

Key-abilities for successful managers in competitive economies (part 1)

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Abstract:

The following paper will try to explore the concept of a successful manager, as well as to evaluate whether there is one essential ingredient that managers are compelled to possess if they are to achieve performance; although emphasis will be placed on social and human skills, there will also be evidence in support of the ideas that effective managers need all three skills – conceptual, human and technical - and that each of these skills could prove, at some point or another, to be essential for survival, but also useless unless supported by the others two.

Rezumat:

Acest eseu va încerca să exploreze conceptele legate de managerul de succes, precum și să evalueze care sunt ingredientele esențiale pe care trebuie să le posede managerii în scopul obținerii performanțelor ridicate; deși se va acorda atenție sporită abilităților sociale și umane, vor fi prezentate dovezi care să sprijine ideile conform cărora managerii eficace au nevoie de trei abilități – conceptuale, umane și tehnice -, și că fiecare dintre aceste abilități poate să se dovedească, la un moment sau altul, a fi esențială pentru supraviețuire, dar și nefolositoare în cazul în care nu este sprijinită de celelalte două.

JEL Classification: M12 - Personnel Management
M55 - Labor Contracting Devices

In a complicated world, complicated concepts. The notion of manager could not be an exception to this statement, let alone the idea of a successful manager that this paper will try to examine. Contemporary business world is marked by a pattern-changing environment, and several triggers of change have been identified by various writers; globalisation, “increased competitiveness”, “socio-economic and political factors” (Mullins, 2007, p.19), customer-centric markets and new technologies (Thomson, 1997, p.5) have contributed to the formation of new paradigms regarding requirements for success, attitudes to work, “theory of personhood” and “power” (Bouchikhi and Kimberly, 2000, cited in Mullins, 2007, p.21). Driven by this increased variability, almost all theoreticians, regardless of their orientation, have acknowledged the fact that management is an endless subject and that there could be no general answers to the ‘successful manager’ dilemma, or, as endorsed by Lane et al (2000, p.82), “there are no such things as universal management theories”.

However, there is one conclusion that is becoming widely accepted; Pilbeam and Cordbridge stated that “we may live in a dynamic organisational

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world, but there are degrees of stability” (2006, p.2) which means that a successful manager should apply contemporary theories alongside with fundamental management conceptions adapted to the new world. Therefore, even if it is believed that modern “management has become more about managing people than managing operations” (Mullins, 2007, p.429), ultimately there are also other components which enable the organisation to function properly, thus a manager can neither survive, nor be successful, without the main competences of “planning, organizing, leading, controlling” (George and Jones, 2000, p.5) and adapting.

The following paper will try to explore the concept of a successful manager, as well as to evaluate whether there is one essential ingredient that managers are compelled to possess if they are to achieve performance; although emphasis will be placed on social and human skills, there will also be evidence in support of the ideas that “effective managers need all three skills – conceptual, human and technical” (George and Jones, 2000, p.9) and that each of these skills could prove, at some point or another, to be essential for survival, but also useless unless supported by the others two.

The first part of the paper will focus upon the ability to handle people as a critical competency for a 21st century successful manager. Insight of basic human relations strategies will be provided so as to highlight the connection between fulfilled employees, performing organisations and successful managers.

The relationship between managers and employees has been continuously evolving, from the ‘masters and servants’ law at the beginning of organized labour, to the 20th century’s human relations, and the paradigm-shifting contemporary society. Throughout time, the strategic concept of the psychological contract, on which most of the employer-employee rapport is built, has also changed in nature, and various ramifications have been drawn in order to explain the complex notion of employment. The psychological contract focuses upon the informal relationship between the individual and the organisation, defined by Mullins as an unwritten “...series of mutual expectations and satisfactions of needs arising from the people-organisation relationship” (2007, p.13) and by Robinson and Rousseau (1994, cited in Arnold et al, 2005) as “an individual belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party”.

