

The Impact of Investing in Education on the Business Management Environment of Romania

SUCIU Marta-Christina¹, COTESCU Răzvan-George², IONESCU Vladimir Codrin³

¹(Economics I Doctoral School, Romanian Academy, National Institute of Economic Research Costin C. Kiritescu. Romanian Academy of Scientists /Bucharest University of Economic Studies, Romania)

²(Economics I Doctoral School /Bucharest University of Economic Studies, Romania)

³(University of Bucharest, Romania)

*Corresponding Author: COTESCU Răzvan-George²

ABSTRACT: *The paper promotes a holistic interdisciplinary approach based on a broader vision that incorporates principles such as: Wisdom, Talent, Knowledge, Creative and Innovative Management, applied mostly within Learning and Business Organizations. In a dynamic, turbulent world, managing diversity by supporting different people interactions requires the development of core competences and skills focusing on soft and communications abilities. Intercultural sensitivity and dialogue is a prerequisite for trust and team building among people who belong to different cultural and educational background. The main goal of the paper is to present some new approach regarding investments in education for business development purposes. Following an analysis of scientific literature research, substantial gaps are identified. Firstly, there is a shortage of research studies that differentiate the impact of investments in Life Long Learning, over an economic and social development long-run strategic vision. Secondly, the scientific and political discourses that surround the topic of investments in education are centered on public investments, neglecting other financial alternatives. Thirdly, scholars tend to allocate extensive examination to globalization and challenges affecting investing in education, such as brain drain, without placing too much emphasis on issues like Talent Management, and mostly to a bottoming-up approach based on glocalisation, exploring the potential of local creative people. The paper is structured as follows: first it provides an overview of the current state of the scientific literature on the topic; next it includes a presentation of research methodology and main research questions. Finally, it presents the main results and the implications for policy makers by highlighting the contribution brought by the paper to the research field.*

KEYWORDS - *Investing in education, Human capital, Intellectual capital, Intercultural sensitivity and intercultural dialogue, Interdisciplinary approach*

I. INTRODUCTION

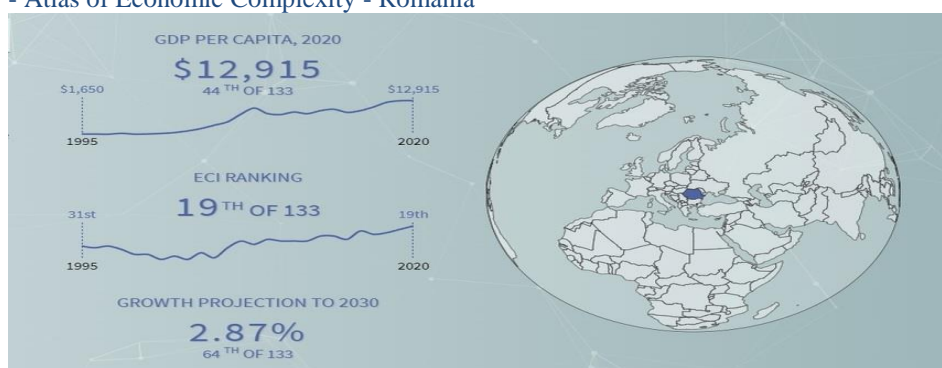
The main goal of this paper is to present a holistic integrated approach regarding investing in life long education, continuing previous research [1], but highlighting the importance of promoting a fresh vision.

Change is the single constant of the world. We must face challenging, dynamic and turbulent times that highly influence the degree of investments in education [2]. The complexity and dynamics of our world requires a paradigmatic holistic vision that needs more and more interaction and collaboration. According to [3] most people operate either as takers, matchers, or givers. Takers strive to get as much as possible from others. Matchers aim to trade. Givers are the rare breed of people who contribute to others without expecting anything in return. Within this famous bestseller work, with a quite suggestive title Give and Take, Adam Grant, an award-winning researcher and Wharton's highest-rated professor, examines the surprising forces that explain why some people rise to the top of the success, while others sink to the bottom, behaving sometime as too much ego centric, selfish and even narcissists [4], affecting social interaction and ultimately, business performance.

