

THE NECESSITY OF IMPROVING MANAGERIAL ACTIVITY IN ROMANIA

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Abstract: *The condition of the Romanian economy has become worse during this period of crisis, the organizations in Romania are facing many financial problems and the impossibility of adapting to the new economic and social context having to pass through painful restructuring which could have been avoided if managers had been more prudent. These are the reasons for which we believe that an analysis of the managers in Romania, an analysis of the impact of their personality and an analysis of the way they influence the performance of the organizations they lead are all necessary.*

Key words: *managerial ability, managerial performance*

JEL Classification: *M21*

1. Introduction

According to the data from the Minister of Public Finance out of the 304 the biggest companies and banks in Romania, 27.6% experienced losses in 2011. Nine of these companies and banks are public and 73 are private whereas only three of them are led by entrepreneurs. Out of the almost 200 big private companies which had profit in 2011, 25% are led by entrepreneurs. In 2011 the 304 companies had a turnover of 109 billion Euros that is approximately 88% of the gross domestic product in Romania. The biggest mistake of the managers of most companies was the raise of prices and the raise of the margins for the compensation of sales at the beginning of the crisis. By raising prices but not restructuring business most companies have started or have continued having losses in 2011. Other big mistakes of the organizations refer to the incapacity of adapting the entire logistics to the market realities thus listing unmerchantable stocks and an increase of up to 100% of the period of recovering the claims from their own customers and the lack of innovation regarding the given products and services.

Big management mistakes, the incapacity of adapting to the new economic context after the crisis and the decrease of the market are some of the factors which brought problems to the local organizations. This is the reason why I consider that it is appropriate for us to undertake an analysis of the manager in Romania regarding the way he exercises his leading functions, his vision concerning the role he plays within an organization correlated with the performances of the organization.

2. The Analysis of National Studies regarding the Romanian Manager

According to the representatives of the company of management consulting Horvath&Partners the main problems of the Romanian managers regarding the business strategy refer to the difficulty of coordinating their activity with the company's objectives and difficulty of correctly communicating the strategy to the rest of the employees. Most managers have difficulties in naming the factors which differentiate their own company's strategy from do not realize that of the competing companies. At the same time the managers do not realize that there is a lack of communication with the employees regarding the company's strategy and they are not preoccupied to encourage the communication of the strategy by describing it clearly. The Romanian companies could not implement a profitable strategy without performing and motivated employees, without the materialization of the company's objectives and values, clearly specified actions and sufficient financial and human resources.

Another analysis is represented by the National Research about the Organizational Culture which questioned the managers and the employees from the private companies

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(45%), the companies on the stock market (41%) as well as family businesses and public institutions, multinational companies (68%) and Romanian companies (32%), from small organizations with less than 100 employees to companies with over 5000 employees. According to the National Research about the Organizational Culture undertaken by the Human Synergistics Romania in 2012, the leading management style of the companies in Romania produces a defensive culture which inhibits the initiative, the creativity and the orientation towards collaboration and customers. The study is based on the questioning of over 150 organizations and over 1500 employees and indicates a level of over 90% of a competitive culture which stimulates personal gain and an image of superiority. Ron Kaufman, the world authority in Superior Services has participated at this study and considers that the increasing sales, the big profits or personal recognition are not shameful or reprehensible purposes but the perspective upon the way they could be achieved needs to be changed. Likewise, the perception that serving clients or colleagues is humiliating has to be changed as well. The Romanian managers omit the fact that creating value and ensuring surprising superior services represent a powerful factor which makes the difference on the market and are a motor for growth and development. At the same time not all managers in Romania take into account the fact that if they want more they have to offer more. The Human Synergistics study enhances the fact that conventional behaviour (89%), subordinate behaviour (75%), antagonistic behaviour (85%) and competitive behaviour (75%) are results of the competitive culture. These are ordinarily incompatible with the quality of the services because they are oriented towards obeying the rules before solving the problems, towards the lack of taking responsibility for your own decisions to the detriment of unconditionally following the superiors' orders, towards the fight against the colleagues from your team or from other teams for individual recognition very often to the prejudice of collective success or client serving.

