

Short essay on traditional management – an attempt of analysis in a Romanian context

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INTRODUCTION

The success, as well as the failure in business, is closely related to the quality of management. Although it might be necessary to redefine the concept, in our approach we will accept for management the somehow classical and pragmatic sense of the notion: «a process consisting of a system of functions: communication, planning, directing, strategies elaboration, decision taking, control, motivation, innovation, recruiting, promotion..., having as main aim the determination and accomplishment of the objectives defined within a human group for the valuing of resources. These resources basically consist of: people, materials-capital, equipments, methods, markets.» (Terry and Franklin, in «Le management interculturel», coordinated by Marc Bosche, Nathan, 1993). The acceptance of such a definition, somehow less «academic», requires from the very beginning the ability of managers and management to create and to push an entity towards the accomplishment of its aims (we will use the word «aim» in a generic sense, although it will sometimes have a particular and restrictive meaning, that of profit).

Naturally, the management in transition should not have and does not have a different definition (if the previous one is correct). In a period of transition, the

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management comes with particular elements, an extension of what it was in the past, modifying and adapting to the new realities and to what it should become in the final, after the transition period. The analysis conducted, in a rather informal and unstructured manner, brought us to a conclusion which is certainly of interest: many of the functions and attributes of management conceptually defined are neglected, left out or ... left over. The success of many businesses was due to different conjec-tural elements or to a «smart» orientation of the entrepreneurs; we seldom have the case of managers with vocation and anvergure, as well as a correct and realistic management for that particular business.

The beginnings of what we call “transition” were marked by enthusiasm, at the level of hopes, and disappointing, as far as actions are concerned. An attempt of analysis of those beginnings, in order to rediscover the management, on one side, and the manager – as key symbol of management – on the other side, will help us to identify interesting elements for the intended study. However, we have to admit that this is just a starting point for a larger and better-structured study, an attempt of underlying some of the main characteristics of the management in transition, especially in a Romanian context.

1. AN ESSENTIAL CHARACTERISTIC: THE ROPE WALKING OF THE “DEMOCRATIC CENTRALISM”

Named, at that time, direction, scientific direction or planned direction, management can be recognized, at least theoretically, by its basic functions: organi-zation, planing, coordination and control. Taught and learnt after Taylor and Fayol, this type of management, already out of fashion, was reserved to the elite of the state administration and businesses. Even the words used were sending us rather to functions and honors, rather than mechanisms and instruments. The management specialist was synonym with an official naming through which attributions and responsibilities were recognized.

What was fundamented – if and when this really happened – was seldom considered as a support for decision taking – strategic or tactical – in socialist enterprises. Only sometimes and restrictively were they used as a support for short time actions. Strategic decisions were the exclusive attribute of the political staff of the party – from which were part, fortunately or unfortunately, the managers of the firm. Such a conclusion could be seen as lacking a practical support, since even important decisions were taking in an enterprise, concerning investments, maintenance and repairs, buildings and so on. However, the system of norms and standards, as well as the circuit of orders and approvals are sending us to the area of some pseudo-decisions; important investments were approved by presidential decree, the launching of a new product on the market needed approvals from prime secretaries of the party. The market study – or at least what we understand today by this concept – was the responsibility of the State Commission of Planning, together with the problem of suppliers' or clients' selection. The human resources management was apparently the firms' job, but they had to comply with numbers of regulations conceived and administered by the state and the party. All major decisions were centralized and mediated by the unique political party. What was left for the micro level? Routine actions: the day by day activity of a production team, its commitment in over-accomplishing the planned figures, daily work programs etc.

The «democratic» centralism has simply suffocated the decisional act, as far as narrowing and almost canceling the content of management in the now a day concept. The worst consequence for what seems to be a never-ending transition was that all decision capabilities were atrophied – and the whole transition should have started with good decision capabilities! On another side, this atrophiation of decisional capabilities – essential in management – went together with the conviction of old «managers» that they have a sacrosanct capacity of administration and management. Not knowing that you know might be acceptable; not knowing that you don't know is a serious problem for yourself; not knowing and pretending that you know is disastrous for the individual and, if that person becomes manager,

it is catastrophic for the whole group. If the situation continues to appear after ten years of transition, is it a diabolic perseverance in error?

