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The Influence of Corporative Governance upon the Public Interest Entities in Romania

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Abstract

The complexity of the business environment, the more pronounced economic liberalization, increasing competition, rapid changes in technology, changes in demographics, ecological problems caused by pollution, resource depletion, not least the financial and economic crisis, are some elements imposing in a certain way another kind of leadership and governance of economic, public or private interest entities. A new system of governance based on principles and new relations among states, international organizations, civil societies, businesses and multinational companies is required for a better business management. The concept of corporate governance has ceaselessly been used more and more as a pathway to improvement and increase of economic and financial performance of state-owned or private economic entities. The context of the study can be found at a time when our country as part of the European Union must comply with steps taken at European level in terms of strengthening the state reforms concerning corporate governance, accounting, internal control and audit.

Key words

Corporative governance, records, public interest entity, risk management, system of internal management control, the network between corporative governance and performance

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1. Introduction

The financial performance emphasizes the importance of providing information to investors in decisions related to capital maintenance, increase or decrease by a new capital investment. A thriving entity must reconcile the expectations of all its partners: it creates value for its shareholders, provides employees comfort at work and a clean environment for the community. On regard of information transparency, a key element for competitiveness entity represents the functioning of corporate governance and, above all, of control systems. Therefore, the issue of corporate governance should be seen as a fundamental antidote to the pressures entailing fraud, as a purpose of transparency of information flows. The increase of an economic entity effectiveness and sustainability is given by the following features of *corporate governance* such as: corporate governance is a concept extended to the various aspects of the financial system (infrastructure, institutions and markets); the corporate governance does not encompass only resource allocation, risk management, savings regulation, wealth facilities, development and growth but also a proper functioning of the payment system; Corporate governance should be seen considering the possible consequences on the real economy.

Corporate governance firstly aims at maximizing resource creation for shareholders and for other stakeholders through growth, both at microeconomic and macroeconomic level. This concept involves the set of rules, regulations and procedures for a good governance and management of the entity with a national and global impact. The purpose of corporate governance is to reduce basic-agent problem as well as the identity of the individual entities welfare and well-being of the entire society, leading to an optimal allocation of resources to the entire national economy. The entity performance is significantly influenced by the form of corporate governance, namely the ability of policy makers to identify and harmonize the interests of the most significant their social partners. The enhancement of these interests can be ensured through the corporate governance system.

That is why we believe that inextricably connection occurs between company performance and the efficiency of corporate governance model. Investors pay great attention to corporate governance systems deployed in an entity and they are willing to extra pay for good results in this area. The importance of effective corporate governance model that controls and evaluates the performance of the entity will further rise, while satisfying the needs of all stakeholders thus creating added value. Corporate governance is a tool that helps the value entities maximization. This concept aims at fostering creativity in business, at responding to the challenges of globalization and at making an entity occurs more on creation, innovation, research, marketing as well as on production to maximize profits.

For the efficiency of a corporate governance entity, we need to achieve the following main objectives: building trust; risk management as a whole entity; effective communication; proper disclosure of information that would influence organizational culture. In this respect, Lord Adrian Cadbury, said: *Corporate governance is the system by which companies are directed and controlled in the interests of shareholders and other stakeholders to support and improve the value.* A governance model would not be efficient without considering the many external factors which influence or are influenced by corporate governance.

2. Literature Review

The concept of *corporate governance* emerged and developed in the last century, influenced by economic environments based on family property, bank capital, institutional investors or limited liability companies, stirred up by outrageous scandals which have occurred over time. Paradoxically, the same crisis had a beneficial effect on identifying ways to improve the corporate governance concept which met the next stage in the evolution of the economy.

The starting point for this engine of prosperity and value creation for shareholders, is the work of 'The Modern and Private Property', written in 1932 by Adolf A. Gardiner C. Means Bear¹ and who placed first issue of ownership unbundling explicitly control in major US companies, or property management economic entity. For them, this separation led to an increased level of democracy in the American society. By combining the analytical skills of a lawyer with an economist's ones, Berle and Means explain the role of corporate governance as the dominant form in the organization of goods and services production and distribution and the role played by institutional investors in the owner-manager equation. "Berle correctly defines property as a "relationship between an individual (or perhaps a group of individuals) and a tangible or intangible thing." A "things" can be incorporeal or physical. Such things may even include "dodies of knowledge, written or unwritten" (Berle and Adolf, 1958). The first written reference about the concept of leadership and control of the economic entity comes from Ireland and it is identified in as follows: *Improved standards of corporate governance, like motherhood cannot argued against. It is critical to a small economy like Ireland which is seeking to develop business in the more sophisticated sectors, that we are seen to operate to high standards* (Alexandru and Relu, 2008).

