

SENSE OR COUNTER-SENSE CHANGE IN THE CONTEXT CREATED BY THE NEW ECONOMY

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Abstract

The paper entitled “Sense or Counter-Sense Change in the Context Created by the New Economy” attempts to answer to a series of challenges, out of which we mention the following: change as a new certainty in the business world, the problem of change management and its negative externalities, sense and counter-sense in the change evolution, parties advantaged and disadvantaged by the change, the problem of adapting to change.

Key words

New Economy, change, sense and counter-sense in evolution, responsibility

1. Change – a new certainty in the business world

According to the specialists in the economic area, change represents a new certainty in the business world.

The need for change occurs consequent to the fact that the analysis of the economic-social life on a global scale has emphasized the conclusions of theories on economic knowledge, namely that they have only partially succeeded, on a small portion of the population, to solve the problems regarding development, with severe consequences upon the economic – social and ecologic disequilibrium. There has been noticed over time that the development of some can only be achieved by others’ becoming poor, by irremediable environmental pollution or by destroying the planet’s other life forms.

In this respect, the Canadian professor Bernard Hodgson (2001) brought into discussion the problem of the morality of uncontrolled economic growth as imperative and reality for economic liberalism. He drew attention over the following aspect: growth serving only to the satisfaction of certain desires can end by undermining the liberal dimension of the liberal growth ethics, due to constant manipulation of the consumers and due to real consequences of the economic growth over the environment, consequent to negative externalities. *“It’s an irony that growth networks in a liberal market economy, promoted both by technological advances in production, and by uncontrolled consumerism, are only reducing the possibilities of choosing for both the producer and the consumer, such choice representing the very essence of a market economy based system”.*

Hodgson referred to the reconstruction of the economics theory from a moral view, due to the inherent morality of the human action and also demonstrated that economic theories cannot be neutral in respect with the values they promote, but are of normative nature and promote moral values.

In the context created by the New Economy, in which we address to more and more trained producers, knowing increasingly complex and varied strategies, and to increasingly demanding consumers, the problem arises of managing change and its negative externalities.

Putting into practice the theoretical – pragmatic considerations has been concretized by drawing up the concept of companies’ “corporate social responsibility” (Rosca, Ion Gh., 2006). A new vision on their social positioning depicts the system of companies’ functions. *“A company’s main function consists in creating value by producing the goods and services demanded by the society and by such in generating*

both profit for the owners and stakeholders, and welfare for the society, in particular, by a permanent process of jobs creation. In general, the new social and market pressures are gradually let to a change in view of the values and horizon of the business activity” (**Corporate Social Responsibility**, 2002). Given this social function, the concept of “corporate social responsibility” particularizes what it actually means organizational behavior. “Most definitions of corporate social responsibility describe it as a concept by which companies integrate social and environmental concerns into their business operations and in their interaction with stakeholders, on a voluntary basis” (Green Paper. Promoting a European frame - work for corporative responsibility, 2001).

The concept introduced by the European Union attempts for a behavior change on an organizational level. Enterprises should fulfill their legal obligations, exceeding current agreements, and voluntarily undertaking new and important social obligations and responsibilities which do not (*directly or indirectly*) derivate from the demands of obtaining profit for owners and stakeholders.

The range of such new responsibilities is very wide.

a) **On an internal level** (*regarding the enterprise related activities*) corporate social responsibility can refer to:

- ◆ Investments in the human capital, such as: training the employees in continuous learning, employees’ motivation based management, ensuring proper training for the personnel, promoting more harmonious rapports between work, family and spare time, larger work diversification, equal payment for women and equal chances for them to promotion;
- ◆ Non-discriminating practices in respect with ethnic and national minorities;
- ◆ Work security and protection of workers’ health on their job (other than those which are legally mandatory);
- ◆ Managing the environmental and natural resources impact: reducing the natural resources consume, pollution, energy waste, practicing the “win – win” opportunities relation (“good for the business and good for the environment”).

