

# THE STRUCTURE OF LEADING ROLES IN ROMANIAN COMPANIES

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*Abstract: The paper presents a new framework for leading roles in Romanian small and medium-size enterprises and the results of a fieldwork research with regard to identifying and analyzing the structure of leading roles displayed by the Romanian rulers. The theoretical background is presented, the research methodology, research hypotheses and research design are displayed, followed by data analysis and results interpretation. The findings indicate that the Romanian rulers use mostly the Manager role, followed by the Leader and Entrepreneur role. There was also emphasized a correlation between the leading role and the managerial position, showing that the investigated middle managers from Romanian companies mostly display the Manager role and the managerial skills and behaviors.*

*Keywords: manager, leader, entrepreneur, skills, Romanian companies, leadership*

## 1. Theoretical background

The increased competition pressure on the nowadays companies stringently requires the development of entrepreneurial, managerial and leadership skills and behaviors, in order to provide the businessmen and businesswomen with the necessary tools to efficiently compete in the global market.

The different roles in managing a business organization were long investigated and debated in academic and business environments. However, there is still a considerable lack of agreement on such concepts as entrepreneur, leader and manager, their specific work roles, the differences between them, their characteristic traits, skills and behaviors. Some experts (Heinecke, W., 2012; Militaru, G., Pollifroni, M. and Deselnicu, D. C., 2015; Masters and Meier, 1988 etc.) consider them to be identical, just different names of business administrators. Others (Papalexandris and Galanaki, 2009; Toor and Ofori, 2008; Masters and Meier, 1988; Bolton and Thompson, 2015; Carland *et al.*, 1995, etc.) advocate on their different, yet complementary nature.

This paper differentiates between the three concepts and views them as specific roles in managing organizations. According to Bennis and Nannus (1985), cited in Kanji (2002), the **Manager** controls, organizes -“*Does things right*”, while the **Leader** frees and mobilizes the

energy of the employees, creates the vision of the organization - “*Does the right thing*”. This vision is also shared by Kotter (1990), who specifies that the main role of the manager is to ensure order and consistency to the organization, while the main leadership role is to cause change and transformation of the organization. Therefore, management and leadership are two distinct and complementary action systems in an organizational setting (Deselnicu, D. C., Swiger, J., Albu, L. and Doman, C., 2010).

Two different paradigms were therefore created (Mintzberg, H., 2003; Kotter, cited by Hutu, 2002), regarding the roles of managers and the roles of leaders (Table 1):

Table 1. Manager’s roles versus Leader’s roles

<b>MANAGER ROLES</b>	<b>LEADER ROLES</b>
<ul style="list-style-type: none"> <li>• Focuses on individual tasks</li> <li>• Implements / imposes old ideas</li> <li>• Monitors mistakes</li> <li>• Talks little about competition</li> <li>• Thinks that comparisons are useful</li>   <li>• Creates suggestions programs for the employees</li>   <li>• Controls the decision process</li>   <li>• Considers management an inanimate and reactive process</li>   <li>• Treats the business / the organization as following an established scenario</li> <li>• Preoccupied with ways of enforcing the procedures</li> <li>• Thinks that the organizational climate and culture are less important elements, not at all one of his/ her tasks.</li> </ul>	<ul style="list-style-type: none"> <li>• Focuses on group processes</li> <li>• Encourages new ideas</li> <li>• Stimulates achievements</li> <li>• Flourishes on tough competition</li> <li>• Uses comparisons and benchmarking</li> <li>• Creates development and commitment programs for the employees</li> <li>• Stimulates participative decision-making</li> <li>• Considers leadership a vivid and proactive process</li>   <li>• Treats the business / the organization as a dynamic human system</li> <li>• Preoccupied with improvement and innovation initiatives</li> <li>• Creates, nourishes and maintains the organizational climate and culture.</li> </ul>
<b>COMPLEMENTARY ROLES</b>	<b>COMPLEMENTARY ROLES</b>
<ul style="list-style-type: none"> <li>• Fulfills the vision</li> <li>• Makes things work</li> <li>• Hopes that things will happen</li> <li>• Creates other managers</li> </ul>	<ul style="list-style-type: none"> <li>• Creates the vision</li> <li>• Makes improvements</li> <li>• Makes things happen</li> <li>• Creates other leaders</li> </ul>

Besides leadership and management, **entrepreneurship** received a great share of attention in recent years, because of the increased need for what has been called “entrepreneurial skills and behaviors” in the nowadays general environment, especially in the business area (Deselnicu, D.C. & Matveev, A., 2014). Despite the interest and research on this concept, a

common and accepted definition of what is an entrepreneur remains elusive and controversial (Gartner, 1989).

