnecessary operator motions and defects. The concept of lean brings up new needs. In order to achieve these needs, a company has to establish new strategy. In order to improve current performance it usually has to redesign elements of its production system. Lean manufacturing approach offers tools for reduction of waste of resources.

## III. THINKING

In 1983, Showa Manufacturing, a maker of radiations and boilers, celebrated a one hundred anniversary. The firm had been steadily successful in the Japanese market and in the 1960s had even been chosen to build a new heating system for the



imperial palace in Tokyo. However, the world changed after the second oil shock in 1979, and Showa started to struggle. Demand for its industrial products slumped as Japanese firms cut back expansion plans and considered more modern concepts in heating. Equally ominous, the cost structure at Showa, with its traditional Japanese commitment, and its 750 core employees, seemed to be stuck. Showa's initial response was typical of Japanese firms in these circumstances. To raise the cash to avoid layoffs it sold the valuable real estate under its center city offices and main plant and began relocating its production facilities to cheaper but more modern sites nearby in hopes of gaining efficiencies. It also diversified into ornamental castings for bridge railings and began to implement a plan for exporting its cast-iron boilers to America to take advantage of the weak yen.

When Showa's original office and manufacturing complex in crowded Fukuoka City was fully relocated in 1983 to new plants in suburban Umi and Koga, the management expected its fortune to change. Instead, the decline continued. The production system in the new plants was in fact the same as the old. Processes for casting, cleaning, stamping, welding, painting and assembly were run in the batch mode with long intervals between tool changes. This practice created mountains of parts of which were then taken to central stores before reshipment to the next processing step. Orders took months to work their way through the system, as chased by expeditors with hot lists. (It was the familiar word of every firm we've looked at before the advent of lean thinking). In addition, the cost of starting exports was high and the diversification into ornamental castings pitted Showa against larger firms with established reputation in the building trades.

By 1995, Showa was finally reaping the full rewards of its conversion to lean principles driven by a lean strategy. Showa quickly improved its productivity and reduced its space needs and inventory after 1984. These steps stemmed the company-threatening and inventory after 1984. These steps stemmed to company-threatening losses and bought vital time to consider what to do next (just like similar steps at Pratt & Whitney and Porche), yet as of 1991 the firm was still not

making an adequate return because it was selling products into declining markets.

As the new business units gradually found their markets and product development and order-taking were improved after 1991. Showa began to take off, just as the rest of the export-dependent Japanese economy fell into a prolonged slump. As a typical Japanese manufacturing profits fell by 70 percent after 1989. Showa, now selling 100 percent of its output into a stagnant domestic economy, lifted its profits by nearly 100 percent compared with 1989.

The Kaizen management originated in the best Japanese management practices and is dedicated to the improvement of productivity, efficiency, quality and, in general, of business excellence. The KAIZEN methods are internationally acknowledged as methods of continuous improvement, through small steps, of the economical results of companies. The small improvements applied to key processes will generate the major multiplication of the company's profit, while constituting a secure way to obtain the clients' loyalty/fidelity. The KAIZEN management represents a solid, strategic instrument, with a view to reach and surpass the company's objectives. (Titu, 2010)

Kanban is based on a very simple idea. Work In Progress (WIP) should be limited and something new should be started only when an existing piece of work is delivered or pulled by a downstream function. The kanban (or signal card) implies that a visual signal is produced to indicate that new work can be pulled because current work does not equal the agreed limit.

This doesn't sound very revolutionary nor does it sound like it would profoundly affect the performance, culture, capability and maturity of a team and its surrounding organization. It is remarkable that it does. Kanban seems like such a small change and yet it changes everything about a business.

Since few unnamed production systems exist, jidoka has taken on an additional character of integrating the human into an automated system so that the human is well integrated into the system.

One of the most popular visual control tools is a system called andon which typically uses

„alarm lights". These lights are used to indicate or warn workers of an activity that going wrong. (Kniberg, 2010)

Andon also can be used to detect material shortages. The worker, by turning a light on, can let a supervisor know the trouble spot on the line is causing the problem.

Finally, applying lean management principles helps to drive change through the organization. Lean management gives the organization a set of goals and a purpose, which leaders can use as they strive for excellence in the development process and communicate these expectations to the rest of the organization. Applying lean management standards changes the behaviors, practices, and habits of teams. This is the only way to change the culture of a development organization. For this reason, lean must be implemented beyond the team level to all areas of leadership.

Using these principles, design teams achieve innovative outcomes because the method ensures an optimal solution to key design problems.

In the process, the design team will have designed out the wastes that are universal to all designs and, by applying the key lean principles of flow and pace to the process, will have found the solution faster than using phase- gate-style development.

We work with teams that are on the journey to incorporate all six principles into their development process. Often one team will demonstrate a best-practice behavior, which is shared with other teams.

## CONCLUSION

A main element of the Lean financial model presented is based on encoding actions that are perceived waste within the Lean philosophy; it has been shown how the model benefits from this categorization. However, we acknowledge the literature debate on this topic and will briefly address it.

The Lean financial model renders different

types of available capacity explicit. This is done intentionally to understand the potential use of their capacity. Acting on it we can improve time consumption.

We distinguish between available bottleneck capacity, other labor available capacity and imbalance capacity. Other labor-available capacity is the capacity available in non-bottleneck labor resources, and the imbalance idle capacity comes from the activity path in which cells cannot be balanced completely with each other, or in which cells cannot be balanced internally. Only if there is available capacity at the bottleneck is it possible to increase value stream activity. In the example schedule there is very little available capacity at the bottleneck resource, and not enough to run another batch.

