*Optimizing the Future: Management Innovation for a Sustainable World*

Eds. Gabriela Proştean
Budapest: Trivent, 2026
eISBN 978-615-7058-33-0
Available online at http://trivent-publishing.eu/

# STRATEGIC MANAGEMENT FOR THE RELAUNCH OF ROMANIA'S ARMAMENTS INDUSTRY IN THE NEW INTERNATIONAL CONTEXT

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***Abstract***
*We live in a volatile world where decisions must be made quickly. Every individual and every idea can influence peace or conflict and therefore, it is good to always be prepared for what comes next. In the current international context where the great powers of this world divide resources, areas of influence, as well as the rights to make peace and war, thinking of a strategic management plan for the relaunch of Romania's armament industry represents a necessity. Romania's longstanding geostrategic position has historically placed it at a disadvantage, a situation that is becoming increasingly visible today as Romania finds itself at war's doorstep, at the intersection of NATO, the EU, and Russia. We are increasingly faced with the necessity of defense and alignment with the NATO/EU strategy for strategic thinking in the armament industries of each member state. Why am I addressing this topic? At this moment, I am directly involved in this process as an employee of C.N. ROMARM S.A-Filiala S. U.P.S Dragomiresti S.A., and I wish to bring a new vision to this field, a strategic management approach that correlates the national framework with the international one, applying patented management methods as well as specialized studies, offering a new vision for this domain. While analyzing a moving target is difficult, envisioning future directions is both challenging and rewarding, in order to gain a competitive advantage in this field. For this reason, I chose to delve deeper into this current and future topic.*

**DOI: 10.22618/TP.SIM2025.010**

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*We live in a volatile world where decisions must be made quickly. Every individual and every idea can influence peace or conflict and therefore, it is good to always be prepared for what comes next. In the current international context where the great powers of this world divide resources, areas of influence, as well as the rights to make peace and war, thinking of a strategic management plan for the relaunch of Romania's armament industry represents a necessity. Romania's longstanding geostrategic position has historically placed it at a disadvantage, a situation that is becoming increasingly visible today as Romania finds itself at war's doorstep, at the intersection of NATO, the EU, and Russia. We are increasingly faced with the necessity of defense and alignment with the NATO/EU strategy for strategic thinking in the armament industries of each member state. Why am I addressing this topic? At this moment, I am directly involved in this process as an employee of C.N. ROMARM S.A-Filiala S. U.P.S Dragomiresti S.A., and I wish to bring a new vision to this field, a strategic management approach that correlates the national framework with the international one, applying patented management methods as well as specialized studies, offering a new vision for this domain. While analyzing a moving target is difficult, envisioning future directions is both challenging and rewarding, in order to gain a competitive advantage in this field. For this reason, I chose to delve deeper into this current and future topic.*

***Keywords***

*Strategic management, Strategic planning, Organizational competence analysis*

## I. Introduction. Presentation of the current situation in Romania

Romania currently has 22 state-owned companies in the defence industry - their combined turnover in 2023 is 1.1 billion euros. The main producer and direct exporter of military products in Romania, the National Company ROMARM S.A. was established in 2000 through the merger of the most important factories of the Romanian Defence Industry. C.N. ROMARM is the main supplier of military equipment, ammunition, and maintenance services in Romania. The National Company ROMARM has a holding structure, with 100% Romanian capital, and is under the authority of the Ministry of Economy, Entrepreneurship, and Tourism. In most of the factories - where, for example, ammunition, explosives, weapons, and projectiles are produced - they have not been modernized for
decades, the technology they use is outdated, and a large part of the production is not aligned with NATO standards, of which Romania has been a member for over 20 years. Romania has been lagging behind in the European Union regarding the money it generally allocates to research. In 2023, for the sixth consecutive year, in last place in the EU in the ranking of investments in research and development. Only 0.12% of GDP went to this sector - around 400 million euros. My goal in the study I am about to conduct is to introduce new elements described succinctly hereafter, starting from these rather disappointing data for Romania.

Following, as I mentioned, for an accurate and precise documentation of Romania's strategy in this vital field, we can analyze the statements of Mr. Bogdan Gruia-Ivan, the Minister of Economy: "In the companies owned by the Ministry of Economy that have state capital, we are bringing the latest technology and starting to produce NATO-compatible ammunition, compatible with the Abrams tank purchased by the Romanian army from the USA, and we are also starting to export to other countries." What we are doing concretely is that we have the land, the production halls, we are purchasing intellectual property with them, and the profit obtained from the sale of all that means ammunition will be shared according to the agreement between the American partner and us." Mr. Bogdan Gruia-Ivan, Minister of Economy, again: "We are in advanced negotiations and by the end of the year we will have two production lines for TNT and RDX explosives operational, using technology from Germany. On the other hand, we have an important project to produce powders in Romania at Pirochim Victoria. In just these hours, we have concluded the letters of intent to Rheinmetall to agree on the final form. On the other hand, we are investing 20 million euros at Carfil in Brașov, building from scratch the first armaments factory in Romania in the last 40 years."