In Romania one of the most frequent mistakes is the organization of customer service departments which function in isolation from the rest of the organization as an interface meant to cash the customers' rage. Superior services must be built through the involvement and collaboration of the entire organization and through the permanent and mandatory support of the top management as an initiator and guarantee of the development of the services culture. That culture should educate, should train the employees and should offer them the mandate and freedom to creatively offer superior services especially in those circumstances which are not in any textbook but appear when facing the client. What lacks is the long term type of thinking (among one and three years) meant to lay stress on the strategic objectives. Strictly related to this defect of many managers we should mention a certain incoherence and lack of consistence in thinking of the results and finding the right place for each subordinate. A good manager is not the one who has very good technical competences or who has worked for the biggest companies in the field but the one who is capable to handle a team and create its independent style of thinking. Another mistake made by the Romanian managers is that of pretending certain types of behaviour (such as initiative, creativity, cooperation, integrity, enthusiasm, commitment) from his subordinates without realizing the fact that their role is to create the organizational environment necessary for the emergence of such types of behaviour. In other words, a manager does not necessarily have to give tasks and deadlines, but to make up the team in such a way that each member would be able to devise an action plan in order to achieve certain objectives.

According to the results of the research "Leadership in organizations" undertaken by the Danis Consulting firm in Cluj with the help of 16 managers with excellent results in their companies and with a total management experience of 319 years, Romanian managers have a high creativity but a low ability of working in a team as estimated by the leaders of the national and multinational companies in Romania. The interviews with the 16 leaders from Romania have been conducted in the period October 2011 – July 2012, the study envisaging a portrait of the Romanian leader/manager in comparison with the foreign

managers, especially those from the Western culture (Europeans or North-Americans). The answers have been given by both the expat managers – five in number, with an average working experience in Romania of almost 6 years – and the Romanian managers. The high creativity displayed by the Romanian managers has been vehemently supported especially by the expats. Likewise, the respondents have used words such as innovative, enthusiastic or dynamic to describe the Romanian managers. The main criticism referred to their weak ability of working in a team. More specifically, they do not know to listen, they rush into talking, are vain and subjective and if they are given enough power they can become small dictators. They forget to respect their employees and they are afraid to take responsibility for their decisions. Likewise, they are more exposed to corruption and they are interested in immediate results not having patience to build something on the long term from the point of view of both the organization and the relationship with their subordinates.

Another study is the one made by Result Development and entitled “The Profile of the Romanian Manager” in the period 2009-2011 taking into consideration the answers of 110 Romanian managers out of which 47.3% have top management functions, 64,50% work in multinationals and the rest of 35,50% work in national companies. The Romanian manager is normally a male (in a ratio of 70%) and over 50% of the managers have ages between 25 and 35 years old. This type of manager works between 45 to 50 hours a week and is mainly involved in operational activities. The research shows that the main trump of the Romanian manager is his predisposition towards results (65.5%) followed by his intuition (39.1%) and his ability to make plans (38.2%). The Romanian manager defines himself as an intuitive and emotional manager, but intuitive management could be both a resource and a big trap. I consider that it could be a resource due to the human understanding of the subordinates, their individual consideration and it can prove extremely helpful in a very difficult situation or in the process of taking decisions, but it can also turn into a trap when it focuses on satisfaction and relationships and less on results. Over 50% of the Romanian managers would sacrifice an employee with excellent results but with relational problems in favour of a mediocre one but with whom he has a pleasant relationship. The study shows that the anticipation of the problems is considered a trump by only 15.5% of the managers whereas the ability to take risks is considered as such by 18.2%. As far as the weak points are concerned, the most important ones are: the inability to motivate subordinates (57.3%), excessive control (45.5%), low leadership (42.7%), lack of delegation (41.8%), lack of coaching (40.9%) and the emphasis on power and authority (38.2%). As a result of the research undertaken in the period 2009-2011, the participants’ answers have been correlated certain managerial dimensions – the emphasis on performance and long term activity, the focus on results, the leadership skills, communication, team work, management through objectives and taking decisions etc. – with the profitability rate of the company. Out of 110 Romanian managers, only 26.4% are centred on the development of a sustainable performance. There is a significantly negative correlation between the Romanian managers’ focus on the long term performance and the profitability rate of the company. In other words, the Romanian managers investing in the consolidation of the long term performance develop their activity in companies with a higher profitability rate in comparison with the managers focused on solving the short term problems.

The Romanian manager sees himself as being focused on results and with a relatively low leadership skill. The results of the research show that things are exactly opposite. In other words, the Romanian manager is not strongly set on results and he has a huge leadership potential adopting an intuitive management focused on his emotional side. The Romanian managers’ tendency to assess themselves as being focused on results is negatively correlated with the profit rate. One of the possible interpretations is that many of the Romanian managers are not focused on results even if they want to be perceived as such. Likewise, the Romanian managers’ tendency to evaluate themselves with high scores for their leadership skills is negatively correlated with the profit rate because they are work for companies with a lower rate of profitability than the other managers.