b) **On an external level** (regarding some companies’ activities “beyond their gates” – local community, shareholders, partners, suppliers, consumers and public authorities):

- ◆ Integrating the company in the local community by providing jobs, incomes (benefits and services), cooperation with other enterprises (mainly SMEs) and the contribution to their viability, training employees and providing them with the possibility of being hired in other units, etc.;
- ◆ Protecting human rights in rapport to the international activities and the channels of global offer, promoting exemplary relations on a moral level, politically legal on a local level and in rapport to the environments outside the community;
- ◆ Voluntary involvement in complying with the demands for a cleaner environment;

2. Change in the New Economy implies both generating changes in the sense and also in the counter-sense

The evolution of change implies both generating changes in the sense, positive and benefic to mankind, and also in the counter-sense, capable to generate negative externalities in the society.

The New Economy implies the existence of social, cultural, psychological and economic implications, capable to generate transformations that could lead to the occurrence of gaps between the main institutions of a society, to increased tensions between synchronization and de-synchronization on any level and in any activity branch or sub-branch, in continuing the hyper-acceleration of the knowledge process on a global level, in enhancing temporal irregularities, in the “dissolution” of the connection between productivity and time.

University Professor Gheorghe H. Popescu, PhD in his extremely actual paper “**The Sense of Transition**, 2003 (Romanian title: **Sensul tranzitiei**)” made the following clarifications regarding what a sense development and a counter-sense one imply, with the purpose of suggesting the importance and decisive role of the individual in the society, both under the natural environment aspect (*overview, direct referrals to the life of*

planet Earth) and in view of dynamic interdependencies (man in close connection with the other society members, with the existence and movement of the natural life): “The danger in stopping the natural course of the planet Earth’s life exists only in the case of irreversible disequilibrium of the forces supporting the environment, consequent to the changes produced from within such and / or in the micro-cosmos of the interactions guaranteeing its permanent movement. The life of planet Earth exists in a diversity of natural forms, which imply and inter-condition each other, given a general law which manifests itself in the specificity of life conditions. In the set of life forms supported by the micro-cosmos of planet Earth, human life is a special creation of our natural environment, which is in a viable system of dynamic inter-dependencies with the other expressions of natural life. (...) Between these two unique and irreversible moments – birth and death, the life of the human individual is a permanent struggle with the nature and society within him in order to adapt and survive. Considering that the individual is both nature and society, the life he has to live occurs as a permanent transition, transfer, smooth or sudden change and adapting process, in which man learns to understand in order to know and act for his wellbeing and happiness. (...) The sense of the transition through life refers to integrating all its sides into a set of values, which could express what each of us wants, in this unique experience. (...) The joy of living our lives expresses that state of internal harmony of the three powers – mind, heart and soul – which provides us with the needed energy in order to permanently fight with the nature and society within us, upon each biological age we face.” (Popescu, Gheorghe H., 2003)

The general changes in the increasingly rapid and accelerated expansion of the New Economy’s components have resulted in increased competition (which has long ago exceeded the borders of the United States and which has historically moved towards Asia).

Regarding the evolution of the sense change, we can assert that this can be achieved due to the specific features of knowledge and of generating such on a global level, in the context of its increasingly rapid spreading:

- a) **Knowledge is inherently non-rival**, due to the fact that a number no matter how large of individuals can use the same portion of information without diminishing it, and the more individuals get to use it, the larger the possibility is for someone to generate even more knowledge based on such.

The fact that we speak of the inexistence of a rival of knowledge has nothing to do with the cost or free nature of using it. Patents, copyrights or anti-pirating technology can protect a certain part of its usage, not-allowing those who don’t pay to use it, given the legal constructions, and not the inherent nature of the knowledge itself which by its nature is inexhaustible.

- b) **Knowledge is intangible**, because we can’t touch it, bent it or hit it, yet we can manipulate it.
- c) **Knowledge is non-linear**, because it can be transmitted in any possible form and in any direction this is intended.