Lean and concurrent engineering (CE) are widely acknowledged business process improvement strategies. These strategies can improve processes, reduce costs, and cut waste enabling organisations to remain competitive. Lean manufacturing offers an enterprise-wide methodology that improves reliability and flexibility while reducing lead-times and inventory carrying costs. Companies in manufacturing and service sectors are focusing on integrating lean manufacturing methodology with other applications, so that, all their systems and processes are aligned.

Therefore, as the tool problems registered on the visual board in cell 1 arise, and the cell loses time equal to one batch, it may be argued that the cost of waste in our model fails to represent the opportunity costs. Opportunity costs are by definition equal to the contribution margin lost with the above-mentioned batch. The increased scrap level reduces the contribution margin as there are (potential) customers for these goods. (Piatkowski, 2017)

The fundamental concepts of lean thinking are similar you follow them on your home or in the projects. These principles involve improving all processes in each phase of the project to gain incremental improvement, thereby resulting in a significant overall improvement for the entire project.

Advanced project leaders are lean thinkers, and they believe in applying the Science of

Simplicity) to every project they undertake. They are not limited by the eight wastes but look at all wastes than prevent them from creating value for their customer, within the legal and moral boundaries. Advanced project leaders understand that if they do not eliminate the waste from their projects, they face a far greater waste. Project leaders are those who have undergone a paradigm shift from wanting their resources to work faster to leaders who want their resources to work smarter - to focus on eliminating the waste and thus use their time to focus on adding value to the customers.

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# THE ECONOMY OF THE USA VS. THE ECONOMY OF JAPAN

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**Abstract:** *In this paper, I have tried to give a theoretical approach to The economy of developed countries: USA VS JAPAN. The economy in developed countries is sustained by high average incomes per person and the percentage of citizens living in poverty is very low; a powerful and technologically advanced industry; a high level of life, which is reflected in the development of infrastructures and in the quantity and quality of health, educational, cultural services, and so on and so forth. In addition, a good part of the population maintains a high level of consumption.*

**Keywords:** economy; USA; JAPAN; economy grew.

## I. INTRODUCTION

At present, there are three criteria to determine the category of a developed country: the production generated per person; the purchasing power of monetary income in each country; the quality of life. Therefore, the developed countries have the states that reach the highest levels of production and purchasing power per person, as well as the best quality of life. They are part of the developed countries, countries from Western Europe, the United States, Canada, Australia, Japan and some Arab countries. Developed countries usually have a liberal capitalism and one life under democracy.

The economy is a social science that studies the processes of extraction, production, exchange, distribution, and consumption of goods and services; the word economy comes from the Latin *oeconomia*, and this in turn from the Greek *οικονομία* (economy), which is derived from the union of the Greek terms *οἶκος* (*oikos*), meaning 'house', *νόμος* (*nomos*), 'norm'. [8]

The concept of economy encompasses the notion of how societies use scarce resources to produce goods with value, and how they make the distribution of goods between individuals; the scarcity of resources suggests the idea that material resources are limited, and it is not possible to produce an infinite quantity of goods, considering that human desires and needs are unlimited and insatiable.

The science of economics tries to explain the functioning of economic systems and relations with economic agents (companies or individuals), reflecting on existing problems and proposing solutions. Thus, the investigation of the main economic problems and decision making are based on four fundamental questions about the production: what to produce ? When to produce ? How much to produce? For whom to produce?

In Economics, two main branches are distinguished: microeconomics and

macroeconomics. Microeconomics studies the different forms of behavior in the individual decisions of economic agents (companies, employees, and consumers), while macroeconomics analyzes microeconomic processes, observing the economy as a whole and with aggregate variables (total production, inflation rates, unemployment, salaries, etc.). As a mixed economy, we know the economic system that combines elements of the planned or directed economy, which obeys the objectives and limits imposed by the State, and the free market economy. Likewise, it is also called the economic model in which the private property of capitalism and the collective property of socialism coexist.

The concept of political economy emerged in the seventeenth century to refer to the relations of production between the three main social classes of the moment: bourgeois, landowners, and proletarians. Unlike the economic theory of physics, according to which the earth is the origin of wealth, political economy proposed that, in reality, labor was the real source of value, from which the theory of value- job.

The concept of political economy was put aside in the nineteenth century, replaced by economics, which privileged a mathematical approach. Nowadays, the term political economy is used in interdisciplinary studies whose objective is the analysis of how politics influences market behavior. As a submerged economy we know all that economic activity that is practiced outside of legal and tax controls. It includes from activities not declared to the treasury to illegal and criminal economic activities, such as arms or drug trafficking, or money laundering. Because they are economic activities carried out outside the law, they do not appear in the fiscal or statistical records of the State. [9]

The informal economy includes all economic activities, exchange of goods and services, which are hidden to evade taxes or administrative controls. Like the underground economy, it is part of the underground economy. Some common examples of the informal economy are domestic work or street selling. In all countries of the world, to a greater or lesser extent, there is an informal economy, despite the fact that this will

cause serious economic damage to the Treasury. As an underground economy, also known as a black market, it is designated that which is constituted by the exchange of goods, products or services in a clandestine or illegal manner. As such, it is not subject to any legal regulation, so it usually violates the pricing or legal provisions that have been imposed by the government for a trade of such effects.

