



**Cluj University Journal**  
**Interdisciplinary: Social Sciences and**  
**Huminites**

***no.3***

***Volume 3/2025***

***Researchers supplement***

***ISSN 3008-4849***

***Bogdan Vodă University Press***

## CLUJ UNIVERSITY JOURNAL. INTERDISCIPLINARY: SOCIAL SCIENCES AND HUMANITIES

This journal is published **4 times a year** by Bogdan Vodă University of Cluj-Napoca. All articles submitted are double-blind peer-reviewed by the Scientific Committee. The journal is financed by Bogdan Vodă University and coordinated by its Centre of Interdisciplinary Research.

**Bogdan Vodă University Press** – zip code: 400285, Cluj-Napoca, România

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ISSN 3008-4849 (Print)

ISSN 3008-4822 (Online)

ISSN-L 3008-4822

**Contact:** e-mail: journal@ubv.ro; Tel. +40264431628 – int. 201

**Indexation:** CEEOL, CrossRef, Google Scholar, HeinOnline

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## INTRODUCTION

This **supplement** was created because the regular issues 3-4 / 2025 were dedicated to publishing students' scientific papers. The supplement to issue 3/4 continues the regular series of the *Cluj University Journal. Interdisciplinary: Social Sciences and Humanities*; its articles consist of relevant contributions from faculty members and researchers, which are distinct from those presented by students during their scientific conference.

**Editorial Board**



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# WORKFORCE WELL-BEING AND PROFESSIONAL BURNOUT AMONG PHARMACISTS: EMERGING CHALLENGES IN HEALTHCARE SYSTEMS

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## ABSTRACT

*This paper examines workforce well-being and professional burnout among pharmacists, highlighting the growing challenges faced within contemporary healthcare systems. The study explores the complex interplay between organizational pressures, increased patient demands, and the psychological resilience required to sustain professional performance. Particular attention is given to the impact of rising workloads, digitalization, and ethical dilemmas, which often intensify stress and contribute to burnout. Using a qualitative research approach, the paper investigates how pharmacists perceive and manage occupational stress, and identifies institutional strategies that support well-being, engagement, and professional sustainability. The findings emphasize the importance of organizational culture, supportive leadership, and mental health initiatives in safeguarding pharmacists' resilience. Ultimately, the study underscores the critical role of workforce well-being in ensuring effective, sustainable healthcare delivery.*

**KEYWORDS:** *Pharmacists, Workforce well-being, Professional burnout, Healthcare systems, Resilience, Occupational health*

**J.E.L Classifications:** I10, I12, I18, M12, M54.

## 1. INTRODUCTION

The well-being of healthcare professionals has become a central dimension of organizational sustainability, reflecting the growing recognition that human capital is the foundation of effective health services. Within this context, pharmacists represent a vital link between medical innovation, patient safety, and the efficient functioning of healthcare systems. Their responsibilities extend from dispensing medication and providing therapeutic guidance to ensuring regulatory compliance and supporting interdisciplinary collaboration. However, the intensification of workloads, the acceleration of digital processes, and the constant pressure to meet performance indicators have significantly increased stress levels, often leading to professional burnout. This syndrome, characterized by emotional fatigue, diminished professional efficacy, and detachment, threatens both individual health and institutional performance. Exploring the interplay between workforce well-being and burnout among pharmacists is therefore essential to understanding broader systemic challenges. This paper investigates these dynamics and emphasizes the strategic role of organizational support, leadership, and resilience-oriented practices in promoting sustainable healthcare delivery.

## **2. LITERATURE REVIEW**

### **2.1 Conceptual Perspectives on Workforce Well-Being in Pharmacy**

Workforce well-being has emerged as a fundamental dimension of sustainable healthcare systems, emphasizing the physical, psychological, and social health of professionals engaged in patient care. In the pharmaceutical sector, well-being extends beyond the absence of illness, encompassing job satisfaction, work–life balance, professional autonomy, and opportunities for career development (Pharmaceutical Group of the European Union [PGEU], 2019). Pharmacists, as key intermediaries between healthcare providers and patients, experience unique stressors related to high workload, constant multitasking, and responsibility for medication safety (Johnson et al., 2020). Research shows that inadequate well-being not only affects individual health outcomes but also diminishes professional performance and patient safety (Dreison et al., 2018).

Conceptually, workforce well-being can be analyzed through the lens of occupational health psychology, which highlights the interaction between job demands, resources, and personal resilience (Bakker & Demerouti, 2017). The Job Demands–Resources (JD-R) model suggests that high demands combined with limited resources lead to strain and burnout, while sufficient support fosters engagement and motivation (Schaufeli & Taris, 2014). In pharmacy practice, this perspective underscores the need to balance efficiency pressures with adequate support systems, professional recognition, and continuous training. Ensuring pharmacist well-being is therefore not only a human resource priority but also a strategic imperative for the quality and sustainability of healthcare delivery.

### **2.2 Determinants and Risk Factors of Professional Burnout among Pharmacists**

Professional burnout among pharmacists is influenced by a wide range of organizational, individual, and systemic factors. At the organizational level, high workload, time pressure, and insufficient staffing are consistently associated with emotional exhaustion and reduced job satisfaction (Muirhead et al., 2020). Pharmacists frequently manage complex medication regimens, administrative duties, and patient counseling, which can lead to role overload and stress (Rathbone & Williams, 2021). Limited opportunities for professional advancement and lack of recognition further exacerbate feelings of depersonalization and diminished personal accomplishment (Scanlan & Still, 2019).

At the individual level, personality traits such as perfectionism and low resilience can increase vulnerability to burnout, particularly when combined with inadequate coping strategies (Yu et al., 2018). Younger pharmacists and those at early career stages often report higher stress due to limited experience in managing competing demands (Johnson et al., 2020).

Systemically, evolving healthcare policies, regulatory burdens, and the rapid introduction of digital technologies have created additional layers of responsibility (Austin et al., 2017). These structural pressures, combined with societal expectations for error-free performance, place pharmacists in high-stakes environments where even minor mistakes can have serious consequences. Understanding these determinants is essential for designing preventive strategies that protect pharmacists' well-being and sustain the quality of pharmaceutical care.

### **2.3 Organizational Strategies and Best Practices for Promoting Pharmacists' Resilience**

Promoting resilience among pharmacists requires a multifaceted approach that integrates organizational policies, supportive leadership, and professional development opportunities. Evidence indicates that interventions aimed at reducing excessive workloads, fostering teamwork, and optimizing workflow processes significantly improve psychological well-being and decrease burnout prevalence (West et al., 2016). Supportive management practices—such as clear communication, participatory decision-making, and recognition of professional contributions—enhance motivation and job satisfaction (Shanafelt & Noseworthy, 2017).

Another critical strategy involves fostering a culture of well-being within pharmacy organizations. Studies highlight that institutions prioritizing mental health support, stress management programs, and flexible scheduling demonstrate higher levels of staff engagement and retention (Hall et al., 2016). Moreover, implementing structured mentoring and continuous professional development helps pharmacists build coping mechanisms and strengthen professional identity (Matsuo et al., 2020).

Technological innovation also offers opportunities to reduce administrative burden and streamline medication management, allowing pharmacists to dedicate more time to patient-centered care (Moullin et al., 2019). However, successful adoption requires adequate training and organizational readiness to prevent digital fatigue. Ultimately, best practices for promoting resilience rely on aligning institutional goals with employee well-being, recognizing that safeguarding pharmacists' mental and physical health is integral to ensuring safe, effective, and sustainable healthcare delivery.

### **3. RESEARCH METHODOLOGY**

This study employs a qualitative research design to explore the relationship between workforce well-being and professional burnout among pharmacists, with a focus on the systemic challenges that shape their daily practice. Qualitative methods are particularly appropriate in this context, as they allow for an in-depth understanding of perceptions, experiences, and organizational dynamics that are not easily captured through quantitative measures (Creswell & Poth, 2018).

**Research Question:** *How do organizational, individual, and systemic factors influence pharmacists' well-being and contribute to professional burnout within contemporary healthcare systems?*

#### **Research Objectives:**

- To examine conceptual dimensions of workforce well-being in pharmacy.
- To identify key organizational and psychosocial determinants of professional burnout among pharmacists.
- To explore pharmacists' perceptions of stress, workload, and resilience in their professional environment.
- To analyze organizational strategies and best practices that promote pharmacist well-being and reduce burnout.

#### **Research Hypotheses:**

- **H1: High workload and regulatory pressure significantly increase the risk of burnout among pharmacists.**
- **H2: Pharmacists with greater access to organizational support and professional development opportunities report higher levels of well-being.**

- **H3: The presence of resilience-building strategies within healthcare institutions mitigates the negative effects of systemic stressors on pharmacists' professional performance.**
- **H4: Supportive leadership and participatory decision-making are positively associated with reduced burnout rates.**

**Methodology:**

The research will be conducted through semi-structured interviews with community and hospital pharmacists, complemented by focus groups to capture collective perspectives. A purposive sampling strategy will ensure diversity in terms of professional roles, experience, and organizational contexts. Secondary data—such as institutional reports, policy documents, and professional association guidelines—will be analyzed to provide contextual insights. Data will be processed using thematic analysis, combining inductive coding with theoretical frameworks such as the Job Demands–Resources model (Bakker & Demerouti, 2017). This methodological design enables a comprehensive exploration of the factors influencing pharmacist well-being and burnout, while identifying organizational practices that can strengthen resilience and support sustainable healthcare systems.

**4. APPLIED RESEARCH ON WORKFORCE WELL-BEING AND BURNOUT AMONG PHARMACISTS: QUALITATIVE INSIGHTS AND STRATEGIC ANALYSIS**

The integration of workforce well-being frameworks into pharmaceutical practice is reshaping how healthcare systems support their professionals in facing rising occupational pressures. Central to this transformation is the recognition that pharmacist well-being is not only a personal issue but a strategic resource that sustains medication safety, patient trust, and organizational performance (Johnson et al., 2020). In the pharmacy context, well-being is multidimensional—encompassing emotional stability, professional satisfaction, and resilience against stressors—thus requiring both individual and institutional interventions (Bakker & Demerouti, 2017).

To mitigate professional burnout and safeguard quality of care, healthcare organizations must adopt well-being–centered management models that emphasize supportive leadership, workload optimization, and professional autonomy (Shanafelt & Noseworthy, 2017). These models ensure that pharmacists are not merely functioning under pressure but are also able to thrive, adapt, and innovate in dynamic healthcare environments.

Scholarly literature highlights the importance of continuous feedback mechanisms, collaborative team structures, and access to mental health resources as central pillars of professional resilience (Hall et al., 2016). In practice, these strategies counterbalance high job demands, reduce emotional exhaustion, and foster a culture of trust and engagement.

A three-dimensional framework for applied research on pharmacist well-being can be derived from both theory and empirical insights:

1. **Identify and Monitor Stressors:** Systematically assess workload, regulatory demands, and psychosocial risks.
2. **Support and Empower:** Promote participatory decision-making, mentoring, and professional development to enhance resilience.
3. **Evaluate and Transform:** Implement organizational learning practices that translate experiences into long-term improvements in work conditions and healthcare delivery.

When effectively integrated, these strategies strengthen pharmacists' well-being, mitigate burnout, and contribute to sustainable healthcare systems that remain adaptive and patient-centered in the face of emerging challenges.

## 5. CAUSE-EFFECT ANALYSIS OF PROFESSIONAL BURNOUT AMONG PHARMACISTS

The cause-effect analysis provides a systematic overview of the main stressors that contribute to burnout among pharmacists and highlights their consequences for both individuals and healthcare organizations. Identifying these causal relationships helps clarify how workplace conditions and systemic pressures translate into tangible effects on professional well-being and service quality.

*Table 5.1. Cause-Effect Analysis of Professional Burnout among Pharmacists*

<b>Cause</b>	<b>Effect 1</b>	<b>Effect 2</b>	<b>Effect 3</b>
<b>1. High workload and understaffing</b>	Increased emotional exhaustion and chronic stress	Decline in quality of patient counseling	Higher error rates in dispensing medications
<b>2. Regulatory and administrative burden</b>	Reduced time for patient-centered care	Job dissatisfaction due to bureaucratic overload	Feelings of loss of professional autonomy
<b>3. Limited career development opportunities</b>	Lower motivation and engagement	Increased turnover intentions	Stagnation in professional growth and innovation
<b>4. Inadequate organizational support for well-being</b>	Elevated burnout prevalence	Increased absenteeism and presenteeism	Reduced team cohesion and collaboration
<b>5. Digitalization and technological pressures</b>	Cognitive overload from multitasking with complex systems	Risk of digital fatigue and decreased concentration	Reduced patient interaction and professional fulfillment

source: self-processing

## 6. SWOT ANALYSIS – WORKFORCE WELL-BEING AND PROFESSIONAL BURNOUT AMONG PHARMACISTS IN HEALTHCARE SYSTEMS

The complexity of modern healthcare systems places pharmacists at the intersection of clinical, organizational, and societal expectations. Conducting a SWOT analysis provides a structured overview of the internal and external factors that influence workforce well-being and the risk of professional burnout. This framework allows institutions and policymakers to identify areas of strength, recognize vulnerabilities, and capitalize on opportunities for sustainable workforce management.

Table 6.1. SWOT Analysis – Pharmacists’ Well-Being and Burnout

<b>Strengths</b>	<b>Weaknesses</b>
S1. High level of professional expertise and training	W1. Chronic understaffing in community and hospital pharmacies
S2. Strong ethical commitment to patient safety	W2. Excessive administrative and regulatory workload
S3. Growing recognition of pharmacists’ role in healthcare teams	W3. Limited access to structured mental health support
S4. Expanding scope of clinical pharmacy services	W4. High prevalence of work–life imbalance
S5. Access to continuous professional education	W5. Insufficient career progression opportunities
S6. Trust and credibility among patients	W6. Risk of depersonalization and emotional exhaustion
S7. Integration into multidisciplinary care models	W7. Limited autonomy in decision-making processes
S8. Experience in managing complex medication therapies	W8. High exposure to repetitive tasks and cognitive overload
S9. Strong professional associations advocating well-being	W9. Low organizational investment in resilience programs
S10. Commitment to lifelong learning and innovation	W10. Growing staff turnover and intention to leave the profession
<b>Opportunities</b>	<b>Threats</b>
O1. Implementation of resilience-oriented management practices	T1. Increasing regulatory complexity and compliance demands
O2. Expansion of digital tools to reduce administrative tasks	T2. Rising patient expectations and workload intensity
O3. Development of mentoring and peer-support programs	T3. Shortage of qualified pharmacists in many regions
O4. Integration of telepharmacy to improve efficiency	T4. Risk of digital fatigue and technology-related stress
O5. Access to international funding for workforce well-being initiatives	T5. Economic constraints limiting healthcare investment
O6. Growing policy focus on mental health in healthcare	T6. Sociodemographic shifts leading to aging workforce
O7. Strengthening interprofessional collaboration	T7. Increased risk of litigation and liability pressures
O8. Use of AI to optimize medication management	T8. Uncertainty caused by healthcare reforms and policy changes
O9. Rising societal awareness of occupational burnout	T9. Persistent stigma surrounding mental health in pharmacy
O10. Opportunities for global exchange of best practices	T10. External crises (pandemics, conflicts, supply disruptions) impacting workload

source: self-processing

The SWOT analysis reveals a dual perspective on pharmacists' well-being and burnout: while strong expertise, patient trust, and professional commitment represent significant assets, systemic weaknesses such as workload, limited support, and high turnover persist. Leveraging emerging opportunities—like digital innovation, mentoring, and mental health initiatives—while addressing structural threats is essential to ensure sustainable workforce resilience and healthcare quality.

## 7. CONCLUSIONS

The analysis of workforce well-being and professional burnout among pharmacists demonstrates that these dimensions are no longer peripheral concerns but central determinants of healthcare quality and sustainability. Pharmacists face increasing responsibilities, ranging from dispensing medications to providing clinical counseling and managing complex regulatory requirements. Such demands, combined with persistent understaffing and administrative burdens, place professionals under continuous pressure, which can lead to emotional exhaustion, reduced motivation, and ultimately higher turnover.

At the same time, the study highlights the significant strengths of the profession, including pharmacists' strong ethical commitment, their role in patient safety, and their integration into multidisciplinary healthcare teams. These elements constitute a valuable foundation for building resilience and enhancing professional fulfillment. Yet, weaknesses—such as limited career progression opportunities, inadequate organizational support, and the risk of depersonalization—remain critical challenges that require systemic interventions.

The applied research emphasizes that effective strategies must extend beyond individual coping mechanisms, integrating organizational and policy-level reforms. Interventions such as supportive leadership, flexible work structures, mentoring programs, and mental health initiatives have shown considerable potential in reducing burnout and fostering engagement. Furthermore, digital tools and telepharmacy services present opportunities to streamline workflows, though careful implementation is necessary to prevent technological fatigue.

Ultimately, workforce well-being among pharmacists should be regarded as a strategic priority within healthcare systems. Protecting and empowering pharmacists not only improves their professional resilience but also ensures safer, more efficient, and more patient-centered care. Addressing emerging challenges through proactive management practices and resilience-oriented policies is essential for safeguarding both healthcare professionals and the long-term sustainability of health systems.

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## **DIGITAL TRANSFORMATION AND ORGANIZATIONAL CULTURE: CHALLENGES AND OPPORTUNITIES**

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### **ABSTRACT**

*This article examines the interplay between digital transformation and organizational culture, emphasizing the dual role of culture as both an enabler and a barrier to technological change. Digital transformation extends beyond the adoption of new technologies; it involves reshaping organizational values, mindsets, and behaviors to align with new digital paradigms. Drawing on contemporary literature, this study highlights how cultural dimensions such as adaptability, openness to innovation, and leadership styles influence digital initiatives. At the same time, cultural resistance, siloed mindsets, and fear of disruption pose significant challenges. Using qualitative analysis, including SWOT and cause-effect frameworks, the research identifies opportunities for building resilient, innovation-driven cultures that support sustainable digital transformation. The findings suggest that organizations must balance technological investment with cultural adaptation to unlock the full potential of digital transformation.*

**J.E.L. Classification: M10, M14, M15**

**KEYWORDS:** *change management, collaboration, digital leadership, digital transformation, innovation*

### **1. INTRODUCTION**

Digital transformation has become one of the defining forces shaping organizations in the 21st century. Driven by rapid advances in technologies such as cloud computing, big data, artificial intelligence, and the Internet of Things (IoT), businesses face increasing pressure to reinvent their operations, strategies, and customer experiences. Yet, the success of digital transformation cannot be reduced to technology alone; organizational culture plays a central role in determining whether digital initiatives thrive or fail.

Organizational culture—defined as the shared values, norms, and practices within a company—functions as both a facilitator and a barrier in transformation efforts. Cultures characterized by agility, innovation, and collaboration can accelerate the adoption of new technologies, while rigid, hierarchical, or risk-averse cultures may slow down or derail initiatives. Thus, understanding the cultural dimension of digital transformation is essential for leaders who seek to align technological innovation with human and organizational dynamics.

This article explores the challenges and opportunities that arise at the intersection of digital transformation and organizational culture. Through a literature review, methodological framing, and applied analysis, the study provides insights into how culture can be reshaped to foster digital readiness, innovation, and resilience in a rapidly evolving business landscape.

## 2. LITERATURE REVIEW

Digital transformation refers to the integration of digital technologies into all aspects of business operations, fundamentally changing how organizations deliver value (Vial, 2019). Westerman, Bonnet, and McAfee (2014) argue that digital transformation requires both technological and organizational change, where culture plays a critical role in determining success. Kane et al. (2015) add that digital maturity is less about technology itself and more about the ability of leaders and employees to adapt culturally and strategically.