New approaches regarding a holistic interdisciplinary vision of investments in Life Long Learning highly suggest we are on a turning point needing to reshape the traditional approach of education to better prepare new generations to be able to face the complex challenges of our dynamic and turbulent times. There is a high need to seriously think about and join efforts as to realize it is time to be wise. Our society evolves more and more towards a complex and wise-based society, extending the previous visions with respect to knowledge, innovation, networking, information-based societies.

As highlighted by the Atlas of Economic Complexity, [5] our world is complex also from an economic point of view.

Figure 1 - Atlas of Economic Complexity - Romania



Source: The Atlas of Economic Complexity

As illustrated by figure 1, with its 19.3 million inhabitants, Romania has a GDP per capita of \$32,099 PPP in 2020. The GDP per capita average growth rate was 3.9% over the 2015-2020 period. Romania ranks as the 19th most complex country according to the Economic Complexity Index (ECI) ranking. Compared to a decade prior, Romania's economy has become more complex, improving its positions within the ECI ranking. Experts anticipate that Romania is positioned to take advantage of many opportunities, mostly by using its existing know-how. Romania is more complex than it had been expected, corresponding to its national income level. However, its economy is projected to grow slowly.

The Harvard Growth Lab's 2030 Growth Projections foresee growth in Romania of 2.9% annually over the coming years, ranking in the top half of countries globally. Our world is more and more complex from an economic point of view, but not only the education system and, correspondingly, the way we provide lifelong learning investment in education needs to be strongly reshaped for future business performance. First of all, the change has to be implemented from a conceptual point of view, asking for an interdisciplinary approach by joining efforts of people with different socio-economic backgrounds. We can no longer prepare the labor force with respect just to the labor markets. People and mostly new generations (Millennials, Generation Z) deserve to be happy and not only to work in order to survive and continue the old-fashion patterns of living.

Complexity asks for creative and innovative solutions for creative people interacting within creative local communities where cultural authenticity and national identity are also important. The vision of an educational model that might be applied in any part of the so-called global village had to be rebuilt based on glocalization, cultivating local and national values based on the value added by each of the community members. People need to interact and respect each other more than ever. The culture of excellence [6] is not about an individual hero who is always the best and who looks for all potential gains, thinking that the winner takes all. A culture of excellence has to be promoted both in schools and learning organizations based on co-working, cooperation, co-creation, and co-existence. Communication is a key ingredient of long-run sustainable competitive advantage at all levels of activity (microeconomics, mezzoeconomics, macroeconomics). Communication and soft skills have to be developed properly, adding to the Business Management techniques used in the Romanian corporate and business environment today.

Under the broader umbrella of complexity sciences, new forms of economics, such as cultural and creative economies and collaborative economics are arising. These new forms focus on collaborative organizational structures requiring the development of core competencies and soft and communication skills, in order to better support trust and team building. Globalization has also influenced the economic environment on all levels. Multinational organizations (including learning organizations, such as multi-language universities) have to be established more on the basis of intercultural sensitivity and dialogue. Online collaborative platforms had been widely developed, mostly within the complex challenges induced by the global crisis of the COVID-19 pandemic. People acting within learning organizations have to focus more on non-traditional organizational structures and core competences arising from new forms of investing in lifelong learning that are better functioning on local and regional levels, which suggest the use of a complementary set of core competences where creative, talented, and gifted people are mostly valued.

Collaborative economics also focuses on proving people care more about other human beings, and it takes compassion, empathy, and emotional intelligence into account. This calls for an important mentality shift from interacting on social networking sites, such as Facebook, based on sharing information, big data, and knowledge towards more spiritually oriented learning organizations within which practical, wise, creative, and innovative solutions that do not focus only on short-term efficiency and profit-maximizing objectives.