## **II. THE ECONOMY OF USA**

Everyone knows that if you have enough money and economic means, despite the many vulnerabilities that wealth generates, you can have the necessary security. [3] The fact that security has an economic dimension is already a truism. In other words, although vulnerabilities are directly proportional to the value and social impact of wealth, and security is directly proportional to economic and financial strength. Insecurity is directly proportional to poverty, to the impotence, to the difficulties of living, to life. A man who has a job and earns good money, can buy a house, can set up a family, can provide a minimum of conditions for living peacefully, in peace, security, at least, in relation to a another man who does not have this opportunity, who does not have a job, a home, a safe place for tomorrow. The fact that, annually, people die of hunger or malnutrition, 45 million people to be precise is a reality of the insecurity generated by poverty and the immense disparities between the rich and prosperous world and the poor and miserable world. Therefore, the economic dimension of security is necessary and obvious. Always, economic power generates security, and poverty creates insecurity and anxiety. But security is not just a system of protection against villains, and insecurity is not reduced to the lack of such a system of protection. Security is an important function of system and process, a condition of systems functioning and the maintenance of a dynamic balance necessary for cohabitation in a complex, always changing, tensioned, competitive environment, with complicated and, most of the time, unpredictable developments. A distinction must be made between economic security and the

economic dimension of security. The first concept relates to the functioning of an economy, the economic security of the individual, the family, the community, the state, the financial and economic condition of life, the second is the functioning of the social and political systems, the state, public institutions, and international, alliances and coalitions, etc. [5]

Economic security, in its essence, aims to ensure the conditions for maintaining economic activity in normal parameters and counteracting many types of attacks, the most important of which are the following: financial frauds, strategic dependencies, cybercrime, industrial espionage, corruption, underground economy. At the same time, we can speak of the economic security of the territory, understood as a system of protection of resources, markets, enterprises, jobs, and so on and so forth.

Economic security can also be spelled out in terms of preserving national strategic assets, for instance, strategic sectors such as critical infrastructures, energy, military and information technology. Also, we can include here demographics, natural resources, educational resources, and so on and so forth. Some states, however, are less concerned with such a protectionist type of economic security, in a neo-liberal vision that goes beyond acceptable limits, while others have not given up an instant - and have no intention of giving up - to their economic security levers in the sense of protecting, defending and securing critical economic infrastructures, their own businesses, resources, and markets, etc.

The economic dimension of security results from the fact that without a modern and strong economy there is no, and there can not really be safety, prosperity, and stability, either at the level of the individual and the family, at the level of the state or at the level of mankind. [2]

Security and defense are part of those components that put into operation ways to fulfill the vital interests of states and communities. Neo-liberal currents in the economy and in the political life of some of the states do not spoil or fail to break down or significantly diminish the security and defense concepts. Even in those countries where the philosophy of the market economy, ie the non-

obstruction of the action of economic factors on the economic dynamics, the economic security measures, the protection and defense of the interests of enterprises, of the national interests, are most drastic. [1]

### III. The economy of Japan

An economically strong state is a stable state that allows for political and strategic initiatives that will always be listened to and respected. This is the case for Japan, which basically has almost no natural resources (90% of the raw material is imported), Switzerland, located in an area without resources, but also of other countries. So the economic dimension of security is a synergic and essential one, as it gathers around it and integrates all other dimensions - human, cultural, social, informational and military - into the same concept of power, giving them strength and consistency.

Among the main characteristics of the economic dimension of security and defense, the following can be taken into account: it is a factor generating material and financial resources; is a support for all types of security (economic, financial, individual, collective, institutions, state, etc.); is a dissuasive, intrinsic and indirect security factor; it forms an architecture, albeit stable, in its structure of resistance, dynamic and complex in its evolution; is a powerful globalization factor (alongside information), which in the future will probably alleviate the conflicts between states, generating other types of relationships; is the basic support for strategic partnerships, alliances and coalitions; is increasingly moving from the main financial and financial support of the rule of law into a new configuration, that of supporting the cooperation between the states of law and the improvement of the relations between them. All these characteristics, to which others can be added, show that the economy, without diminishing its role of power, of generating and supporting the power of the state and the army, a vital resource for the defense potential, goes to a new dimension, that of internationalization and globalization of power carriers. Of course, the mechanism by which the economy "escapes" from the political pressure of states or through which it expresses and

materializes is still questionable. For now, this internationalization is discontinuous and fractal, but there is already a not-so-reconfiguration of the new pillars and new power areas. [6]

The economic dimension of security is, in fact, an extension of economic security to other areas, it is potential and potential security. Economic security is also a function of the system, therefore, intrinsic to the system, and of a meta-system, ie process, in the sense that, in order to function, an economy needs a set of parameters of dynamics, safety, protection and stability which are acquired both through its immune system (system function) and by the creation of micro-devices of economic and social security, a function that belongs both to the economic hierarchy, ie to the bases generating the enterprise, and to the economic securing structures created in such as the fight against economic espionage, economic terrorism, financial fraud, the underground economy, economic crime, etc.

Thus, the economic dimension of security consists of a system of interdependencies that generates potential, safety and stability, in systems that interdepend on the security space, self-regenerates and together configures a dynamic and complex system that is associated with architectures with complex developments in all possible security dimensions.

In this way, the economic dimension of security, as well as economic security itself, has not only a linear determination, as the economy is more efficient, the more secure the security, but the nonlinear, dynamic and complex one, in the sense that the determinations are inter-conditioned and generates a security space that is suited to situations that are hardly detectable and predictable that closely resemble the frequency hopping system used for security of information transmitted through radio stations in communication systems. Removing the economic dimension of security from linearity is an action of strategic importance. The unpredictability of the architectures, actions, and reactions of the security systems is equally important, if not even more important, than the unpredictability of the defense or offensive in the armed struggle. It also leads to the realization, in the security plan of any kind, of the strategic surprise,

as virtually all the evolutions within what we call economic war, in fact, a complex always like the bifurcations of endless and unpredictable battles, markets, resources, power, and influence.

