

## ANALYSIS OF THE IMPORTANCE OF MANAGERIAL STYLE AT THE LEVEL OF SME'S

*Arghir CIOBOTARU<sup>a\*</sup>, Marcela MITRITA<sup>b</sup>, Ovidiu BUZOIANU<sup>c</sup>*

<sup>a</sup> Bucharest University of Economic Studies, Romania,, *arghir.ciobotaru@yahoo.com*

Bucharest University of Economic Studies, Romania, *marcela\_mitrita@yahoo.com*

<sup>c</sup> Bucharest University of Economic Studies, Romania, *buzoianuvidiu@yahoo.com*

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### ABSTRACT

*The study on managerial styles analysis aims to address new techniques and methods of team work efficiency, starting with the level of educational development as well as at the level of the organization. It is essential to collaborate on a team by promoting trust and respect among team members. A constructive attitude that incorporates collaboration is essential in the future job. Because of this, higher education nowadays places more emphasis on teamwork and the success of student collaboration. In this way, the formative part of education is strengthened, not only informative. All these stages of training contribute to the professional status of the future employee. The one who watches their constitution is the manager, his behavior and attitude towards the other employees, setting an example at the level of the whole team. A team that is pleased with the workplace is a loyal collective, and an environment conducive to performance determines a creative and efficient collective.*

**KEYWORDS:** *management, SME, organization, managerial style, marketing, human resources*

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### 1. INTRODUCTION

This paper was developed to highlight the importance of managerial style in SMEs and influence factors. The conceptual approach was presented presenting the theoretical notions regarding the concept of "organizational culture" and "managerial culture", manifestations of the organizational culture, the determinants of the organizational culture and the adaptation of the managerial culture to the requirements of the organization.

Organizational culture is defined as a specific complex of values, leadership beliefs, representations, meanings, ways of thinking shared by members of a company that determine the ways in which they behave inside and outside that organization that are passed on to the new members as correct. Any attempt to define organizational culture can only succeed from leaving man, from his historical existence, from the psychology of the people he belongs to, and, last but not least, from his national culture (Burlacu, 2010). The culture of the organization is the product of people and their social, but also material and spiritual actions (Costache et al., 2015).

Organizational culture is the "internal environment" that characterizes each society where individuals are involved that determine the behavior in society and, ultimately, the efficiency of the organization.

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\* Corresponding author. E-mail address: *arghir.ciobotaru@yahoo.com*

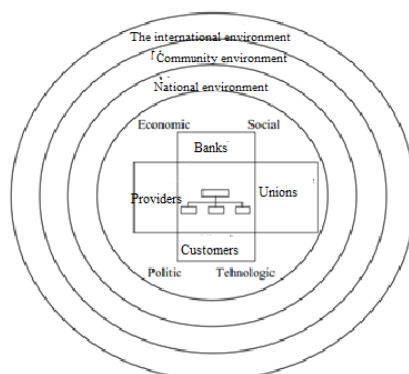
## **2. DETERMINANTS OF ORGANIZATIONAL CULTURE**

As is known, cultures evolve from a variety of sources; so the most important sources are the national culture and the vision or mission of the founders of the organization (Anton, 2010).

- Founders of the organization. As a rule, in the new companies that are being formed, the cultures developed by them often reflect the image and orientation of the individuals involved in initiating the organization. So powerful founders have an essential impact on the culture that is being formed. In fact, organizational culture reflects the vision or mission of its founders. The founders establish an early culture by presenting, including cultivating an image of what a society should be.
- The working group is created by a formal authority within the organization, considered to be a network of working groups. The formation of the work group is influenced by a series of variables, which can be delimited as follows: personal characteristics (personality, experience, training, attitudes, beliefs), the tasks to be fulfilled, the way of rewarding.
- Managers. Many researchers agree that cultural elites are the ones that structure the culture of the organization, but managers from other hierarchical levels should not be neglected. Managers influence the culture of the organization, especially through their management style. A manager away from subordinates can affect their performance and job satisfaction. Of course, a good manager, where employees trust and gives them a positive pattern of behavior, can also influence organizational effectiveness through organizational culture.
- Society goals. The precise setting of goals, the attachment and the involvement of employees towards them are essential elements for shaping the culture of the organization. A managerial culture must support the achievement of organizational goals. Influence on the culture of the organization exists, in the negative sense, and when the goals are not known.
- Organizational features may also affect the type of culture that develops within the organization. Between the complexity of the organization's culture and the size of society (which is expressed by number of employees, turnover, etc.) there is a proportionate ratio.