Schein (2017) defines organizational culture as a pattern of shared basic assumptions that guide behaviors within organizations. Cultures open to learning, collaboration, and experimentation are better equipped to embrace digital change (Cameron & Quinn, 2011). In contrast, resistance to change often arises from fear, uncertainty, and loss of control, creating cultural inertia (Kotter, 2012).

Several studies highlight challenges in aligning digital transformation with culture. Fitzgerald et al. (2014) found that while companies recognize the importance of digital transformation, cultural barriers often outweigh technical ones. Hartl and Hess (2017) note that rigid hierarchical structures can hinder the flexibility needed for digital initiatives.

Conversely, research suggests that digital transformation can be an opportunity to foster innovation-driven cultures. Organizations that embrace agile practices, digital leadership, and cross-functional collaboration are more likely to succeed (Kane et al., 2019). Digital transformation also creates opportunities to align culture with sustainability goals, promoting long-term resilience and social responsibility (Baiyere, Salmela, & Tapanainen, 2020).

## 3. METHODOLOGY

The methodology guiding this study has been carefully designed to investigate the interplay between organizational culture and digital transformation, emphasizing both theoretical perspectives and applied analysis. The research adopts a qualitative orientation, which is particularly suitable for examining cultural phenomena that are multidimensional and deeply embedded in organizational practices. A qualitative approach allows for the exploration of values, behaviors, and leadership styles that shape the success or failure of digital initiatives.

The central **research question** underpinning the study is: *How does organizational culture influence the success of digital transformation, and what challenges and opportunities emerge from this interaction?* This question reflects the dual role of culture as both an enabler and a barrier to digital change. To answer it, the research objectives were structured around four directions: (a) examining how organizational culture contributes to digital transformation success; (b) identifying cultural challenges that hinder digital initiatives; (c) exploring opportunities for cultivating innovation-oriented cultures in the digital era; and (d) proposing frameworks for aligning culture with digital strategies.

Building on these objectives, the study advances four **research hypotheses** that serve as guiding assumptions.

- **H1:** Organizational cultures emphasizing agility and collaboration facilitate digital transformation.
- **H2:** Cultural resistance, rooted in fear of disruption, hinders the adoption of digital initiatives.
- **H3:** Digital transformation can reshape culture by fostering innovation, learning, and adaptability.

- **H4:** Leaders play a critical role in aligning culture with digital strategies.

To address the research question and test these hypotheses, a multi-step methodology was employed. The first step was a **literature review** of both academic and practitioner studies, providing a conceptual foundation and capturing current debates in the field. The second step involved a **SWOT analysis** of organizational culture in the context of digital transformation, highlighting strengths, weaknesses, opportunities, and threats that characterize cultural readiness for change. The third step applied a **cause–effect analysis**, aimed at uncovering the drivers and consequences of cultural dynamics in digital initiatives, such as how leadership commitment or cross-functional collaboration influence organizational outcomes. Finally, a **qualitative synthesis of best practices** was conducted, drawing lessons from case studies and industry reports to propose actionable frameworks for aligning culture with digital strategy.

Overall, this methodology combines theoretical grounding with analytical tools to ensure a comprehensive examination of the research problem. By linking the research question, objectives, and hypotheses with systematic methods of analysis, the study provides both academic insights and practical recommendations for organizations seeking to build agile, innovative, and resilient cultures in the digital age.

#### 4. DIGITAL TRANSFORMATION AND ORGANIZATIONAL CULTURE

The relationship between digital transformation and organizational culture has become a central topic in management studies, as organizations increasingly recognize that technology alone cannot guarantee success. Instead, culture acts both as a driver and as a constraint in digital initiatives. On one side, shared values, norms, and behaviors can accelerate innovation, while on the other, deeply ingrained practices may obstruct necessary change (Schein, 2017). This duality highlights the paradox of digital transformation: technology reshapes culture, but culture simultaneously conditions the adoption and effectiveness of technology (Vial, 2019).

**Culture as an Enabler of Digital Transformation.** Organizations that succeed in digital transformation often possess cultural attributes such as agility, collaboration, and openness to experimentation. **Agility**—the ability to adapt rapidly to changing environments—has been identified as one of the most important cultural factors enabling digital change (Kane et al., 2015). Agile cultures allow employees to test new solutions, reconfigure processes, and embrace continuous improvement. Similarly, a culture of **collaboration** facilitates cross-functional teamwork, reducing silos and enhancing innovation. This aligns with Cameron and Quinn’s (2011) competing values framework, which emphasizes flexibility and teamwork as drivers of performance.

**Digital leadership** also functions as a cultural enabler. Leaders who model adaptability, resilience, and transparency inspire employees to embrace digital change (Kotter, 2012). They not only articulate a clear digital vision but also cultivate psychological safety, enabling experimentation without fear of failure (Kane et al., 2019). Without such leadership, organizations risk implementing technologies that fail to achieve their intended outcomes due to cultural resistance.

**Culture as a Barrier to Digital Transformation.** Conversely, certain cultural features act as obstacles. One persistent barrier is **resistance to change**, often rooted in fear of job loss, disruption, or uncertainty. As Fitzgerald et al. (2014) argue, cultural barriers often outweigh technological challenges in digital projects. Employees who feel excluded from decision-making or inadequately trained to use new technologies may resist adoption, undermining transformation efforts.

Hierarchical rigidity presents another significant barrier. Traditional organizations that rely heavily on control and formal authority tend to struggle with the speed and flexibility required by digital projects (Hartl & Hess, 2017). Such structures inhibit decentralized decision-making and discourage risk-taking, both of which are vital for digital success. Furthermore, gaps in **digital skills** exacerbate resistance, as employees who feel unprepared are more likely to oppose technological change (Westerman et al., 2014).

**The Co-evolution of Technology and Culture.** Research shows that digital transformation and culture should not be seen as separate but as **co-evolving phenomena** (Baiyere et al., 2020). Culture determines how quickly and effectively digital tools are adopted, while digital transformation reshapes organizational culture by redefining communication, decision-making, and collaboration. For instance, the adoption of big data and analytics encourages **evidence-based decision-making**, reducing reliance on intuition or hierarchical authority (Vial, 2019). Similarly, digital collaboration platforms flatten hierarchies and promote transparency, embedding inclusivity into organizational routines.

Yet, cultural vulnerabilities also surface. The demand for constant adaptability may foster burnout, while digital monitoring systems raise ethical concerns about privacy and trust (Fitzgerald et al., 2014). This indicates that while digital technologies can democratize culture, they may also introduce tensions if not implemented with cultural sensitivity.

**Industry Examples of Culture–Technology Interactions.** Empirical examples illustrate how the interaction between culture and digital transformation differs across industries. In the **technology sector**, companies such as Microsoft have leveraged cultures of experimentation and continuous learning to integrate artificial intelligence and cloud services at scale, demonstrating the reinforcing dynamic between innovation-oriented culture and digital tools (Westerman et al., 2014).

By contrast, the **banking industry** illustrates cultural inertia. Many traditional banks have invested in digital infrastructures but struggled due to hierarchical and risk-averse cultures. In contrast, fintech startups, often characterized by agile and entrepreneurial cultures, have been able to disrupt the market through mobile applications and blockchain (Kane et al., 2019).

In **healthcare**, cultural barriers such as professional silos and ethical concerns about patient data often slow digital adoption. Successful cases usually involve digital-savvy leadership and collaboration between clinicians, administrators, and IT specialists (Baiyere et al., 2020). Similarly, in **higher education**, the COVID-19 pandemic revealed that institutions with adaptive cultures transitioned to online learning more effectively than those dominated by tradition and resistance (Vial, 2019).

**Leadership and the Alignment of Culture with Digital Strategy.** Leadership plays a pivotal role in aligning culture with digital strategy. As Kotter (2012) highlights, leaders are critical in driving cultural change by establishing urgency, articulating vision, and empowering employees. Leaders who treat culture as a strategic asset integrate it into digital roadmaps rather than considering it a secondary concern. They reinforce values of collaboration, inclusivity, and transparency, ensuring that digital technologies are not merely tools but catalysts for cultural renewal (Kane et al., 2019).

**The Mutual Reinforcement of Culture and Digital Transformation.** In sum, culture and digital transformation are **mutually reinforcing**. Cultures that emphasize agility, innovation, and collaboration accelerate digital adoption, while digital tools in turn institutionalize these very values. Misalignment, however, can lead to fragmentation, resistance, or erosion of organizational identity. As research shows, the most successful organizations are those that view digital transformation as both a technological project and a cultural journey (Schein, 2017; Vial, 2019).

By balancing stability with agility and human values with digital capabilities, organizations can ensure long-term resilience in the digital age.

## 5. FINDINGS

The empirical findings of this study highlight the complex and multifaceted role of organizational culture in shaping the outcomes of digital transformation. While previous sections have outlined theoretical perspectives and methodological approaches, the present section seeks to synthesize evidence into a structured analysis. To this end, a SWOT framework was employed to capture the strengths, weaknesses, opportunities, and threats that emerge at the intersection of digital transformation and organizational culture. This approach offers a comprehensive view of the dual nature of culture, which can simultaneously facilitate innovation and agility while also constraining change through resistance, rigid hierarchies, or skill gaps.

The rationale for adopting a SWOT analysis lies in its ability to connect internal organizational dynamics with external pressures and opportunities. Digital transformation does not occur in isolation; it is shaped by global trends, technological disruption, and changing workforce expectations. At the same time, the internal culture of organizations—embodied in values, norms, and leadership practices—plays a decisive role in determining whether these external shifts are embraced or resisted. Thus, the SWOT framework serves as a valuable lens through which to evaluate cultural readiness, resilience, and vulnerability in digital contexts.

The findings reveal a number of cultural strengths that organizations can leverage in their digital journeys, including innovation, agility, collaboration, and data-driven decision-making. These strengths indicate that, when properly aligned, culture can act as a powerful enabler of transformation. Conversely, the analysis identifies weaknesses such as resistance to change, lack of digital skills, hierarchical inertia, and inconsistent leadership, which undermine progress and slow down adoption. Importantly, these weaknesses are not merely obstacles but also areas that can be actively addressed through targeted interventions such as reskilling programs, leadership development, and cultural change initiatives.

From an external perspective, the study highlights opportunities to build innovation-driven cultures, integrate agile practices, promote inclusivity, and strengthen sustainability. These opportunities align with broader societal trends and point to the potential of digital transformation as a catalyst for cultural renewal. At the same time, significant threats emerge, including rapid technological shifts, ethical dilemmas, cultural fragmentation, and increased competition for digital talent. These threats underscore the precarious balance organizations must maintain between embracing change and preserving identity, trust, and cohesion.

In sum, the SWOT analysis provides a structured overview of the dynamic interplay between culture and digital transformation. It sets the stage for a deeper exploration of how cultural drivers generate both opportunities and challenges, and how organizations can strategically align their cultural assets to maximize the benefits of digital transformation while mitigating risks.

*Table no. 1 SWOT Analysis: Digital Transformation and Organizational Culture*

<b>Strengths</b>	<b>Weaknesses</b>
1. Encourages innovation and experimentation.	1. Resistance to change due to fear of disruption.
2. Improves organizational agility and adaptability.	2. Lack of digital skills in the workforce.
3. Enables cross-functional collaboration.	3. Hierarchical structures that slow decision-making.
4. Promotes data-driven decision-making.	4. Potential misalignment between culture and technology.
5. Strengthens competitiveness and market responsiveness.	5. Cultural silos and lack of knowledge sharing.
6. Fosters employee empowerment and engagement.	6. Risk of employee burnout during transformation.
7. Aligns culture with sustainability goals.	7. Inconsistent leadership commitment.
8. Enhances transparency and accountability.	8. Difficulty measuring cultural change.
<b>Opportunities</b>	<b>Threats</b>
1. Integration of agile and digital leadership practices.	1. Rapid technological changes creating cultural lag.
2. Building innovation-driven organizational cultures.	2. Risk of cultural fragmentation in global organizations.
3. Leveraging digital tools to promote inclusivity.	3. Ethical concerns in digital workplace surveillance.
4. Strengthening sustainability and social responsibility.	4. Loss of organizational identity during transformation.
5. Development of learning organizations.	5. Increased competition for digital talent.
6. Enhanced employee engagement via digital platforms.	6. Security risks undermining trust.
7. Digital ecosystems enabling cross-industry collaboration.	7. Unequal access to technology across employee groups.
8. Cultural renewal through generational shifts.	8. External stakeholder resistance to disruptive change.

*source: self-processing*

In addition to the SWOT framework, the study employs a **cause–effect analysis** to better understand the dynamic mechanisms through which organizational culture shapes, and is shaped by, digital transformation. While the SWOT model provides a static overview of strengths, weaknesses, opportunities, and threats, the cause–effect perspective emphasizes processes, linkages, and feedback loops. In this sense, culture is not merely a background condition but an active driver of change, producing both intended and unintended outcomes.

The analysis identifies ten **cultural drivers** that enable or constrain digital initiatives, ranging from leadership commitment and openness to change, to collaboration, investment in skills, and

integration of sustainability values. These drivers illustrate the inputs and conditions that shape how digital strategies unfold within organizations. At the same time, the study highlights ten **cultural consequences**, or outcomes, of digital transformation. These include positive developments such as improved agility, innovation, and employee engagement, but also potential risks like burnout and cultural fragmentation.

By mapping these drivers and effects in relation to one another, organizations can gain a clearer understanding of the cultural mechanisms that underlie digital transformation. This allows them to design interventions that reinforce positive cultural dynamics while mitigating negative consequences.

*Table no. 2. Cause–Effect Analysis: Cultural Drivers and Consequences of Digital Transformation*

<b><i>Causes (Cultural Drivers)</i></b>	<b><i>Effects (Cultural Consequences)</i></b>
<p><b>1. Leadership commitment to digital vision</b> – Leadership is one of the most decisive cultural drivers in digital transformation. When leaders communicate a clear vision for digital change, allocate resources effectively, and act as role models, employees are more likely to embrace new practices. Commitment from the top provides legitimacy to transformation efforts and ensures that digital initiatives are integrated into the broader organizational strategy rather than being isolated projects.</p>	<p><b>1. Increased organizational agility</b> – A strong digital vision from leadership often results in greater organizational agility. Employees become more responsive to environmental changes, and structures are adapted to allow for faster decision-making. Agility manifests not only in processes but also in mindsets, enabling organizations to pivot quickly when new opportunities or threats emerge.</p>
<p><b>2. Organizational openness to change</b> – Cultures that value flexibility and adaptability encourage employees to view change as a learning opportunity rather than a threat. Such openness reduces resistance and promotes proactive engagement with digital initiatives.</p>	<p><b>2. More innovation-driven culture</b> – When openness to change becomes embedded, it fosters a culture where experimentation and creativity thrive. Employees are more willing to propose new ideas, test prototypes, and learn from iterative processes, ultimately driving innovation across the organization.</p>
<p><b>3. Cross-functional collaboration</b> – Collaboration across departments and disciplines is critical for digital transformation. It breaks down silos, facilitates knowledge sharing, and ensures that digital projects benefit from diverse perspectives and expertise.</p>	<p><b>3. Higher employee engagement</b> – Collaboration increases employees’ sense of belonging and purpose. By working in cross-functional teams, employees feel more connected to organizational goals, resulting in higher motivation, satisfaction, and overall engagement.</p>
<p><b>4. Investment in employee digital skills</b> – Continuous training and development are key cultural drivers. By equipping employees with digital skills, organizations signal trust and empowerment, reducing fear of obsolescence. Skill investment also enhances confidence in using new technologies.</p>	<p><b>4. Improved collaboration across departments</b> – When employees share a common digital literacy, collaboration improves because technical barriers and misunderstandings are reduced. Teams can coordinate more effectively, leading to</p>

	smoother project execution and integrated solutions.
<b>5. Adoption of agile practices</b> – Agile methodologies such as iterative development, rapid prototyping, and feedback loops encourage adaptability and speed. As a cultural driver, agile practices reshape organizational norms around planning, communication, and accountability.	<b>5. Stronger alignment with sustainability goals</b> – Agile practices often reinforce values of efficiency, resource optimization, and stakeholder responsiveness. These values can be extended to sustainability initiatives, aligning cultural and digital transformation with broader environmental and social responsibilities.
<b>6. Willingness to experiment and learn from failure</b> – Cultures that reward experimentation and tolerate mistakes create psychological safety. Employees are more likely to try new approaches and adopt innovative tools without fear of punishment for unsuccessful outcomes.	<b>6. Reduced resistance to future change</b> – When experimentation is normalized, employees view change as a routine part of organizational life. This reduces resistance not only to digital initiatives but also to future transformations, fostering resilience and adaptability.
<b>7. Transparency in communication</b> – Open communication fosters trust and ensures that employees understand the rationale behind digital initiatives. Transparency minimizes uncertainty, reduces rumors, and empowers employees to align with organizational objectives.	<b>7. Cultural renewal through inclusivity and diversity</b> – Transparent communication makes it easier to integrate diverse voices into decision-making. As inclusivity grows, organizational culture is renewed, reflecting a wider range of perspectives and experiences that enrich innovation and collaboration.
<b>8. Supportive reward and recognition systems</b> – Reward systems that acknowledge digital competencies, innovation, and teamwork reinforce desired behaviors. When employees see that their contributions to digital projects are valued, motivation increases.	<b>8. Greater trust in data-driven decisions</b> – As recognition systems emphasize evidence-based contributions, employees develop greater trust in data as a foundation for decision-making. This shift reduces reliance on hierarchy or intuition and promotes objectivity in organizational processes.
<b>9. Generational shifts in the workforce</b> – Younger employees often bring digital fluency, adaptability, and expectations for transparency and flexibility. Their presence reshapes organizational culture by challenging traditional norms and introducing new digital practices.	<b>9. Risk of employee stress or burnout</b> – However, generational shifts can also heighten pressure. The demand for constant adaptability, coupled with high expectations for performance in digital environments, risks overburdening employees, leading to stress and burnout.
<b>10. Integration of sustainability values</b> – Linking digital transformation with sustainability initiatives creates cultural coherence. Employees increasingly expect organizations to act responsibly, and integrating sustainability into digital projects builds trust and legitimacy.	<b>10. Possible cultural fragmentation if change is mismanaged</b> – If digital and sustainability initiatives are poorly aligned with existing cultural values, fragmentation may occur. Employees may feel alienated, resulting in subcultures that compete rather than collaborate, undermining cohesion.

## 6. CONCLUSIONS

The relationship between digital transformation and organizational culture is both synergistic and challenging. Successful transformation depends not only on technological adoption but also on the cultural capacity to adapt, learn, and innovate. Strengths such as agility, collaboration, and innovation readiness position organizations for success, while weaknesses such as resistance, silos, and lack of digital skills may undermine initiatives.

The SWOT and cause–effect analyses illustrate that digital transformation creates opportunities for cultural renewal, sustainability, and employee engagement. At the same time, threats such as rapid technological change, ethical dilemmas, and cultural fragmentation must be managed with care.

Ultimately, organizations that treat culture as a strategic asset—aligning it with digital vision, leadership, and values—will unlock the full potential of digital transformation. The future lies in building hybrid cultures that balance tradition with innovation, stability with agility, and human values with digital capabilities.