The Japanese work ethic would persist; along with the high savings rates and the slow growth of its population would give it a substantial advantage in the intensity of capital - and, therefore, in the productivity of labor - in addition to the advantages it could develop throughout the country in terms of the total productivity of its factors. In addition, its proximity to a large pool of low-cost workers would allow Japan to build a regional division of labor that makes the most of its well-paid and educated workforce and outsources tasks of low complexity and low wages-that is, jobs with low productivity - to continental Asia.

When Japan equaled, and perhaps surpassed, the North Atlantic in terms of capital intensity, industrial knowledge and standard of living, the best-rewarded activities in the global economy - research and development in high-tech industries, fashion for wealthy consumers, high finance and corporate control-would migrate more and more to Tokyo Bay. [7]

With a third of the population of the United States, it was unlikely that Japan would become the most important economic superpower in the world. But Japan would close the 30% gap (adjusted for purchasing power parity) between its GDP per capita and that of the United States. It was considered very likely that by 2016 the Japanese GDP per capita would be 10% higher than the US (in terms of purchasing power parity). None of that happened. The current Japanese economy is approximately 40% lower than what the analysts so confidently predicted in the late 1980s. 70% of the Japanese per capita GDP in terms of the US that had been reached at that time was its maximum mark. The level of relative productivity for the whole country has declined since then and two decades of unrest have removed the pressures to improve agriculture, distribution and other services.

Japan's export-oriented manufacturing industries have maintained their advantage but failed to attract other cutting-edge activities - in fashion, finance or corporate control - significantly. Japan is not a poor country today. But its economic

structure and level of prosperity make it more similar to Italy than to its eastern counterparts in the Pacific Rim: the US coastal states of Washington, Oregon, and California.

Seven years ago, before the global financial crisis, the overwhelming consensus among economists was that, in retrospect, the charts did not show the expected convergence in Japan's productivity levels with those of the Pacific coast of the United States. Japanese culture produced huge blockages to the employment of half of its population: women. And Japanese policy consolidated rural interests and small businesses in a way that prevented the spread of export-oriented manufacturing. [11]

Japan, it was said, was too different in too many things from the North Atlantic to serve as a model of economic development. And the export-oriented manufacturing companies that had been stimulated and guided by the Ministry of International Trade and Industry were not the nucleus around which the rest of the Japanese economy would crystallize, but a separate and walled territory. It was largely a coincidence that such a reduction in growth coincided with the collapse of the asset bubble and the cyclical downturn, which led to a reduction of the Japanese output of approximately 10% in a few years, followed by a slow recovery towards a new and lower potential growth rate. [4]

#### IV. CONCLUSION

In 2017, the world economy grew by 3.7%, 0.5 percentage points (pp) more than in 2016 and three tenths higher than expected at the beginning of the year by the IMF. This greater dynamism of global activity was observed both in the developed economies, where GDP growth increased by six tenths (from 1.7% to 2.3%), and in the emerging economies, where there was a rebound (from 4.4% to 4.7%), supported by the resistance of the Asian economies -including China, which increased its growth- and the exit from the recession of some countries. The tone of economic policies remained expansive, despite the normalization of monetary

policy in the United States and its beginning in the United Kingdom.

Investors kept moving in a profitable search environment and high appetite for risk, which materialized in continuous rises in the prices of numerous financial assets and in a very low volatility, which reached minimums at the end of 2017. The main one's Stock indexes, both in developed and emerging economies, increased and exceeded their historical highs in some cases, such as in the United States; the sovereign debt spreads of emerging economies and those of corporate debt with a worse credit rating were further compressed; and there were important capital inflows into emerging economies. The dollar depreciated against most currencies, especially those of those countries with which the United States maintains a greater trade deficit. Slack financial conditions contributed to an almost generalized improvement in the confidence of households and companies, and to the rebound in investment, employment, and trade.

In February 2018 there was an abrupt increase in volatility as measured by the VIX (implied volatility index on the S & P), following the publication of salary growth data in the United States above the expected. This episode caused important stock market declines in most of the economies, moderate increases in the long-term interest rates of the public debt and slowed the weakening of the dollar. However, it did not affect the risk premiums or the general tone of the financial conditions.

The increase in global demand in 2017 was noticeable in the prices of raw materials, which experienced an average increase of 6.5% during the year.

The price of metals rose by 25%, also supported by some supply restrictions, more than offsetting the moderating impact of good harvests on the price of food. For its part, the price of a barrel of Brent oil increased by 21% in the year as a whole, although with a different evolution along this: initially, the price decreased from 55 dollars/barrel to 45, since the increase of the American shale oil offer compensated for the OPEC cuts agreed with other producers; however, as of summer, prices were oriented upwards, increasing more than 30%, to exceed 70 dollars/barrel at the

beginning of 2020. This increase was the consequence of the fact that the increase in demand was added to the increase in production cuts by OPEC and other producing countries until the end of 2018, and some tensions on the supply side; the futures markets discount prices similar to the current ones. Although the rebound in commodities led to a certain increase in headline inflation in advanced economies, the absence of inflationary pressures remained the norm on a global scale.