When being asked about the managerial expectations from their superior, over 42% of the respondents have declared that they want communication and cooperation, 40% have indicated “integrity, correctitude and sincerity” and 30.9% have answered that they need support and commitment. At the opposite pole, only 5.5% have declared that they need coaching from their superior.

As far as the managerial expectations of the subordinates are concerned, most managers (42.7%) wish their teams worked together, 29.1% want them to communicate and 27.3% want them to show integrity and correctitude.

Another topic approached during this study has been the commitment factor in terms of the cultural characteristics of the Romanian employees from a managerial perspective. Thus, 66% claim that the lack of involvement is a predominant aspect, 64% consider that the lack of tacking responsibility is an important aspect and 48% think that gossip and “scriptomania” are prevailing. Only 8% consider that low tolerance represents a cultural characteristic and unfortunately 9% mention perfectionism.

Another characteristic of the Romanian manager is his focus on the problem zone, on solving problems to the detriment of high and long term predictable performance. The manager feels attracted and provoked especially by problems and crises rather than by a gradual development characterized by predictability and a low rate of growth. Among the gravest and the most frequent errors in the managerial activity we can mention the adverse delegation which can turn into total lack of delegation. In most cases, adverse delegation is associated with the excessive control and micromanagement as the specialists call it.

The Romanian managers have problems especially at the superior level of delegation that is at the empowerment level. Many Romanian managers master the inferior level of delegation associated with the explanatory style and the excessive control, a level appropriate for those subordinates who have not reached maturity on the job. In the case of mature and senior employees empowering is necessary but coaching is necessary in this case too. They prefer every decision or action to pass by their office first and many times they mistake delegation for lack of authority.

In many cases the Romanian managers understand that delegation means setting some tasks for certain employees and establishing a deadline for them to accomplish the respective tasks. In this situation, the employee’s intellectual work is entirely reduced instead of being stimulated to think independently in terms of what to do and until when he could do a certain thing so that he could be able to achieve his goals. By means of this method people learn to take responsibility which inevitably leads to their professional evolution. The same thing happens in the case of the newly promoted employees who refuse to delegate responsibilities because of their wish to have excessive control and to know everything that takes place in the company.

Another important mistake made by leaders of a company is that they forget to motivate their employees even if before the hiring process they themselves negotiate employment packages including an important component of motivating bonuses. The problem is that managers ignore the close relationship between the degree of motivation and the degree of employee satisfaction and his level of commitment. Moreover, there are managers who do not believe in other stimulants than the financial ones such as appreciations and positive reactions. The directors of human resources know that the employees’ motivation represents a key element in a company and therefore they prepare various instruments that could be applied in this case. The motivation can show people what they need to improve or can appeal to what should be obtained. Unfortunately some managers go even further – the only reactions they show are the negative ones and what is worth is that they do this in public, thus demotivating their employees.

The personality features of the managers decisively influence the means by which they choose to lead their subordinates and have a major impact upon the performance of the company they lead.

3. Conclusions

As a result of the analysis of the studies above, I think that the Romanian manager displays the following tendencies which differentiate him from other types of managers: the predisposition towards an intuitive, inspirational, emotional management, the strong focus on the present and on getting immediate satisfactions and results, the tendency to have high standards, work commitment associated with the spirit of sacrifice (the tendency to work with approximately 25% more than the average working hours).

At the same time the potential problems of most Romanian managers deal with their strong focus on the present problems to the detriment of the consolidation of the long term sustainable performance; their lack of patience born out of their desire to get results immediately; grave deficiencies in the recruitment and selection process – a selection undertaken according to subjective and vague criteria; setting high standards and mistrust in the motivating instruments ignoring the employees' role in bringing profit to the organization; lack of trust in the employees' competences and difficulties in delegating certain responsibilities out of fear of losing control, practicing an emotional and intuitive management rather than a scientific one.

Under the burden of a program which in many cases proves to be hellishly, some managers lose themselves into details, they skip over important things that they should do or they simply lose the bird's-eye view necessary for any team leader. Under the circumstances, mistakes do not fail to occur and could have disastrous effects if they are not noticed and amended in due time.

Without some thorough knowledge of the economic and social environment, of the customers' needs and expectations, without a long and medium term vision, without taking coherent measures during a period of crisis and without implementing changes meant to improve activity instead of disturbing it, without setting clear goals taking into account all the human, financial, technological, material and informational resources of the organization, without a preoccupation for employee training and encouraging them to find the best solutions to emerging problems and without an efficient communication and the creation of a system of rewards dependent on the results, the managers in Romania will continue to have difficulties in this period of crisis.

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