In common language, this concept was first approached in the 70s by the US Congress, within ongoing Watergate scandal, when he was surprised by the huge US corporate contributions to the political parties funding and consequently to their involvement in politics. The concept of corporate governance has emerged in the 80s in USA for restoration of power structures in joint venture companies. It was perfected over time, and the new concept has been spread to Canada, UK, Germany, France, Japan (Alexandru, 1998). However, the necessity of strengthening corporate governance was required by corporate development and harmonization of different stakeholders' interests in the proper functioning of the economy and society. The interested factors (such as stakeholders) could be considered collective terms for all who hold a so-called interest (stake) regardless of its nature, in a deal materialized, generally in the form of a company (Cătălin, 1996). A widely definition in the literature, is given by G. Fayxell defining a stakeholder as a person or group of people who have an interest or personal involvement in a particular company and its performance (Nicolescu, 1996).

The Anglo-Saxon corporate governance model and the German-Japanese ones were a rich source of inspiration for the local authorities in all countries both at baseline and subsequently during the revisions and changes. The reports have also emerged in countries like England (The report Cadbury and Greenbury), France (report Vienot, Pebereau), Italy (Marini report), Canada and OECD principles and they have contributed significantly to the development of sound corporate governance. The corporate governance concepts are presented in a series of theoretical and empirical studies, in the principles developed as an internationally recommendation and within professional standards established by the competent bodies, explaining the role of corporate governance in the performances of the state and private economic entities. Some of the corporate governance - based written works published abroad and in Romania are presented in Table 1.

Table 1. Corporate Governance related publications

Title	Author-Institution	Year and Place of Publication
Vision of value- Based Governance, Directors and Boards	Seely Michael	1991, UK
Principles of Corporate Governance: Analiysis and Recommendations,	The American Law Institute	1994, USA
Corporate Governance: a Framework for Public Service Bodies,	C.I.P.F.A	1995, London
A Survey of Corporate Governance,	Shleifer A., Vishny R.	1997, France
The Corporate Governance and Risk Management	Institute of Internal Auditors	2002,UK and Ireleand

¹ http://en.wikipedia.org/wiki/The_Modern_Corporation_and_Private_Property

Title	Author-Institution	Year and Place of Publication
Corporate Governance ratings: Come of Age	Anson Mark	2003, USA
Corporate Governance. A Guide to Good Disclosure,		2004, Canada
EU- Governance System	Laura Marinaş	2003, Romania
EU Governance	Petre Prisecaru	2005, Romania
Encyclopedia of Governance	Bevir M.	2007, USA
Corporative Governance	Marcel Ghiţă	2008, Romania
Internal audit and corporate governance	Ana Morariu	2008, Romania
Corporate Governance and sustainability in the European Union	Voicu-Dan Dragomir	2010, Romania

Source: personal conception

3. Methodology of Research

In this study, the authors have proposed a deductive approach, from general to specific and from international to national, focusing especially on the historical approach of corporate governance problem and linking it with the performance of an entity public interest. It was used the research method of literature review as basic technology. The used research methods were generally, qualitative methods (practical cases) and the research support included also the study references, specific legal provisions regarding corporate governance, articles and books, and reference studies and analysis.

4. The Implementation of Corporate Governance in Romania

Whereas Romania has assumed at the international level to ensure the economic stability of the whole system as well as a balanced State budget, was still raging as necessary by the end of 2011 to identify and implement a series of measures through which they had to create the regulatory, legislative and administrative framework by contributing to the economic recovery with their good governance. Therefore, the well done governance could determine an effective state autonomous administration of small and national companies where the state is the sole or principal shareholder. However, according to the concepts of the Organization for Economic Cooperation and Development (OECD) Romania had to take into consideration the introduction of new leverage systems which guarantee the objectivity and transparency of the selection management; *“these levers as guarantee of objectivity and transparency of the management and its members’ selection to ensure professionalism and responsibility for management decisions, acting as additional mechanisms for the minority shareholders’ rights protection and the transparency increase for the citizens both through the activity of state enterprises and the state ownership policy”* (OUG 109, 2011) made through the International Monetary Fund in a letter of intent submitted by Romania in June 7, 2011.