## **3. THE CHARACTERISTICS OF THE ENVIRONMENT WHERE THE ENTERPRISE OPERATES**

Firms, as well as economic companies, have a content that has a decisive influence on their way of functioning, including a set of factors that make up a complex, heterogeneous structure, are factors of an economic, social, cultural, legal, demographic nature, ecological, etc (Borza, Mitra, & Dobocan, 2008). In a macroeconomic vision, firms themselves are part of this environment, primarily from its economic composition (Burlacu, 2011).



**Figure 1. The external environment of society**

*Source: Popa, 2005*

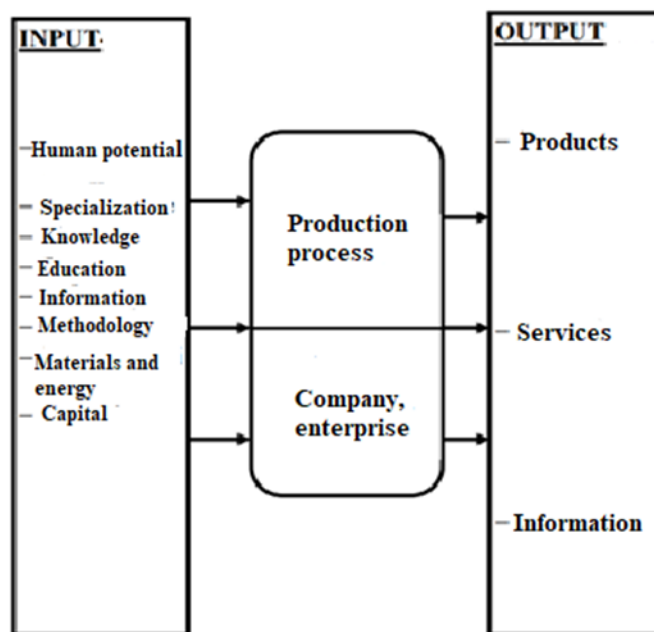
If we look at the microeconomic level, the content is shown by a network of exogenous variables, to which company management opposes its own personal, material and financial, respectively, a set of endogenous variables .

Between society and its external content, a system of relationships is created that clearly marks its entire activity. By interpreting the relationship between this action and the external environment of society, in the broad theory of systems, the enterprise appears to be an evolutionary, open-minded system capable of perfection through a process of continuous adaptation (Nicolescu, 2007).

Among the elements of such a system, content occupies a prime place. Thus, both the purposes of the system - society, system inputs, system responses or outputs, and control have as a point of reference the content of the company (Pitariu & Budean, 2007).

Given the fact that the elements of the environment are constantly changing (eg fluctuations in raw material prices, demands for salary increases by trade unions, fluctuations in bank interest) with consequences on the overall physiognomy as well as on the ratio of its elements, the enterprise will therefore face a dynamic content (Nicolescu, 2007).

In carrying out its action, the enterprise represents itself as a bearer of needs, for whose satisfaction they resort to material, financial, human and technological resources, which represent its internal environment. The technological level of an enterprise is different from the external technological level, it is more or less evolved than the latter, depending on the research and development potential of society.



**Figure 2. Model of open systems**

*Source: Kotler, 2006*

#### 4. MANAGEMENT STYLE IN SME'S

In a broad sense, the management processes of large and small and medium enterprises are similar. Both require the exercise of the same managerial attributes (prediction, organization, coordination, motivation / training, control (Năstase, 2004). SMEs have several peculiarities of what is of special importance, namely the limits of resources, which distinguish them from the big ones and which lead to the necessity of applying a special management (Popescu-Nistor, 2005).

In analyzing the particularities of this type of enterprise, there are differences regarding the nature of the problems faced by the managers, the types of methods and management techniques used, the examination where they are applied (Ionita, Ursacescu & Burlacu, 2009).

