European Journal of Sustainable Development (2022), **11**, 4, 72-78 ISSN: 2239-5938
Doi: 10.14207/ejsd.2022.v11n4p72

Shifting Microeconomic Indicators into Solving Macroeconomic Issues

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Abstract
Defining relations can be built between the state and the corporation on its capitalist structure with observable results in increasing economic performance. The idea of sustainability results from Schumpeter's analysis of "healthy" economic growth of about 2% per year (according to the analysis between 1890 and 1940, including the unsustainable pre-crisis growth of 3.8% / year between 1890 and 1929). Basically, the relationship between government action and corporate governance can be likened to the relationship between urban management and business management (the ultimate goal is to attract investors / stakeholders to the city / corporation by offering advantages over other areas with similar characteristics but keeping the sense of economic logic). to maintain a competitive environment over the local government apparatus and an effective relationship with the inhabitants of that city, respectively, to maintain an organizational culture that resonates with the employees and with the initial purpose of the business), thus this research work having a character of rationalization of the economic environment of an emerging state through an integrated corporate governance approach to the issue.

Keywords: macroeconomic indicators, development, growth, corporate governance, sustainability

1. Introduction

For the supplementary economic framework, we might analyze the notion of the optimal operation of political democracy (Becker, 2003). This theory asserts that an ideal democracy is comparable to a system of free enterprise in a particular market, highlighting the conceptual convergence between democracy and capitalism (Bodislav et al., 2021). This vision is also defined by the discussion of efficiency in "ensuring the functioning" (corporate governance) of a branch of the economy at a higher level than what the state can offer through governmental action or the political party through the doctrinal vision approached is made for a branch of the economy because, according to the approach of competition in democracy (Becker, 2003), there are parallels between an economy and its branches and a corporatist organization (ministers and secretaries of state) (Sarbu et al., 2021).

There are the same conscious aspects in the creation of corporations as there are in the evolution of nations, therefore corporate governance models have always been beneficial for generating sustainable economic growth and addressing government concerns (Radulescu et al., 2021). The following research aims to draw a parallel between the country (emerging) / corporation similarity relationship, between the ministries that make up the

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government of a country and the departments that make up the middle and upper management of a company, to which the chancellery of the prime minister is added. Comparing the present presidency and executive coercive bodies to the C-suite of a corporation. Control bodies (departments, agencies, ministries, etc., supervised by the Presidency Control Body) oversee the effectiveness, efficiency, and compliance with regulations (laws and regulations) of ministries, government agencies, and all legislative and executive entities (Bodislav et al., 2020). Their corporate equivalents are the internal audit & business law divisions, and from an external perspective, the "Big Four" audit firms.
In turn, innovation is the foundation of economic vitality (it drives growth, creates jobs, strengthens health, gives employees a new purpose, revitalizes organizations, and prolongs consumer life through revolutionary new products and services) (Profiroiu et al., 2020). Similar to corporate evolution, the reverse engineering component is provided through the application of business development and innovation models and their implementation in development, hence generating additional value and long-term innovation to establish a stable nation (from start-ups to corporations) (Negescu Oancea, et al., 2020).

2. Macroeconomic Issues Filtered Through Microeconomic Vision

Real conditions of economic life indicate the possibility of certain syncopes, such as differences in vision, opinion, purpose, orientation towards the state/corporation as an entity, or orientation towards the human component (people form the state/corporation, so their well-being and interest is of paramount importance). The net benefit of substantial or intense governmental / corporate development for sustained economic growth is outsourcing / outsourcing systems (e.g., import of cheap unskilled labor - China, India or Bangladesh; export of cheap skilled labor for Highly Developed States - IT&C for the U.S.). These inconsistencies can create market inefficiencies, viewed from a macroeconomic standpoint, but explained as one-size-fits-all corporate operations: inefficiency in governing / managing human capital, available assets, maintaining debt and the cost of equity. for multinational corporations and foreign loans and country risk - for nation-states) within the limits of economic efficiency, thereby enabling a goal-oriented governance process (intensive / extensive development).
It is vital to design a model for sustainable economic growth given the current economic backdrop of uncertainty or the new normal, as well as the limited professional competence in managing a state's economy. The purpose of this study is to outline the connection between the economic field where governance aims to create human, technological, cultural, and economic advancement and the vision of the private sector, in which KPI (key performance indicators) such as profit (extensive or intensive), turnover expansion, research and development funding, efficient management of performing assets and limiting the influence of non-performing assets and their losses, the model created by the private sector, are emphasized.