In this respect, the Government has issued the Emergency Ordinance no. 109 of 30 November 2011 regarding the corporate governance in public enterprises (OUG 109, 2011), updated through a series of laws and EO no. 51 of May 29, 2013, GEO no. 10 of May 13, 2015, Law no. 111 of May 27, 2016 and Law no. 14 of March 17, 2017, GEO no. 29 of March 30, 2017, all of which were subsequently published in an aggregated form on April 5, 2017.

4.1. The interest in governing the public entity for relevant financial accounting information

Besides all other aspects, the explanation and emphasis of the corporative governance rely on the imperative of a financial-accounting informatics system for the public enterprise activity, focused on the requirements of the Administration Council, as an Administrator who provides a range of information and financial indicators to assess and monitor both the public and executive management decisions. The effective governance requires in-depth knowledge of the current activities, the assumption of the appropriate operative decisions in its behalf, the evolution expectations and thus drawing up forecasts directly connected with economic trends, in order to get the optimal output for public enterprise development.

As for the usefulness of the information and indicators provided to Administrator, it is required that the financial balance-sheets drawn up by public enterprises *“must respect the principle of loyalty, correlating with the system of indicators used for management, monitoring and control activities [...] in order to present the image faithful and projected financial situation.”* (Mateş and Feieş, 2012). Relevant, financial and accounting information contributes significantly to:

- the increase of decision making quality
- the increase of quality management, as a whole
- fair remuneration of executive and non-executive management selected by corporate governance criteria

The Corporate governance is mainly characterized by the concept of optimizing relationships between executive management and non-executive, investors, employees and other stakeholders. Moreover, the corporate governance should

ensure a high degree of operational control, the public company investors and stakeholders ensuring a transparent and efficient management, without neglecting the protection of the social partners.

4.2. The internal audit interference in corporative governance from theory to practice

Based on scientific research purpose regarding the identification of the corporative governance influence on the entity performance as well as on the potential for increasing relevant financial and accounting information in the assessment of public entities' activities starting from the comparative analysis of the A.C. assignments and the internal audit objective, defined as *the management improvement* (MO 953, 2002) through two categories of activity, for counseling and insurance guidance, we find that the audit interference is complete in the total corporate governance type. This is a consequence of a clear explanation of the internal audit main activities, as follows:

- insurance activity that aims at providing an independent assessment of risk management, control and governance process;
- counseling activities whose purpose relies on adding value and improving corporate governance processes in public entities.

According to Art. 12 pt. 1 of Law 672/2002 (republished), the internal audit is organized and functions reporting directly to the head of the public entity, which is why we would like to appreciate that this may be a limitation in the independent and objective activity assessment and advice. In this respect the internal auditors are often obstructed regarding the activity according to specific legal provisions, often resulting useless reports characterized only by form without content impact. Theoretically and regulatory the internal audit should be the instrument both for the executive and non-executive management regarding the effective risk management, control, and why not governance and as well as the added value to the corporate governance processes development. However, experience shows that although the formal internal audit is well carried on, the background contribution is not significant.

Currently, there is no national organization with expertise in assessing the added value of internal audit activities, this activity being evaluated only in terms of compliance by the guardianship authority. Therefore, a vicious circle is created and the internal audit is confronted with management, two directions of divergence occurring between them as follows:

- There is a situation when the internal audit identifies major problems or irregularities but is unable to end in agreement with management as it is directly responsible for product failures;
- Another situation occurs when the management is not satisfied with the quality performance of internal audit as it is unable to provide a management improvement through recommendations.

4. 3. Translation of risk behaviors in the sphere of corporate governance

One of the main A.C. attributes is to responsibly monitor the activity of the Managing Internal Control System (SCI). According to Standard 8 "Risk Management", the management has to establish an integrated risk management system at the level of the public entity it manages therefore enabling and participating at the same time to the efficient and effective fulfillment of the general and specific objectives of the public entities as they are established through development strategies. Although our focus is on "Risk Management," we have made it clear from the outset that the approach of a standard presented in Order no. 600 of 20 April 2018 on the approval of the Code of Managerial Internal Control of Public Entities invariably entails the approach and influence on all standards, concluding that S.C.I.M. works by itself in the "domino", which is why we can state that if S.C.I.M. is properly designed and it "embraces" the entire public entity representing a "safety net" for it.