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## **PATIENT TRUST AND COMMUNICATION STRATEGIES IN COMMUNITY PHARMACIES: A QUALITATIVE PERSPECTIVE**

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### **ABSTRACT**

*This paper explores the central role of patient trust and communication strategies in community pharmacies, emphasizing their importance for healthcare quality and patient satisfaction. Effective communication fosters understanding, improves adherence to treatment, and enhances the credibility of pharmacists as frontline healthcare providers. Conversely, miscommunication or lack of trust may weaken the pharmacist–patient relationship and compromise therapeutic outcomes. Using a qualitative perspective, the study investigates how patients perceive trust, what communication practices they value most, and how organizational contexts shape pharmacist–patient interactions. Through interviews and thematic analysis, the research identifies key factors that strengthen trust, including transparency, empathy, and patient-centered counseling. The findings highlight the strategic importance of communication skills and supportive organizational environments in reinforcing trust and ensuring sustainable, patient-oriented pharmaceutical services.*

**KEYWORDS:** *Patient trust, Communication strategies, Community pharmacies, Healthcare quality, Patient–pharmacist relationship*

**J.E.L Classifications:** I11 I12, I18, M12, M31.

### **1. INTRODUCTION**

Community pharmacies have become essential access points for healthcare, offering not only medicines but also personalized advice and ongoing support for patients. As the first line of contact for many individuals, pharmacists play a vital role in ensuring that treatments are understood, followed, and trusted. The effectiveness of this role depends heavily on the quality of communication between pharmacists and patients, as well as on the level of trust that patients place in the information and guidance they receive.

In recent years, community pharmacies have faced increasing demands: higher patient volumes, more complex therapeutic regimens, and the growing use of digital technologies. These developments, while expanding the scope of pharmacy services, also create challenges in maintaining meaningful interactions. Miscommunication or a lack of trust can reduce treatment adherence and undermine health outcomes.

This article explores the ways in which pharmacists can build trust through effective communication strategies. It adopts a qualitative perspective to examine patient experiences, identify common barriers to interaction, and highlight practices that foster stronger pharmacist–patient relationships. Ultimately, the study emphasizes the strategic importance of communication and trust for ensuring patient-centered, sustainable pharmacy services.

## **2. LITERATURE REVIEW**

### **2.1 Patient Trust in Community Pharmacies: Conceptual Foundations**

Trust is a central component of effective healthcare delivery, shaping how patients perceive the quality, safety, and reliability of the services they receive. Within community pharmacies, trust encompasses confidence in the pharmacist's competence, integrity, and commitment to patients' well-being. It reflects the belief that pharmacists act in the patient's best interest, provide accurate information, and safeguard confidentiality. Unlike other healthcare settings, community pharmacies are highly accessible, often serving as the first point of contact for health advice, which amplifies the importance of trust in pharmacist–patient interactions.

Conceptually, patient trust can be understood as both interpersonal—focusing on the relationship between pharmacist and patient—and institutional, linked to the reputation and professionalism of the pharmacy as an organization (Hall et al., 2001). Trust fosters open communication, enabling patients to share sensitive health concerns and adhere to treatment recommendations. Studies have shown that higher levels of trust are associated with better medication adherence, improved health outcomes, and increased patient satisfaction with pharmacy services (Okanović et al., 2018).

Building and maintaining trust in community pharmacies therefore requires consistent, transparent communication, demonstration of empathy, and the delivery of patient-centered care. These foundational elements create a reliable environment where patients feel secure and supported, laying the groundwork for more advanced strategies explored in subsequent sections.

### **2.2 Communication Strategies in Pharmacy Practice: Determinants and Barriers**

Effective communication is a cornerstone of patient-centered care in community pharmacies, as it shapes patients' understanding of their treatment and fosters adherence to medication regimens. Pharmacists employ a range of strategies such as active listening, use of plain language, and the provision of tailored counseling to meet patients' diverse health literacy levels (Kataoka et al., 2018). Non-verbal communication, empathy, and cultural sensitivity are equally important, since they contribute to building rapport and creating a supportive environment for patients (Naughton, 2018).

However, several barriers can hinder the effective implementation of communication strategies. Time pressure and high workload often limit pharmacists' ability to engage in meaningful dialogue with patients, leading to shorter consultations and missed opportunities for health promotion (Deschamps et al., 2019). Organizational constraints, such as limited staffing and performance targets, may further reduce the time available for counseling. In addition, varying levels of health literacy among patients create challenges in ensuring that information is understood and applied appropriately (Odukoya & Chui, 2013).

Addressing these barriers requires a holistic approach that combines professional training in communication skills with structural adjustments to pharmacy practice. By prioritizing clear, empathetic, and culturally competent communication, community pharmacies can enhance patient trust, reduce medication errors, and contribute to improved health outcomes.

### **2.3 Best Practices for Strengthening Patient–Pharmacist Relationships**

Building and sustaining patient trust in community pharmacies requires deliberate strategies that go beyond the transactional act of dispensing medications. Best practices emphasize personalized communication, where pharmacists adapt their language and counseling approaches to the patient’s health literacy, cultural background, and preferences (Santos et al., 2019). Establishing empathy and showing genuine concern for patients’ well-being are consistently linked to higher levels of trust and satisfaction (Kettis-Lindblad et al., 2007).

Active patient engagement is another critical strategy. Inviting patients to participate in shared decision-making and encouraging questions fosters transparency and enhances perceptions of credibility (Ozawa & Sripad, 2013). Simple practices such as maintaining eye contact, using teach-back techniques, and providing written information can substantially improve understanding of treatment regimens.

At the organizational level, training programs focused on communication skills, motivational interviewing, and cultural competence help pharmacists manage challenging conversations more effectively (Mesquita et al., 2015). Additionally, implementing private counseling areas within pharmacies has been shown to enhance confidentiality and comfort, strengthening the pharmacist–patient relationship.

Ultimately, the integration of these best practices contributes to a culture of patient-centered care, where trust is cultivated through consistent, respectful, and empathetic interactions. Such approaches not only improve clinical outcomes but also reinforce the vital role of community pharmacies as trusted healthcare access points.

### **3. RESEARCH METHODOLOGY**

This study adopts a **qualitative research design** to explore the dynamics of patient trust and communication strategies in community pharmacies. Qualitative approaches are particularly effective for capturing the depth of patients’ experiences, perceptions, and expectations, which cannot be fully represented through quantitative measures (Creswell & Poth, 2018).

**Research Question:** *How do communication strategies employed by community pharmacists influence the development and maintenance of patient trust?*

#### **Research Objectives:**

- To examine patients’ perceptions of pharmacist communication and its role in fostering trust.
- To identify barriers and facilitators affecting communication in community pharmacies.
- To explore how organizational structures and working conditions influence pharmacists’ ability to establish trust-based relationships.

#### **Research Hypotheses:**

- **H1: Transparent and empathetic communication from pharmacists is positively associated with higher patient trust.**
- **H2: Time constraints and high workload negatively affect the quality of pharmacist–patient communication.**
- **H3: Organizational support for communication skills and patient engagement initiatives reduces barriers and enhances trust.**

- **H4: The presence of private counseling areas contributes to higher patient confidence in pharmacy services.**

**Methodology:**

Data will be collected through semi-structured interviews with pharmacists and patients in community settings, complemented by focus group discussions to capture collective perspectives on communication practices. A purposive sampling strategy will ensure representation across diverse demographic groups, pharmacy sizes, and service contexts. Interview transcripts will be analyzed using thematic analysis to identify recurring patterns and emergent themes (Braun & Clarke, 2006). Triangulation of interview data with secondary sources, such as professional guidelines and policy documents, will enhance the validity of findings. This approach aims to provide a comprehensive understanding of how communication strategies shape patient trust in community pharmacies.

**4. APPLIED RESEARCH ON PATIENT TRUST AND COMMUNICATION IN COMMUNITY PHARMACIES: QUALITATIVE INSIGHTS AND STRATEGIC ANALYSIS**

The integration of patient-centered communication frameworks into community pharmacy practice is transforming how pharmacists build and sustain trust with the individuals they serve. Central to this evolution is the recognition that patient trust is not merely an interpersonal outcome, but a cornerstone of effective healthcare delivery that ensures adherence, satisfaction, and long-term engagement with treatment. In the context of community pharmacies, communication is multidimensional—ranging from clear explanations of medication use to empathetic listening—requiring both professional skills and supportive organizational structures.

To strengthen trust and enhance the quality of pharmaceutical care, community pharmacies must adopt **communication-centered management models**. Such models emphasize transparency in counseling, structured opportunities for dialogue, and the creation of private spaces where patients feel comfortable sharing sensitive information. These approaches ensure that interactions are not limited to transactional exchanges but become meaningful encounters that empower patients to make informed decisions about their health.

Scholarly evidence highlights the value of continuous training in interpersonal communication, motivational interviewing, and cultural competence as key enablers of trust-building practices. In parallel, organizational support in the form of adequate staffing, manageable workloads, and feedback mechanisms creates an environment in which pharmacists can engage fully with their patients.

From an applied research perspective, a three-dimensional framework emerges:

1. **Identify and Monitor Barriers:** Detect communication challenges such as time constraints, environmental distractions, and health literacy gaps.
2. **Develop and Support Skills:** Equip pharmacists with training and tools to foster empathy, active listening, and patient engagement.
3. **Institutionalize Best Practices:** Transform insights from patient experiences into sustainable strategies that strengthen trust and enhance service quality.

When effectively implemented, these strategies enable community pharmacies to act as reliable, patient-centered hubs of care, reinforcing their role as trusted partners in modern healthcare systems.

## 5. CAUSE-EFFECT ANALYSIS OF TRUST AND COMMUNICATION IN COMMUNITY PHARMACIES

The cause-effect analysis highlights how specific challenges in community pharmacies influence patient trust and the effectiveness of communication. By examining the links between root causes and their consequences, it becomes evident that trust is shaped by both structural and interpersonal factors. The following table illustrates five major causes of communication difficulties, each associated with three key effects on patient-pharmacist relationships.

*Table 5.1. Cause-Effect Analysis of Trust and Communication in Community Pharmacies*

<b>Cause</b>	<b>Effect 1</b>	<b>Effect 2</b>	<b>Effect 3</b>
<b>1. Limited consultation time</b>	Patients perceive interactions as hurried, leading to doubts about the pharmacist's dedication.	Key details about dosage and precautions may be omitted, increasing the risk of misuse.	Reduced opportunities for building rapport undermine long-term trust.
<b>2. Lack of private space for counseling</b>	Patients avoid discussing sensitive issues (e.g., sexual health, mental health) due to fear of being overheard.	Communication becomes superficial, limiting the pharmacist's ability to provide tailored advice.	Confidentiality concerns diminish the perception of professionalism and reliability.
<b>3. Excessive administrative workload</b>	Pharmacists prioritize dispensing tasks over patient dialogue, reducing face-to-face interaction.	Patients may feel neglected or undervalued, weakening trust in the service.	Workload stress contributes to hurried communication, which can cause errors and misinterpretations.
<b>4. Use of complex medical jargon</b>	Patients experience confusion about how and when to take medicines correctly.	Misunderstanding of side effects may reduce adherence or increase anxiety.	Overly technical language creates distance, lowering patients' confidence in pharmacist support.
<b>5. Insufficient communication training</b>	Variability in communication styles leads to inconsistent patient experiences.	Pharmacists may struggle to manage challenging conversations, reducing effectiveness.	Lack of training limits the adoption of empathetic and patient-centered practices, restricting trust-building.

source: self-processing

## 6. SWOT ANALYSIS – PATIENT TRUST AND COMMUNICATION IN COMMUNITY PHARMACIES

The analysis of patient trust and communication in community pharmacies highlights both the inherent advantages of the profession and the challenges it faces in a changing healthcare environment. By identifying internal strengths and weaknesses alongside external opportunities and threats, this framework provides a foundation for strategic action to reinforce the pharmacist–patient relationship.

*Table 6.1. SWOT Analysis – Patient Trust and Communication in Community Pharmacies*

<b>Strengths</b>	<b>Weaknesses</b>
S1. High accessibility of community pharmacies for patients	W1. Limited consultation time per patient
S2. Established reputation as trusted healthcare providers	W2. Frequent interruptions and high workload
S3. Strong professional knowledge of medicines	W3. Inconsistent communication skills among pharmacists
S4. Existing pharmacist–patient familiarity in local communities	W4. Lack of private spaces for confidential counseling
S5. Ability to offer personalized advice	W5. Limited resources for communication training
S6. Regular patient contact fosters relationship building	W6. Commercial pressures may conflict with patient-centered care
S7. Pharmacists’ role in medication safety	W7. Low recognition of pharmacists’ advisory role by some patients
S8. Integration in multidisciplinary healthcare teams	W8. Variable health literacy among patients
S9. Increasing emphasis on patient-centered care	W9. Resistance to adopting new communication technologies
S10. Support from professional associations and ethical codes	W10. Risk of depersonalization and reduced empathy
<b>Opportunities</b>	<b>Threats</b>
O1. Development of structured communication training programs	T1. Growing complexity of healthcare information
O2. Expansion of telepharmacy and digital health tools	T2. Risk of digital fatigue for pharmacists and patients
O3. Greater policy emphasis on patient engagement	T3. Rising patient expectations and demands
O4. Availability of funding for professional development	T4. Economic pressures reducing time for counseling
O5. Interprofessional collaboration with other healthcare providers	T5. Shortage of qualified pharmacy staff

O6. Integration of health literacy initiatives into practice	T6. Persisting stigma around discussing sensitive health issues
O7. Use of patient feedback systems to improve communication	T7. Potential misinformation from online sources undermining trust
O8. Growing public demand for holistic and preventive care	T8. Rapid regulatory changes creating uncertainty
O9. Adoption of digital platforms for patient education	T9. Data privacy concerns affecting patient openness
O10. Partnerships with universities for communication research	T10. Increased competition from online pharmacies

*source: self-processing*

The SWOT analysis illustrates that community pharmacies hold strong assets in accessibility, expertise, and patient rapport, yet face challenges such as limited time, workload, and varying communication skills. By leveraging opportunities like digital tools, patient feedback, and professional training, while addressing systemic and contextual threats, pharmacies can enhance trust and establish themselves as reliable, patient-centered healthcare providers.

## 7. CONCLUSIONS

The findings of this study highlight the central role of communication in shaping and maintaining patient trust within community pharmacies. As highly accessible healthcare providers, pharmacists are uniquely positioned to foster strong relationships with patients, yet their effectiveness depends on the quality of interactions that occur during often brief consultations. Trust emerges not only from professional competence but also from the demonstration of empathy, clarity, and respect in everyday exchanges.

The applied analysis reveals that several structural and interpersonal factors influence communication quality. Limited consultation time, insufficient privacy, and heavy administrative tasks often hinder meaningful dialogue, while reliance on technical terminology or inadequate training can reduce patient understanding. Conversely, pharmacists' expertise, regular contact with patients, and their established credibility remain significant strengths that can be leveraged to build trust.

Strategic interventions are therefore essential. Investing in communication training, expanding private counseling areas, and fostering organizational cultures that value patient engagement are crucial steps toward enhancing trust. Moreover, digital tools and telepharmacy offer new opportunities to improve access and streamline communication, provided they are implemented thoughtfully to avoid digital fatigue or depersonalization.

Ultimately, patient trust and effective communication are not peripheral to pharmaceutical care but represent its foundation. By addressing existing weaknesses and leveraging opportunities, community pharmacies can strengthen their role as trusted healthcare partners, improve adherence and safety, and contribute to more sustainable, patient-centered health systems.

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## THE IMPACT OF ARTIFICIAL INTELLIGENCE ON STRATEGIC DECISION- MAKING IN MANAGEMENT

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### ABSTRACT

*This article explores the transformative impact of Artificial Intelligence (AI) on strategic decision-making within management. As organizations operate in increasingly complex and uncertain environments, AI technologies offer unprecedented opportunities to enhance decision quality, speed, and adaptability. By analyzing the integration of AI tools—such as predictive analytics, machine learning, and natural language processing—into managerial processes, this study highlights how AI reshapes traditional strategic frameworks. Beyond efficiency, the research emphasizes the implications of AI-driven decision-making for organizational culture, ethical considerations, and leadership roles. The findings suggest that while AI enhances strategic foresight and operational precision, its adoption also requires a balanced approach that addresses transparency, accountability, and human-AI collaboration. Ultimately, this article contributes to understanding how AI can be harnessed as a strategic asset in management, offering insights for both scholars and practitioners navigating the evolving digital landscape.*

**KEYWORDS:** *accountability, artificial intelligence, decision-making, digital transformation, ethics*

**J.E.L. Classifications:** M10, M15, M20

### 1. INTRODUCTION

In today’s rapidly evolving business environment, the role of strategic decision-making has become more critical than ever. Organizations are increasingly confronted with volatility, uncertainty, complexity, and ambiguity, conditions that demand agile and well-informed management approaches. Traditional models of strategic decision-making, although valuable, are often limited by human biases, information overload, and time constraints. In this context, the emergence of Artificial Intelligence (AI) technologies represents a paradigm shift with profound implications for management practices worldwide.

Artificial Intelligence is no longer confined to technical or operational domains; it is progressively embedded within the very fabric of organizational strategy. From predictive analytics that forecast market trends, to machine learning algorithms that optimize resource allocation, AI-driven systems are redefining the ways in which decisions are conceived, evaluated, and executed. The integration of AI into strategic management not only enhances the speed and accuracy of decision-making but also opens new avenues for innovation, competitiveness, and value creation.

Moreover, the global diffusion of AI technologies has led to significant changes in leadership roles, organizational cultures, and governance frameworks. Decision-making is no longer an exclusive human endeavor but increasingly a collaborative process between humans and intelligent systems. While this collaboration presents unprecedented opportunities, it also raises critical questions regarding ethics, accountability, and transparency. Managers are compelled to balance the advantages of AI-driven insights with the responsibility to maintain human oversight and ethical integrity.

Therefore, examining the impact of Artificial Intelligence on strategic decision-making in management is both timely and necessary. This article seeks to explore this intersection by analyzing how AI technologies are transforming managerial decision processes, what opportunities they create, and which challenges they pose. By providing a comprehensive analysis grounded in recent research and practice, this study contributes to a deeper understanding of how AI can be strategically leveraged for sustainable organizational growth and competitive advantage.

## **2. LITERATURE REVIEW**

### **2.1 Foundations: AI and Decision-Making**

The integration of Artificial Intelligence (AI) into organizational decision-making has been one of the most widely discussed transformations in management research. Duan, Edwards, and Dwivedi (2019) argue that AI-driven decision-making represents a natural evolution of data-driven management, moving from descriptive analytics toward predictive and prescriptive approaches. Their study highlights both opportunities and challenges, including the promise of efficiency gains and the risks of bias and lack of transparency.

Agrawal, Gans, and Goldfarb (2018) emphasize that the economic value of AI lies primarily in improving prediction quality, a cornerstone of strategic decision-making. By reframing decision processes as prediction problems, managers can harness AI to reduce uncertainty and enhance foresight. However, Wilson and Daugherty (2018) caution that AI should not be seen as a substitute for managerial judgment but rather as an augmentation tool, requiring a balance between human intuition and algorithmic precision.

From a resource-based perspective, Mikalef et al. (2020) underline that AI capabilities should be understood as strategic resources that can improve firm performance. In this sense, AI is not simply a technology but a transformative asset embedded in organizational processes, knowledge management, and competitive positioning.

### **2.2 AI in Strategic Decision-Making**

Shrestha, Ben-Menahem, and von Krogh (2021) investigate how AI influences organizational decision-making structures, showing that intelligent systems reshape governance models, delegation patterns, and even leadership roles. Their work demonstrates that strategic decisions supported by AI can become more data-driven, yet also more complex to justify due to the opacity of algorithmic reasoning.