2. THE SCIENTIFIC DIRECTION IN ACTION: TRANSITION WITHOUT COMPASS

The attribute “scientific” for the management of the ancient period – before the transition to a market economy- is not entirely wrong, although it could be confusing – especially as long as “scientific” should mean something exact, rigorous, pertinent and coherent. No matter which is the name (scientific direction or management) and the administration system, this later one has to be fully flexible, easy to adapt and according to the state and evolution of the firm. Taken and applied in a mechanic way, using a biased ideology, to a hyper centralized system, the principles of the scientific direction became dogma, and they brought mechanic and meaningless rules and restrictions. Any modification had to be first announced to the hierarchic superior, from technical, then economic, administrative and political point of view. This is why the circuit was so complicated, that any possible feed back was cancelled. The decision people of the period were used to this “scientific” direction. Correct in principle, out of fashion and inefficient through the complicated informational and decisional circuits. Unfortunately, the remains can still be found, now a day.

The burst of the transition took most of the people by surprise, and the most surprised of all were the old directors, who became over night the new managers. An extreme “speed” of adaptation was requested. The essential differences between the old and the new managers mainly consisted of abilities and scope. Abilities can not be achieved over night. As for the scope, the newly become managers should have been able to make/take rapid decisions concerning all the fields of activity of an enterprise, both tactical and strategic. Unfortunately, in the majority of the situations the evolutions have been stopped because of a lack of responsibility and

action from the part of all managers – low level, interface, top level ones. The compass of the ship had been lost and nobody was able to sail anymore.

3. MAJOR PROBLEMS

Some major problems can be easily underlined:

- a) *A conservation of the old organizational and administrative structures* can still be found in many firms, especially the public ones, state-owned. The attempts of restructuring were rather shy and inefficient, naïve and inconsistent. Changes of names for various departments of the firm were not accompanied by real, content changes. Imagine situations in which it would be possible to find a “Management department” or a “Director of Management”. Purchasing and sales departments were renamed as marketing departments, without real covering in specialists and activities/actions. Only seldom programs were put into practice for a professional re-conversion. Moreover, even young specialists, young graduates have suffered negative transformations, because they entered the old structures and adapted to them, instead of changing them. Fortunately, changes were produced at the level of new, private enterprises, as well as those old state enterprises correctly privatized.
- b) *The lack of assuming decisions and the apathy towards action* continued to exist and still survive. The consequences appear mainly as lost opportunities for projects and programs. Such projects were either rejected (programs offered by international organizations), or they were accepted, but failed shortly after, because of a disastrous management, depreciating the image of the next applicants. The formation of genuine managers and managerial systems in Romania is still a main difficulty when strate-

gies and coherent objectives have to be established. Foreign business partners constantly criticize the passivity and apathy. The apathy towards actions, the passive behavior are most of the time the support for the indifference towards innovation, or even for a denial of innovation. A routine decisional system brings comfort – innovation brings risk and supporters of the traditional continuity do not accept it. The result – an inhibition of creation and creators, a diminishing creative potential.

- c) *The improvised time management* is another characteristic of the transitional management, mostly due to the past “experience” of the old management system. For these old managers, time is not considered a resource. Improvisation manifests in different forms:
- insufficient preparation of business meetings, workshops etc.
 - late starts and retards, the incertitude in accomplishing started actions
 - postponing of actions or hurrying-up of others, as well as operating with undefined intervals of time
 - work without agendas or calendars, or any other form of time programming
 - “ideas” without any support, arguments, preparation etc., not related to the subject in discussion
 - lack of respect for the personal, private time
 - launching actions with inadequate preparations
 - insufficient preparation of business meetings
 - interruptions of the meetings caused by non-important phone calls, not programmed visits etc.
 - elaboration of incomplete documents or without standards, as well as requesting documents from subordinates without giving them the time to really prepare them, and so on.