The main differences in the management of small and medium enterprises to large enterprises, due to their different characteristics, are the following:

- the higher degree of integration of policies and practices within managerial duties;
- more hostile attitude towards elements of the external environment (governmental institutions, local administration, assistance agencies, etc.);
- the inadequacy of the information management system and the use of management techniques and methods;
- small management teams where the components have multifunctional roles and often lack the culture of the organization specialized in the personnel, marketing, finance, etc., especially in the small size of the enterprise;
- limited ability to influence offshore business content;
- greater cohesion among employees due to better relations at the level of the working groups, with the management of the enterprise;
- permanent time crisis of the manager, failure to observe the principles of time management;

- succession issues in management are of greater importance in the case of overlapping ownership with management;
- greater flexibility in change than in larger enterprises characterized by bureaucracy;
- greater inclination towards innovation and creativity;
- leadership style and goals include to a large extent the influence of the entrepreneur's personality;
- managerial mistakes have a bigger impact on the enterprise than on larger ones;
- closer link between efforts / outcomes and rewards / sanctions.

It can also be remarked and demonstrated the existence of some attributes in the application of each management function at the level of small and medium-sized enterprises, as follows (Huțu, 2007):

#### Forecasting in SMEs

In the case of small and medium enterprises, most authors plead for the sustained exercise of this function, being considered vital, notably through the elements of plans and programs. About the usefulness of the business plan, for example, for a small business we have already spoken. We only recall the need for a plan to counteract the limited nature of the resources and the high risks faced by SMEs compared to the large ones.

#### Organization in SMEs

In this transformation, the organization may know the following organizational phases: a one-person enterprise; the coordination of the actions of several employees carrying out the underlying operations by the entrepreneur himself;

The emergence of an intermediate hierarchical level (in examining where the entrepreneur becomes aware of the need to delegate authority and manages to give up the personal management applied to this stage); formal organization, which requires the description of the positions, the drawing up of the organizational chart, the substantiation of the control procedures, etc.

Certain formal management practices may appear before the 4th phase, but defining for small businesses is flexibility and informality. Offshore, these are major drawbacks, but not few are cases where excess informal is a source of conflict in the enterprise (Borza, Mitra & Dobocan, 2008). In most small businesses there are simple, hierarchical organizational structures (each employee depending directly on the entrepreneur). As the enterprise grows in size, the organizational structure can become more complex and even turn into a hierarchical-functional structure.

The widespread tendency is that large enterprises avoid excessive bureaucratic organizational structures and increasingly resort to decentralization in order to preserve the advantages of the flexibility and dynamism characteristic of small and medium-sized enterprises.

## 5. CONCLUSIONS

Developing economics and technology, increasing social responsibility and mobility of human resources, changing industrial psychology, rapidly transforming the social environment of the enterprise, highlights the importance of human resources for the enterprise.

Success in the daily is given by the efficient employment of human resources. Strengthening knowledge in all areas will be a pressure factor for changing structural organization and dexterity and knowledge of human resources. For the flexibility of these companies, they will be restructured into smaller units (profit centers) with increased autonomy able to motivate staff, promote team spirit and competition, stimulate initiative and creativity.

Due to the acceleration of change in all areas of action, jobs and new professions occur at very short intervals so that the continuing education of human resources will become an element of the production process; vocational training tend to occupy 10-15% of working time. Increasingly

important will be the formation of critical thinking skills and analysis and their value through reward systems. Teaching methods will also undergo essential changes. Future specialists will be educated in a creative spirit to abandon old methods and procedures on their own initiative and to anticipate future changes in their own professions and jobs.

The performance of an enterprise is closely correlated with its ability to understand the exigencies of the economic and social framework in which it operates. Business analysis should be the starting point for any marketing activity, as content changes can affect the organization's ability to "create and maintain profitable customers." Successful companies have a vision of their outward-facing activity. They understand that in their content, both favorable situations and threats are emerging. Unfortunately, most businesses do not understand that change can be an opportunity.

The high investment made for a job calls for the most efficient use of the cost recovery and the necessity of finding a new work organization solution: working in three exchanges, changing the work schedule during the day or the week, setting up a few teams for weekend work.

The emergence of socioeconomics implying that technical changes in the enterprise are based on the prior study of implications for human resources and on a human resources action plan that accompanies the application of new technical solutions.

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