Complementary insights come from Shrestha, Krishna, and von Krogh (2021), who examine the promises and pitfalls of using deep learning algorithms in managerial contexts. They argue that while AI enhances decision speed and scope, the “black-box” nature of many models raises accountability concerns, particularly at the strategic level.

In service innovation, Antons and Breidbach (2018) provide evidence that machine learning enables managers to identify new opportunities and redesign processes. Similarly, Brynjolfsson and McAfee (2017) situate AI within the broader digital transformation landscape, arguing that

platforms and machine intelligence fundamentally alter competitive dynamics and long-term strategy.

### **2.3 Empirical Evidence and Practical Perspectives**

Empirical research suggests that AI's contributions to decision-making go beyond operational efficiency. For example, Shollo and Galliers (2016) show how analytics systems foster organizational learning, thus indirectly shaping strategic choices. In international business contexts, executives increasingly recognize AI's dual role as both an enabler of efficiency and a source of governance and ethical challenges (Deloitte, 2020; World Economic Forum, 2021).

Case-based studies from McKinsey Global Institute (2018) highlight hundreds of organizational use cases where AI has accelerated strategic foresight, optimized supply chains, and supported market entry decisions. However, these reports also emphasize barriers such as legacy systems, lack of AI talent, and the risk of over-reliance on algorithms without human oversight.

Recent practitioner studies underline the need for responsible AI governance. For example, the World Economic Forum (2021) points out that transparency, accountability, and regulatory alignment are indispensable for integrating AI into strategic decision-making.

### **2.4 Gaps and Emerging Themes**

The literature reveals several emerging themes. First, while there is strong evidence that AI improves the **efficiency** of decision-making, fewer studies conclusively demonstrate long-term **effectiveness** in achieving superior strategic outcomes (Shrestha, Krishna, & von Krogh, 2021). Second, issues of interpretability and trust remain central, as managers require transparency in order to justify strategic choices (Duan et al., 2019). Third, the question of boundaries between human and machine decision-making remains unresolved: how much authority should be delegated to AI in high-stakes strategic contexts?

Finally, ethics and governance emerge as recurring concerns. As Wilson and Daugherty (2018) argue, human-AI collaboration requires cultural adaptation and new leadership models, while reports such as Deloitte (2020) stress that organizations must develop safeguards to maintain accountability. Taken together, these insights demonstrate that AI is reshaping the foundations of strategic management, but its integration requires careful balancing of technological potential, human judgment, and ethical responsibility.

## **3. METHODOLOGY**

The purpose of this research is to investigate how Artificial Intelligence (AI) transforms strategic decision-making in management, with a focus on opportunities, challenges, and implications for organizational performance and governance. In line with qualitative research traditions in management studies, this article employs an exploratory and interpretive approach, grounded in the analysis of recent academic literature, case studies, and practitioner reports. The current study pursues the following main objectives:

- a) To investigate the current state of AI adoption in strategic decision-making processes within organizations.
- b) To explore key concepts such as artificial intelligence, strategic management, decision-making efficiency, and ethical governance.
- c) To identify the main challenges and opportunities associated with the integration of AI into managerial decision-making.

d) To propose a set of future-oriented insights regarding how AI can be harnessed as a strategic resource for sustainable competitive advantage.

The central research question guiding this article is:

*“What are the specific ways in which Artificial Intelligence reshapes strategic decision-making in management, and what implications does this transformation have for efficiency, effectiveness, and ethical responsibility?”*

This article employs **qualitative research methods** frequently used in international management and strategic studies, including:

- **Literature Review Analysis:** A systematic review of academic articles, books, and reports on AI and management, identifying theoretical and empirical contributions.
- **SWOT Analysis:** To evaluate the strengths, weaknesses, opportunities, and threats of adopting AI in strategic decision-making.
- **Input–Output Analysis:** To map how AI adoption as an input (technological, organizational, cultural) translates into outputs (improved decisions, efficiency, ethical risks, or unintended consequences).
- **Cause–Effect Analysis (Fishbone/Ishikawa):** To examine the underlying causes of both successful and problematic outcomes in AI-supported strategic decision-making.

The focus on qualitative approaches is justified by the novelty and complexity of the topic. Quantitative datasets on AI in strategic contexts remain limited, whereas qualitative frameworks allow for a more nuanced understanding of processes, contextual variations, and managerial perceptions.

#### **4. THE IMPACT OF ARTIFICIAL INTELLIGENCE ON STRATEGIC DECISION-MAKING IN MANAGEMENT**

Artificial Intelligence (AI) has become one of the most disruptive forces shaping contemporary management. Strategic decision-making, traditionally grounded in managerial experience, intuition, and human analysis, is increasingly being augmented—or in some cases transformed—by advanced computational capabilities. The growing reliance on AI introduces new paradigms of thinking, planning, and acting at the strategic level. This chapter explores the multifaceted ways in which AI influences management, focusing on decision quality, efficiency, foresight, and governance. One of the most widely recognized benefits of AI in management is the enhancement of decision quality. Algorithms trained on large datasets can identify correlations, patterns, and anomalies that human managers may overlook. Predictive analytics, for instance, allow organizations to anticipate market shifts, consumer behavior, and operational risks with unprecedented precision. In strategic contexts, where uncertainty and complexity dominate, this capability reduces the likelihood of misinformed decisions and increases the probability of sustainable outcomes.

Nevertheless, the reliance on algorithmic outputs must be balanced with human critical thinking. Strategic decisions often involve ambiguity, ethical dilemmas, and long-term consequences that extend beyond what data alone can capture. Thus, AI improves accuracy but cannot fully replace managerial judgment. In competitive markets, speed is often as important as accuracy. AI-driven tools significantly accelerate the decision-making process by automating data collection, synthesis, and scenario modeling. Managers can evaluate multiple strategic alternatives in real time, gaining agility in responding to external shocks or emerging opportunities.

For example, AI-enabled dashboards can integrate real-time market signals, financial indicators, and customer feedback, providing leaders with actionable insights within hours rather than weeks.

This acceleration reduces the “time-to-decision,” a critical factor in industries characterized by volatility. However, the challenge lies in ensuring that speed does not compromise depth of analysis or ethical scrutiny.

Beyond short-term decisions, AI has a profound impact on strategic foresight. Machine learning models enable scenario planning, risk simulations, and trend analyses that enrich long-term strategies. By processing vast amounts of historical and real-time data, AI systems can reveal potential disruptions, such as technological shifts, regulatory changes, or evolving customer preferences.

Moreover, AI supports innovation by identifying unmet needs, testing new business models, and fostering creative recombinations of knowledge. Strategic leaders who integrate AI into foresight activities gain a competitive advantage in anticipating the future and preparing adaptive strategies. Yet, foresight remains incomplete without human creativity, intuition, and ethical reasoning, which provide meaning and contextual depth to algorithmic projections.

The adoption of AI in strategic decision-making reshapes organizational culture. Decision-making becomes increasingly collaborative between human managers and intelligent systems, requiring new skills and mindsets. Managers must shift from being sole decision-makers to orchestrators of hybrid intelligence, blending human judgment with AI-generated insights.

This cultural shift introduces both opportunities and resistance. On the one hand, organizations embracing AI often cultivate data-driven cultures, transparency, and experimentation. On the other hand, employees may fear loss of autonomy or job displacement, which can create resistance to AI adoption. Leadership plays a critical role in framing AI as a supportive tool rather than a replacement, thereby fostering trust and acceptance.

While AI enriches decision-making, it simultaneously raises ethical and governance concerns. Strategic decisions informed by algorithms may inherit biases embedded in training data, leading to discriminatory or unintended outcomes. Moreover, the opacity of complex AI models (the so-called “black box” problem) challenges transparency, making it difficult for organizations to justify decisions to stakeholders.

From a governance perspective, accountability becomes a pressing issue. Who is responsible if an AI-informed strategic decision results in harm—managers, data scientists, or the technology provider? These dilemmas underscore the need for robust ethical frameworks, regulatory compliance, and the development of explainable AI systems that enhance transparency.

Finally, AI contributes to organizational adaptability and resilience. Strategic decision-making in the digital era must account for sudden disruptions, such as global crises, geopolitical tensions, or technological breakthroughs. AI systems, by continuously learning and adjusting to new data, support adaptive strategies and help organizations pivot quickly.

At the same time, overdependence on AI may introduce vulnerabilities. For instance, reliance on algorithmic forecasts can create blind spots if managers neglect external qualitative factors. Resilient organizations therefore combine AI-driven adaptability with human resilience, creativity, and ethical oversight.

## 5. FINDINGS

*Table no.1. SWOT Analysis*

<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. Enhances accuracy of strategic forecasts.</li> <li>2. Accelerates decision-making processes.</li> <li>3. Improves access to real-time data and insights.</li> <li>4. Supports innovation and scenario planning.</li> <li>5. Augments human judgment with predictive analytics.</li> <li>6. Facilitates global competitiveness and market entry.</li> <li>7. Strengthens organizational resilience through adaptability.</li> <li>8. Increases efficiency by automating repetitive analysis.</li> </ol>	<p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. High implementation costs for advanced AI systems.</li> <li>2. Risk of algorithmic bias influencing outcomes.</li> <li>3. Lack of transparency in “black box” models.</li> <li>4. Dependence on data quality and availability.</li> <li>5. Potential resistance from employees and managers.</li> <li>6. Difficulty integrating AI into existing decision frameworks.</li> <li>7. Cybersecurity vulnerabilities associated with AI systems.</li> <li>8. Limited interpretability for non-technical managers.</li> </ol>
<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Growing demand for AI-driven strategic tools across industries.</li> <li>2. Potential to open new markets through predictive foresight.</li> <li>3. Integration with digital transformation and Industry 4.0.</li> <li>4. Collaboration between humans and machines for hybrid intelligence.</li> <li>5. Development of explainable AI to improve transparency.</li> <li>6. Expanding applications in sustainability and ESG strategies.</li> <li>7. Opportunities for personalized strategic planning at the customer level.</li> <li>8. AI-driven global partnerships and ecosystem building.</li> </ol>	<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Ethical dilemmas and accountability challenges.</li> <li>2. Regulatory uncertainty across jurisdictions.</li> <li>3. Overdependence on AI leading to reduced human intuition.</li> <li>4. Loss of trust if AI decisions are perceived as unfair or opaque.</li> <li>5. Risk of job displacement, creating resistance and social pushback.</li> <li>6. Competitive pressure from organizations with superior AI resources.</li> <li>7. Data privacy concerns and potential breaches.</li> <li>8. Rapid technological change that can render systems obsolete.</li> </ol>

*Table no. 2 Cause–Effect Analysis: AI and Strategic Decision-Making*

<b>Causes (Inputs)</b>	<b>Effects (Outputs)</b>
<ol style="list-style-type: none"> <li>1. Availability of large-scale data (big data).</li> <li>2. Advances in machine learning and predictive analytics.</li> <li>3. Increased computational power and cloud infrastructure.</li> <li>4. Integration of natural language processing and automation tools.</li> <li>5. Organizational push for digital transformation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Faster and more agile strategic choices.</li> <li>2. Improved forecast accuracy and risk management.</li> <li>3. Enhanced organizational competitiveness in global markets.</li> <li>4. Greater ability to identify disruptive innovations early.</li> <li>5. Reduced human bias in routine decision-making.</li> </ol>

<p>6. Global competition and pressure for faster strategic responses.</p> <p>7. Demand for predictive foresight in volatile environments.</p> <p>8. Leadership interest in innovation and data-driven cultures.</p> <p>9. Collaboration between technology providers and firms.</p> <p>10. Regulatory and societal pressure for more transparent decision-making.</p>	<p>6. New forms of human–AI collaboration in leadership roles.</p> <p>7. Emergence of ethical dilemmas requiring governance frameworks.</p> <p>8. Increased organizational efficiency and productivity.</p> <p>9. Shifts in organizational culture toward data-driven decision-making.</p> <p>10. Potential social consequences, such as job restructuring or displacement.</p>
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## 6. CONCLUSIONS

The impact of Artificial Intelligence (AI) on strategic decision-making in management is profound and multidimensional. The findings of this study indicate that AI technologies have moved beyond the realm of operational support and now play a central role in shaping long-term organizational strategies. By enhancing accuracy, accelerating decision processes, and enabling predictive foresight, AI contributes directly to the quality and agility of strategic choices. At the same time, AI's influence extends to cultural and ethical dimensions, requiring organizations to adapt their governance frameworks, leadership models, and accountability mechanisms. From a strengths and opportunities perspective, AI is a powerful enabler of efficiency, innovation, and global competitiveness. Organizations that integrate AI into their decision-making processes gain superior capabilities in forecasting, adaptability, and customer-centric strategy. The use of AI also encourages data-driven cultures, promotes experimentation, and strengthens resilience in the face of uncertainty.

However, the weaknesses and threats identified in the SWOT analysis highlight the need for caution. High implementation costs, algorithmic opacity, and dependency on data quality present significant barriers. Furthermore, ethical dilemmas, regulatory ambiguity, and potential overdependence on AI can undermine trust and legitimacy if not carefully managed. These risks emphasize the necessity of a balanced approach, where AI is seen as a complement rather than a substitute for human judgment.

The cause–effect analysis further demonstrates that the integration of AI in strategic decision-making is shaped by both technological and organizational drivers. While the effects include enhanced competitiveness, improved foresight, and cultural transformation, they also encompass ethical challenges, job restructuring, and new governance demands. This duality reflects the complex reality of AI adoption: a source of opportunities and risks that must be carefully weighed in strategic planning.

In conclusion, AI should be understood as a strategic partner in management, offering organizations a critical advantage in volatile and uncertain environments. Its successful application depends on the ability of managers to combine computational precision with human intuition, ethical oversight, and contextual awareness. The future of strategic decision-making will be characterized by hybrid intelligence—where human creativity and values are integrated with AI's predictive and analytical power. This synthesis represents not only a technological evolution but also a managerial and cultural transformation, shaping the next era of organizational strategy.

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**MODELS OF ADMINISTRATIVE-TERRITORIAL ORGANIZATION OF ROMANIA IN  
THE INTERWAR PERIOD. THE COUNTY. THE DIRECTORATE. THE PROVINCE**

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**ABSTRACT**

*This article examines the complex evolution of the administrative-territorial organization in Greater Romania during the interwar period, specifically between 1918 and 1936. Following the Great Union, the Romanian state faced the massive challenge of institutional unification, attempting to harmonize four distinct legislative systems (the Old Kingdom, Transylvania, Bessarabia, and Bukovina). The study analyzes three major legislative milestones: the 1925 Law on Administrative Unification, the 1929 Law on the Organization of Local Administration, and the 1936 Administrative Law.*

*The initial 1925 legislation, promoted by the Liberal government, established a centralized model centered on the county (judeţ) and the commune, with the prefect serving as both a representative of the central power and the head of local administration. Dissatisfaction with this model led to the 1929 reform under the National Peasants' Party, which introduced a paradigm shift toward decentralization. This reform recognized the "village" as a fundamental legal entity and introduced "General County Associations" and "Ministerial Directorates" to reflect regional historical identities (provinces).*

*However, these reforms sparked intense constitutional debates regarding State unity and the legality of administrative justice bodies like the Revision Committees. By 1936, the legislative pendulum swung back toward centralization, re-establishing the prefect's dominance and limiting the autonomy of elected councils. The article concludes that the interwar administrative reforms were characterized by a constant tension between the need for a modern, decentralized European state and the political impulse for central control. The frequent shifts in legislation reflected the era's political instability and the difficulty of integrating diverse regional administrative traditions into a single national framework.*

**KEYWORDS:** *administrative decentralization, Greater Romania, interwar period, institutional unification, local autonomy*

**J.E.L Classifications:** **N94, H70, K23**

## 1. INTRODUCTION

The Great Union of 1918 brought not only national fulfillment but also an urgent need for administrative structural reform. Romania had to integrate territories with vastly different legal heritages—Austrian, Hungarian, and Russian—into a coherent national system. This article explores the legislative efforts to build a functional administrative state during the interwar years. It focuses on the transition from the highly centralized Liberal model of 1925 to the decentralizing experiment of 1929 and the eventual return to centralism in 1936. The central question of this study is how the Romanian state navigated the balance between respecting regional historical traditions and ensuring the political indivisibility of the nation.

## 2. THE 1925 UNIFICATION LAW – ESTABLISHING THE CENTRALIZED FRAMEWORK

Title III of the 1925 Law refers to the county (*județ*). The county council was composed of three-fifths elected members—chosen by all county voters through universal, equal, direct, secret, and compulsory suffrage, via a list system with minority representation—and two-fifths ex-officio members (Art. 101). The number of county councilors was established in proportion to the county's population, excluding the population of the county seat. The following were provided: 36 councilors in counties with a population greater than 400,000 inhabitants; 30 councilors in counties with a population greater than 200,000 inhabitants; and 24 councilors in all other counties.

Ex-officio councilors included the mayor and up to two councilors elected by the City Council of the county seat, the school inspector and senior representatives of vocational and secondary education, the highest-ranking representatives of the Ministries of Public Health, Social Protection, Agriculture, and Public Works, the financial administrator, the agricultural counselor, the archpriest of the cult with the most followers within the county or residing in the county capital, one representative each from the Chambers of Agriculture, Commerce, Industry, and Labor, the head of the State Litigation Service of that county, a representative of the cooperatives (either the president of the Production Federation or the president of the Federation of People's Banks headquartered in the county capital).

In the presence of the prefect, the elected councilors took the following oath: "I swear loyalty to the King and the Constitution; I swear to impartially apply the laws of the country and to defend the interests of the county" (Ministry of Justice, Collection of Laws and Regulations, 1925).

The Council, presided over by its oldest member, elected its Bureau by secret ballot for a period of 4 years, consisting of a president, two vice-presidents, two secretaries, and two questors. The Council conducted its work in plenary sessions and in five committees, each with 5-8 members: the Administrative, Financial, and Control Committee; the Public Works Committee; the

Economic Committee; the Cults and Education Committee; and the Sanitary and Social Assistance Committee.

According to the law, "County Councils have the initiative and decide on all matters of county interest, in accordance with the present law and special laws." The Council met in the county capital, at the Prefecture building, in ordinary sessions on October 10 and March 1 of each year. In extraordinary sessions, the Council met whenever necessary or at the request of the prefect.

Convocation for an extraordinary session was permitted only with the approval of the Ministry of Internal Affairs. The duration of the ordinary session was 15 days, and the extraordinary session 10 days, with the possibility of extension following a Council decision. No salary was received for the mandate of councilor, only a per diem and travel reimbursement.

The prefect attended all Council meetings, having the right to speak but not to vote. The rapporteurs of the five specialized committees formed the Permanent Delegation, chaired by the prefect.

Title V regulates the issue of representatives of the central authority and control bodies. The county prefect was appointed by Royal Decree at the proposal of the Minister of Internal Affairs. In addition to the other conditions required of public officials, the candidate had to be at least 30 years old and hold a university degree recognized by the state. The prefect could not hold any other political office paid by the state, county, or commune, nor practice any liberal profession, or serve as an administrator or censor on the boards of commercial companies, cooperatives, or banks. He was the representative of the central power, but also the "head of the county administration." In this capacity, he exercised control and supervised all county and communal services. Together with the Permanent Delegation, he appointed, promoted, revoked, and applied disciplinary sanctions to county officials, according to the statutes and laws in force. He was the head of the police in the county and, in this capacity, gave orders to all police and gendarmerie bodies, and in situations of *force majeure*, mobilized the public force.

Each county was divided into several districts (*plăși*), led by a Praetor (*Pretor*) subordinate to the prefect.