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## LEAN PRINCIPLES

**Abstract:** *Research on such complex interventions requires special methods and research designs . Currently, case study designs are the most frequently used. While this design can provide useful insights, it has serious limitations regarding generalizability and inter-subjectivity. Along with the other methodological issues surrounding the evaluation of lean thinking, which we mentioned in the introduction, it is safe to say that not only more research, but also higher quality research is needed. At this time, to state that 'the lean message is 100% positive' seems a bit of a stretch. Research has also highlighted other factors that are influencing the move towards systems managing the total marketing operation. From a workload point of view BTL marketing creates significant demands on the department. Instead of completing say one advert in a national paper BTL may require five individual adverts in specific interest magazines supported by five tailored mailshots that will be different to reflect the particular interests of the prospective customers. Although the budgets for BTL have grown, very few companies have budgeted for increases in staff (based on responses to PIPC survey), or for the significant extra costs which BTL will incur (eg print runs for different brochures will be smaller so printing costs will rise). So many departments struggle to find ways to absorb the work and costs. It is an accepted truth that Below The Line marketing (BTL) delivering personalized messages directed at specific sectors of the market is the most effective way to communicate with the required audience.*

**Keywords:** lean principles: lean management; customer demand.

### I. Introduction in lean management

Lean management could serve as a facilitator of instigating greater co-operation and alignment in the design, development and implementation, both intra-organizationally and on a supply chain level, of more environmentally friendly processes and products. The purpose of the present thesis is to uncover any possible synergies and interrelations in terms of adding value to companies between Corporate Social Responsibility/Sustainability and Lean. In this sense, the objective is placed upon unveiling the strategic character and the reinforcing and supportive role of both concepts (Lean and Corporate Social Responsibility) into becoming more economically justified and efficient, offering benefits in terms of cost savings and economic effectiveness. In this sense, the following lines serve as a means of providing a developmental account and a thorough understanding of the current reality concerning the two concepts. In order to objectify and concretize the rather vague notion of value and provide a comprehensive yet elaborate understanding of the contribution of Lean to strategic advantage, we have framed the realization of value capture and appropriation through the competitive positioning framework.

Therefore it entails increased potential to provide tangible research results which can advance academic inquiry.

Lean operating system concepts have been around for a long time. While frequently using different names, the fundamental concepts of Lean have been the subject of many industry and trade publications for many years . Many manufactures are therefore very well read about the theories of



the Lean operating system. They understand the Lean concepts and the potential benefits to their companies . Eliminating waste is also nothing new. Just the idea of eliminating non-value- adding waste makes common sense. Most manufactureers have been trying to eliminate waste and make their operations as efficient as possible since the first day they opened their doors.

## II. MAIN CONCEPTS

In order to implement the demand phase successfully, the core implementation must:

Understand customer demand. It is need to spend the time upfront to understand customer demand troughly. It is the foundation upon which you lean system will be built. If your customer is another functional area, you must work with them until you know their sequences. Collecting accurate data is important. Determining customer demand for administration may be difficult, but it can be done. (Hobbs, 2011)

Don't attempt to micro-design the future state in this phase. You will not need to identify specific action items to implement this phase of the future state.

Be flexible: Tracking customer demand in the office may require constant adjustments in your plans for the future state . It is need to be flexible , not hold too tightly to any one set of ideas as being is a process of evolution. As people learn and grow, they will take more responsibility and make better decisions.

Create a plan that the whole team can agree on.

One of the best ways to make sure a plan will work in to get rapid buy-in . The team should fallow these few guidelines to make sure they agree on the plan:

- Restate the original problem and review the current-state map, as well as others discussed but not posted - and the reason why. (Tapping, 2003)
- Review problem -solving projects listed.
- Make final changes.
- Get buy-in from anyone.

In terms of lean manufacturing, anything that does not directly add value to the product is inefficient (waste). To make it more clear what is considered as wasteful, we have to explain what the term value means. Valuable work is the work that the customer really thinks is worth paying for (the product). In every particular operation there is an element which is value-creating. Actually, only this element we can call work, and everything else is called motion. In its nature, motion is considered to be wasteful. Every part that is not being worked on is a sign of inefficiency. Toyota has basically split the waste into seven types: overproduction, operators waiting, excess transport, overprocessing parts, unnecessary inventory, unnecessary operator motions and defects. The concept of lean brings up new needs. In order to achieve these needs, a company has to establish new strategy. In order to improve current performance it usually has to redesign elements of its production system. Lean manufacturing approach offers tools for reduction of waste of resources.

## III. THINKING

In 1983, Showa Manufacturing, a maker of radiations and boilers, celebrated a one hundred anniversary. The firm had been steadily successful in the Japanese market and in the 1960s had even been chosen to build a new heating system for the imperial palace in Tokyo. However, the world changed after the second oil shock in 1979, and Showa started to struggle. Demand for its industrial products slumped as Japanese firms cut back expansion plans and considered more modern concepts in heating. Equally ominous, the cost structure at Showa, with its traditional Japanese commitment, and its 750 core employees, seemed to be stuck. Showa's initial response was typical of Japanese firms in these circumstances. To raise the cash to avoid layoffs it sold the valuable real estate under its center city offices and main plant and began relocating its production facilities to cheaper but more modern sites nearby in hopes of gaining efficiencies. It also diversified into ornamental castings for bridge railings and began to implement a plan for exporting its cast-iron boilers to America to take advantage of the weak yen.

When Showa's original office and manufacturing complex in crowded Fukuoka City was fully relocated in 1983 to new plants in suburban Umi and Koga, the management expected its fortune to change. Instead, the decline continued. The production system in the new plants was in fact the same as the old. Processes for casting, cleaning, stamping, welding, painting and assembly were run in the batch mode with long intervals between tool changes. This practice created mountains of parts of which were then taken to central stores before reshipment to the next processing step. Orders took months to work their way through the system, as chased by expeditors with hot lists. (It was the familiar word of every firm we've looked at before the advent of lean thinking). In addition, the cost of starting exports was high and the diversification into ornamental castings pitted Showa against larger firms with established reputation in the building trades.