2.1 Corporate governance as an indictor for sustainability

In order to emphasize the significance of corporate governance, a microeconomic viewpoint will be utilized. The foundations of microeconomic practices include ownership rights, corporate governance, and public enterprises (companies) (Nastase et al., 2020). Microeconomic practice entails: a) Ensuring the existence and operations of the market at their optimal level; b) Correcting the inefficiencies of market operations, as highlighted by microeconomic theory, which emphasizes both dynamic and static efficiency; c) Ensuring a fair distribution of wealth on a personal or household level and ensuring the supply of essential goods.

The efforts taken to secure the existence and operation of markets through a minimal state or to assure the market's functionality by a government whose sole purpose is market optimization. Allocating ownership rights to promote an efficient market is a crucial aspect of public practice. In capitalist institutions, these rights are generally generated by profit-seeking individuals. In some instances, the state and other public institutions hold ownership rights, which leads to the formation of public businesses (enterprises) when participation in the flow of national and global commerce is required.

Market correction practice or policy is used to compensate for the existence of externalities, public goods, transaction costs, and asymmetric information (although beginning from a perfect market, this may contain these elements), as well as market deviations from the ideal of perfect competition (plus entry and exit barriers, market misunderstandings and economies of scale).

3. Best in Class Indicator, the Ownership Rights

The necessity of government intervention can be a source of contention among economists, not because market failure is not taken into consideration, but because government intervention is often ineffectual or inefficiently handled. Government intervention is problematic due to the fact that civil society and the market view it as vital to control the legal framework of the market. Government activity is predicated on the establishment of a legal framework; hence, market effect is indirect and performance cannot be assessed directly.

3.1 Market operation: minimal state and assignment of onwership rights

This necessitates a basic framework of government responsibilities, such as the identification of rights, protection against taxes, theft, and fraud, and the enhancement of the idea of contracts and related rights. These are prerequisites for the existence and operation of the market. First and foremost, legislative action, particularly the formation of the legal framework of ownership rights, is the market's basis. (Coase's Theorem - Coase, 1937) Depending on how rights are formed, distribution and efficiency will be affected differently. However, merely stating ownership rights is not enough; honoring them is a prerequisite. The same authority that created them is also responsible for their execution and interpretation based on the true content of the matter (legal activity) and for protecting individuals who have the rights from those within or outside the community who may infringe upon or violate them (these are addressed through legal coercion - police actions).

The performance of these responsibilities necessitates the attribution of auxiliary functions to them, such as: because law, justice, and protection have costs, people must participate financially through taxation.

We shall continue to discuss ownership rights allocation. Within the capitalist system, ownership rights are allocated for the categorization and conformation of persons, notwithstanding the existence of state-owned ownership as functioning entities; hence, the distribution of revenue is contingent on the ownership rights possessed by each individual. Over time, it has been noted that the establishment of private ownership is one strategy for increasing productivity. Here, a distinction must be made between the market (allocation mechanism), capitalist production, and the distribution regime (these two being characterized by the private ownership of the capital factor and the labor factor).

3.2 Ownership rights and business administration

Market operations require the existence of an owner of ownership rights, without which the transactions would not have a real basis, because a person who wants to own a good will be hesitant to purchase it if his ownership is not guaranteed (the concept of possession) and he would need the consent of all market participants to acquire it (unlikely).

Market efficiency may be ensured by the distribution of ownership rights (ensuring the absence of a case similar to the one presented above). This framework is optimized by corporate governance (Barca, 1997), thereby ensuring the role and responsibilities of owners or managers within companies, which have evolved into complementary (c-suite versus middle management) components of the governance system, and thereby ensuring the static and dynamic efficiency of the economy.

The ownership structure of "who owns" within a firm is a significant issue since it is efficient if transaction costs are minimal. When the practical scenario of a group of individuals/shareholders with varying levels of business knowledge, skill levels, and negotiating processes is considered, these discrepancies become costly and reflect asymmetric information. A structure of owners or shareholders will be effective if, in the processes of power transfer, the objective is to increase the output of the production process without discouraging other process participants.

In a limited sense, from a dynamic perspective, innovation is the one that should be supported, and the investment in human capital, which is oriented toward the production process to gain people with micro-niche abilities, is a crucial component in acquiring innovation (learning and implementing business procedures, techniques or know-how - Corrado et al., 2006). Here, a direct link is established between the two: the growing level of investments in human capital by the owner of the ownership rights correlates with the efficiency of a company's shareholding/ownership. In summary, ownership and investment in human capital should be accessible to people who have the ability, inclination, and motivation to contribute to the sustainable growth of the organization they represent (Rajan, Zingales, 2000).

The challenge of assigning ownership rights was predicated on the transmission of knowledge and financial resources from one generation to the next. The sluggish system and the inefficiencies of the financial markets (which limit access to credit for non-capital holders) preclude the unjust distribution of ownership rights by exploiting individuals in accordance with business requirements. Various forms of state action (redistribution of ownership and income, supply of subsidized loans) are required.