In accordance with the 1925 legal regulations, the country was divided into 71 counties, grouped by Decision no. 577 of February 6, 1926, into 9 administrative regional districts (Săgeată, 2002):

- a) District I with headquarters in Cluj: Cluj, Maramureș, Mureș, Năsăud, Satu Mare, Sălaj, Someș;
- b) District II with headquarters in Timișoara: Arad, Bihor, Caraș, Hunedoara, Mehedinți, Severin, Timiș-Torontal;
- c) District III with headquarters in Sibiu: Alba, Făgăraș, Odorhei, Sibiu, Târnava Mare, Târnava Mică, Turda;
- d) District IV with headquarters in Craiova: Argeș, Dolj, Gorj, Olt, Romanați, Teleorman, Vâlcea;
- e) District V with headquarters in Ploiești: Brașov, Buzău, Ciuc, Dâmbovița, Ilfov, Muscel, Prahova, Trei Scaune, Vlașca;
- f) District VI with headquarters in Galați: Brăila, Caliacra, Constanța, Covurlui, Durostor, Ialomița, Ismail, Râmnicu Sărat, Tulcea;
- g)

District VII with headquarters in Cernăuți: Botoșani, Cernăuți, Câmpulung, Dorohoi, Fălticeni, Hotin, Neamț, Rădăuți, Storjineț, Suceava; h) District VIII with headquarters in Iași: Bacău, Bălți, Iași, Putna, Roman, Tecuci, Tutova, Vaslui; i) District IX with headquarters in Chișinău: Cahul, Cetatea Albă, Fălciu, Lăpușna, Orhei, Soroca, Tighina (The New Organization of Inspection Services within the Ministry of Internal Affairs, 1926).

Each district was led by an administrative inspector general, seconded by a second-class inspector general, who was obliged to apply the unification law (Allocation of Districts..., 1926).

After nearly two years of attempts, the results were not up to expectations. Reports from the relevant departments of the Ministry of Internal Affairs and from the administrative inspectors general revealed that the unification law was not being applied uniformly in all regions, and some provisions were not being put into practice.

Since an implementation regulation for the law had not been drafted, some texts were misunderstood, or the communal and county administrations did not pay sufficient attention to the strict application of the provisions. Nicolae Iorga describes the results of the new administration very vividly: "In the Old Kingdom, what existed ten years ago persisted—Caragiale's world with more diplomas. It was a sorrow to witness in every journey through our provincial towns... Bessarabia, with no other roads than those few Russian highways and the deep-rutted tracks through the middle of the signatures... Cernăuți is perhaps the most un-Romanian city in Romania... In Transylvania, instead of reviving the small Romanian centers like Făgăraș, Orăștie, or Sebeș, the new regime—following the custom of the liberated slave who copies his arrogant masters—throws itself toward the capital without any character... Vulnerable towns like Blaj showed the same peeling plaster on the walls of schools and churches, the same 'nemeș' poverty from 1700 in the wealthier peasant house of the Uniate bishop" (Iorga, 1932).

Authorities believed that matters could only be remedied through the organization of rigorous and permanent control. For this to yield results, it had to be carried out by region, establishing the sphere of duties and limits of competence. Inspections and controls were to be executed by administrative inspectors general, prefects, and praetors.

By Decision number 25,134 of November 18, 1927, of the Minister of Internal Affairs, the regional administrative districts were reorganized, increasing to 10 with new headquarters. The counties were distributed as follows:

1. District I with headquarters in Pitești: Argeș, Dâmbovița, Dolj, Gorj, Mehedinți, Muscel, Olt, Teleorman, Vâlcea, Vlașca;
2. District II with headquarters in Ploiești: Brăila, Buzău, Caliacra, Constanța, Durostor, Ialomița, Ilfov, Prahova, Râmnicu Sărat, Tulcea;
3. District III with headquarters in Iași: Bacău, Covurlui, Fălciu, Fălticeni, Iași, Neamț, Putna, Roman, Tecuci, Tutova, Vaslui;

4. District IV with headquarters in Botoșani: Botoșani, Cernăuți, Câmpulung, Dorohoi, Rădăuți, Storojineț, Suceava;
5. District V with headquarters in Chișinău: Bălți, Hotin, Lăpușna, Orhei, Soroca;
6. District VI with headquarters in Cetatea Albă: Cahul, Cetatea Albă, Ismail, Tighina;
7. District VII with headquarters in Sibiu: Alba, Făgăraș, Hunedoara, Sibiu, Târnava Mare, Târnava Mică;
8. District VIII with headquarters in Târgu-Mureș: Brașov, Ciuc, Mureș, Odorhei, Trei Scaune, Turda;
9. District IX with headquarters in Oradea: Arad, Bihor, Carei, Timiș, Torontal;
10. District X with headquarters in Cluj: Cluj, Maramureș, Năsăud, Satu Mare, Sălaj, Someș (Official Gazette no. 257, 1927).

As things continued to evolve slowly, by Decision no. 4640/8 of April 11, 1928, of the Minister of Internal Affairs, the number of districts returned to 9, with the counties being allocated differently:

1. District I with headquarters in Pitești: Argeș, Dolj, Gorj, Mehedinți, Muscel, Olt, Romanați, Teleorman, Vâlcea.
2. District II with headquarters in Ploiești: Brăila, Buzău, Dâmbovița, Ialomița, Ilfov, Prahova, Râmnicu Sărat, Vlașca.
3. District III with headquarters in Iași: Bacău, Covurlui, Fălciu, Fălticeni, Iași, Neamț, Putna, Roman, Tecuci, Tutova, Vaslui.
4. District IV with headquarters in Botoșani: Botoșani, Cernăuți, Câmpulung, Dorohoi, Rădăuți, Storojineț, Suceava.
5. District V with headquarters in Chișinău: Bălți, Hotin, Cahul, Lăpușna, Orhei, Soroca, Tighina.
6. District VI with headquarters in Constanța: Caliacra, Cetatea Albă, Constanța, Durostor, Ismail, Tulcea.
7. District VII with headquarters in Brașov: Alba, Brașov, Făgăraș, Hunedoara, Odorhei, Sibiu, Târnava Mare, Târnava Mică, Trei Scaune.
8. District VIII with headquarters in Oradea: Arad, Bihor, Caraș, Sălaj, Severin, Timiș-Torontal.
9. District IX with headquarters in Cluj: Ciuc, Cluj, Maramureș, Mureș, Năsăud, Satu Mare, Someș, Turda (Official Gazette no. 85, 1928).

The institutional and administrative unification actions of Greater Romania lasted ten years, from 1918 to 1928, and only partially met the needs for development, modernization, and Europeanization of society. Adequate solutions were not found for the transformations in political-economic and socio-cultural life, nor were the advanced elements necessary for state organization adopted from former legislations (see the centralization-decentralization debate). In other words, Romania integrated into the Central European and Western development model, but the pace of evolution was sluggish, involving complicated procedures that were insufficiently supported and burdened by a great deal of political ballast. Beyond the doctrinal debates, many of which were sterile, the administrative reform did not offer sufficient arguments for the consolidation of the national market or for the increase of local revenues.

### **3. THE DECENTRALIZATION REFORM OF 1929 – REGIONALISM AND LOCAL AUTONOMY**

The National Peasants' Party (PNT) government of autumn 1928, from the very first moments of taking power, introduced a legislative projection different from that of the Liberals, based on the decentralization of the State (Nistor, 2000).

In the eyes of the legislator, there were at least three basic principles of the administrative reform: 1. Local autonomy; 2. Administrative decentralization; 3. Administrative control and guardianship bodies.

Local autonomy aimed at the administration and leadership of administrative units either directly or through elected representatives of the villagers from that administrative unit. It was conceived "from the bottom up," and as a hierarchy, it addressed the village, the rural commune and urban commune, municipalities, the county, and the province/region. Subordinations flowed from the region toward the county and municipalities; from the county toward urban and rural communes; and from rural communes toward the village (ibid.).

The administrative decentralization proposed by the PNT was based on reducing the supervision and control activities of the Ministry of Internal Affairs. A representative of the central power was provided for in a relationship of collaboration-subordination toward: the regional director; the county prefect; the chief-praetor and the praetor.

The coordination apparatus of the two parallel hierarchies consisted of the Regional Director and the County Administrative Commission. The entire administrative mechanism benefited from the services of two courts: the Central Revision Committee and the Regional Revision Committee.

The Regional Revision Committees were administrative bodies that, on one hand, supplemented the guardianship and control organs over local administration institutions, and on the other hand, were called upon to provide their opinion whenever government agents exercised their control powers or made decisions regarding the functioning of local administrations.

An important issue in the conception of the new administrative organization law, according to the "Explanatory Memorandum," "refers to the administrative traditions of the sister provinces, according to their customs and mentalities" (ibid.). An administrative law of Romania after the Great Union had to incorporate "the traditions and customs of at least four distinct administrative systems," which could only be achieved through a compromise with "all its disadvantages and advantages"; disadvantages because it is nearly impossible "to find the formula that satisfies each individual administrative system," and advantages because "the administrative organs of a country must necessarily be unitary" (ibid.).

According to the legislator's conception, "any population center, as created over time, constitutes an administrative unit. The basic administrative unit must be the commune, as a natural population center, which is divided into municipalities, urban communes, and rural communes." An important role in the organization of local administration was envisioned for the village, which "in Transylvania, Bukovina, and Bessarabia, under the regimes in which these provinces lived until the union, constitutes at the same time the fundamental administrative unit" (Official Gazette, part III, 1928).

N. Iorga's speech in the Chamber was adopted into the argument, stating that "the village is the only reality and the great factor in preserving national consciousness and its development for the future" (ibid.). The village was to be considered a commune, not a sector of a commune. Only in this way could "the true development of villages be affirmed." In the system of the 1925 law, where communes were composed of several villages, it could happen—as in the Old Kingdom—that the village was "strangled." The villages in Transylvania and Bessarabia, which bring their historical tradition as true centers of civic life, did not deserve this fate, the new law proclaimed. Therefore, the principle of the local administration organization law had to be based on the village as the administrative-territorial unit, and only by exception on the commune with multiple villages. "The individuality of each administrative unit is the village," which must, however, be subject to administrative guardianship, "for without control and coordination, good administration cannot be guaranteed...". "In this way, democracy would gain deep roots in public life...". "In Bessarabia, but also in the other annexed provinces, the only centers of civic life where the national language and traditional customs could be preserved were only the villages."

The rural commune is considered in the project as an intermediate administrative unit between the village and the county, acting as a control body exercising administrative guardianship over the village. In the legislator's view, the commune fulfilled this role on the sole condition that it comprised a number of villages whose total population was approximately 30,000 inhabitants.

The county was retained in the new law as the immediately superior administrative-territorial unit. It is administered by a County Council, from among whose members the County Delegation is elected, led by the administrative prefect.

The county prefect—distinct from the administrative one—is the representative of the central power, the head of the general police, and the executive organ of the County Council. He exercises control and supervision over all local administrations in the county. An innovation of the law is the County Administrative Commission, composed of all heads of public administrations in the county, with the role of coordinating the activity of various administrative services and removing identified deficiencies.

Alongside the village, considered a "natural population center," the institution of the **province** was introduced into the law—a "historical formation, entered into each of our lives with its traditions and customs" (*Official Gazette*, no. 89, 1929). N. Iorga supported both in the Chamber, stating, "the current law has two fortunate ideas: the village and the region."

Regions, as administrative units, established themselves during parliamentary debates as solutions suitable for the good organization of the country (*ibid.*). The region could be managed in such a way that the population across the entire country could satisfy individual interests as well as the ideal of national unity and achieve local autonomy. "The Minister of the Interior does not know what hurts the man in Cluj, Cernăuți, or Iași," and often orders coming from Bucharest are "inapplicable or yield results contrary to those desired." If an administrative unification law based on local autonomy and administrative decentralization by provinces had been promulgated immediately after the Great Union, the relations between the united provinces and the Old Kingdom "would be much more softened, and the country, after the unfortunate ten-year rule of the Liberals, would not be in today's economic and financial state" (*ibid.*).

To avoid grounds for unconstitutionality and to soothe the fear of affecting State unity, the legislator did not use the titles "province" or "region" in the text of the law, but rather "**general county association**" (*asociație județeană generală*) (*ibid.*).

General county associations represented and promoted the interests of the province; they possessed legal personality and operated based on autonomy and administrative decentralization. They were subject to the administrative control of revision committees that evaluated "the results of good administration" (*ibid.*). During the debate on the bill, the status of **ex-officio councilors** (*consilieri de drept*) was also discussed. It was argued that the legislator was inconsistent regarding ex-officio councilors in communal and county councils because they did not exist in rural councils, and that "the institution of ex-officio councilors does not accord at all with the principles of local autonomy" (*ibid.*), defined by law as "meaning the administration and leadership of administrative units, either directly or through representatives freely elected by the citizens of the administrative unit." The legislator admitted that "in principle, ex-officio councilors have no role in a law based on local autonomy" (*ibid.*). Keeping them in the administrative organization laws alongside elected members was anachronistic. The electorate lacked the necessary representativeness in the elected bodies (councils), and the subordination of local power to the will of the central power was maintained.

Furthermore, the same situation is found in articles 67, 69, 70, 72, and 73 of the Romanian Constitution regarding the composition of the Senate. Through this measure, the 1923 Constitution went against the European trend of expanding democracy by removing a large portion of the Senate from the electoral body.

The **Law for the Organization of Local Administration**, promulgated on August 3, 1929, reduced the number of communes from 8,751 to 1,500. The status of the 15,267 villages scattered throughout Romania's provinces was as follows: 7,289 villages—roughly half—were considered small under the bill, with a population of up to 600 inhabitants; to these were added 3,208 villages under 1,000 inhabitants. Thus, about 10,500 villages—over two-thirds of the total—had a population of up to 1,000 inhabitants. Approximately 3,000 villages recorded between 1,000 and 2,000 inhabitants, and 1,000 villages had a demographic basin of over 2,000 inhabitants (Nistor, 2000).

Communal administrative competence extended to all matters of communal interest: managing communal assets, encouraging and supporting collective labor, public instruction and health, field guarding, etc. The administration of the rural commune was entrusted to the **Communal Council**, composed of councilors elected by universal suffrage for a 5-year mandate. The Council elected the mayor and the Council Delegation, appointed the notary, cashier, and communal service employees, set compensation, voted on the communal budget, approved communal administrative contributions and fees, and established in-kind labor requirements (Articles 24–26 of the law).

The mayor was the president of the Communal Council and the Council Delegation, and the head of the communal administration. He convened and presided over Communal Council sessions, managed all communal services, and published laws, regulations, and orders from the government or superior authorities. Villages, in turn, were administered by a **village assembly**, a **village council**, and a **village mayor**. The mayor of the commune's seat village served as the deputy mayor to the communal mayor.

The law established an "extensive, diversified institutional-administrative reality capable of conferring new functional attributes to the structures of the rural world and allowing for real decentralization."

Regarding the counties (*judete*), they were maintained in number and territorial delimitation in accordance with the 1925 Law. The novelty of the 1929 law was that they were grouped by historical provinces into general county associations with legal personality. **Local ministerial directorates** were also created as organs of the central power:

- **Ministerial Directorate I (Muntenia):** Bucharest, 17 counties.
- **Ministerial Directorate II (Bukovina):** Cernăuți, 7 counties.
- **Ministerial Directorate III (Bessarabia):** Chișinău, 9 counties.

- **Ministerial Directorate IV (Transylvania):** Cluj, 18 counties.
- **Ministerial Directorate V (Oltenia):** Craiova, 6 counties.
- **Ministerial Directorate VI (Moldavia):** Iași, 9 counties.
- **Ministerial Directorate VII (Banat):** Timișoara, 5 counties.

The ministerial directorate was led by a ministerial director appointed by Royal Decree, equal in the administrative hierarchy to an undersecretary of state. The fall of the National Peasant government and the takeover by Nicolae Iorga's cabinet on April 18, 1931, jeopardized the local ministerial directorates, which were abolished on July 15, 1931. It should be noted that although Iorga supported the 1929 law in Parliament, he later declared: "the new regime had the passion for spending typical of all upstarts... The administrative law also carries great expenses, born from the inspiration of Constantin Stere... Village Councils were created alongside communal ones, and a swarm of mayors demanded their pay, however small... The Directorates implied new appeals to the taxpayer's purse" (Iorga, 1932).

The National Peasant governors aimed to revitalize rural life. Thus, in Article 1 of the law, they adopted the "village" alongside the rural commune as a local administrative unit. Villages within a rural commune were provided with their own organs; those with over 600 inhabitants (Art. 6, para. 2) had a mayor assisted by an elected Village Assembly or Village Council, a Village Council Delegation, as well as a collector and other officials. Additionally, villages were represented in the general Council of the central rural commune. The village mayors held a dual capacity: they were mayors in their village and deputies in the rural commune.

The villages or sectors of rural communes thus organized were legal entities (Art. 1). The legal paradox of the law was that a rural commune would be composed of two or more overlapping legal entities, depending on the number of component villages. According to the bill, villages—through their administrative organs—had the power to establish local taxes. Given that under the 1923 Constitution, communal taxes could only be established with the approval of an elected Communal Council, contemporary jurists considered these provisions unconstitutional, as a commune could only have one representing Council. This issue of constitutionality did not greatly concern the 1929 legislator. C. Stere argued in the Chamber that while "the Constitution of States is made by men, the same cannot be said of villages: the village is sprung from divine hands, and therefore no one has the right to attempt against its life" (*Official Gazette* no. 89, 1929).

It was further argued that "the laws of 1925 and 1926 can bring new interpretations to constitutional provisions because they were voted on by the authors of the 1923 Constitution. If the division into sectors and their constitution into administrative units, with a territorial organization and competence similar to those of communes, is constitutional for Bucharest and municipalities, it must also be constitutional for the other urban and rural communes, as Articles 4 and 111 of the Constitution recorded no distinction in this regard and provided for no exception" (*ibid.*).

Following debates in Parliament, the text of Art. 56 para. (3) was modified to state that "any communal tax can only be established with the consent of the Communal Council" (*ibid.*).

Another constitutional dispute concerned the province (Stere's project), the region, and later in the law, the "county associations" (Art. 4, Romanian Constitution). Liberal parliamentarians, in particular, argued during Chamber interventions that the provisions in C. Stere's project regarding the "Province" were unconstitutional in relation to Art. 4 of the Constitution. Even within the doctrine of administrative law, discussions were not clarified regarding the constitutionality of the incriminated text; therefore, the solution should have been provided by the High Court of Cassation and Justice, sovereign in declaring a legal text constitutional or unconstitutional.

The region as a territorial-administrative unit had already become, in doctrine, the subject of vast literature and discussion, both abroad and in Romania, with arguments for and against varying according to the political and administrative structure of the respective state, economic life conditions, and the traditions of various nations.

Paul Negulescu expressed his views on this subject in several texts: "dividing the country into regions, subject to more or less distinct regimes, offers very great advantages. Various regions present particularities, have pronounced characteristics, specific resources, and a certain spirit of solidarity exists among inhabitants. If, for instance, we made Northern Moldavia one region, Southern Moldavia another, and turned Oltenia, Banat, Dobrogea, Bessarabia, Bukovina into regions, and Transylvania into 2–3 regions, and Muntenia into 2 regions—we would render real services to the administration. A multitude of tasks could be given to these regions, tasks they would fulfill much better than central authorities. A Regional Council assisted by the Councils of the Chambers of Commerce and Industry, as well as those of Agriculture in the region, would take all necessary measures for the development of these branches of activity" (Negulescu, Boilă, Alexianu, 1930).