It is current news that after two years of receiving limited funds, the state-owned factories in the Defense industry will have an addition of one billion lei to the budget in 2025. The money will go to only a few strategic projects, which, however, are progressing slowly and will not lead to immediate production for the Romanian Army.

This year, on March 6, the European Union announced a massive armament plan worth 800 billion euros. Now, each member state must increase its defense budgets so that, together, the 27 countries of the community bloc invest 650 billion euros in new ammunition, defense systems, military mobility, and artificial intelligence. However, the European Union wants to add another 150 billion euros for defense strengthening, from loans made on behalf of the member states. But in 2025, the Ministry of Economy received an additional one billion lei (200 million euros) from the budget, beyond current expenses, for the production of ammunition and military equipment. The most important military projects that the Ministry of Economy is betting on are: the construction of a powder factory; the manufacturing, in two subordinate plants, of NATO-caliber ammunition 120-155 mm; the production in Romania of Infantry fighting vehicles and individual weapons for soldiers.

## II. Theoretical Framework. Strategic Management for the Relaunch of the Armaments Industry

In this section, we aim to discuss what strategic management means at a theoretical level in order to see and understand how this relatively new science, which has been the subject of multiple scientific papers and is widely talked about lately, works. It is very important to understand that strategic management is the one in which the company's leadership is based on strategies. Practice has shown that an organization cannot carry out activities with high long-term profitability if it does not have a well-founded strategy adapted to its specific conditions.

Primarily, it is essential to define the term strategic planning in the case of organizations. To be more precise, it is necessary to discuss the implementation of a coherent and functional strategy. We believe it is advisable to consider the company's mission, strategic objectives, strategic options, resources, deadlines, synergy, competitive advantage, or distinctive competence.

Vision and Mission Development: Establishing a clear vision helps an organization define what it aspires to become in the future, while the mission outlines its purpose and core values. This foundational step guides all strategic decisions. [1]

Environmental Analysis: Organizations conduct SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to understand their internal capabilities and external market conditions. This helps identify areas for growth and potential challenges.

Strategy Formulation: Based on the insights gained from the analysis, organizations develop strategies that leverage their strengths, mitigate weaknesses, capitalize on opportunities, and defend against threats [2]. This could involve market expansion, product development, or diversification.

Strategy Implementation: This involves translating strategic plans into actionable steps. It includes resource allocation (financial, human, technological), establishing timelines, and ensuring that all team members understand their roles in achieving strategic goals.

Performance Monitoring and Evaluation: Organizations set key performance indicators (KPIs) to measure progress. Regular reviews and assessments ensure that the strategy remains aligned with the organization's goals and allows for adjustments as necessary [3].

Adaptability and Change Management: The business environment is dynamic; therefore, organizations must be willing to adapt their strategies in response to market changes, technological advancements, or shifts in consumer preferences. Effective change management processes help facilitate smooth transitions.

Stakeholder Engagement: Engaging with stakeholders (employees, customers, shareholders, and the community) is vital for gaining support and ensuring that the strategies meet the needs and expectations of those affected by organizational decisions [4].

Sustainable Competitive Advantage: The ultimate goal of strategic management is to create and maintain a competitive edge in the marketplace. This can be achieved through innovation, superior customer service, unique value propositions, or operational efficiencies.

We will analyze the stages undertaken in the strategic planning process and detail how strategic management is applied and its benefits.

One of the most important aspects of strategic management refers to anticipating the factors that will have an impact on the organization in the future. Some of these cannot be changed, while upon others, the organization can intervene. To be effective, an organization must ensure that there is a certain level of alignment between what it can offer and what the world needs, and that is why it is important to talk about the analysis of internal and external trends.

It is extremely important to analyze what microenvironment and macroenvironment mean for the subject addressed, the P.E.S.T. Model, M. Porter's "5 Forces Model," and SWOT.

SWOT Analysis - In-Depth

- Actionable Insights: After conducting a SWOT analysis, organizations can create strategic initiatives based on the findings. For example, they might leverage strengths to capitalize on opportunities or develop plans to address weaknesses that make them vulnerable to threats.
- Team Involvement: Engaging various stakeholders in the SWOT analysis can provide diverse perspectives, leading to a more comprehensive understanding of the organization's position.

PESTEL Analysis - Detailed Applications

- Trend Monitoring: By regularly conducting PESTEL analyses, organizations can stay ahead of trends and shifts in the external environment, allowing for proactive strategic adjustments [5].
- Risk Management: Understanding potential political or economic changes helps organizations anticipate risks and devise mitigation strategies [6].

BCG Matrix - Portfolio Management

- Resource Allocation: The BCG Matrix not only helps in deciding which products to invest in but also in determining when to divest or discontinue products that fall into the "Dogs" category.
- Strategic Focus: Organizations can use the matrix to ensure that their portfolio aligns with their overall strategic goals, balancing risk and return effectively [7].