The defining aspect of risk management is represented by the *"integrating the public interests and values, achieving interest groups mediation, local government agencies, other institutions responsible for setting specified criteria for prioritization."*² In order to understand the influence of the risks on the achievement of the objectives and the performance indicators associated with them, the relationships created between risks and objectives are presented in a schematic form (Figure 1).

Figure 2 shows that the general objectives are defined at the public enterprise level and they are decomposed into specific objectives - defined according to the S.M.R.T. criteria – respectively: specific, measurable, achievable, relevant and timely ones. Specific performance indicators are associated with every specific objective and a set of activities necessary to its accomplishment and there are identified risks whose occurrence creates malfunctions in the operation of the public

² http://omicron.ch.tuiasi.ro/~mgav/pdf/EMR/Curs_11.pdf noiembrie 2018.

enterprise and in fulfilling its overall objectives. Through S.C.I.M. management controls the public enterprise but it can substantiate a series of decisions such as to balance and optimize the level of every resource category, or in case it is imperative to reassess the objectives relying on the assumptions and premises, the objectives are reformulated as an analysis system, reporting and monitoring intermediate steps. In this context, interim monitoring is schematic as follows:

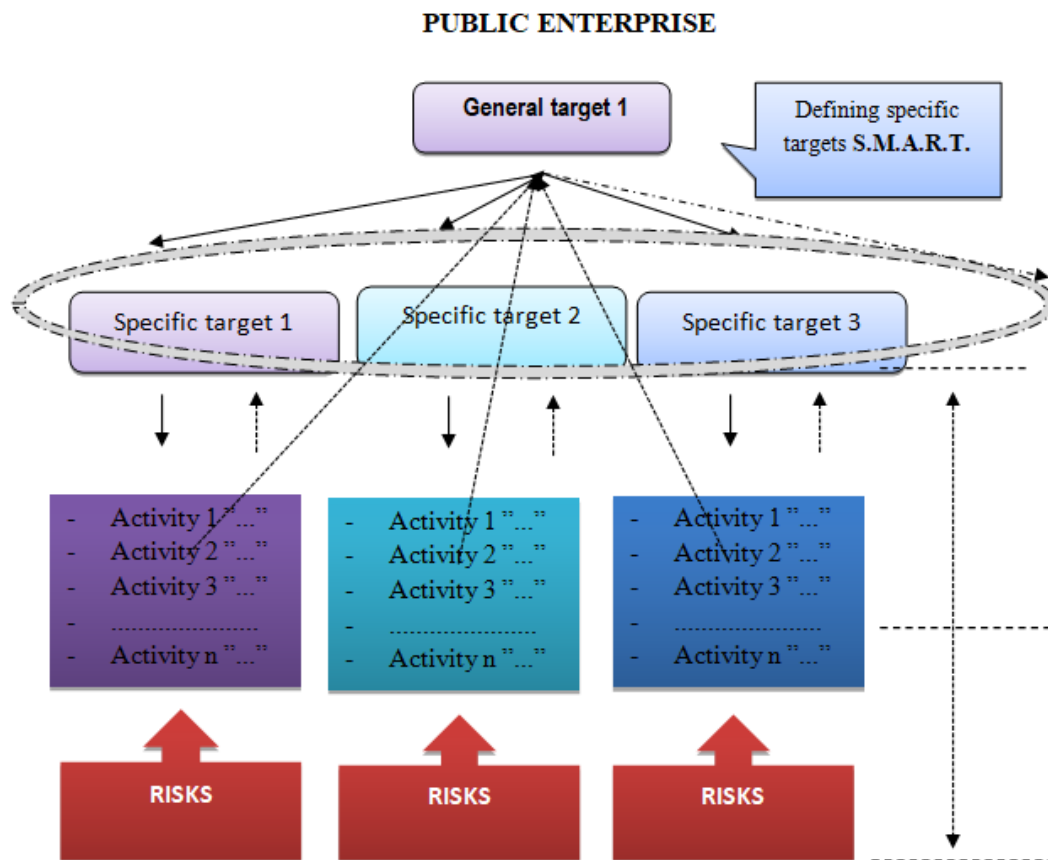


Figure 1. Relationships created at the level of the public enterprise between targets and risks