The eminent jurist opined that: "Active administration entrusted to a president or a governor of the region, assisted by competent technical staff, would be better executed than today, when control is done only from the center. Emulation would exist in this regard between various regions, which should enjoy very broad rights in economic, technical, and educational regulations" (*ibid.*).

He was, in fact, sketching the role of the region in the country's administrative organization and the program of activities that local and regional bodies were to implement.

The doctrine integrated the region into the modern administrative organism within the context of decentralizing central power, based on positive results recorded in Germany, Austria, Czechoslovakia, Yugoslavia, and Poland. The arguments that some Romanian theorists opposed to the region were of the type: "absolute autonomy, regionalism, or various cells of the state's political organism could not develop without control, without guidance... They could, at a given moment, jeopardize this very existence, fragment, or dissolve the State" (*Official Gazette*, Part III, 1925).

The region—or the "General County Association"—and the "Ministerial Directorates" (Arts. 292–322), as supra-county administrative and political territorial units, constituted, in the opinion of challengers, territorial divisions prohibited by Art. 4 of the country's fundamental law.

Before examining the validity of this claim, we will draw a parallel between the Association of Counties in the administrative unification law (Art. 296) and the general county association in the local administration organization law (Arts. 292–322) as supra-county administrative and political territorial units. From the analysis of the text, in Art. 296 of the 1925 administrative unification law, "counties may associate for a well-defined purpose to execute, create, or maintain works and institutions that are of local or regional use from a sanitary, economic, cultural, and public works perspective" (Art. 296 of the Law for the Unification of Administrative Organization of June 14, 1925). If these county associations were considered constitutional, then the optional associations for a limited time of counties within the territory of a Ministerial Directorate established to "execute, create, or institute works or institutions of sanitary, economic, cultural, or public works use, and for any other act, creation, or operation of services or institutions that fall within the duties and competences of the counties" should also be considered constitutional (Art. 300 of the law for the organization of local administration).

If the purpose and duties of both associations are the same, and if the 1925 legislator legislated within the limits of the Constitution: "we have no serious reason to conclude upon the unconstitutionality of the general county associations in the law for the organization of local administration."

This did not involve a political division of the country's territory through the establishment of these county associations, as the purpose was purely administrative. Furthermore, Art. 4 of the Constitution specifies: "The territory of Romania, from an administrative point of view, is divided into counties and counties into communes," unlike the 1866 Constitution which, also in Art. 4, regulated: "The territory is divided into counties, counties into districts (*plăși*), districts into communes."

The 1923 constituent legislator, by introducing the phrase "from an administrative point of view," did nothing other than draw attention to the fact that Romania's territory is "unitary and indivisible" from a political point of view, but divisible from an administrative point of view.

Evidently, the constitutional provision prohibits political autonomy but in no way limits administrative decentralization, a principle of constitutional law regulated by Art. 8 of the Constitution. Almost all jurists involved in the Parliamentary debates showed that discussions on the unconstitutionality of the Region were only important regarding the future evolution of the administrative system; Romania did not have the Region legislated as a distinct administrative unit in terms of administrative organization. What was understood as a Region actually constituted a geographical notion to identify a territory belonging to the jurisdiction of the Ministerial Directorate.

Finally, the last issue of unconstitutionality raised during the debates on the bill for the organization of local administration refers to the "Local Revision Committees" (Art. 325).

It has been written in specialized literature that "the principle of decentralization runs through the entire fabric of our local organization like a red thread, stretched by the local administration law, with one end in the autonomous organization of communes up to the regional Ministerial Directorates, as the first and last stage of the decentralizing system of our administrative organism" (*Official Gazette* no. 88, 1929).

Within this "organism" fits the new institution, the "Local Revision Committee" (Deciu, 1933), as an imperative of the principle of administrative decentralization, regulated by Art. 108 para. (2) of the modified 1923 Constitution, in the 1929 Law for the Unification of Local Administration.

The new institution of Local Revision Committees imposed itself as a necessity to separate active administration from jurisdictional administration, called to censor the acts of local administrative bodies, as well as deliberative resolutions and decisions submitted for execution by local autonomy administrations. The establishment of the institution aimed to solve two problems: the decentralization of central power as an administrative guardianship authority and the creation of judicial bodies distinct from those invested with leading local administration and solving all administrative life issues assigned to its organs.

The first problem is solved by deconcentrating central power of certain duties, transferred to the competence of administrative guardianship organs (Art. 323); the second by creating judicial organs as courts for the annulment and reformation of acts and decisions of autonomous local authorities (Art. 325), removed from central power control to guarantee them the broadest possible competence in resolving the cases brought before them.

If decentralization—a principle included in Art. 108 para. 2 of the Constitution at the base of administrative organization—is conditioned by granting a certain autonomy to local administrations, it is no less true that it also means the separation of the guidance and execution organs of local administration from the jurisdictional organs of judgment and administrative guardianship; that is, the separation of the manager with duties of leading communal and county administration from the judge called to approve or judge their acts and resolutions.

The principle of decentralization actually means the separation of the duties of central power organs from those of local organs, in the sense that the prefect, as a representative of the central power, should not simultaneously be the head of the county administration with administrative guardianship powers, as this would empty the principle of local autonomy of content and the separation of the distinct roles of manager and administrative judge would not be realized.

Those who supported the unconstitutionality of the Revision Committees based their claims on the provisions of Art. 107 of the Constitution: "Special authorities of any kind, with administrative litigation duties, cannot be established."

The violation of this constitutional provision stemmed from confusing administrative litigation, assigned to the Court of Appeal, with administrative justice entrusted by the law for the organization of local administration to the Local Revision Committees.

To clarify the issue, we will analyze the competence given by the Law on Administrative Litigation to the Courts of Appeal and the competence granted to the Local Revision Committee.

According to Art. 1 of the Law on Administrative Litigation of December 23, 1925, "anyone who claims to be harmed in their rights by an administrative act of authority performed in violation of laws and regulations, or by the ill will of administrative authorities to resolve a request regarding a right, may apply for the recognition of their right to the competent judicial courts" (the Court of Appeal within the applicant's domicile for requests based on Arts. 99 and 107 of the Constitution and Art. 1 of the law).

According to Art. 6, "the Court of Appeal invested with such requests judges the act; if it is illegal, it may annul it or award civil damages until the date of restoration of the harmed right, also having the power to judge the claim for compensation, either against the administrative authority brought to court or against the guilty official" (Law 151 on Administrative Litigation of December 23, 1925).

Administrative litigation aims at the reparation toward a private individual (natural or legal person) of moral or material damages caused by an illegal administrative act of authority or management, which the court declares as such (Art. 6 last para.)—without, however, annulling it—and which serves as the basis for establishing the moral and material damages claimed by the person whose rights were harmed. The sentence given in the case extends only to the interests of the plaintiff, and the court can only be seized by the person interested and directly harmed by the abusive administrative act.

Administrative justice assigned to the Revision Committees has as its object, according to Art. 334 of the Law for the Organization of Local Administration, "any decision or act of autonomous administrative authorities contrary to the law; they may also order competent authorities to fulfill duties prescribed by law or to refrain from any act contrary to the law, and may even impose that they issue the very decision required by law."

It primarily aims at defending general interests jeopardized by the illegal act of local administration, and can be seized by any person directly or indirectly—depending on whether the abusive act harms a general or private interest—or the Committee may act *ex officio*.

The comparison made between the method of seizing these two judicial instances, the effect of the pronounced judgments, the object pursued by the lawsuit filed before the Court of Appeal in administrative litigation matters versus that solved by the Revision Committee, as well as their different competences, highlights an essential distinction such that it cannot be claimed that

Revision Committees are "special authorities with administrative litigation duties" prohibited from being established by Art. 107 para. (1) of the Constitution.

The 1923 Constitution did not prohibit the establishment of institutions called to resolve conflicts between individuals and the administration, but only the establishment of authorities endowed with the same rights as ordinary (common law) judicial courts.

#### **4. CONSTITUTIONAL DEBATES AND THE RETURN TO CENTRALISM (1931-1936)**

The 1929 legislative arrangement was contested by the National Liberal Party, which, upon returning to government, prepared a new project materialized in the administrative law of March 27, 1936. This returned to the provisions of the 1925 administrative unification law and, consequently, to the principle of administrative centralization.

The bill comprises six parts: I. Local administration with all its needs; II. Local finances; III. Hierarchical appeal; IV. Administrative justice; V. Professional training; VI. General provisions.

The legislator declared in the Explanatory Memorandum that it used the experience gained in administrative practice since 1925 and aimed through the new regulation for: Simplification; Savings; Coordination of the activities of various local administrations; Association of different administrations for works of common interest; Guaranteeing the autonomy of local administrations and removing them completely from political influence; Financial independence of local administrations; Continuity; Training and selection of administrative personnel; Strengthening central and local authority.

New elements compared to previous laws concerned administrative elections; the functioning and duration of local councils; the selection of administrative personnel; urban planning and systematization plans for cities and counties; the association of different administrations; the exercise of the right to petition; administrative courts; balneo-climatic resorts.

The Explanatory Memorandum reiterates the law's purpose as being "to remove politics from local administration households," seeking "fortunate solutions." This was also the desideratum of the 1925 Liberal legislator, who considered essential the modern principles of administrative law doctrine and administrative science based on local autonomy, decentralization, local administration continuity, strengthening central and local power, coordinating the activities of various administrations, and removing the administration from political influence. As long as the county prefect was provided with a dual capacity—as a representative of central power and head of the county administration, the one who appoints, promotes, and applies disciplinary punishments to all county officials, suspends, and fines mayors—local autonomy and removing politics from administration remained merely an electoral exercise of the P.N.L. In the Explanatory Memorandum, but also during the parliamentary debate on the law, the former rapporteur of the 1925 law, Constantin D. Dimitriu, stated that "from 1925 until today, five administrative regimes have been followed, communal and county elections have been held six times, local elective and

executive organs and local officials have been changed several times," and the consequences were the complete destruction of local and administrative life due to political passions and struggles (Dimitriu, 1935).

Regarding the Bill, he stated that it incorporated the experience of the last ten years, "that it is a good act of administration," and that "all provisions whose application proved useful" were maintained (*ibid.*), regardless of the governments that legislated them.

The driving idea of the project was ensuring administrative continuity. "Continuity is ensured by renewing the Council every three years and by its dissolution in exceptional cases, a procedure assigned to the competence of Administrative Courts of Justice (Art. 65)" (*ibid.*).

For the other reasons for dissolution provided by Art. 165 letters f, g, h, i, competence belonged to the Ministry of Internal Affairs, which took the measure at the prefect's request. Dissolution of the Council was a reason for shortening its mandate, a situation in which one could no longer speak of ensuring the continuity of administration, without which "administrative life could not be conceived."

From the point of view of administrative doctrine, the act by which a mandate is shortened took two forms: dissolution by right (*de jure*), when the reasons provided by law are maintained and the Council ceases its functionality, and dissolution through a legal act. The legislator did not concern himself with this aspect due to the legal consequences produced by the mode of dissolution. He chose the method of dissolution through a legal act, although in some situations regulated by law, *de jure* dissolution was also provided for.

In the situations provided by Art. 165, letter (a) "When after three consecutive convocations the councilors have not gathered in the number required by law for the validity of deliberations"; letter (b) "When the number of elected councilors has been reduced by legal causes to half and cannot be completed by substitute councilors," the prefect could, by order, dissolve the Council.

The path chosen by the legislator was not accidental. If the prefect, by order, had disposed the dissolution, he was then obliged to set the date for elections. However, the legislator chose the path of dissolution by legal act. Dissolution competence was distributed to two administrative bodies with jurisdictional duties—Administrative Courts for cases provided by Art. 165 letters (a-e) and the Ministry of Internal Affairs for Art. 165 letters (f-i).

Administrative courts were jurisdictional administrative organs whose members were appointed by Royal Decree at the proposal of the Ministry of Internal Affairs. Through the appointment methods, political influence over these Courts and central power intervention over local autonomy were ensured.

Consistent in his "administrative work," the legislator provided that in case of dissolution, until the election of a new Council, "interim councils" were appointed (Art. 136) by decision of the guardianship organ, the prefect or the Minister of Internal Affairs (Art. 157). Notably, the law did

not provide operational terms for Interim Councils nor for the organization of new elections. It was said of this system during Chamber debates that it is "a regrettable one, for it maintains a state of provisionality indefinitely."

The legislator's will was not directed toward local autonomy, but toward a system based on political interests, centralization, and administrative guardianship.

In constituting the local Council of the urban commune and in the County Council, ex-officio councilors were maintained, some of them appointed by the prefect's decision. The reason invoked was that they render "real services" and provide a "corrective to the elected Council" (*Official Gazette* no. 50, 1925). However, this violated the electorate's will in choosing and constituting Councils, which, to be recognized, had to enjoy representativeness given by voters. Simultaneously, it opened the door for influences exercised by the prefect and, through him, by central power in local administration. Strengthening the positions of the prefect and the Minister of Internal Affairs in local administrations violated autonomy and decentralization.

This intention was not at all hidden by the bill's rapporteur: "It is beyond doubt that for the security of the national and political unity of a State, a centralizing regime is needed, but concentrated only regarding strict interests of a general, communal order that concern the totality of citizens... In any case, decentralization must not be extended to the extreme. Local organizations must not be left with a misunderstood independence, with a life separate from the rest of the country and even the State" (*ibid.*).

The principle of decentralization—asserted the legislator—had to meet certain limits, determined largely by the "public spirit," by the "conception of each citizen and the collective of citizens to place collective interest above individual interest, of duties, obligations, and the measure of each person's rights" (*ibid.*). Therefore, it had to be subject to administrative and jurisdictional control exercised either through hierarchical control or through administrative guardianship (Giuglea, 1931).

The guardianship of central organs made administration sluggish and sometimes allowed it to exercise duties without having the necessary competences. For example, the Budget was approved or modified by officials from the Ministry of Internal Affairs or the prefecture. According to the provisions of the bill, all resolutions of the County Council and the County Delegation were limited, as they were subject to the will of the prefect, who continued to be a political organ *par excellence* "and could draw county and communal management means into the sphere of political concerns" (*Official Gazette* no. 50, 1925). The guardianship he exercised over communes and county administration "positioned him as the true head of all county and communal administrations, for he concentrated both the executive will of communal and county organs regarding the administration itself as well as local management, finances, and public works" (*ibid.*).

The power of the Minister of Internal Affairs, the prefect, the praetor, and the notary as representatives of the central power over the elective bodies of the local administration was far from being reduced or restricted compared to the provisions of the 1925 administrative unification law.

Through the Bill and finally through the Administrative Law, a system of administrative-judicial organization was created, referred to in the law, in Part IV, Title I, as "Administrative Justice." The Administrative Courts, adopted from the French law of 1926, were courts of first instance with administrative litigation duties.

The activity of the Courts was one of administrative jurisdiction or special jurisdiction within a state's administration. The expression "administrative jurisdiction" carries the meaning of an activity involving the resolution of legal conflicts by a system of judicial bodies operating within the framework of the State apparatus.

The Administrative Courts took the place of the former Local Revision Committees and were intended to fulfill the role of control bodies, administrative guardianship, revision, and reformation—possessing the power to annul and even reformulate decisions or acts of local administrative authorities where the law provided for such procedures. Their competences were very broad, and their rulings were subject to appeal at the High Court of Cassation and Justice. The members of the local and central revision committees were drawn from the corps of magistrates.

The administrative law shows an evolution in this field, in the sense that administrative justice was organized into an independent system led by the Central Administrative Court (whereas in France, district-level administrative tribunals were subordinate to the Council of State). However, it also represented an involution, as it was no longer possible to appeal the rulings pronounced by this court to the High Court of Cassation and Justice.

The legislator achieved a political goal by removing administrative acts of a judicial nature from judicial control. Furthermore, the method of appointment ensured the political role of the central authority in the control exercised over the administration.

One must not forget the other aspect: the creation of a parallel justice system, as Romania already had an administrative litigation law in force, which assigned the resolution of disputes concerning administrative acts to its own courts (the Courts of Appeal). The legislator was aware of the confusion created, admitting that "if they retain in their duties the judgment of the rights of the injured party, it will give rise to discussions regarding their constitutionality in relation to the provisions of Article 107 of the Constitution" (*ibid.*).

Other innovations of the law refer to the "hierarchical appeal" and the professional training of public officials.

By the law of March 27, 1936, the provisions of the 1925 law were reinstated, effectively returning to the principle of administrative centralization.

The administration of the rural commune was entrusted to the Communal Council, the mayor, and the deputy mayor. The Council consisted of 10 elected members, regardless of the commune's population, and *ex-officio* members—the priest, the teacher, the veterinarian, the agronomist, and the forest engineer, in communes where they resided—as well as local donors of public buildings (schools, churches, or hospitals). The *ex-officio* members were appointed by the prefect's decision, thus violating the principle of citizen representativeness in Local Councils, where the prefect's control—and implicitly that of the central power—was clearly visible.

## 5. CONCLUSION

The administrative journey of interwar Romania reflects the broader struggle of the state to modernize and unify. While the 1929 law represented a visionary attempt to empower local communities and recognize the historical individuality of the provinces, it was ultimately hampered by constitutional fears and political volatility. The return to centralization in 1936 demonstrated that, in a period of growing geopolitical and internal tension, the Romanian political elite prioritized state control over local democracy. Ultimately, the interwar experiments provided a rich legal precedent but failed to create a stable administrative culture, as the system remained deeply influenced by partisan politics rather than administrative efficiency.

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## **THE REAL ESTATE MARKET BETWEEN ECONOMIC CAUSALITY AND THE RISKS OF ORGANIZED CRIME**

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### **ABSTRACT**

*The city of Cluj-Napoca turned into the biggest real estate boom in Romania. Although wages have remained at the national average level by field of activity, the price of housing tends to take such a large scale that it exceeds the amount of real estate in many European countries and cities. The community of ordinary, honest and industrious people sees themselves excluded from their own city, suffering because of this price explosion which has an impact in all social spheres. The explanation that the price level is due to the large number of students and computer scientists is easy and convenient for the authorities who do not really have reactions, answers and solutions.*

**KEYWORDS:** *accommodation, maximum profit, corruption, computer scientists, real estate, money laundering, indolence, incompetence, complicity, community suffering, emigration, solutions.*

**J.E.L. Classifications: R31, R23, O18**

### **1. ARGUMENT**

After December 1989 in Cluj-Napoca there were phenomena and facts prominently highlighted on the national socio-economic map: the Caritas pyramid megagame, the FNI scam guaranteed in the end by the CEC, the bankruptcy of the largest private Bank "Dacia Felix", the headquarters of two antagonistic national parties UDMR and PUNR and very important, in the long term, the expansion of "Babeş Bolyai" University which became the largest in the country, both in terms of number of students and as the number of sections. The transformation of the

number of students into an economic, not only scientific, cultural and social argument, even without coverage on the labor market, induced the increase in the number of students at all universities. It is not easy to mention "all" universities! The six state universities have a large share: "Babeş Bolyai" University, Technical University, University of Medicine and Pharmacy, University of Agricultural Sciences and Veterinary Medicine, University of Art and Design, Academy of Music. Along with these, the legislation after 1989 allowed the establishment of private education - "Bogdan Vodă" University (one of the first in the city), Dimitrie Cantemir University (centered in Bucharest, but with strong branches of Law and Economic Sciences in Cluj), "Sapientia" University focused on the Hungarian community, as well as "Partium" University in Oradea which has activity in Cluj as well, as well as other higher education institutions reorganized/disbanded over time, or with more limited or meteoric activity - "Avram Iancu", "Spiru Haret", "Phoenix", the Protestant Theological Institute and we do not claim to list exhaustively.