By 1995, Showa was finally reaping the full rewards of its conversion to lean principles driven by a lean strategy. Showa quickly improved its productivity and reduced its space needs and inventory after 1984. These steps stemmed the company-threatening inventories after 1984. These steps stemmed company-threatening losses and bought vital time to consider what to do next (just like similar steps at Pratt & Whitney and Porsche), yet as of 1991 the firm was still not making an adequate return because it was selling products into declining markets.

As the new business units gradually found their markets and product development and order-taking were improved after 1991. Showa began to take off, just as the rest of the export-dependent Japanese economy fell into a prolonged slump. As a typical Japanese manufacturing profits fell by 70 percent after 1989. Showa, now selling 100 percent of its output into a stagnant domestic economy, lifted its profits by nearly 100 percent compared with 1989.

The Kaizen management originated in the best Japanese management practices and is dedicated to the improvement of productivity, efficiency, quality and, in general, of business excellence. The KAIZEN methods are internationally acknowledged as methods of continuous improvement, through small steps, of the economical results of companies. The small improvements applied to key processes will generate the major multiplication of the company's profit, while constituting a secure way to obtain the clients' loyalty/fidelity. The KAIZEN management represents a solid, strategic instrument, with a view to reach and surpass the company's objectives. (Titu, 2010)

Kanban is based on a very simple idea. Work In Progress (WIP) should be limited and something new should be started only when an existing piece of work is delivered or pulled by a downstream function. The kanban (or signal card) implies that a visual signal is produced to indicate that new work can be pulled because current work does not equal the agreed limit.

This doesn't sound very revolutionary nor does it sound like it would profoundly affect the performance, culture, capability and maturity of a team and its surrounding organization. It is remarkable that it does. Kanban seems like such a small change and yet it changes everything about a business.

Since few unnamed production systems exist, jidoka has taken on an additional character of integrating the human into an automated system so that the human is well integrated into the system.

One of the most popular visual control tools is a system called andon which typically uses „alarm lights". These lights are used to indicate or warn workers of an activity that going wrong. (Kniberg, 2010)

Andon also can be used to detect material shortages. The worker, by turning a light on, can let a supervisor know the trouble spot on the line is causing the problem.

Finally, applying lean management principles helps to drive change through the organization. Lean management gives the organization a set of goals and a purpose, which leaders can use as they strive for excellence in the development process and communicate these expectations to the rest of the organization. Applying lean management standards changes the behaviors, practices, and habits of teams. This is the only way to change the culture of a development organization. For this reason, lean must be implemented beyond the team level to all areas of leadership.

Using these principles, design teams achieve innovative outcomes because the method ensures an optimal solution to key design problems.

In the process, the design team will have designed out the wastes that are universal to all designs and, by applying the key lean principles of flow and pace to the process, will have found the solution faster than using phase- gate-style development.

We work with teams that are on the journey to incorporate all six principles into their development process. Often one team will demonstrate a best-practice behavior, which is shared with other teams.

## CONCLUSION

A main element of the Lean financial model presented is based on encoding actions that are perceived waste within the Lean philosophy; it has been shown how the model benefits from this categorization. However, we acknowledge the literature debate on this topic and will briefly address it.

The Lean financial model renders different types of available capacity explicit. This is done intentionally to understand the potential use of their capacity. Acting oil tins we can improve time consumption.

We distinguish between available bottleneck capacity, other labor available capacity and imbalance capacity. Other labor-available capacity is the capacity available in non-bottleneck labor resources, and the imbalance idle capacity comes from the activity path in which cells cannot be balanced completely with each other, or in which cells cannot be balanced internally. Only if there is available capacity at the bottleneck is it possible to increase value stream activity. In the example schedule there is very little available capacity at the bottleneck resource, and not enough to run another batch.

Lean and concurrent engineering (CE) are widely acknowledged business process improvement strategies. These strategies can improve processes, reduce costs, and cut waste enabling organisations to remain competitive. Lean manufacturing offers an enterprise-wide methodology that improves reliability and flexibility while reducing lead-times and inventory carrying costs. Companies in manufacturing and service sectors are focusing on integrating lean manufacturing methodology with other applications, so that, all their systems and processes are aligned.

Therefore, as the tool problems registered on the visual board in cell 1 arise, and the cell loses time equal to one batch, it may be argued that the cost of waste in our model fails to represent the opportunity costs. Opportunity costs are by definition equal to the contribution margin lost with the above-mentioned batch. The increased scrap level reduces the contribution margin as there are (potential) customers for these goods. (Piatkowski, 2017)

The fundamental concepts of lean thinking are similar you follow them on your home or in the projects. These principles involve improving all processes in each phase of the project to gain incremental improvement , thereby resulting in a significant overall improvement for the entire project.

Advanced project leaders are lean thinkers , and they believe in applying the Science of Simplicity) to every project they undertake. They are not limited by the eight wastes but look at all wastes than prevent them from creating value for their customer, within the legal and moral boundaries. Advanced project leaders understand that if they do not eliminate the waste from their projects, they face a far greater waste. Project leaders are those who have undergone a paradigm shift from wanting their resources to work faster to leaders who want their resources to work smarter - to focus on eliminating the waste and thus use their time to focus on adding value to the customers.