Cultural and creative cities and local business communities might facilitate constructive dialogue and interactions, stimulate intercultural sensitivity between people with distinguishing abilities, capabilities, and

talents who realize how important cooperation between business entities is. We consider that investment in lifelong education has to be mostly human-oriented, focusing on a set of core competencies and skills that will empower people to better manage based on proactive interaction and developing a larger professional and personal network.

In the last decades, human civilization has shifted step by step from an information-based society towards a knowledge-, creative-, and innovation-based one. We consider there is a need to shift to a wisdom society based on ethical, moral, and spiritual values.

II. Brief Literature Review and Problem Statement

This part of our paper includes an overview of the scientific literature that is synthesized with respect to the main goal of the paper. Following an analysis of recent scientific and relevant literature, several research gaps are identified.

Firstly, there is a shortage of studies that differentiate the impact of lifelong investments in education over socio-economic development. Secondly, public investments dominate the scientific and political discourses surrounding education investments, overlooking other financial alternatives. Thirdly, scholars typically focus their attention on globalization and challenges that impact education investments, such as brain drain, without giving enough attention to issues like talent management. Instead, they primarily adopt a bottom-up approach based on glocalization, which explores the potential of the local creative class and talented individuals. Fourthly, as social and economic progress has recently received more scientific attention by developing new benchmarking, such as Beyond GDP, there are quite insufficient studies that highlight the contributions of human and intellectual capital, intangible assets, and practical wisdom for sustainable, resilient, and inclusive development.

Taking into account the main research gaps highlighted previously, we consider that, in the context of the scientific literature, the main value added by our paper, compared with other similar studies, brings a quite novel approach that suggests an interdisciplinary holistic vision for traditional economics. It integrates investments in education, human and intellectual capital, and intangible assets into a broader, holistic vision, suggesting an important movement towards more cooperative, altruistic, and human-oriented research and practical applications.

The debates among topics such as globalization versus glocalization highlight the importance of obtaining and preserving a long-run sustainable competitive advantage based on a bottom-up vision where local proactive actions valuing talented and well-educated professionals are able to make the difference. Core competences and mostly soft skills [7] suggest a new vision of investments in lifelong education where a holistic integrated strategic and operational perspective asks for cooperation, trust, and team building within each functional business organization, applying constructively the principles of wisdom, intercultural sensitivity, and intercultural dialogue. The complex and diverse effects of the recent crisis might be successfully mitigated by leveraging collective wisdom and the knowledge of the local business or professional communities (mostly in the case of cultural and creative cities).

[1] believes that it is high time to be wise and join hands for collaborations in order to find better creative and innovative solutions. Wisdom is an extremely complex concept. Its various conceptualizations are based on quite different definitions.

Wisdom requires a multidimensional, interdisciplinary approach. Wise leaders of organizations are proving they are open to dialogue and to understanding the different points of view and emotions of others based on everyday verbal and non-verbal communication [8]. Wisdom management (WM) calls for compassion, ethics, imagination, and intuition, which are specifically applied in management and mostly human-oriented leadership practices. Wisdom might also be operationalized based on the integration of cognitive, reflective, and compassionate personality characteristics [9]. The cognitive dimension describes a wise person's desire to know. The reflective dimension refers to a wise person's ability to perceive phenomena and events from multiple perspectives. The compassionate dimension might contribute to diminished self-centeredness and is likely to result in a greater understanding of life and other people, leading to greater tolerance in the working environment.

A wise-based society has to look mostly into the future, observing the impact of our actions on the future, on the environment, on other people, and finally on humanity as a whole. Wisdom management (WM) is about connecting the mind, heart, and intuition. The Boston Consulting Group performed cross-disciplinary research on four countries belonging to four different cultural backgrounds by applying the modern vision of the three Hs (head, heart, and hands). Research on wisdom moves more on the local and regional levels. [10]

The creative and collaborative economy can be a means of facilitating constructive interactions, cross-cultural awareness, intercultural sensitivity, and dialogue between people. Practical wisdom helps local communities become more sensitive to the importance of collaboration [11]. They show acceptance, but also

determination: acceptance of personal strengths and limitations, along with a willingness to ask for and use the help of others. This can strengthen business environments of all kinds.