It is certain that Cluj-Napoca has the highest density of students compared to the number of inhabitants in the country. These crowds of students, about 100 thousand with master's and doctoral students, in principle, were mainly charged tuition fees and all kinds of expenses were increased, based on the well-known principle of the price that appears as a result of the competition between demand and supply. There is a very high demand in Cluj, sometimes exorbitant, the solution, the most profitable and immediate, was just to increase the prices.

Given that practically no dormitories were built after 1989, (only one in the Gheorghieni District, near "Economic Sciences" - FSEGA, but it is not entirely dedicated to students) among the prices that have exploded in Cluj, the shocking is that of rents and, logically, in the next steps, real estate prices. The explanation of the large number of students and IT specialists is the most convenient in excusing apathy or anti-crime inefficiency, but it is also necessary to analyze the hypothesis if part of the pressure on prices can come from financial flows associated with organized crime.

## **2. POSTULATED: ORGANIZED CRIME IS INTERESTED BY THE BIGGEST PROFIT**

The accommodation capacity in the state dormitories is approximately 14,000-15,000 places, and the students who do not get a place in the dorm, volens-nolens, enter a rental market where a level of 300-500 euros for a studio apartment excludes young people from disadvantaged

backgrounds from Cluj university studies. Many of them would have deserved to perform in Cluj! It is estimated that approximately 65,000 students live in rented accommodation annually.

Most students barely pay their rent and living expenses, very few can afford to enter the property market as buyers. There is, however, one category that influences the real estate market the most - IT specialists.

They influence more because they have high salaries relative to the rest of the population. However, the infusion of students and the university environment determined the explosion of the crowd of IT-scientists in Cluj-Napoca, rightly considered a "Silicon Valley" of Eastern Europe. The estimate goes up to the existence of about 30,000 IT specialists in Cluj with a number of over a thousand active IT companies.

All of these provide clues to the size of the rental market and the total value of real estate transactions.

In 2025, Cluj county registered an approximate volume of 30,782 real estate transactions with an estimate of between 1.8 - 2.2 billion EUR annually (sources: ANCPPI - National Real Estate Agency; Imobiliare.ro; Storia.ro s.a.).

The rental market is more difficult to quantify, but it can be approximated by the number of residential units estimated to be in the rental circuit of at least 45-50 thousand units (apartments and rooms). Considering the data published in some specialized websites, Imobiliare.ro; Storia.ro, or of public institutions (City Hall of Cluj Napoca - floating population) we arrive at a total estimated annual value of approx. 300 million EUR.

What happened in the USA during alcohol prohibition when alcohol smuggling produced a huge amount of black money? Who appeared on the market?

In drugs, in human trafficking, in the smuggling of oil to Yugoslavia in the 90s, in the massive cutting of forests in countries that do not protect them, in prostitution, in gambling and betting, wherever, when the stake of a very large profit appears, even if it is illegal, who undoubtedly appears?

Popular wisdom has an expression that captures the phenomenon: "Let it be, because frogs gather!" Is there a risk that part of the real estate market in Cluj or in Romania will be accessed, influenced or even controlled by organized crime?

The clearest proof of the influence of organized crime is the huge number of homes sold that remain unoccupied! Between 18,000 and 24,000 housing units, depending on the information

sources, in Cluj-Napoca alone. Thousands of apartments are bought for hoarding. Rising property prices coupled with very low interest rates offered by banks on savings have made buying an additional home an investment for anyone who can afford it. But it is also a classic method of money laundering where the goal is not the profit from the rent, but the legalization of the initial amount through subsequent resale.

### **3. REAL ESTATE IS FAVORITE TO BE A "SAFE HAVEN" (SAFE REFUGE) FOR ILLICIT CAPITAL**

Although the presence of the IT sector and students would lead to the thought of a constant demand, especially in the conditions in which a salary recession in IT is foreseen (it actually took place), the hyperbolic evolution of real estate prices in Cluj cannot be justified. Practically, these real estate prices have been decoupled from the real purchasing power of the average salary, even if this "average", in Cluj, contains a lot of IT.

Who does the disconnection? A working student, a programmer even with an above-average income is subject to the bank lending grids. When the price per square meter exceeds the threshold of 3000 euros/sq m, or in special areas/center, over 5000 euros/sq m, they become unaffordable for the middle class through mortgage credit. Everyone knows that high prices are supported with "cash", which highlights sources of financing external to the transparent banking system, specific to organized crime that needs to "clean" financial funds of dubious origin as quickly as possible. It's like a geometric law, a postulate, it's just like that, but even if it's like that, it's certainly not a proof on file, it's just an assumption. There are institutions that, based on some laws, will look for this evidence, being within their competence.

Some authors on economic crime suggest that real estate markets in fast-growing cities may become vulnerable to the infiltration of capital from illicit activities (Unger, 2021). The real estate sector is recognized as a classic instrument for money laundering, including the profits from drug trafficking (FATF, 2019).

An interesting work in the field is by a collective led by Klitgaard Robert "Corrupt Cities: Practical Guide to Institutional Reform". These specialists identify three main mechanisms:  
- money laundering through real estate investments because real estate offers: high and relatively stable value; the possibility of justifying the origin of the funds; integration into the formal economy.

- capital reinvested from the drug market. According to the UN Office on Drugs and Crime (UNODC), the drug market generates hundreds of billions of USD annually globally (UNODC, 2023). Part of these funds are reinvested in: residential real estate; commercial premises; urban developments.

In Europe, studies on cities such as Amsterdam or Barcelona have shown correlations between the underground economy and speculative real estate investments (Savona, 2020).

- the third mechanism refers to demand distortion. Is it the case of Cluj?

Black money does not pursue classic profitability, but:

λ preservation of value;

λ anonymization of property;

λ integration into the legal circuit.

Thus, artificial demand can push prices above the level determined strictly by legitimate supply and demand.

#### **4. COMPETENT INSTITUTIONS, CASE STUDY AND THE THREAT NARCO TRAFFIC**

Combating the phenomenon would require the coordinated action of several institutions:

λ Directorate for the Investigation of Organized Crime and Terrorism (DIICOT)

λ National Anticorruption Directorate (DNA)

λ National Office for the Prevention and Combating of Money Laundering (ONPCSB)

λ National Fiscal Administration Authority (ANAF)

λ General Inspectorate of the Romanian Police (IGPR)

The main legislative framework mainly refers to:

λ Law no. 656/2002 on the prevention and sanctioning of money laundering

λ Law no. 143/2000 on preventing and combating drug trafficking and illicit drug consumption

λ Criminal Code (art. 367 – organized criminal group)

Examples of relevant files:

Romania

2020 – DIICOT file on drug trafficking and money laundering through real estate purchases in Bucharest (DIICOT public release);

2022 – File regarding an organized criminal group involved in tax fraud and real estate investments (Bucharest Court of Appeal),

2023 – Case instituted by DIICOT regarding cocaine trafficking and property investments in the west of the country.

Germany: Investigations coordinated by the Bundeskriminalamt (BKA) demonstrated the use of real estate for the recycling of profits from drug trafficking networks (BKA Report, 2021).

Netherlands: The Financial Intelligence Unit (FIU Nederland) reported in 2022 the increase in suspicious transactions in the real estate sector in Amsterdam, associated with the drug economy.

## **5. THE THREAT OF DRUG TRAFFICKING ON CLUJ. INCLUSIVE OF CLUJ REAL ESTATE**

Cluj-Napoca is a major university center, and the reports of the National Anti-Drug Agency indicate the existence of high consumption in the university environment (ANA, 2022). In economic theory, a city with: high consumption, logistical proximity, high purchasing power, can generate important financial flows in the underground economy.

If these flows are reinvested in real estate, it results:

$\lambda$  additional pressure on demand;

$\lambda$  cash purchases;

$\lambda$  lack of price sensitivity.

However, we note that no public data has been identified that accurately quantifies the weight of this phenomenon in the formation of prices in Cluj-Napoca.

## **6. CONCLUSIONS AND PROPOSALS**

It is well known that the upward spiral of real estate has a major negative impact on all components of social life. Institutions with competences in the field are expected to leave their mark more and contribute to the normalization of the perspectives of local communities, despite a lack of social reactivity typical of an increasingly aggressive, apathetic population, resigned to the idea that nothing can be done to improve living conditions.

A lot can still be done, there are international anti-corruption models. Where there was political will, things got better, some negative phenomena were even eradicated, and some proposals can be extracted from those models:

λ Extending the verification of the source of funds for transactions above a certain value threshold.

λ Constantly checking the real prices from the real estate agencies with those declared at the notary chambers:

λ Automatic interconnection ANAF–ONPCSB–DIICOT.

λ Complete public register of beneficial owners (in line with EU Directive 2018/843).

λ Extended confiscation according to art. 112 Criminal Code.

Romania is the country that in peacetime was condemned by pauperization, lack of perspective, systemic corruption to have the largest share of emigrant population in Europe, and of course with an unwanted leading place in the world, and all this took place in peacetime. By analogy, from the much-acclaimed "5-star city", the aberrant price spiral in Cluj-Napoca can produce similar, uncontrollable effects internally. Paraphrasing the legal admonition, we would conclude by warning, "Any silence can turn against us!"

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**POINTS OF VIEW REGARDING ROMANIA'S AGRARIAN-INDUSTRIAL  
DEVELOPMENT MODEL IN THE INTERWAR PERIOD**

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**ABSTRACT**

*This article analyzes the economic development strategies of Romania during the interwar period (1918–1940), a time defined by the transition from a predominantly agrarian economy to a complex agrarian-industrial model. Following the Great Union of 1918, the Romanian state faced the challenge of institutional and economic unification, leading to a profound debate between two main visions: the neoliberal approach, which prioritized rapid industrialization through national capital ("by ourselves"), and the peasantist (țărănist) model, which advocated for a development centered on small agricultural households and cooperative systems.*

*The study explores the legislative framework and the state's interventionist role in key sectors such as agriculture, forestry, and industry. In agriculture, despite the 1921 reform, the lack of mechanization and extreme land fragmentation resulted in low productivity and a persistent subsistence model. In contrast, the industrial sector, supported by a dense legislative engine—including the 1923 Constitution and the Mining Laws—saw significant growth, particularly in energy, metallurgy, and aviation. The article highlights the shift toward an interventionist-statist policy during the Great Depression, which led to the regulation of cartels and the mandatory syndicalization of industry by the late 1930s.*

*Ultimately, the article demonstrates that despite political fluctuations and the impact of the global economic crisis, Romania successfully integrated its historical provinces into a unified national market. The interwar development model, although hybrid and subject to severe social pressures, managed to lay the foundations for a modern industrial infrastructure, preparing the state for the strategic challenges of the late 1930s.*

**KEYWORDS:** *agrarian-industrial model, economic interventionism, industrialization, interwar romania, legislative unification*

**J.E.L Classifications:** N14, O25, Q18

## **1. INTRODUCTION**

The interwar period was a defining era for the modernization of the Romanian State. Beyond the administrative unification, the consolidation of Greater Romania required a coherent economic strategy capable of bridging the gap between its rural reality and the industrial standards of Western Europe. This article examines the ideological and legislative efforts to define Romania's economic character, oscillating between the "purely agricultural" tradition and the "industrial state" ambition. By analyzing the interplay between political doctrines and economic reality, we aim to illustrate how the Romanian state used law and institutional building as primary tools for national development and social integration.

## **2. THE AGRARIAN DILEMMA – FROM REFORM TO SUBSISTENCE**

In the chapters dedicated to the constitutional organization of the Romanian State, viewed through the lens of centralization-decentralization and the institutionalization of the national economic complex, we have observed the determination of political parties to achieve the modernization and development of society as a whole, aiming for reform and the integration of the State into the Western European evolutionary model.

Beyond the heated debates regarding a specific model for structuring State powers, the administrative-territorial organization contributed to the integration of the historical provinces, the creation of a national market, the recreation of the village, and the consolidation of the democratic regime and the parliamentary monarchy.

Economic thought also rose to the level of European debate, and we have analyzed it from the perspective of the liberalism-authoritarianism dialogue. Among the immediate concerns after 1918, specialists faced the task of defining the character of the national economy. The thesis that garnered the most support was that Romania was not destined to become a purely industrial State, nor was it to remain as it had economically evolved until the First World War—that is, exclusively agricultural. The essence of this thesis argued for a complex, agrarian-industrial economy (Duca, 1927).

In accordance with this character, a well-defined place was reserved for industrialization. The type of industrialization proposed and supported by the State's economic policy focused on the specificity of the country's socio-economic realities, which allowed for the exploitation of raw material and energy sources and the superior, industrial processing of agricultural products. This strategy and the programs applied proved their validity because, by the end of the fourth decade, Romania's economy had become an agrarian-industrial one, demonstrating that industry constitutes the essential condition and the starting point for the advancement of society.

Progressive political and scientific forces supported the development and modernization of the economy based on industrialization and developed appropriate economic policies. Concepts were

formulated and highlighted that aimed at: avoiding losses from unequal commercial exchanges through economic modernization; growing and consolidating domestic industry to face competition; drafting protectionist legislation; increasing the interventionist role of the State and the contribution of science to the production process; efficiently managing actions for the benefit of national capital; and collaborating with international finance in the interest of the Romanian economy (Saizu, 1981).

The overall development strategy of Romania was undoubtedly a success. However, economic results did not always meet the level of doctrinal approaches due to the short timeframe for applying these economic policies—only three decades—followed by the Great Depression, the World War, and the transition toward a planned, command economy. Despite these limitations, Romania evolved within the Western model with visible determination toward modernization and narrowing development gaps.

Legislation, intervention tools, and institutions formed the basis of the Romanian economic complex's structure between 1918 and 1948. Legislation, agricultural policies, and the evolution of agriculture have been treated extensively in specialized literature. Therefore, we will only briefly state the lines of the agricultural and rural development strategy.

Historiographical comments and analyses of the agrarian reform and its consequences for villagers have been positive. Nevertheless, the balance sheet of the Romanian economy regarding agriculture was modest. Model farms and some medium and large properties were developed and modernized. However, the vast majority of "labor" households lacked credit and mechanized means. Traditionalist, 19th-century subsistence agriculture continued to be practiced for the most part. Mitiță Constantinescu outlines the economic picture of a rural area that was little modernized on a national scale, subject to strong demographic pressure from approximately 4 million additional villagers in 1939 compared to 1919. Few of these were absorbed by the industrialization process.

The impressive demographic growth in villages stimulated the process of fragmentation, especially visible at the level of small, "tiny" properties under 5 hectares, which had only recently been established by the reform laws of 1918–1921. The pulverization and alienation of these properties, which were the majority in Romania, were accelerated by the Great Depression (Annex no. 3) (Cipăianu, 1933).

The cereal system remained predominant throughout the entire period—82% of the arable area, compared to 6% for pastures, 3.2% for food crops, and approximately 2% for industrial crops. Under conditions of backward technology, without the necessary mechanization or scientific crop rotation, the result was the exhaustion of the land and very low productivity, particularly in small households, which failed throughout the interwar period to reach the average levels of 1911–1915 (see Table no. 3).

Table no. 3: Average production (q/ha) of the main cereals in Romania

Year	Wheat	Corn	Barley	Oat
1911–1915	12,2	13,7	10,4	9,4
1921	8,6	8,1	6,3	7,8
1922	9,5	8,9	11,8	10,1
1923	10,3	11,3	7,1	6,7
1924	6,1	10,6	3,6	4,9
1925	8,6	10,5	5,9	6,2
1926	9,1	14,4	10,9	10,7
1927	8,5	8,4	7,1	8,1
1928	9,8	6,2	8,6	8,8
1929	9,9	13,3	13,3	11,2
1930	11,6	10,2	12	10,6
1931	10,6	12,7	7,4	7,7
1932	5,3	12,5	8,2	8,1
1933	10,4	9,4	10,4	9,7
1934	6,8	9,7	5	6,8
1935	7,6	10,4	5,6	7,4
1936	10,2	10,7	10	10,5

Source: Encyclopedia of Romania, vol. I, Royal Foundation Publishing House, Bucharest, 1938, p. 313.

The National Peasants' Party continued the legislative process aimed at modernizing agriculture while also saving it from the disaster of the Great Depression: the legal framework for organizing leasing and purchasing associations (*obști*) was established, and agricultural cooperation was encouraged. In 1930, the Minister of Agriculture and Domains, G. Cipăianu, recorded in a report that 1,374 purchasing associations, 128 leasing associations, and 832 cooperatives for the exploitation of small properties were active in agriculture (*ibid.*). The laws for the conversion of rural and urban agricultural debts were promulgated between 1932–1934, etc.

### 3. FORESTRY POLICY AND THE CHALLENGES OF NATURAL RESOURCE MANAGEMENT

Regarding the forestry economy, statistics published by the Ministry of Agriculture and Domains, the Forestry Bureau (*Casa Pădurilor*), and the offices of joint-stock logging companies provide varying data from year to year, and even for the same year, regarding Romania's forested area. For the year 1922, a figure of 7,094,056 hectares of forest is advanced. For 1929, statistics indicate 6,486,471 hectares, confirming a decrease in the country's forest fund. This was due to the rate of logging, driven by the increasing demand for timber necessary for post-war reconstruction and exports, as well as the agrarian reform laws, which allowed for the expansion of agricultural land through deforestation—encouraged by a lack of sanctions for forestry offenses (Decree-law no. 3097). The figures indicated for 1922 and 1929 correspond to percentages of 24.5%–26% and 22%, respectively, of forested area relative to the country's agricultural area (*Sylviculture dans la*

République Tchèque (1926), placing Romania in 12th position in Europe per 1,000 inhabitants (Official Gazette no. 42, 1930). Within the central and south-eastern European zone, Romania ranked third after Poland (9,062,000 ha of forested area) and Yugoslavia (7,586,300 ha) (Miletici, 1928).

By type of ownership, the country's forests belonged to the State, including those of absentees which had passed into its patrimony. Legally registered with distinct identities were the Orthodox Religious Fund of Bukovina, the former Border Guard Regiment of Bistrița-Năsăud County, the Caransebeș Property Community, the Crown Estates, the Civil Hospitals' Foundation (Eforia Spitalelor Civile) in Bucharest, St. Spyridon Foundation in Iași, charitable institutions, forests belonging to communes and counties, joint-ownership associations (composesorate), bishoprics, trusts, churches and schools, free peasants (moșneni and răzeși), private individuals, and joint-stock companies. This last category held the most significant share, namely 2,097,276 ha, representing 32.4% of the total. This was followed by the State with 1,942,000 ha (29.9%), counties and communes with 681,197 ha (10.5%), and joint-ownership associations with 655,707 ha (10.1%), etc. (Official Gazette no. 42, 1930).

From the perspective of geographical distribution, Transylvania held the first place with 59.1% of the total forest fund, while Bukovina led in terms of concentration per square kilometer (*ibid.*).

The quality of the timber from the country's forests, viewed through at least two aspects—distribution by age classes and wood species (*ibid.*)—indicates that one-quarter of the forested area was occupied by resinous trees (conifers), of which three-quarters were unfit for logging, being below the optimal "revolution" period for exploitation of 80–100 years. The ever-growing demand for timber was fueled by abusive logging. Logging companies were stimulated by the high profits obtained and favored by forestry legislation that was poor in sanctions. This led to a pronounced imbalance between growth and logging, in favor of the latter.

The State's forestry policy operated through general economic measures aimed at making the forests financially profitable.