Source: personal conception

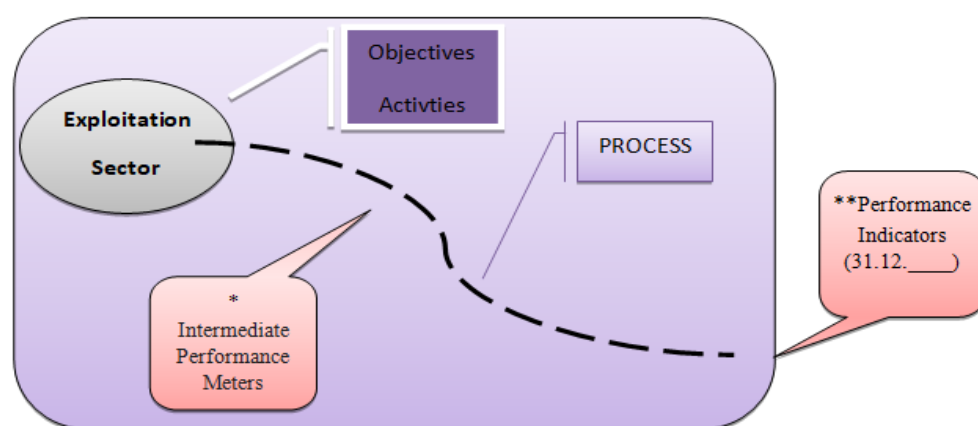


Figure 2. The risk monitoring, as well as reassessment and reformulation of the target throughout the process

Source: self - processed

4.4. Critical analysis of the Romanian corporative governance in the field of transport

In order to assess the activity level the of corporate governance in public interest entities, ten public transport companies were selected and their results were analyzed through the profit and loss account related to the turnover of two consecutive years, i.e. 2016 and 2017. Regarding the profit, the performance level was tracked and it was considered critical (when a

loss is recorded), *average* (when the profit exceeds turnover by 30%) or *high* (when the profit exceeds the turnover by 60%) as it can be seen in Table 2.

Table 2. The share profit evaluation in turnover and its impact on balancing the state budget

Current No.	Public Enterprise	Turnover [lei]	Profit / Loss [lei]	Profit share Per turnover [%]	Level C/A/H
1.	CFR Cargo Co, 2016	678.058.216	(-) 194.301.455	-	C
2.	CFR Cargo Co, 2017	729.981.313	(-) 157.310.628	-	C
3.	CFR Cargo Co, 2016	*	48.964	-	C
4.	CFR Cargo Co, 2017	*	(-) 20.156	-	C
5.	CNCF CFR Co, 2016	1.073.310.526	594.621.063	55,40%	A
6.	CNCF CFR Co, 2017	1.081.424.201	210.122.357	19,43%	A
7.	Bucharest Airports National Company, 2017	**	**	**	**
8.	Tarom Co, 2016	1.073.269.470	(-) 46.966.754	-	C
9.	TAROM Co, 2017	1.025.234.093	(-) 172.355.725	-	C
10.	SC Electrificare SA, 2016	334.248.484	3.702.992	1,10%	C
11.	SC Electrificare SA, 2017	345.264.811	110.125	0,03%	C
12.	SC SAAF SA, 2017	365.437	(-) 605.560	-	C
13.	Romanian Automobile Register- RAR /2016	303.810.576	74.595.175	24,55%	C
14.	Romanian Automobile Register RAR /2017	380.449.431	122.802.378	32,27%	A
15.	GEI Palat Trade Co, 2016	7.659.202	2.452.170	32,01%	A
16.	GEI Palat Trade Co, 2017	7.814.033	2.104.191	26,92%	C
17.	SC Telecomunicații SA, 2016	44.648.181	7.282.640	16,31%	C
18.	SC Telecomunicații SA, 2017	46.010.002	6.303.970	13,70%	C

Legend: C - Critical, A- Average, H – High;

*We have not found financial statements;

** the latest public financial statements reach the same level of 2014.

Source: personal conception

For the ten surveyed entities, the results of the analysis regarding the turnover profit share connected to the achieved investments are reflected as follows:

- two entities recorded an *average* evolution in terms of the profit share in turnover, with the note that notable investments were not recorded at the level of the respective public enterprises, as it results from the reports on their official websites;
- four public enterprises had a profit share of between 0% and 30% turnover, yet their performance is considered as *critical* due to the lack of investment policies;
- four entities recorded losses during the survey period, and they fell to *regression*.