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# STRATEGY AND INNOVATION IN BUSINESS

## *Abstract*

The concept of competitive advantage has become, in the last two decades, one of the most intensely debated and analysed. Considered essential to long-term development businesses and businesses, competitive advantages are seen as true turning points in the activity of businesses. At the same time, competitive advantages are seen as the answer to „Why do some businesses fail to become efficient, while others stagnate or go bankrupt?“ It is true that these advantages must be the main objectives of the business, but attention must direct primarily towards specific sources and through which you can gain competitive advantage. Based on the main objective of any business represented by the desire for profit, strategic management is focused on the integration of all activities of businesses in this direction. The primary role of strategic management is to create and sustain competitive advantages, particularly through analyses, decisions and actions taken by the business.

***Keywords:* competitive advantage; business; competition; work and identity.**

## I. INTRODUCTION

The competitive advantage is the result of detailed analysis and strategic planning, through which the business identifies opportunities arising in the market and exploits these opportunities allocated resources. Strategy is more than drawing a linear direction toward a goal stated above. The strategy is, above all, a way of thinking that involves observation of all activities taking place around the business and decisively influences every decision taken by it. Corporate strategy should represent a lifestyle and not just a means to achieve a particular purpose. Thus, our scientific approach will focus on specific ways that businesses observe and react to different events that occur in the environment in which they operate and the decisions arising from these events in order to identify the mechanisms underlying the growth businesses. It is very important, strategic formulation process to ensure flexibility and adaptability of the chosen strategies.

Dynamic environment in which they operate businesses work requires providing mechanisms by which they will be able to adapt to the new changes, so as to ensure continuity of competitive advantage gained. It should also be noted that nine out of ten strategies fail due to poor design and management of the implementation process. Why? Is it really that important strategic implementation process? The answer to this question is YES. The most brilliant strategy formulated in the most efficient way possible, will lose its effectiveness in the absence of a mechanism to ensure the implementation of the principles and strategic goals. Unfortunately, the theory and practice of strategic importance given to the implementation of strategies is significantly compared to the formulation of strategies. The important causes of this imbalance, from our point of view, result from the different characters of the two processes. Strategic formulation is an

analytical process, being relatively easy for managers to quantitatively assess the environment in which the business operates thus, the indicators obtained by analysing the evidence I can draw conclusions that will lead ultimately to identify and formulate the most appropriate policy options. On the other hand, the strategic nature of the implementation process does not allow full, its structure only based on purely quantitative indicators. The most important part of the implementation strategy is the creation of an optimal context for the strategy formulated to result in the acquisition of competitive advantages. In this respect, significant changes will be brought to the organizational structure, especially the values, attitudes and skills of the staff in the business, leading to the need to change the organizational environment. From the point of view of the possibility of failure of the implementation strategic mismanagement of organizational change is the greatest danger in the first place, because changing values, attitudes or existing rituals rooted in the business, without generating fierce opposition from employees is a very difficult process and, secondly, because the evaluation of the effectiveness of organizational change process is not a purely analytical process but involves analysing data from the employees' mind-set. Based on the considerations outlined above, this paper aims to study the characteristics of central enterprises in the construction industry and the efforts made by them in order to gain competitive advantages. Upsetting relations of cooperation between firms in the same industries lead to the rarefied collective achievements, such as research - development and training, which played a decisive role in promoting technological innovation and labour productivity in developed countries. (Arvanitis, 2004)

## II. BEAUTY STUDIO

Public organizations, as opposed to profit organizations, do not have many resources at their disposal. Of the human ones is the most precious and most effective. Here I want to introduce a differentiation: I talk about the "human resource" and not about "personal". The two phrases attest to a philosophy, a different orientation; if I refer to "staff", I consider our organization's employees to be a definite and finite factor, like a typewriter: each has its place and its use and I can not expect more. "Human resource" refers to the fact that any individual, if necessary, can grow and develop; Emphasizes that employees are not an investment like fixed or mobile capital but are a source of profit for the organization if they are offered the necessary opportunities. This is precisely the essence of human resource management: to teach managers how to create those conditions that allow employees to "produce" more. In other words, the HRM is trying to create the organizational space where employees can reach their full potential.

In order to further clarify the modern perspective on what I call the "human resource", let us also address the fundamental question: "What elements of the human resource are important to the professional activity carried out by it?" The answer becomes particularly difficult if I try to give it for each specialization in an organization, whether public or private. It is easier to give a simpler and more generic response, namely: competence and performance are the two general characteristics relevant to the human resource existing within or necessary to an organization.

One of the most accessible formulas for addressing the problem of human resource competence is the following:

COMPETENCE = KNOWLEDGE + SKILLS + DEPRECIATION (Amenc, 2002)



Knowledge (theoretical) is the result of the educational system that an individual benefits from, sometimes restraining him to aspects of the type of vocational training in a particular field. However, this luggage of theoretical knowledge can not be abusively restricted only to a particular subject, as the concrete situations encountered in the workplace sometimes require the use of general knowledge obtained at the non-specialized (pre-university) level.

Skills are the native qualities of an individual. They can not be created, but only activated or developed, sometimes some of them being in a dormant, inactive state until they are called. (Altman, 2005)

Skills or skills are the result of putting into practice theoretical knowledge, of course with the contribution of skills. It is usually indirectly referred to them, speaking more about professional experience in a general or specialized field in a specific field of work. In turn, experience is directly related to the concept of length of service, the importance of which is reflected in the level of remuneration enjoyed by an employee.