In a highly technological environment, it could be assumed that people no longer represent the heart of any organisation. Nevertheless, it has become increasingly obvious that modern activities can only exist through people and for people - “in today’s increasingly uncertain...fast-moving world, companies must rely more and more on individuals to come up with new ideas. Innovations...are designed not by machines but by people” (Kanter, 1992, cited in Thomson, 2002) -, therefore management theoreticians now recognize human capital as an organisation’s most important asset, “a precious commodity” which “should be treated as such” (Bolton, 1997, p.91). Moreover, not only managers have realised this issue, but also employees (“the new employee” that Bolton (1997, p.91) debates upon) appreciate that they are considered to make the difference on the path towards performance; this is the reason why nowadays workers’

expectations have transformed completely, “Bosses have always indulged themselves. In the old days, people used to knuckle under. Now they won't accept it.” (Mullins, 2007, p.471).

This attitude is linked to the new moral contract introduced by the modern context; employees' prospects widely range from safe and hygienic work conditions, equity, challenging jobs, development and training, career opportunities, to respect, caring and considerate attitude and participation in the decision-making process, while employers expect workers to “abandon the stability of a lifetime employment and embrace the concept of continuous learning and personal development” (Mullins, 2007, p.17). Highly different from the original format discussed by Argyris in 1960, which implied only the expectations of job security and a ‘fair day's pay for a fair day's work’ and imbedded the law of ‘masters and servants’, the contemporary psychological contract demands a different management philosophy, a need to hold people not as “a corporate asset from which value can be appropriated” but as a “responsibility and a resource to be added to” (Mullins, 2007, p.17).

The expectations upon which the modern psychological contract is built stem from the present individual characteristics such as hierarchy of needs, work attitude (work-life balance) and orientations to work. According to Maslow, each person has a set of needs that should be accomplished throughout his or her life and, as stated by Arnold et al (2005, p.312), these needs are developed in a pyramid according to the individual “psychological growth”. Perhaps this can better explain why, with the passing of the time, people have permanently raised their expectations and cannot be pleased with only a ‘pay for work’ philosophy anymore.

Based on employee's needs and attitudes towards work, Watson (2002, p.130) identified a correlation between “employee output - physical effort, mental effort, initiative, responsibility, compliance”, “employee reward – money, personal ‘growth’, social reward, security, power, status, career potential“ and performance. The emergent conclusion was that one of the most important performance-enhancers for employees is a nurtured psychological contract. Job satisfaction has been identified as one method of ‘fostering employees’; defined by Arnold et al (2005, p.260) as “more than how much the person enjoys the job tasks...also...how important the job is to the person, and how well it fits his or her long-term aims”, job satisfaction is achievable through motivation, feedback, appraisal, confidence, listening to and communicating with employees, fair pay, management engagement, career opportunities and a tailored job design, suitable for every employee - “...an average manager sees employees as workers who fill roles: an exceptional manager sees them as individuals to build roles around” (Buckingham, 2005 cited in Mullins, 2007) -, which, in turn, can only be possible after a comprehensive insight of the individual needs and orientations.

A survey conducted by CIPD (Chartered Institute for Personnel and Development) in 2006 concerning the engagement of British employees provides some further meaningful conclusions for managers to consider: a nurtured psychological contract leads to employee engagement to the organisation, which

works as an efficient trigger for performance; engagement can be obtained through job satisfaction; “given the...association between engagement, job satisfaction, advocacy and performance, there is every incentive for managers to seek to drive up levels of engagement among the workforce“ (Morgan, 2007); in order to achieve engagement it is essential for managers to have “a highly developed sense of people perception” and an understanding of “the feelings of the staff, their needs and expectations” (Mullins, 2007, p.456), and “the human nature” (Professional Manager, 1998, cited in Mullins, 2007, p. 431).

Richard Branson, the famous owner of the Virgin brand, could be held as an example regarding his approach towards employees. It could seem as a paradox the fact that, although “Virgin pays some of the lowest salaries in the industry” and employees are subjected to more pressure because of the demanding long-haul operations, “the staff is very talented and loyal” in delivering quality brand image to the customers. However, the company’s success stems from Branson’s management philosophy where “all staff feel valued...not only for fulfilling their job...but for contributing to the development of the business as a whole”, and consideration, training and development are offered as reinforcements to their enthusiasm, satisfaction and therefore commitment (Mullins, 2007, p.459).