For the purposes of this paper, it will be considered that the **entrepreneur** is the individual who creates a new organization, and **entrepreneurship** is the creation of new organizations.

Although there has not yet been established a universal profile of the entrepreneur, a series of studies revealed some special traits, skills and behaviors that make him/her able to successfully start a new venture: high need for achievement (McClelland, cited in Deamer and Earle, 2004), strong self-image (Andrews, 1998), desire for new challenges, heightened awareness of the gaps in own or others' knowledge and experiences (Deamer and Earle, 2004), high tolerance for uncertainty (Deselnicu, D. C., 2005).

An internal locus of control is also considered a vital characteristic (Becherer, R.C., Maurer, J. G., 1997), as this shows a strong feeling of control over the environment, and of being able to achieve results directly, rather than feeling subject to luck. Risk taking is another major behavior that intuitively and experimentally has been linked to entrepreneurship.

Some of these characteristics, and others have been proved to differentiate entrepreneurs from managers: Stewart and Roth (2001) found that the entrepreneurs present a higher risk-propensity than managers. Also, Dronkers (2005) proved that entrepreneurs deal with a higher role ambiguity than managers do, and they evolve in a more unstructured work environment (new organization creation) than the managers (settled, structured organization).

In the light of these elements, this paper advances the presupposition that each individual in an organizational leading position displays not only one leading role (e.g. manager, leader or entrepreneur), but a complex structure of leading roles, having one dominant leading role (manager, leader or entrepreneur), depending on many contingent variables.

## **2. Research Methodology**

The research was designed as an exploratory study, aimed at investigating the different leading role structures in the Romanian small and medium-sized enterprises (SMEs), and analyzing their appropriateness in the context of EU integration of Romania.

### **2.1. Research Hypotheses**

The research hypotheses were as follows:

- I. The dominant leading role of the individuals in leading positions from the Romanian SMEs is the Manager role.
- II. There is a relation between the hierarchical level of the individuals in leading positions from the Romanian SMEs and their dominant leading role.

### **2.2. Research Design**

*The research methods* consisted of a survey, and observations. *The research instrument* was a self-administered 21-item attribute (skills and behaviors) list, which the respondent had to mark in case an attribute was characteristic for him/ her. Each leading role of the three investigated (Manager, Leader, Entrepreneur) accounted for seven specific attributes, resulting in a total of 21 items, which were randomly listed, to control from an ordering effect.

*The respondents sample* consisted of 30 individuals in leading positions at different hierarchical levels from Romanian SMEs (Figure 1):

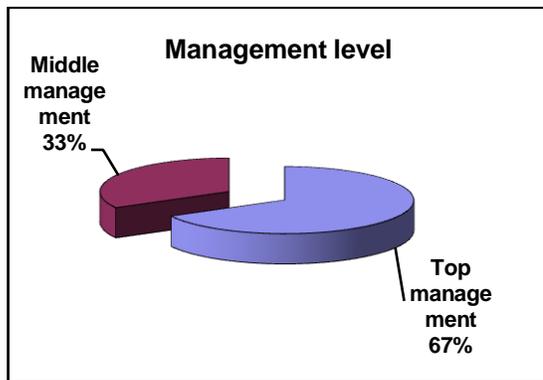


Figure 1. Sample structure by management level

The gender and age distribution are presented in Figure 2. As it can be observed, the sample consisted mainly of men (57%):

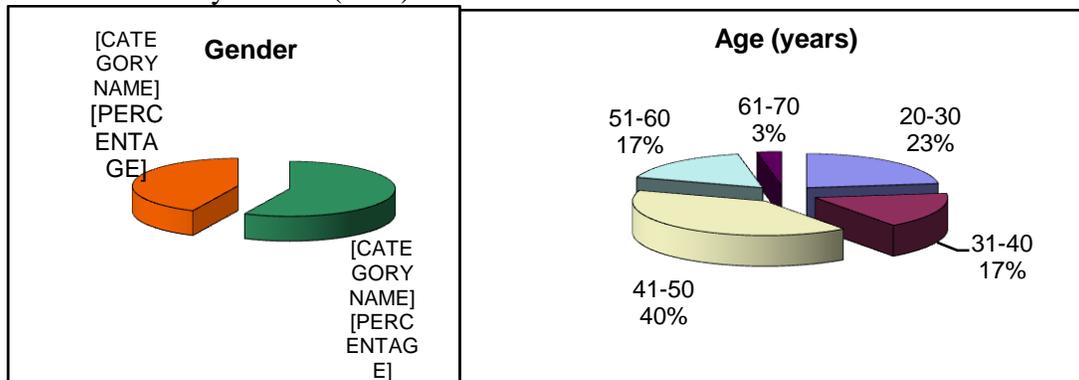


Figure 2. Sample structure by (a) gender and (b) age

Most of the respondents (40%) were of 41-50 years, followed by the younger ones of 20-30 years (23%) and middle-aged managers of 31-40 years (17%) and older managers of 51 – 60 years (17%), with only 3% of the respondents of 61-70 years of age.