- d) *Insufficient communication and the lack of transparency* manifest on three complementary plans. Any decision supposes a coherent and realistic association between the speed of reaction (the ability to give a prompt response) and the rigor of the preparation (the ability to support actions with arguments, fundamentals). Both abilities need equilibrium between intuition and a 6th sense, on one side, and rationality and realism, on the other side. Romanian managers were used to operate in a centralized system, in which decisions were taken strictly hierarchical – bad or good, they came from the top, but they were rather pseudo-decisions. Here appears the first plan of the opacity. Surprised, in the transition period, by unpredicted situations, managers had to take difficult decisions very quickly. As a reflex of their previous experience, they were waiting for someone else from the top to tell them what to do. Eventually, they realized they have to do it themselves, but time was already consumed, or more exactly wasted doing nothing, and so they took decisions pressed by time, without fundamentals and only by chance correct. On a 2nd plan, one can recognize the lack of communication through the lack of genuine experience in as far as collaboration and transmitting of information are concerned. In order to have credible decisions, able to be transferred into practice, these decisions have to be “translated”, sustained with arguments, by managers to their subordinates (if they did not participate at all to the decisional process – quite often) – and this didn’t happen. A 3rd plan can be considered that of the organizational culture. The employees have to be placed in a cultural environment in which they should be recognized as members and participants to the business life of the firm; an employee is important and has to feel this. Therefore, he/she should be informed or at least made sensible to the problems, objectives, actions etc. of the enterprise. This is the way in which the manager can motivate people, “push” them to action, make them participants to the organizational life;

managerial transparency motivates, but this was not done by most of the Romanian managers.

- e) *An apathical attitude towards the market* can still be considered dominant for most of the Romanian firms, as an extension of the former domination of demand with respect to the supply. The decisional centers of many businesses do not react promptly enough to the changes in the structure and level of the demand. These enterprises still produce, and wait for the client to come to them and buy; they wait for a miracle to have their stocks vanishing. The fact that the enterprise can not sell its products is motivated only by the poor buying power of consumers, the lack of financial resources; reports after reports are made, in order to get more and more subventions from the state, and when foreign investors try to buy the firms and restructure them, to make them more efficient, the social pressure becomes so high that often contracts are cancelled. The genuine market studies are still rare, and they are realized mostly by joint ventures and newly created enterprises.
- f) *The passivity of the relation business-bank* has as main cause the insufficient and sometimes incorrect understanding of the positions of the two economic actors. The perception of the opposed positions is still that of a majority. The entrepreneur sees in banker an eternal opposition towards his ideas and actions. The banker is only seldom opened towards the entrepreneur, and most of the time refuses to see him as a business partner. A credit is not, or at least should not be just an amount of money given to a business in exchange for a material guaranty. The guaranty should be first of all the quality of the project and its people, its team. Moreover, a bank should offer to her client consulting and informational support, so that the business could be successful on the market. The entrepreneur has to be fair, correct, to provide all the needed information. Both the

bank and the entrepreneur can be successful if the credited business is successful.

- g) *The decisional weakness and inconsequence* don't have anything to do with the flexibility and ability to change and adapt. This characteristic of the Romanian transitional management has multiple causes. A first one consists of the instability and inconsequence of the system of rules and regulations that governs the decisional center of the enterprise. The Romanian economic and financial legislation has suffered a normal process of transformation. However, the new rules and regulations were too volatile on long term – they changed sometimes more often than the government. The law of foreign investments is such an unfortunate example. A second cause could be identified in the insufficient command of the firm's field of activity. In the majority of situations firms are oriented towards their interior and don't really care about the external environment. But, without a realistic placement of a business in its environment, one can hardly hope to ever take good decisions. A third cause is induced by the often stochastic and inconsistent character of the distribution and attribution of job positions and responsibilities. Persons with decisional attributions are most of the time at the disposition of persons with political positions or under the pressure of trade unions. The frequent replacement of these persons, as well as their selection based on subjective and circumstantial criteria can not ensure favorable premises for the creation and development of pertinent managerial systems.
- h) *The insufficiency of the managerial culture of the firm* manifests firstly through a very weak feeling of belonging to that firm. The employee is not attached to the business. The manager seems to be rather a passenger in a hurry, rather inclined to quickly obtain advantages from his position. The consequences of such behaviors are visible in the temptation of having

big and rapid wage raises, without a real covering in positive effects for the enterprise. It isn't seldom the situation in which we see a waste of time, money, natural resources, apathy towards work, despise of the manager and the enterprise and even thefts. The deficitary managerial culture is directly related to the general cultural environment in which the business operates. On this subject, the cultural determinants of the Romanian manager behavior are rather in a zone of passivity. The communist experience can still be recognized in the individual's position towards the private property, towards profit and the business itself.

INSTEAD OF CONCLUSIONS

It is not easy to even talk about these subjects, and many more related to these. Underlying of all problems does not mean denial of positive aspects or progresses, nor lack of respect towards the own people. But significant transformations cannot take place without such attempts of identifying problems and causes. This is just a first step, which has to be followed by further quantitative researches.