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Rethinking Social Action. Core Values in Practice

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Frequent Mistakes in Romanian Management Practice

Valeriu DECIU[1]

Abstract

Throughout the past two decades, Romanian society and economy underwent some profound transformations in their attempt to assimilate modern business concepts and instruments. One such concept is that of the modern management encompassing its entire theory, practice and the available range of tools proved as viable in the western marketplace and imported from economically developed countries. Are these instruments fail-proof even in their countries of origin? Should these be customized for a certain market or there is a standard implementation mode that guarantees their success? Are there any typical mistakes that can be identified only for Romanian managers or there is a certain universal pattern of such managerial mistakes? If some of the typical managerial mistakes have greater occurrence in Romanian managerial practice what are the reasons thereof? Are there particular social, cultural or historical attributes that can be considered as influential factors in this respect? Starting from the theoretical background provided by reputed specialists, we try to identify and classify managerial mistakes currently observed in Romania according to their importance and occurrence by means of analysing specific magazines, journals and interviews available online. By interpreting the data obtained we try to find answers to the questions hereabove enunciated and provide the Romanian managers with a useful self-assessing scale of values, a "mirror" depicting their most common psychological traits.

Keywords:
Managerial mistakes, management tools, Romanian managers, business culture, organizational behaviour.

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1. Introduction

There is substantial literature available especially from the US on the topic of managerial mistakes [1], [2], [3]. From their standpoint, we may classify mistakes on the organization level, sales force level, or ethics and compliance level. Most common managerial mistakes detected throughout the western world are valid in different extents also in Romania.

We may start an assessment right from the statements entitled mission and values. Not all managers understand correctly that the vision should push the organization towards a target or achievement whereas the mission is destined to guide all decisions, be it critical, strategical, or just daily ones. Moreover, if behaviour and decision making is not guided by the mission, then everything is just empty words, even when enunciated too wordy and unclear.

What is considered a managerial mistake from a manger's standpoint? Some managers do not consider failure as an option, for example [1]. Such principle is fallacious and not valid in real life. On the contrary, the ability to anticipate failure and act decisively to mitigate its effects is one of the typical attributes of a successful organization and learning from rebuffs brings the most valuable experience in management. In such situations, critical factors are carefully identified, and a reference system should be used to assess the fate of any product, investment, or project. Each manager should build this reference system by defining some criteria resulted from own experience or from market leaders' actions.

Modern management must allow more time for studying mistakes and mitigation of their impact than preoccupying for their avoidance [2]. Only when they gathered enough experience, they will be able to foresee the failure and act accordingly.

2. Theoretical Background

First, we need to review the areas of activity within medium-sized and large organizations where managerial failures are most likely to occur and typical mistakes for each activity.

Budgeting is one of the most despised and time-consuming activities among managerial activities, even if it is one of the most defining ones for an organization. Its completion requires plenty of resources in terms of people involved, time, and money and sometimes market events makes it worthless. Generally accepted mistakes [3] include leaving the budgeting to accountancy people, orienting it inwards and being too inflexible. But the capital mistake in our opinion is not being harmonized with strategies and tactics towards achieving the goals. A budget should allow the manager to face any challenge from the marketplace, above all.

In quality management, balancing the process quality and product or service value is vital for organizations seeking performance. But uniformity and standardization are very often implemented at the expense of creativity, flexibility, and innovation. Nowadays markets and technologies change sometimes faster than the organization's cycle, so innovation is no longer a marketing feature but pertains to the organizational culture.

The modern risk management must not just deal with the traditional financial risks, such as credits, interest rate, or rate of exchange. These days a good manager must also consider risks regarding the environment, innovation, and company reputation [4]. Preparing for risk, though, remains virtually unchanged: even for events with a low probability of occurrence, managers must prepare operational scenarios. Depending on their activity, they should consider work strategies for events like dramatic loss of income, bankruptcy of their most important client or supplier, significant price increment for their critical raw materials, supply chain misfunction or reorganization, and occurrence of new competitors with innovative products that target their market share.

Probably the most painstaking activity where mistakes have a high rate is performance measuring and rewarding. We currently measure quality, added value, clients' satisfaction and financial benefits. Such measurements are meant to keep watch over critical areas of the company where fluctuation in performance on short and long terms might create problems and shorten the reaction time when said problems are inevitable. The danger here is focusing too much on the details incurred during measurements and lose grip on main objectives [5]. Hence unexperienced managers focus on a single parameter, be it sales or quality, and miss the chance for a more balanced assessment of performance.

IT recent products help nowadays introduce performance standards and definitions in all segments of organizational activities, but it is still up to managers to interpret results and design a plan of action. They must also select the appropriate measurement aligned with strategies and centred on main challenges the organization must face. It is important that such IT tools serve the management before the accountancy since it is more helpful to find out why something happened than what happened in detail.

Measuring performance must, of course, be accompanied by a rewarding system based on objectives and budgets. But in a market that goes through profound transformations rapidly, such targets might become irrelevant before a business cycle is completed. The main common mistake here occurs in the planning phase. Instead of development priorities and optimal resources apportionment to obtain general performance, the lowest level set on the limits from which results are rewarded ensue from internal negotiations. That sometimes leads to rewarding the second-rate results and punishment of those outstanding [6]. There is only one way to avoid that: using immutable measurement systems as a reference over a long period of time.