When an individual lacks the essential financial resources and works in a firm only on the basis of venture capital (split by general ownership) or money borrowed from credit institutions, a new problem may emerge. There is a conflict of interest between the owner of the control rights and those who supervise the CEO's choices in this circumstance. When a "capitalist" is in a position of execution in a corporation and is responsible for building the teams that regulate him, a similar situation arises.

The managed company includes both scenarios (that of a capitalist who owns a substantial portion of a firm's capital and that of a company handled by individuals who do not own the included capital). The person who controls the company (manager) is distinct from the person who owns the company's capital (owner / employer / shareholder), and the problem of how to govern the relations between these two components (managers and shareholders) to obtain outputs under the sign of efficiency, taking into account conflicts of interest (certain incentives along the way), all reduces to the issue of moral hazard (Shleifer, Vishny, 1997). In order to create an alternative to the current system, it is possible to emphasize a shareholder-agency connection (derived from the main theorem-agent) of the corporation based on the recognition of the existence of the corporate personality: as corporate core people, managers must assume goals to achieve over the medium and long term, as opposed to merely serving the financial interests of shareholders.

The controller (either owner or manager - the concept of control was created to include here the top management of a company (c-suite) and its middle management; here we have the execution component and implementation, which together form short-term corporate governance) should be encouraged to manage the company in the interests of all owners and the pursuit of profit (maximized) rather than to pursue their own in their own interest. Positions of exchange will be formed between these two circumstances based on the general interest, which must be managed by ownership rights control mechanisms.

4. Capitalism, Free Enterprise, and Corporate Structure

The societies of the industrialized nations of the 21st century are experiencing unparalleled wealth, which was hampered by the 2007 financial crisis. Throughout history, these nations have generated the best living standards for the greatest number of people (Angheluta et al., 2021). How did this come about? It is claimed that this success (both before and after the crisis) resulted from the evolution of an economic system that promotes free enterprise, capitalism, and competition. Free business imbues the economic systems of industrialized nations with the "energy" produced by competition, in which the creative minds of innumerable individuals are liberated to follow their own goals, with the less restrictions the better (Bodislav, 2011). When each of us acts to maximize self-interest, "an unseen self-interested hand" moves to create a whole environment for the "benefit of all," as described by Adam Smith in 1776. (Smith, 1994). The first step on the remarkable path of economic progress was realizing that each of us could only produce or serve the highest good by maximizing our own self-interest. Even after 246 years, the perhaps paradoxical nature of some facets of this concept makes it a discovery.

The concept of the efficacy of the invisible hand has resulted in the logic of a secondary thought that individuals pursuing distinct interests form intersections of their interests and have competition as their goal (Belostecinic et al., 2022). Competition supports the business environment-specific framework for raw resources, labor, customers, and investment capital (Burlacu et al., 2021). This competitive environment results in the concept of "survival of the fittest," which suggests that, over time, it eliminates ineffective rivals and encourages the survival of the successful. In spite of the fact that some individuals may fear that the weak will cease to evolve, this is the most stimulating part of the free business and competitive system (Popescu et al. 2021). The third feature of our economic system is the evolution of modern capitalism, in which investors' cash may be pooled to produce the vast quantities of investment capital required to finance expansive projects and massive corporations. Individual and institutional investors are more likely to contribute the required money the greater the flexibility of business firms to pursue profits (Balu et al., 2021). Consequently, the three pillars of the global economic system will be entrepreneurship, competition, and capitalism.

5. Conclusion

As the economic system has evolved, firms of extraordinary scale and complexity have flourished. How can these enterprises be managed in the best interest of their shareholders? was the obvious question. We began with the idea that governance, as we know and practice it, has made a difference at the macro-social, political, and economic levels, as well as at the individual-entrepreneurial level: corporate governance. Without a functional system of governance, human relations would descend into anarchy. Governance is that which brings order to chaos. There must be laws and norms governing how individuals relate to one another when they live in communities, because conflict between them is intrinsic to the human condition. Much of this conflict arises from divergent personalities and views, as well as the inherent fight for few resources. Some have grave moral issues because they are founded on a lack of regard for the lives and property of others, which is in turn founded on fundamental human needs.

The moral struggle reveals both the good and bad elements of human nature. We observe goodness in acts of love and compassion, courage, brilliance exemplified by the advancement of the arts and sciences, and integrity, honor, and responsibility. Acts of hatred, greed, tyranny, oppression, cowardice, and dishonesty are examples of evil. Since the dawn of time, such conflicts between the forces of good and evil have been at the center of human drama. The conflict occurs inside each aware individual and between people and interest groups. These conflicts may be observed in the various kinds of governance across the world and in the corporate sector in general.

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