Considering the definitions of the three leading roles (manager, leader, and entrepreneur), the subjects have been selected as follows: ten entrepreneurs (individuals who in the last 3 years have started a new business and that are actively managing it at present), ten managers (individuals at middle-management or top-management level who are employed by others to run an organization), and ten leaders (individuals at middle-management or top-management level whose leadership skills are recognized throughout their organization).

#### 4. Data Analysis and Results Interpretation

The data was analyzed using the SPSS for Windows 22.0 statistics program and consisted in the statistics summary of the collected data, correlation and contingency analysis, and hypotheses testing.

Concerning the structure of leading roles of the tested individuals, the results are shown in Figure 3. It can be observed that both the entrepreneurial and leadership roles are significantly underdeveloped as compared to the use of managerial skills and behaviors in Romanian SMEs:

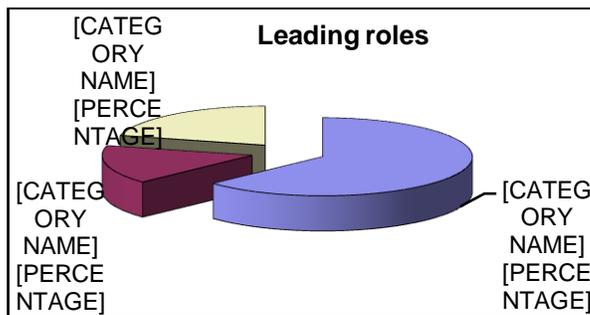


Figure 3. The structure of leading roles for the tested sample

These findings lead to *the confirmation of the first research hypothesis*, that the dominant leading role for the individuals in leading positions from the Romanian SMEs is the managerial role, and emphasize the specific nature of most organizational rulers from the Romanian SMEs: that of concentrating on planning and organizing, on developing a structured organizational environment where the rules and procedures are reinforced.

This is mainly the result of the subtle, but persistent, strong influence of the Romanian national culture, which suffered from the long communist era, when entrepreneurship initiatives were brutally discouraged, leadership skills and behaviors were condemned, and conformism to rules was mandatory.

Consequently, as shown by the survey results, leading Romanians lack most the Leadership skills - creating a vivid vision and mission for their business, energizing and mobilizing employees, supporting team building, communicating directly to their subordinates, applying participative decision-making and work techniques (Deselnicu, 2005).

The entrepreneurial skills and behaviors are also under-represented. Leading Romanians are revealed to be risk-averse and having a low tolerance for uncertainty. They also lack initiative and the desire to climb different challenges. However, the entrepreneurial skills and behaviors are slightly more present than the leadership ones, showing that the difficult Romanian economic environment urges the development and use of such entrepreneurial skills and behaviors as creativity and innovation, flexibility, achievement motivation, opportunism and dominance.

The statistical analysis also leads to *the confirmation of the second hypothesis*, showing that individuals on a middle-management hierarchical level in organizations use mostly the managerial skills and behaviors (their dominant leading role is the managerial one). No correlation could be established between top management leading individuals and a particular leading role.

These results are consistent with the theoretical approaches presented, revealing that the top-management individuals can approach either managerial, leadership or entrepreneurial roles, depending on different contingency variables, while individuals in middle-management positions usually display managerial roles. It can be therefore inferred that entrepreneurial and leadership skills and behaviors are necessary for acceding to top-management positions.

## 5. Conclusions

The present research describes a new framework for leading roles in Romanian small and medium-size enterprises (SMEs). It suggests that each individual in an organizational leading position displays not only one leading role (e.g. manager, leader or entrepreneur), but a structure of leading roles, having one dominant leading role (manager, leader or entrepreneur).

The first research hypothesis was confirmed, revealing that the managerial role is the dominant leading role for the individuals in leading positions from the Romanian SMEs. The second research hypothesis was also confirmed by demonstrating a positive relation between the middle-management hierarchical level in Romanian SMEs, and the use of managerial skills and behaviors as the dominant leading role. The findings of the study emphasize the need for developing leadership and entrepreneurial skills and behaviors for the Romanian leaders, in order to be able to meet the requirements imposed by the strong competition that nowadays companies are facing in the global business environment.

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