Probably the main area in every organization where managers channel their attention and resources is sales. The most common mistake they can do is to give more credit to generating leads instead of prospecting [7]. Generating leads means to identify resources whereas prospecting is the actual "digging" for the gold. Good salesmen are disciplined and use their prospecting abilities at all levels, know how to choose good leads over false ones, are good listeners and able to negotiate win-win outcomes. But even the best of them are not self-motivated and cannot be driven only by money. Though the financial motivation is important, a sales team always need new objectives, challenges, and performance assessment systems. That is why a good manager should reward behaviour before results and offer merits recognition coupled with opportunities for learning and personal development. Apart from sales volume, there is a number of parameters to be considered in sales performance assessment, such as the number of new potential customers and new contacts at the executive level, or contracting cycles shortening.

Most sales managers involve themselves directly in sales process while the team is just their assistants, being thus totally dependent on the leader. Only the best sales managers focus on their team's continuous abilities improvement, performance increment and new challenges setting.

We don't have in Romania notable research on managerial mistakes typical for our marketplace. Serious empirical studies are completely absent and theoretical works are reduced to journal articles of opinion, for reasons that we will mention later on in this paper. What we try to find out based on the scanty materials available is if Romanian managers make the same mistakes as others or there is a specific set of mistakes that can be attributed to our business culture.

3. Argument of the paper

Going through the online articles shows that Romanian managers are credited with very diverse mistakes. Lack of delegation and empowerment hold a central place in most articles and interviews and are both attached directly to the will for excessive control and chronic disbelief in subordinates' capabilities.

Strategic vision limited to short-term periods of time is another error attributable to Romanian managers according to many. This fault may spring from a deficient business culture and is sometimes enforced by entrepreneurs looking for immediate results. They are unaccustomed to long-term planning in a callow market that is still far away from stable markets with a long tradition from the West.

Other specialists infer that many Romanian managers are not sufficiently trained especially in finance and marketing, which makes their decisions to be based mostly subjectively and inspirationally, without thorough and belaboured analyses. Some are not even accustomed to working with financial and risk analysis tools at an acceptable level.

Defective communication of tasks and objectives seem to be also attributed to Romanian managers in particular, as well as insufficient personal values concerning attitude or ethics such as honesty, fairness, and punctuality. Both can be attached to an inflated ego but may be as well rooted in the communist system and transition period of the 90's, an inheritance that gave birth to a very specific organizational culture.

Without a good communication of strategic objectives, one cannot expect their proper management and operationalization. Therefore, no intelligent planning with clear targets or employees' dedication and motivation are possible. Without enough transparency and informed discussions, there is not possible to obtain intrinsic motivation and a good level of innovation.

Some of the mistakes or shortcomings seem to be of distinctive Romanian origin, and some seem to be "imported" together with the market economy from the Western countries. We posit that Romanian managers make mostly specific mistakes due to their cultural and historical background. There is, of course, a fair amount of shared mistakes with their counterparts from the established western economies but to a more insignificant extent.

The Romanian literature on managerial mistakes is limited to some on-line articles, mostly written by sociologists. So far there was no research endeavour to compare the mistakes made by Romanian managers and their counterparts from different countries. This paper submits that Romanian managers are prone to specific mistakes as a result of their cultural and historical traits.

4. Arguments to support the thesis

After reviewing articles wrote on the subject by several well-known specialists dedicated to the Romanian market in specialized journals or websites such as portalmanagement.ro, manager.ro, managerexpress.ro, or empower.ro we found the following mistakes frequently attached to the Romanian manager's profile:

- Lack of rigorous process of recruitment and selection;
- Organizational culture missing or not efficient;
- Personal training deficiencies;
- Lack of vision on the long-term;
- Insufficient delegation and assigning blame on others;
- Deficient or non-existing performance management system;
- Authoritarian behaviour;
- Deficient communication;
- Faulty, unstable, or not lasting personal values.

Among causes that determine such mistakes occurrence are mentioned the business environment relatively young, managers' lack of experience, and low emotional intelligence.

Since there is abundant literature on managerial mistakes from the Western countries and especially from the US [7], [9], [10], we are able to compare with most common ones identified in Romania. Results show that Romanian managers make different frequent mistakes from their counterparts in the Western economies. Hence there must be a certain specificity in the matter of managerial mistakes facilitated by a unique combination of historical, cultural, and probably ethnical factors that differentiates Romanian business culture from the western one.

5. Arguments to argue the thesis

Areas of activity within an organization where most managerial mistakes occur are the same everywhere: strategy, human resources, and financial sectors [8]. The lack of efficient and effective communication of strategic objectives is probably the most common managerial mistake we can find throughout the world, no matter the culture, level of development, or history.

But the main argument to counter the thesis might be that there is actually a matter of different approach to management according to either traditional way or the emergent style. What are the differences?