### III. PERFORMANCE = COMPETENCE + ATTITUDE

In order to achieve appreciable professional results, an individual is not only competent enough. He still needs something to lead to performance, reflected in a second formula:

$$\text{PERFORMANCE} = \text{COMPETENCE} + \text{ATTITUDE}$$

If I have explained to this point that competence is the result of summing up three types of human resource specific qualities and that performance is obviously the professional outcome from the point of view of human resource management, I still have to clarify what the link term is between them, and namely the attitude.

Attitude (professional) is the intent of an employee to work, to make the most of the workplace, to use his / her full professional competence. Attitude is closely related to motivation, which is on the one hand of the strictly personal characteristics of an employee, such as conscientiousness or awareness of the fact that he has to give something in exchange for the various rewards offered to him by the organization in which he works, On the other hand it may keep to an even greater extent the external elements of that employee, but which have a major influence on the employee, such as the directing style of the chief but also those at senior levels, the relationship with teammates, The use of resources and authority appropriate to the specifics of his work, culture and organizational climate, etc.

Once these two human resource problems are clarified, they can become milestones very useful in carrying out activities of major importance in human resources management, the first formula being very useful for recruitment, selection and promotion activities, and the second one Chosen for the assessment of individual performance and motivation of employees.

And now that I have thoroughly explained the issue of the relevant human resource features, let's see how I can make that gain in managerial practices.

Human resources management is the organizational activity that allows the most efficient use of people (employees) to achieve organizational, group and individual goals. (Alvarez, 2005)

Human Resource Management (HRM) consists of many activities, including the following:

- Analyzing and designing job postings
- Personnel planning
- Staff recruitment, selection and orientation
- Advice provided to employees for the future of their personal careers

- Performance evaluation
- Job-specific compensation and benefits
- Health and safety
- Relationships at work
- Discipline, control and evaluation of staff functions, etc.

Obviously, this list is not exhaustive but reminds most of the important actions that the HRM is dealing with.

If I am still trying to describe what the HRM is doing and what it is, then I need to review three important features of this activity. (Allen, 2004)

MRG is oriented towards action. It does not focus on billing, description or rules. HRM highlights and looks for solutions to employee problems to help achieve organizational goals and facilitate individual development and satisfaction.

HRM is individualized. Whenever possible, the HRM treats each employee as a distinct individual and offers services and programs designed to meet their individual needs.

The HRM is forward-looking. It is trained by the objectives of the organization and helps to achieve them by providing "competent", ill-motivated employees.

The objectives pursued by the HRM in its attempt to help the organization become effective include the following:

- Help the organization achieve its goals
- Make effective use of skills and manual skills
- Provide the organization with ill-trained and motivated employees
- Increase the employee's satisfaction with the workplace
- Develop and maintain a quality work environment that transforms employee status into an organization in a satisfactory personal and social situation
- Communicate personnel policies to all employees

- Help maintain professional ethics
- To help introduce beneficial changes for individuals, groups, organizations and the public.

All these goals form a whole. Once they are touched, then HRM can be considered effective and useful to the organization in which they take place.

Here are a few words about the role of manager or specialist in HRD. Unfortunately, I do not have valid data for Romania, so I will have to make comparisons. In 1981, there were 250,000 people employed in the HRM field in the US. Of these, 60% were from the private sector, 30% from the public domain and the other 10% from other areas (health, education, libraries, non-governmental organizations, etc.). The growth rate of the staff I am talking about is 5% per year. Let's focus on the public sector. (Altman, 1995)

If in the private domain any firm can come up with any kind of personnel policy, in the field of public administration the freedom is more restrained; there are laws, rules and regulations that emphasize uniformity rather than flexibility. Traditionally, the role of the staff department focused on two functions: the routine processing of administrative burdens related to salaries, retirement and other benefits, and the observance of a growing set of laws, regulations and rules. What was the respect for the rules, not the innovation of HRD work? As a result, a rigid system that could not meet the goals mentioned above (or did not intend to meet them). This problem was encountered not only in us, but everywhere, in any administrative system. As the results were not in line with expectations, in the context of the public administration undergoing a general reform process aimed at "humanizing", making it more flexible and streamlining, three strategies have been designed to bring reform to the HRD as ill. (Allen, 2007)

The success of a business in the field of body beauty is closely correlated

with a number of factors such as the entrepreneurial skills of the initiating businessman, the mastery of the staff who performs the work procedures, the level of knowledge in the field. If the entrepreneurial skills and the mastery of the execution of the working procedures are in close correlation with the competencies of the respective persons, this guide gives the future entrepreneur a lot of useful information, thus contributing to the formation of an overview of the activity he intends to carry out.

#### IV. CONCLUSION

One of the strategies to engage customers from various segments, is the loyalty card, this becomes another criterion to motivate the customer to return to your establishment. Consider, for example, offering a 50% discount after every five cuts.

Nobody likes to feel cheated, does not it? If you can not keep, do not promise. This applies to the shifts, the duration of the cut, the prices and the final result.

Do not hesitate to ask customers about their preferences. Ask if there is something you want, if you liked the previous cut, if you need some alteration in the structure, if you have suggestions, etc. Attentive treatment motivates you to return in the future.

On special occasions, such as graduations, weddings or anniversaries, the client may spend a lot of time in the establishment. To avoid having a tedious experience, it is necessary to offer forms of entertainment, such as a television tuned to a channel of interest, updated magazines and free internet access.

Finally, it is worth remembering that it is necessary to invest in surveys that measure the level of customer retention and accompany this evolution over time. A

good alternative for that is to bet on a CRM system that gathers up-to-date data on consumer behaviour. In this way, you will identify what gives result and what you can adapt to your company with more effectiveness.

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