The authors of the article “Wisdom and narcissism as predictors of transformational leadership” mention that wise people are able to advise on difficult and ambiguous issues in life [4]. A wise view of reality helps individuals react wisely by integrating cognitive, reflective, and affective personalities through a wise adoption of technology [12]. Based on a cross and inter-disciplinary conceptualization of practical wisdom, we have to operate distinctions between data, information, knowledge, and wisdom-based decision-making [13], [14]. While data, information, and knowledge can assist decision-makers in dealing with complex problems, data-based systems cannot replace optimized human decision-making capabilities. These capabilities include a range of qualities and characteristics inherent in philosophical, psychological, and organizational conceptions of practical wisdom[14]

People with practical wisdom have the moral will to do the right thing and the moral skill to figure out what the right thing is in any particular situation. A higher level of education facilitates personality growth and development, while a lower education encourages personality adjustment, particularly through work requirements.

III. Research Questions

The main research questions (RQ_i) taken into account within this paper are:

- **RQ 1** Can investments in lifelong learning and education be sufficient to overcome losses in wealth and prosperity during times of economic downturn?
- **RQ2** Should policy makers acknowledge globalisation versus glocalisation as a threat or opportunity in their process of improving the theoretical and applied vision of investments in education?
- **RQ3.** Did local communities fail to fully achieve its inherent capacity for human capital development in order to prepare for economic and business performance?

The research questions are designed such as to contribute to diminish the main research gaps showing correspondingly what part of the problem might be solved based on the vision promoted. We include a brief conceptualization of wisdom, that might be applied to implement concretely the vision of human-centered investments in lifelong education.

IV. Research Methods

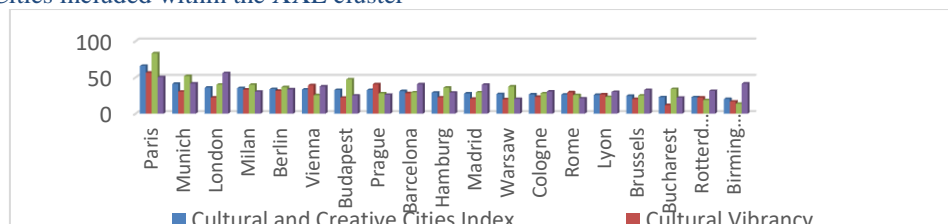
In order to provide adequate answers to the previously mentioned research questions, we used several methods based on a multilevel approach. First of all, we identified within the literature the main significant works on the subject. Moreover, we applied a non-parametric Spearman correlation in order to identify the most relevant connection between the three dimensions of the Cultural and Creative Cities Index (C3) as an example of best practice for applying practical wisdom and wisdom management. The Cultural and Creative Cities Index (C3) is a composite aggregate index that measures cultural and creative performance. The quantitative information includes 29 indicators relevant to nine dimensions. These had been structured on three main components connected with practical wisdom, namely: cultural vibration, creative economy, and favorable environment. The 190 selected cities were divided into clusters based on the number of their inhabitants. The Cultural and Creative Cities (C3) index is a useful tool for decision-makers interested in applying practical wisdom principles [15].

In order to identify the importance of the creative economy within the aggregate C3 index, we applied a non-parametric correlation Spearman index. This coefficient transforms the original values into ranks.

V. Findings

There are five clusters within the Cultural and Creative Cities Monitor (C3). For this paper the authors analysed the 20 cities included within the XXL cluster (cities with over 1,000,000 inhabitants).