In this respect, the case of the Stanford students Jerry Yang and David Filo who grounded Yahoo is an extremely relevant one (Chmielewski, Dawn C., 2000). In the same case, we can recall the case of Fred Smith who also during college years acknowledged that in an accelerated economy people will pay more on speed – and founded Federal Express, the best courier company in the world. (La Barre, Polly, 1999; Osborne, Richard L., 1995)

- a) **Knowledge is relational**, because any individual piece of knowledge gets to have sense only when it is juxtaposed to other parts, which provide its context. Sometimes, context can be communicated without words, by a simple gesture.
- b) **Knowledge is collegial**, because the more it is, the more complex, numerous and varied are the possible useful combinations.
- c) **Knowledge is more easily transportable than any other product**, because once it’s converted into 0 and 1, it can be instantaneously sent to other person, at any distance, upon the same price.
- d) **Knowledge can be compressed in symbols and abstract elements.**
- e) **Knowledge can be stored in smaller and smaller pieces.**

An example in this respect is Toshiba company which entered the **Guinness Book** in 2004 with a computer hard disk smaller than a postal stamp. Soon mankind will have access to storing means of nano-metric levels, meaning milliard parts of a meter, and even smaller than that.

Knowledge can be explicit or implicit, expressed or not, shared or tacit.

a) **Knowledge is difficult to isolate**, because it is amazingly rapid spreading.

The New Economy, regarded on a global level, has the following defining features:

- **Faster and thinner production processes** (*continuous flow practice, allowing for production acceleration*)
- **Multiplying alliances and partnerships**

The boost in the number of mergers between companies is a clear clue of the totally different nature of the world economy, as is the increased number of alliances concluded between commercial partners.

- **The extension of the services sector and tele-services generalization**

Services ground the new world economy, and that is why at the present moment we face an unprecedented phenomenon: services which ten years ago were only rendered within companies exist today traded upon considerable distances.

- **Companies' restructuring**

Companies can now externalize entire sectors in their activity.

- **The occurrence of new types of products and services**

Electronic trade which has developed on the Internet is now a new type of service by which goods can be bought in real time by potential interested clients.

The opportunities generated by the new economy worldwide are divided in a number of categories, out of which we mention:

- **The new world economy** generates new products, new markets and new practices and proceedings completely transforming working modalities.
- **The new world economy** seems to indicate the decline of inflation.
- **In the new world economy** economic cycles are no longer configured as they used to.
- **The new world economy** comes with an increase of the productivity growth rate.

The new world economy has four basic features:

- **The new world economy** is based on speed and calls for a great deal of agility (*Bill Gates calls this feature "velocity"*).
- **The new economy** overcomes national boundaries.
- **The new economy** is intensive in respect with knowledge and transforms permanent knowledge renewal into imperative.
- **The new world economy** is characterized by hyper-competitiveness, which forces the various players to excellence, otherwise facing the risk of assisting to the way in which competitors take over the market.

Amartya Sen, in the paper "**Development as Freedom** (Romanian title: **Dezvoltarea ca libertate**)" considers that change on a world level will generate **negative aspects** (*disadvantages of change*) which will be unprecedented in the mankind history, as it follows: *„Despite unprecedented growth registered in the general welfare, the contemporary world denies the elementary freedoms of a large number of people, perhaps even of the majority. Sometimes the lack of fundamental freedoms is directly connected with economic poverty, which steals away from people their freedom of satisfying their hunger, of reaching a sufficient food level, of achieving remedies for the treatable diseases or the opportunity of having clothing and decent shelter, or of enjoying clean water, or sanitary facilities. In other situations the lack of freedom is closely connected to the lack of public facilities and social securities, such as absence of epidemiologic programs, of organized medical care frameworks or educational facilities, or efficient institutions in the field of upholding peace and order in the area. In other cases, the breach of freedom directly derives from the denying by authoritarian regimes of the political and civil rights and from restrictions imposed to the freedom of taking part in the community's social, political and economic life”*.