The "old school" way is characterized by a strict hierarchy and a direct style of management. Objectives are set downward from the top management, and main focus is on processes [9]. Leaders are autocratic within a set organization. They assess by measuring and look for weak points. The feedback cycle is annual and reward system is external.

By comparison, the emerging trends in management have a totally opposite set of characteristics. Organization layout is a matrix and relationships in networks. Objectives are defined from the lowest level upward till the highest ranks. Management style is democratic, and the new approach is coaching. The focus is on results and rewards system is based on intrinsic motivations. Strengths underlie the entire system, and feedback cycle is just-in-time.

Maybe the greatest revolution in the emerging style of management is in the human resources sector. Performance assessment is continuously refined, and personal development programs are more and more present. Performance rewarding takes into account not only personal tasks but general objectives of the entire organization.

New management tools, especially the IT ones, give instant access to many operational details, but the ability to understand them is still required. The data flow may also create confusion and distract the management from the really important issues in favour of small details. Thus, a system designed to give instant access to critical data, statistics and empirical measurements is actually slowing down decisions instead of expediting them.

This is how the thesis may be argued by those against it. The different mistakes made by Romanian managers are just the result of the gap between the economies and the failure of these to absorb the new trends and put to work modern technologies.

6. Dismantling the arguments against

Not placing a great emphasis on performance management is common among Romanian managers. Of course, we don't mean only financial rewards but merits recognition, too. Implementing such systems would mean a different degree of empowerment and delegation to lower structures, which seems hard to be accepted by local management.

While in the most developed countries the performance management evolves from control to integration [10], Romanian managers still struggle to create and uphold a performance measurement system, transparent and aligned to organizational values.

Performance management must evolve simply because the nature of organizations and labour has changed. Global markets have transformed the nature of labour, and competitive advantage require fast innovation and adaptation to an unforeseen situation by teamwork.

Romanian managers are still behind this trend since they have to fight their cultural and historical obstacles, not because they are not connected to what happens in the marketplace. They have access to all necessary modern tools but use them in a different way than their counterparts from developed countries.

Such misuse of the management tools is also the effect of their precarious personal training and limited long-term vision, on the one hand. On the other hand, there is a lack of sufficient solid personal values. Integrity may be the most important quality that a manager must constantly prove within a Romanian organization. The absence of such quality might alienate both the team and the partners. An upright leader is respected even by those who don't agree with his management methods. Leadership qualities must include integrity, and by this, the staff will follow even if some are not convinced that it is the right path.

One particular area where the thesis can be validated is franchising. Many successful businesses, famous for their standardization, are considering tuning some of their instruments and products to fit the local organizational culture. Local managers remain somewhat inflexible and reluctant to "original recipes" concerning management, despite universal success.

Which are the areas where managerial mistakes are mostly present in Romanian business culture, and why?

In the financial area, mistakes or shortcomings are not coming from risk management failures but from lack of sufficient training, faulty planning of funds, and miscalculation of reimbursement period of investments. Modern instruments are available but used mostly from the accountancy standpoint.

As concerns the human resources, problems occur due to the lack of a rigorous process of recruitment and selection, insufficient personal training, individuals without stable personal values, and lack of motivation for performance.

In the strategy area, specialists have identified the lack of long-term strategies, imitation of successful strategies without their personalization, and lack of coherence between declared strategies and corresponding actions.

None of the above indicate a gap of technology or lack of relevant information concerning the trends in modern management. On the contrary, in each area of Romanian organizations, we find causes with high specificity in a combination that is unique. Some of the mistakes and underlying causes spring from the communist times, other may look like a "gain" from the painful transition of the 90's, and some might be related to the local culture.

An example is the "pair" identified by several specialists as frequent at Romanian managers: lack of delegation coupled with assigning blame. This combination springs clearly from the 90's period of profound changes on the market with continuously changing regulations but articulated on character traits from the communist era.

Therefore, even if some Romanian managerial mistakes might look similar to those made by their western counterparts, the way these combine and considering the causes identified by the specialists, we may conclude that the argument of the thesis is correct.

7. Conclusions

Romanian managerial culture displays specific behavioural traits. Managers from every level are reluctant to communicate information concerning assumed and accomplished objectives; they don't discuss with their subordinates the results of their analyses and keep for themselves their opinions and future plans.

A direct consequence of the lack of transparency is the communication obstruction at the organization's level. Development is thus hindered by the rift between organization's levels. Sometimes, managers of different levels wrongly assume that their subordinates don't need too many explanations. Such error leads to conflicts and mediocre performances and affects the organizational culture and workplace relationships.

The organizational culture is implemented downward, but change must come upward; hence objectives must be elaborated from the lowest levels of the organization, but communication must be carried out from the highest level to the lower ones. Success means not only taking the right decisions but quickly identifying the wrong ones, too. Best managers must have the courage to admit their mistakes and act promptly to correct the situation.

Romanian managers have to address their shortcomings from a cultural and historical heritage standpoint as a first step in becoming more efficient and effective. They should stay connected with representative scholars, continuously updated with latest research on the management topics and committed to life-long learning.

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