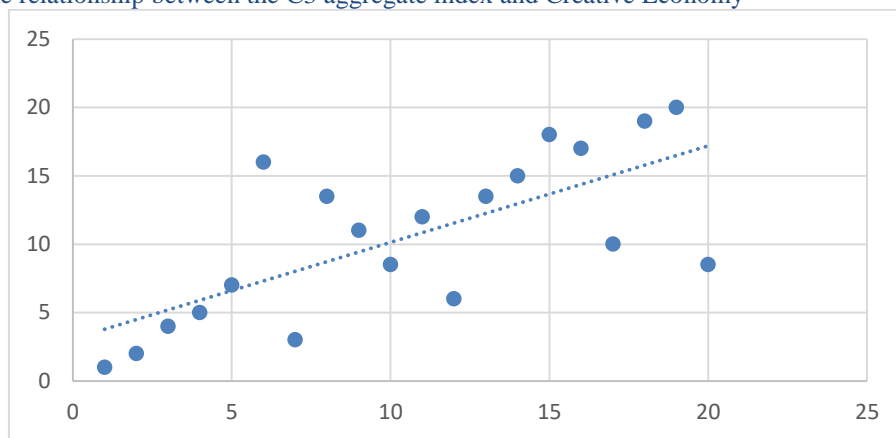
Figure 2- Cities included within the XXL cluster



Source: Designed by authors based on the data from “Cultural and Creative Cities Monitor”, 2019

Figure 2 shows the performance of the 20 cities included within the XXL cluster in terms of the aggregate C3 index, as well as for each of the three dimensions (cultural vibration, creative economy, and favorable environment). It analyzes the key factors that contribute to the attraction of creative talent. The top three cities in the XXL cluster are: Paris (C3-66), Munich (C3-41), and London (C3-36). On the bottom part of C3 are: Sofia (C3-20), Birmingham (C3-20), and Rotterdam (C3-23). We consider that the C3 index is very important for public policy and decision-makers at the local level. Decision-makers had additional tools to design better strategies and local policies, take different actions, and monitor their performance and progress. Cities that are in the second part of the benchmarking have the opportunity to learn good practice lessons from the cities located in the leading positions in order to increase the value of their C3 aggregate index as well as its main sub-indicators. For Romania, its capital, Bucharest, ranks in the 17th position within the XXL cluster, with a value of 22.8 on the C3 index. Corresponding to the “cultural vibrancy” dimension, Bucharest ranks in the 19th position, and with respect to the “creative economy” dimension, Bucharest occupies position 10. Within the “enabling environment” dimension, Bucharest ranks in the 17th position. According to the component sub-indicators, “human capital and education,” Bucharest ranks in the 18th position. According to “openness, tolerance, and trust,” Bucharest ranks in the 10th position. In order to highlight the connection between the aggregate index C3 and its second dimension (the creative economy sub-index), we had applied a non-parametric Spearman correlation index, obtaining a value of 0.70, illustrating a strong connection between the C3 and the creative economy. The value is statistically significant, being higher than the significance threshold of 10% (0.380), demonstrating the creative economy has a strong influence on the C3 aggregate index (Figure 3).

Figure 3 - The relationship between the C3 aggregate index and Creative Economy



Source: Designed by authors based on the data from “Cultural and Creative Cities Monitor”, 2019

The authors identified a high connection between the aggregate index C3 and the creative economy sub-index highlighting the importance of creative economy and of applying practical wisdom, providing multiple practical implications for policymakers and novel recommendations in the field. Fostering this trend and acting on the results obtained by imposing appropriate measures through smart investments in education could potentially elevate the economic environment and help achieve a management culture that is suitable for business performance in the coming years.

VI. Conclusions

Our paper suggests a reshaping of the traditional vision of investments in lifelong learning according to principles of complexity sciences, behavioural economics, collaborative economics, cultural and creative economics and practical wisdom. For a genuine transformation to take place, a radical reorientation of meanings, values and practices have to occur at all the levels of education. This means to use practical wisdom and complexity sciences principles within academic institutions, especially on business schools. We consider further research studies have to be developed, explored, theorized and empirically studied in order not only for developing a more comprehensive understanding, but also to be better applied it in practice. The role of creative and cultural economy for the local and national business development is essential.