Regarding the problem of adapting to change, there can be ascertained that only the really motivated ones will manage to maintain on a market belonging to the new economy, and that the larger demand for increasingly diversified products, yet efficient and increasingly better upon a quantitative level, capable at all times to face competition is increasing. That is why the problem of adapting to change has revealed methods by which both producers and consumers on a market which now has to be globally perceived can adapt as rapid as possible, obtaining visible advantages in the shortest time possible.

Besides obvious advantages it has, the shift to the new society also has a series of negative aspects (Rosca, Ion Gh., 2006). Some have been identified and measures are searched for avoiding or minimizing them, such as inequities between wealth and poor countries, between regions of different development levels etc. Others are only guessed, such as those regarding transforming in the individual's life, which can lead to isolation, alienation, sedentary, fear of direct inter-human contacts.

Sustainable development should consider the view of world society structure and it should re-launch on this basis the still available resources' management.

3. The problem of adapting to change

Economic challenges of the new society are major even only if we consider that information is now trans-national. As money, information doesn't have boundaries. For certain geographical regions, information society brings upon new possibilities for expressing identity and cultural traditions, whilst for others it represents a possibility of minimizing the inconvenient regarding distances and isolation. For governments and administrations, information society also means more efficient public services, more transparent and more rapid, closer to the citizens' needs and less expensive.

European institutions have been aware of this geographical area's remaining behind in respect with building informational society, speeding up the process of building by recommendation of reports from groups of experts, plans of actions, structural plans and revisal and updating plans regarding certain priority development aspects. In 1993 the European Commission published the White Chart entitled „*Growth, competitiveness and employment: the challenges and courses for entering into the XXI-st century*”. The White Chart underlined the importance of speeding up the development process regarding informational infrastructure as a factor of growth and competitiveness for the European economy, of creating new markets and jobs. One year later, in the European Council at Essen, the Commission presented a plan of action in which activities in various areas regarding the informational society had to be structured and consolidated. The plan was accompanied by a schedule in which the main action lines consisted in:

- Adapting the legal and statute framework to the demand for infrastructure liberalization;
- Encouraging initiatives in the field of trans-European networks, services, applications and content, and as a catalyzing element for initiatives originating in the private sector, creating a projects office;
- Social and cultural aspects: designating a group of experts with studying the impact over private, public and professional life in order to grasp the measures to be implemented;
- Promoting informational society: imagining promotional actions, focused both towards the large public and towards target groups in order to explain the chances and risks for the informational society.

The limitative development factor will refer more and more to *knowledge*, to the human capacity of assimilating and developing technologies, of using them in new activity areas, for new products and services. The computers and communications revolution due to the occurrence of Internet, the mechanism of distributing information and a collaboration and interactivity environment between individuals and computers with no geographical limits are the main factors supporting the idea of globalization. We assist today to a restructuring of the values whereas it has become generally truth that **information and knowledge mean power**. In this context, the globalization phenomenon occurs as the modality (*or system*) for perceiving and approaching on a long run the great contemporary problems, generated by the interaction of the multiple economic, technical, political, social, cultural processes and phenomena and by the forecasting of solving such in a wide perspective by the society as a whole.

The interaction between communication means was named by Alvin Toffler “media-fusion”, term defining the dependency of the society on faxes, computers, text processors, electronic libraries, digital images, electronic networks, satellites and other inter-connected technologies (Toffler, Alvin, Toffler, Heidi, 2006). The dense data interactivity is the one transforming individual means into a system. Along with globalization, this system reduces the influence of a single medium, channel, publication or technology compared to all the other, yet it enhances the system as a whole of mass-media, with an enormously developed power, affecting the entire planet. In the current context, in which we are daily bombarded with information, each individual perceives reality differently. Reality is nothing but a set of visual, acoustic and

even tactile images, perceptions and the connections between such, which each individual creates, establishing his own vision over the world, placing himself in time, space and society.

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