Balanced Scorecard - Comprehensive Performance Measurement

- Alignment: The Balanced Scorecard helps ensure that all levels of the organization are aligned with the strategic objectives, enhancing coherence in action.
- Continuous Improvement: By regularly reviewing performance metrics, organizations can identify areas for improvement and adjust their strategies accordingly [8].

Key Performance Indicators (KPIs) - Tracking Success

- SMART Criteria: KPIs should be Specific, Measurable, Achievable, Relevant, and Time-bound to ensure they effectively track progress toward strategic goals.
- Feedback Loop: Integrating KPI results into regular reviews creates a feedback loop that informs future strategic decisions.

Feedback Mechanisms - Stakeholder Involvement

- Customer Feedback: Actively seeking customer feedback through surveys or focus groups can inform product development and service enhancements.
- Employee Engagement: Encouraging employee feedback fosters a culture of open communication, which can lead to valuable insights for improving operational efficiency and morale.

Porter’s Five Forces Model:

- This model helps analyze the competitive forces within an industry, providing insights into the overall industry structure and profitability. The five forces include:
    - Threat of new entrants.
    - Bargaining power of suppliers.
    - Bargaining power of buyers.

  - Threat of substitute products or services.
  - Rivalry among existing competitors.
- Application: By understanding these forces, organizations can better position themselves strategically within their industry [9].

Analysis, as well as the analysis of the organization's competencies. As full members with rights and obligations in NATO and EU structures, we have the obligation to research and align international decisions. In this sense, we cannot discuss only national strategies in this branch of the industry. In this section, we aim to analyze the international strategy that impacts us and which can generate numerous development opportunities as well as restrictive aspects for the armaments industry. We will analyze NATO and NIAG meetings and study the international geopolitical and legislative framework, conducting an analysis of Romania and the Romanian industry's position in the international context.

It is crucial for an argumentative paper to consult public NATO, MoE (ME), MoD (MAPN) documents and international statistics in the development of a strategic management plan. In addition to these documents, we will participate in multiple international meetings in the field from which we will obtain documents for our research.

Our research also aims to analyze everything that the defense industry in Romania entails between the past and the present, drawing a parallel based on existing public documents, both in specialized writings and in the presentation of companies in the armament industry, their overall thinking in a synergistic context. This aspect can briefly present an overview of what we can offer, in terms of supply and demand, as well as a general presentation starting from the mission, objectives, and marketing policies promoted individually at the industry branch level. As I mentioned, we will present the current situation from an economic perspective and the representativeness of the products in NATO product catalogs, as well as their demand at the European level. The proposed analysis also aims to draw a parallel between the products offered before 1989 and after that year, and we will try to identify what this production means today in the international context. As a research method, we will use both documentary research based on the MoD (MAPN) library and applied research, meaning we will utilize exact offers collected from each factory by participating in multiple international profile exhibitions and fairs. It is important to gather the information as it is in reality as well as in comparison with international standards.

As I stated, it is important for strategic management to identify the mission of the industry, strategic objectives, strategic options, resources, timelines, synergy, competitive advantage or distinctive competence, as well as the current regulations that can benefit or disadvantage this branch of the industry because there is a national strategy in place. It operates with an extended concept of national security, in accordance with European principles. Today, there are multiple interests converging towards ensuring national security.

Apart from elements related to defense, public order, or intelligence and counterintelligence activities, security can no longer be separated today from a competitive economic environment, financial-budgetary stability, the existence of public systems—education, health, pensions—that are functional and adapted to changes, the protection of critical infrastructures, or the capacity to respond to environmental issues. It is timely, and we will discuss the existing priorities within the legislative framework in Romania for the armaments industry, including general and specific objectives, as well as opportunities and threats. It is vital to understand where we are and where we want to go. We cannot discuss research if we do not discuss verification indicators, construction plans, and the importance of researching and innovating competitive products. We will use as a research methodology national interest documents (NATIONAL STRATEGY FOR THE DEFENCE INDUSTRY) as well as estimation and strategy documents aimed at ensuring a national security climate. All documents and information used will be verified by an S.S department – Information Security Structure, so that the documents used for research do not contain classified information.

## III. Conclusion. Strategic Management for the Relaunch of Romania's Armaments Industry in the New International Context

This research in strategic management for the relaunch of Romania's armaments industry, through the analyses conducted and the intersection of the obtained results, will outline a strategy for the upcoming period. for this branch of the industry. As proposals, we will try to encompass what strategic management means by addressing. both the parts mentioned in theory and forecasts. The approach to security and the management of crisis situations applied in practice, in terms of the armament industry branch in Romania, will bring new challenges to our work, reintroducing crisis management methods at every level of production, supply chains, and distribution, as well as the channels for their implementation.

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