This paper highlights the importance of applying practical wisdom according to the evolution of C3 index and its components. The main limitation of this research regards the availability of data, designed such as to better implement in practice these interdisciplinary approach. Our team is open to dialogue and co-operation and is looking to identify more researchers and institutions that might intend to contribute. We intend to continue this research, in order to further understand how it impacts the business environment of Romania.

REFERENCES

- [1] M.-C. Suciu, *Investitia in educatie*. Bucharest: Editura Economica, 2001.
- [2] M. C. Suciu *et al.*, “Core Competence—As a Key Factor for a Sustainable, Innovative and Resilient Development Model Based on Industry 5.0,” *Sustainability*, vol. 15, no. 9, p. 7472, May 2023, doi: 10.3390/su15097472.
- [3] A. M. Grant, *Give and Take: A Revolutionary Approach to Success*. Penguin Publishing Group, 2013.
- [4] C. E. Greaves, H. Zacher, B. McKenna, and D. Rooney, “Wisdom and narcissism as predictors of transformational leadership,” *Leadership & Organization Development Journal*, vol. 35, no. 4, pp. 335–358, May 2014, doi: 10.1108/LODJ-07-2012-0092.
- [5] Harvard, “The Atlas of Economic Complexity,” <https://atlas.cid.harvard.edu/>.
- [6] M.-C. Suciu, “The culture of excellence. Challenges and opportunities during changing times,” *Proceedings of the International Conference on Business Excellence*, vol. 11, no. 1, pp. 322–331, Jul. 2017, doi: 10.1515/picbe-2017-0034.
- [7] K. Mayer-Haug, S. Read, J. Brinckmann, N. Dew, and D. Grichnik, “Entrepreneurial talent and venture performance: A meta-analytic investigation of SMEs,” *Res Policy*, vol. 42, no. 6–7, pp. 1251–1273, Jul. 2013, doi: 10.1016/j.respol.2013.03.001.
- [8] I. Nonaka, R. Chia, R. Holt, and V. Peltokorpi, “Wisdom, management and organization,” *Manag Learn*, vol. 45, no. 4, pp. 365–376, Sep. 2014, doi: 10.1177/1350507614542901.
- [9] M. Ardel, S. Pridgen, and K. L. Nutter-Pridgen, “The Relation Between Age and Three-Dimensional Wisdom: Variations by Wisdom Dimensions and Education,” *The Journals of Gerontology: Series B*, vol. 73, no. 8, pp. 1339–1349, Oct. 2018, doi: 10.1093/geronb/gbx182.
- [10] Boston Consulting Group, “Human-centered leaders are the future of leadership,” <https://web-assets.bcg.com/b4/67/551c4d9340a78a15ad08db02cf15/bcg-humancenteredleadersarethefutureofleadership-20210204-vf.pdf>.
- [11] G. AVRAM, R. KRSMANOVIC WHIFFEN, and M. STOYANOVA, “From Sharing to Caring: Examining Socio-Technical Aspects of the Collaborative Economy,” 2021.
- [12] M. Huda *et al.*, “Building harmony in diverse society: insights from practical wisdom,” *International Journal of Ethics and Systems*, vol. 36, no. 2, pp. 149–165, Apr. 2020, doi: 10.1108/IJOES-11-2017-0208.
- [13] W. Küpers and D. Pauleen, *A Handbook of Practical Wisdom*. Routledge, 2020.
- [14] M. W. Kramer and D. A. Crespy, “Communicating collaborative leadership,” *Leadersh Q*, vol. 22, no. 5, pp. 1024–1037, Oct. 2011, doi: 10.1016/j.leaqua.2011.07.021.
- [15] V. Montalto, C. J. Tacao Moura, S. Langedijk, and M. Saisana, “Culture counts: An empirical approach to measure the cultural and creative vitality of European cities,” *Cities*, vol. 89, pp. 167–185, Jun. 2019, doi: 10.1016/j.cities.2019.01.014.

*Corresponding Author: COTESCU Răzvan-George²

²(Economics I Doctoral School, Bucharest University of Economic Studies, Romania)