From a profit perspective, we consider that corporate governance has neither positively influenced the evolution of public transport companies nor has it met the public interest as expected by the stakeholders, on the one hand, the state as a sole or major shareholder, and on the other hand the social structure. Correlated with the analysis in Table 2 and in order to make a critical analysis of the influence of corporate governance in Romania on the selected sample, there was applied a set of governance criteria summarized in Tables 3 and 4.

Table 3. The critical analysis of corporate governance influence in Romania

No.	Corporate governance Criteria	CFR Cargo Co			CFR Passengers Co			CNCF CFR Co			*CN Aeroporturi București SA (Bucharest Airports National Company)			CN TAROM SA (TAROM National Company, Joint Stock)		
		C	A	H	C	A	H	C	A	H	C	M	R	C	M	R
1.	The improvement of national economy parameters	X			X			X			-	-	-	X		
2.	The decrease/the removal of disturbing factors which hamper the	X			X				X		-	-	-	X		

No.	Corporate governance Criteria	CFR Cargo Co			CFR Passengers Co			CNCF CFR Co			*CN Aeroporturi București SA (Bucharest Airports National Company)			CN TAROM SA (TAROM National Company, Joint Stock)		
	performance and competitiveness															
3.	The elimination of malfunctions between the economic entities in their area of the contractual relations	X			X				X		-	-	-	X		
4.	The increase of public enterprise efficiency	X			X				X		-	-	-	X		
5.	Vector of economic recovery	X			X			X			-	-	-	X		
6.	The objectivity and transparency insurance within executive and non-executive management			X		X				X	-	-	-			X
7.	It cares for shareholders' rights	X			X				X		-	-	-	X		
8.	It acts in favor of the public interest	X				X			X		-	-	-		X	
9.	It excludes the perpetuation of economic dysfunctions and imbalances	X			X				X		-	-	-	X		
10.	Solutions for relaunching the economy	X			X				X		-	-	-	X		
11.	The indirect participation to ensuring the budget balance	X			X			X			-	-	-	X		
12.	The contribution to the liquidity and solvency of the public enterprise	X			X				X		-	-	-	X		

Legend:
 * The latest public financial statements reach the same level of 2014.

Table 4. Critical analysis of corporate governance influence in Romania

No.	Corporate governance Criteria	SC Electrificare SA			SC SAAF SA			Romanian Automobile Register-RAR			GEI Palat Trade Co			SC Telecomunicații SA (Telecommunication Trade Co.)		
		C	A	H	C	A	H	C	A	R	C	A	H	C	A	H
1.	The improvement of national economy parameters	X			X				X		X			X		
2.	The decrease/the removal of disturbing factors which hamper the performance and competitiveness.		X		X				X			X			X	
3.	The elimination of malfunctions between the economic entities in their area of the contractual relations		X		X				X			X			X	

No.	Corporate governance Criteria	SC Electrificare SA			SC SAAF SA			Romanian Automobile Register-RAR			GEI Palat Trade Co			SC Telecomunicații SA (Telecommunication Trade Co.)		
4.	The increase of public enterprise efficiency.	X			X				X		X			X		
5.	Vector of economic recovery	X			X				X		X			X		
6.	The objectivity and transparency insurance within executive and non-executive management			X	X				X			X				X
7.	It cares for shareholders' rights	X			X				X			X			X	
8.	It acts in favor of the public interest		X		X				X			X			X	
9.	It excludes the perpetuation of economic dysfunctions and imbalances		X		X				X			X			X	
10.	Solutions for relaunching the economy	X			X				X		X			X		
11.	The indirect participation to ensuring the budget balance		X		X				X			X		X		
12.	The contribution to the liquidity and solvency of the public enterprise		X		X				X			X			X	

Source: personal conception

The conclusion is that, at the level of selected public entities in the transport sector, the introduction of corporate governance has not reached its objectives yet, since out of twelve specific criteria for assessing the results of corporate governance, it has reached a 59% *critical* level, a 31% *average* level, and only 10%, *high* level of appreciation.

5. Performances Rating - A Tool for Assessing the Governance of the Public Entity

Performance rating is the operation that provides one of the most realistic images reflecting the quality of the public enterprise governance, highlighting the ten management roles, according to Henry Mintzberg, being structured in three main areas, as follows: informational, decision-making and interpersonal, as can be seen in the table below.