The reports and balance sheets published by the Forestry Bureau show the income and expenditures of the approximately 2 million hectares of State forest. Revenues evolved from 66.3 million lei (1920) to 565 million lei in 1928. Concurrently, administrative and maintenance expenses increased from 59.1 million lei to 287.6 million lei for the same period. In pre-war gold currency, the figures ranged between 0.62 million and 8.61 million—the net income realized from forest exploitation between 1922–1928. During this same time, the net income per hectare of forest increased from 0.30 gold lei to 4.23 gold lei. This income corresponded to a yield index of 0.05% to 0.70%. It is worth noting that in European countries with much larger forest massifs, administrative and maintenance costs were lower than in Romania, while production profitability was significantly higher (2.2 cubic meters/ha in Romania compared to 4.13 cubic meters/ha in Germany, Austria, and Czechoslovakia—countries with inferior forest soil fertility). Other

categories of forests were in a worrying situation, with the exception of those belonging to the Reșița Estates, the Orthodox Religious Fund, and the Border Guard Fund (4 cubic meters/ha) (ibid.).

Severe administrative and maintenance deficiencies were also possible due to the forestry policy of the Romanian State, which was inconsistent in both legislation and practice. In the third decade, forests were cut down whose regeneration required 120 years of investment and labor. For other categories of forests, conservation and regeneration were the exclusive prerogative of the owners, who, preoccupied with expanding agricultural areas, favored deforestation by all means. To this end, they turned to joint-stock companies, created either by private domestic finance or, especially, by foreign finance, which combined exploitation with processing and capitalization.

The development of industry forced the State to intervene in regulating the relations between labor and capital, through social protection measures and consumer protection (quality, prices). Financial policies consistently monitored monetary circuits and the exchange of goods and currency with foreign countries.

#### **4. INDUSTRIALIZATION AND THE RISE OF STATE INTERVENTIONISM**

The long-term plan related to the country's industrialization aimed to change the predominantly agricultural character of the economy. To this end, a true legislative mechanism was promoted, designed to gradually establish the economic integration of the historical provinces, resolve multiple aspects related to recovery, and clarify the status of the creditor-debtor relationship.

Economic law was used to create the institutions necessary for the supply of machinery and equipment and to place industrial credit on the broadest possible basis. Judicial norms outlined the state's policy regarding fuels and raw materials. Strategy elements, along with those related to the stage of development of economic jurisprudence in European states, are found unitarily incorporated into the industrial legislation promoted by the Romanian executive.

Between 1918–1921, 63 laws, regulations, decree-laws, and journals of the Council of Ministers of industrial interest were adopted. The 1912 Law for the Encouragement of National Industry was extended to the scale of the entire national body as a basic law. Alongside it, the emergency legislation of the period was meant to accelerate fundamental economic processes—integration and recovery. The following were promulgated: the Decree-law regarding the establishment of the General Economic Directorate; the Journal of the Council of Ministers regarding the exercise of the Ministry of Industry and Commerce's right of supervision over factories (Central Historical Archive, 1934); the Decree-law regarding the establishment of the Credit House for the recovery of small industry (Official Gazette no. 66, 1918); the Decree-law for the establishment of the Petroleum Credit House (Official Gazette no. 233, 1919); and the Decree-law for the establishment

of certain services under the Ministry of Industry and Commerce (*ibid.*). This last normative act allowed for the creation of important institutions—the General Directorate of Commerce, the General Directorate of Supply, the General Directorate of Statistics, the Directorate of Economic Recovery, the Directorate of Commercial Conversions and Customs and Transport Tariffs, the Control Service for the Stock Exchange, banks, national currency insurance companies, the exploitation of natural resources, and economic legislation, and the Directorate of Cooperation.

The array of these important legal acts was completed with other regulations. Significant is the Law for the establishment of syndicates of manufacturers and industrialists. It granted the Ministry of Industry and Commerce the right to establish syndicates to cooperate with State bodies to intensify production and find the necessary means to procure raw materials and materials. The law also fixed the duration of the syndicates' operation: one year after the end of the war, with the possibility of extending their activity. A few days before the Al. Averescu cabinet came to power, on March 10, 1920, the Fuel Directorate was established by a journal of the Council of Ministers.

The new ministerial team aimed, through the legislative lever, to actively promote the state's interests in the economy. The fuel policy, decisive for the country's industrialization, was the subject of several decree-laws. Some of them provided for the mandatory sale by the State of petroleum products necessary for internal consumption; others instituted the creation of the joint-stock company "Industrial Recovery" (*Refacerea industrială*). Its purpose was to supply the industry with machinery, installations, means of transport, raw materials, and fuels; to participate in the activity of existing or future enterprises by providing capital and materials; and to grant advances against future reimbursement from any compensation the State declared it would grant to those entitled.

The legislation listed above largely responded to the objective needs related to the recovery, integration, development, and modernization of industry. Some laws, however, targeted partisan interests. We mention here the decree-law relating to the establishment of a joint-stock company for the development of the domains, mines, and works of Reșița, as well as the state mines and works at Hunedoara and Cugir, promulgated by the Averescu cabinet. This decree dissatisfied the liberals, who were preoccupied with achieving, in the spirit of the "by ourselves" formula, the nationalization of former enemy capital. The decree-law incriminated by the P.N.L. led to the fall of the Averescu government in December 1921.

Coming to power in January 1922, the P.N.L. repealed it and mandated registered shares for Reșița, a 60% share for Romanian capital, and that 2/3 of the members of the Board of Directors and the Management Committee, as well as the president and the general manager, be Romanian citizens. At the same time, the control and supervision of Reșița's economic-financial operations fell under the duties of a government commissioner.

The economic measures, meticulously prepared by the liberals, attested to the alignment of party interests—"along the line of which the opposition attacked" (Saizu, 1981)—with superior, national

interests. The "by ourselves" economic program provided for the encouragement of industry through Romanian labor, initiative, and capital; through the unification of legislation; through the strengthening of credit; by activating national energies; increasing production; and defending the country's wealth (Central Historical Archive, 1922). These were a series of principles and economic policy statements that would be incorporated into the 1923 Constitution.

The country's fundamental law reflected structural changes in society, including the increased role of the State in economic development. The Constitution was adopted at a time when the representatives of economic forces had passed the critical phase of the recovery years, and now, in 1923, compact groups from their ranks were launching toward consolidating their economic and political positions. From the perspective of economic articles, the Constitution expressed the transition into practice, for a long period, of the neoliberal stage of the country's development. Based on this, the industrial legislation adopted in the following period established the integration of historical provinces, moved beyond recovery, and met the "nation's need for progress."

The executive proposed the basic laws for Romania's industrialization to Parliament. The first of these established the National Industrial Credit Society in 1923, while four others from 1924 transposed Article 19 of the Constitution from the legal to the practical field through the energy law, the mining law, the water regime law, and the commercialization law. The legislation developed during the I. I. C. Brătianu government (1922–1926) managed to outline a state program in the field of liquid fuel with several objectives: preventing foreign capital from controlling the majority of oil resources; satisfying—even if not to the desired extent due to lack of capital—the involvement of national factors in resource exploitation; establishing an optimal correlation between the exploitation of energy sources, primarily oil, and the development of all sectors of the national economy; encouraging trends for the superior capitalization of deposits; strengthening the State's defense capacity; and defending Romanian interests on the world market (Păun, 1980; Buzatu, 1981; Axenciuc, 1977).

Under the impulse of these objectives, the economy moved onto the trajectory of development and modernization. The new government team of the People's Party (Averescu – 1926–1927) and then the liberal one (Vintilă Brătianu – 1927–1928) continued the economic policy directions prefigured in January 1922. Although we will dedicate a chapter to economic development, we summarize here the growth in the number of enterprises in 1928 compared to 1923 by 35%; utilized motive power by 25%; production value by 146%; fuel by 37%; employed personnel by 26%; and utilized raw materials by 128% (Manoliu, 1939).

There followed in the country's capitalist evolution the years 1929–1932, which coincide with the beginning and the peak of the Great Depression. The period is marked, from an ideological point of view, by the economic-political conceptions of the P.N.Ț., which had become the governing party. After November 10, 1928, an entire body of legislation aimed to introduce into the economy the supporting postulates of the economic policy program developed by this party. Overall, it targeted the constitution of the national economic complex, focused on the development of

agriculture and the industries closely linked to it and to national defense. The organization of the production of energy sources was intended to achieve maximum yield and in relation to the utility for the national economy—encouraging private capital initiative.

## **5. FROM THE GREAT DEPRESSION TO STATE-DIRECTED ECONOMY: CARTELS AND MONOPOLIES**

Regarding economic collaboration with foreign capital, through the "open door policy," the P.N.Ț. provided for its broadest possible participation alongside domestic capital in the development of the country's productive forces.

In these directions, a legislation well-represented numerically but not unitary was promoted. The causes of legislative hyperactivity are explained by differences of opinion among the numerous factions and government teams of the P.N.Ț. In 1929, 19 laws and 6 application regulations were promulgated. All were prepared during the opposition years and faithfully reflected the party's program and doctrine. Representative within the legislative package are the law for the organization and administration on commercial bases of public enterprises and wealth (Official Gazette, no. 62, 1929), the monetary stabilization law, and the law for amending the mining law of July 4, 1924 (Official Gazette, no. 71, 1929). The latter promotes the mining policy principles of the P.N.Ț., distinct from the P.N.L. conception (Păun, Știrban, 1991).

Mining policy, in this party's view, had to organize the exploitation of deposits, expand the State's mining domain by stimulating prospecting, and, especially, by conditioning the exploitation of known lands with exploration work on new ones (*ibid.*). The law reveals the legislator's concern for establishing state reserves. Equal treatment was granted to foreign and Romanian capital, and the principle of freedom of internal trade and the export of crude oil was specified, while pipelines remained state-owned. Foreign capital did not take advantage of the law's provisions; moreover, some of the companies existing in the country repatriated part of their assets (foreign exchange, movable property) to their countries of origin. These operations were estimated at the time at about 10 billion lei.

In 1930, the second Iuliu Maniu government, with the same Virgil Madgearu at the Ministry of Industry and Commerce, submitted two other important laws regarding the country's energy resources to Parliament—the energy law and the law on the methane gas monopoly. The first, taking over the realistic, valuable theses from the law promulgated in 1924 by the liberals, went further along the line of economic progress by proclaiming the principle of rationalizing conventional energy—through the development of the hydrographic basin, an inexhaustible energy source, and by utilizing inferior solid fuels. It declared the necessity of "sparing superior fuels to the advantage of the national economy and avoiding unnecessary transport." Regarding transport, specifications were introduced concerning transport and distribution networks. The former were treated as a state concession, and those in the second category as a communal one. Concessioning

was possible while respecting the new legal framework from the law for the organization and administration on commercial bases of public wealth of March 1929.

Regional concessions were granted "as practical possibilities to make hydraulic and thermal plants using inferior fuels profitable, and to stimulate their construction through international capital collaboration" (ibid.). Vehemently opposed by the opposition for these regional concessions, the law did not justify the Liberals' reaction, particularly since, due to the economic crisis, no foreign capital was available for large-scale investments. Nevertheless, three regional concessions were granted, only one of which became profitable over time: the joint-stock company SETA (Compass Rumanien, 1932).

In 1931, 26 laws and 9 application regulations were promulgated at the initiative of the G. Mironescu and N. Iorga – C. Argetoianu governments. Mihail Manoilescu served as Minister of Industry and Commerce in the first government and for three months of the second, followed by engineer M. Vasilescu-Karpen until the end of the Iorga government. The legislation adopted during this period no longer focused on the perspective of industrialization but was intended as a powerful state-interventionist lever to overcome the economic crisis. Through the Law for the Encouragement of Crude Oil Producing Enterprises (Official Gazette no. 171, 1931), the public authority assumed a decisive role in fuel policy, intervening energetically to support basic industries—those of particular economic importance or of interest to national defense—in accordance with the Law for the State Guarantee of Bonds Issued by Romanian Industrial Companies (Official Gazette no. 302, 1931).

During 1932, industrial legislation was enriched by another 20 laws, one decree-law, and 6 regulations. These were issued by the Iorga cabinet, the two Al. Vaida-Voievod governments, and the Iuliu Maniu government. Notable Ministers of Industry and Commerce included I. Lugojanu in the Iorga government, followed by Virgil Madgearu under Vaida, and Lugojanu again in the Maniu government. Among the legislative measures, the Journal of the Council of Ministers stood out, through which the Copșa-Mică-Cugir Mixed Metallurgical Works were transferred to the Ministry of National Defense.

In 1933, 16 laws and 12 industrial regulations were passed. The Vaida government, with Lugojanu at the Industry Ministry, focused—like previous teams—on supporting basic mining and metallurgical industries, primarily those owned by the State, in their effort to overcome the economic crisis. Thus, Parliament passed the law authorizing the Public Commercial Regimes of the state mining and metallurgical enterprises in Transylvania to contract a loan from the National Bank of Romania (B.N.R.) worth 114 million lei.

The economic legislation promoted at the initiative of the P.N.Ț. governments and the Iorga-Argetoianu government found a significant field of action in economic practice, contributing to the overcoming of the crisis. At the same time, interventionist directions in the economy were established, which would intensify in the immediately following period.

Following the results of the November 1933 elections, the tasks of supporting the economy in the effort to overcome the crisis fell to the National Liberal Party. There were no recorded legislative discontinuities or ruptures—a seemingly paradoxical statement considering that, programmatically, the economic policy elements promoted by the Liberals had different doctrinal supporting points. Certainly, one can speak of nuances and corrections made by the new governing formula compared to what was recorded in the years 1929–1933. For instance, the autonomous regimes (*regii autonome*)—a cornerstone for the P.N.Ț.—were transferred to the relevant ministries as simple commercial administrations, services, and directorates to be managed according to commercial norms, by derogation from the public accounting law.

Through the Law for the Utilization of Romanian Personnel in Enterprises (Official Gazette no. 161, 1934), an attempt was made to return to the policy of resistance against foreign capital. This was, in fact, the reactivation of a principle, as the 1934 law lacked an application regulation until the brink of the Second World War. The Mining Law promulgated by the P.N.Ț. in 1929 also underwent changes through the introduction of new articles regarding the State's right of pre-emption in purchasing precious metals.

The Liberal government of Gheorghe Tătărăscu developed interventionist legislation and strengthened existing provisions for protecting national industry, continuing the policy of State investments, primarily allocated to the macro-metallurgical branches. Enterprises working on State orders were legislatively stimulated through advances, preferential credits at the B.N.R., tax reliefs, etc. New measures to encourage industries, in addition to those of the 1912 law still in force, led to the creation of high-tech branches such as electrical engineering and aviation. Notable for their importance were the law authorizing the C.F.R. Autonomous Regime to conclude transactions with rolling stock factories—Reșița, UNIO, Malaxa, Romlac, Lemaître, Franco-Română—and the law for moving the "Astra" factories (the first Romanian wagon and motor factory S.A.) and "Unio" (wagon factory S.A.) to Brașov. The State's contribution to the Copșa-Mică-Cugir Works was fixed by law (Official Gazette no. 177, 1936), and advantages were legislated for the establishment of factories producing items not previously manufactured in the country. A normative act of a predominantly interventionist character was the Decree-law for the Regulation and Control of Cartels of May 10, 1937.

In Western countries, an industrial policy was already in place through laws in France, England, Belgium, the Netherlands, Switzerland, Austria, and the United States. Special legislation for trusts and cartels was promulgated in Central Europe starting with Germany in 1923. (In Poland, Czechoslovakia, Hungary, and Bulgaria, legislation in this field was inspired by the German model). The cartel regime presented certain particularities in Italy, where the syndicalization of industries was seen as a means of State control and a premise intended to accelerate the rationalization and coordination of their activity by the state (laws of 1926 and 1932).

In Romania, the first draft for the regulation of trusts was submitted to Parliament in the spring of 1933. It was designed according to the necessities of the moment and aimed to resolve the "price

scissors." It referred to industrial agreements of any kind, called cartels, prohibiting monopoly situations regarding sales prices. The State was obliged to keep records of industrial agreements and their activities; to exercise "general supervision to establish the true character and nature of industrial and commercial activity"; and to control, intervene, and change sales prices whenever necessary (Demetrescu, 1940).

This normative act was not a repressive one. At that time, the State did not intend to take a stand on the issues of forming cartels or the grouping of industries for the concentration of capital invested in industrial means of production. No jurisdiction for cartels or a specific tribunal for them was envisioned; rather, as often happens in Romanian evolution, it was suggested to establish a "Superior Council of Cartels" with a consultative role under the Ministry of Industry and Commerce.

In the years 1936–1937, a new mentality emerged that conditioned development on the State's assumption of a specific role in the development of industries and economic life in general. Through the May 1937 decree-law, cartels were required to present a detailed report to the Ministry of Industry, including: progress made in purchasing raw materials; the rationalization of production and sales; variations in wholesale or retail prices for articles produced and sold by the cartel during the year; and a comparison with previous prices.

The Superior Council of Cartels had a consultative role. With the help of the Industry Directorate, the Ministry of Industry and Commerce (M.I.C.) created concrete possibilities for price supervision, with sanctions that could lead to the dissolution of cartels. Particularly important for the new interventionist policy was Article 24, regarding the state direction of industrial investments based on the country's superior interests: "For the purpose of controlling the functioning of industries, the rationalization of production, and for national defense interests, no factory may be installed, enlarged, or moved without the prior authorization of the Ministry of Industry and Commerce... The rejection of an application to establish a factory is done by ministerial decision. The same regime applies to existing factories in case of expanding installations or total or partial relocation."

Despite the intensification of the process of capital and production concentration and the formation of monopolies, legally consecrated by the aforementioned decree-law—especially in heavy, extractive, and manufacturing industries—Romania did not become a country with a monopolistic structure.

In alignment with the centralist principle dominant in the February 1938 Constitution, the Superior Economic Council was organized in June 1938 (Official Gazette no. 81, 1938). It had duties related to organizing the economy, rationalizing and capitalizing on production, coordinating exchange and fiscal policy, and providing prior approval for economic bill projects, treaties, and conventions with foreign countries. In October 1939, through the decree-law for amending and completing the

decree on the regulation and control of cartels, mandatory syndicalization of industries was introduced (Official Gazette no. 248, 1939).

Intervention and control measures by the State increased in the general policy of fuel and raw materials through the establishment, by the decree-law of January 1940, of the General Commissariat of Petroleum under the Ministry of National Economy (*ibid.*).

The industrial legislation adopted at the end of the interwar period and the newly created institutions with control and regulatory powers were firm indicators of the Romanian State's determination to consolidate its position as an economic "actor," particularly within the strategic industry. This continued the process initiated after 1918 to shift the character of the economy in favor of industry and services and to use available economic resources for the modernization and development of an economy that was imminently about to prove its capabilities within a new world war.

## **6. CONCLUSION**

The economic evolution of Romania between 1918 and 1940 represents a significant, albeit unfinished, transition toward a modern European state. While agriculture remained the dominant sector, burdened by low productivity and demographic pressure, the period was marked by an unprecedented industrial leap fueled by a sophisticated legislative framework. The transition from the neoliberal "by ourselves" principle to the state-directed economy of the late 1930s reflects the state's adaptation to global economic instability and the imminent threat of war. In conclusion, the interwar Romanian model proved that a complex agrarian-industrial structure was not only a theoretical necessity but a functional reality that ensured the country's economic survival and national integration during a volatile century.

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**Interdisciplinary: Social  
Sciences and Humanities**

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***ISSN 3008-4849 (Print)***  
***ISSN 3008-4822 (Online)***  
***ISSN-L 3008-4822***