Table 5. The Roles and the fields of management

Management field	Management roles	Management activities
INFORMATIVE ¹⁾	MONITOR	The manager of the public enterprise ensures its monitoring through the flows and information which have improved the decisions.
	SPEAKER	As a loudspeaker, the manager disseminates any type of information factual, value, economic-financial etc.
	SPOKESMAN	Regardless the type of the information that the public enterprise has to provide the internal users (during the decision-making process) or the external one (such as general public), it assigns to the manager the role of spokesman.
DECISIVE ²⁾	ENTREPRENEUR	The entrepreneurial role of the manager lies in his attribute of making large-scale necessary decisions for the well-being of the public enterprise.
	KEY FACTORS FOR SOLVING THE DISTURBANCE	The manager's action and reaction upon the unforeseen and previously uncontrolled events.
	FACTORS OF RESOURCES ALLOCATION	As a factor for the allocation of financial, material, human resources, etc., the manager takes decisions in the context of work planning at the

Management field	Management roles	Management activities
		same authorizing the next undertaken activities.
	NEGOTIATOR	The manager's role as negotiator compels him to verify the resources available to the public in real time.

INTERPERSONAL ³⁾	REPRESENTATIVE	The manager is the representative of the public enterprise by the authority he was invested with as well as by his position within this enterprise.
	LEADER	The leadership role is highlighted by the manager's attitude towards the needs of the public enterprise in accordance with the employees' demands.
	CONNECTION	The manager must keep up the vertical and horizontal relations within the enterprise. The manager is also responsible for the connection between the enterprise internal and external environment.

Notes:

1) collection, dissemination and transmission of information;

2) the decisions improvement is the most important part of managerial activity;

3) it refers to the relational system created between management and enterprise internal as well as external characters.

Source: Mintzberg (1989) processing

Public enterprise orientation towards corporate governance performance requires management to implement a rigorous control of the business from in all respects, steadily monitoring the activity, with the statement that they all intertwine and influence one another due to an effective risk management. In order to carry out a continuously monitored activity of the public enterprise, the corporate management should create a monitoring instrument similar to a scoreboard, which constantly monitors the physical and economic development/progress of each specific objective and of the general ones as well. The monitoring instrument should structurally provide a series of financial, technical and, last but not least, physical information regarding measurable objectives and indicators, and it may look like the one below, with no limitative restrictions.

Table 6. Managerial tool for analysis, reporting and monitoring performance on intermediate steps

General Objective	Responsible Structure	Deadline	Responsible	Intermediate Performance Indicators			Calculation Formula	Results Indicators		
				Critical <40%	Average <70%	High >70%		Critical <40%	Average <70%	High >70%
0	1	2	3	4	5	6	7	8	9	10
Specific Objective No.1										
Activities 1. 2. 3.										
"n" Specific Objective										
Activities: 1. 2. 3.										

Source: personal conception

The above-mentioned managerial tool aims at creating a complete analysis, reporting and monitoring system built in such a way that the results are monitored on intermediate steps. The novelty in the construction of this tool is that of intermediate progress monitoring indicators, to which we have associated a three-stage appreciation grid, considering as an example that if the level of achievement of the indicator is less than 40% - the stage is critically, if the indicator is between 40% and 70% - the stage is medium and if the degree of achievement of the indicator is above 70% - the stage is accepted as

satisfactory on intermediate stages and therefore there might be recovered all delays, resource redeployment or managerial intervention dysfunctions concern.

As the performance indicators, both the intermediate ones and the results, are the control key of performance, the management has the responsibility of setting the high level of satisfaction according to its enterprise activity thus creating the possibility of targeting the public enterprise in the pursued direction. Moreover our proposed management instrument allows the presentation of a single image and it entailing at the same time the identification of the specific objectives hampered by the interference of disturbing factors and this determines a compulsory objectives analysis and a reset during the evaluation and before these objectives achievement is completed.

6. Conclusions

At the level of the public entities in the transport sector and at the macroeconomic level, including the public interest linked to the satisfaction of the social component, the introduction of corporate governance in Romania has not yet achieved its objectives. The corporative governance implemented in Romania can't be considered for the moment as a salvation for streamlining public interest entities and implicitly for the recovery of the national economy as a whole. The corporative governance has failed in Romania due to the fact that its operating principles have not been either applied or misapplied. The most obvious principle of non-observance is the risk management.

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