The above example emphasizes how important it is for managers to take into consideration job satisfaction and motivation, as their benefits – engagement, “commitment to the organization, organizational growth”, “better quality, reduced absence, lower turnover, more flexibility”, more involvement in and interest towards work, “scope for development”, autonomy and incentive for creativity and innovation (Thomson, 2002, p.84) - could trigger both organisational and managerial success. As an endorsement to this deduction, another example will be explored.

The catalyst which Cadbury-Schweppes employed during their strenuous merging process in 1969 was in fact a combination of managerial skills and enlightened human-approach policies deep-rooted in the Cadbury philosophy - health and safety practices, equity, “a long tradition of encouraging direct, two-way involvement of and communication with employees”, fair remunerations according to skills and performance, motivation and support, personal and career opportunities and, most of all, recognition of “the value that all employees create for the business” (Cadbury Schweppes, 2002) -. Although redundancies and massive restructuring took place for the first time in 100 years, managers were able to keep their staff motivated and committed to the organisation because the importance placed on the employee-employer relationship was preserved; moreover, workers received all the inducements - flexibility, job demarcation, incentives to innovate and enhance the workplace - that they needed in order to cope with the modern, transformed company (adapted from Mullins, 2007).

Consequently, it can be assumed that understanding and meeting the terms and expectations contained by the psychological contract, even during difficult times, are paramount for a successful manager.

However, the intricate nature of the modern psychological contract has led to more difficulty in applying it, hence the greater risk of breach “as many two-

thirds of employees believe their employers 'patently violated' this understanding" (Furnham and Taylor, 2004, cited in Mullins, 2007, p.17). The violation of the psychological contract poses many threats for the company since unhappy workers might take adverse action towards the organisation and could display non-involvement, malevolence or hostility, or could finish off in crisis situations such as negative states of conflict and stress.

A merger or an acquisition could help explore the consequences of the informal contract violation; one case study concerning a recruitment consultancy firm will be examined in order to understand the insight of employees' psychology when promises are being broken by the employer.

After being acquired by a City firm, managers from the consultancy company started offering various attractive inducements, ranging from job safety, improved facilities and higher salaries to share options and management opportunities, in order to maintain the valuable staff. However, after a period of downfall and the 11th September 2001 events, the company was unable to keep its promises, thus causing a serious breach in the psychological contract, as well as in the formal agreement by removing all of the employees' benefits, health programmes and rights without any prior consultation. As a result, almost 80% of disappointed workers started to leave or considered resignation, accusing managers of misleading and unethical behaviour (adapted from Morgan, 2007).

Essential from this example is that probably the employees would not have reacted in the above-mentioned manners if their expectations had not been so highly set by the management itself, or that they would have kept their commitment to the organisation, despite the demanding situation, if they had received a fair and honest treatment.

Nonetheless, resigning workers and conflict are only part of the unpleasant consequences deriving from the mishandling of people and the psychological contract infringement; stress is perhaps one of the most worrying problems which organisations face nowadays "the cost of stress is huge. It is devastating to the individual and damaging to the business at a time when the need to control business costs and ensure an effective and healthy workforce is greater than ever." (Simon Armson, 1997, cited in Mullins, 2007). Stress was defined by the Health and Safety Executive (2007) as an "adverse reaction people have to excessive pressure". Although necessary at an optimum level in order to provide initiative, innovation and push for changes, stress becomes undesirable and dangerous for both the individual and the organisation when inadequately managed, by raising training and compensation costs, reducing overall performance and increasing absenteeism rates (the Yerkes-Dodson law discussed by Arnold, 2005 – figure 1).

Personal experience has demonstrated that an employee might feel under pressure due to stressful "working conditions", "work...load, role conflict" (Arnold et al, 2005, p.395-409), over-responsibility that is taken willingly in order to 'keep things going', an unstable work-life balance and difficult relationships with disobedient subordinates and with misleading, non-supportive managers. Stress could also intervene when the job is unsatisfactory or undemanding, or even when the person is unemployed. Lack of or increased appetite, constant

tiredness, irritability, depression and anxiety, nervous breakdowns and lack of interest in self and in life could be some of the alarming symptoms. Left unnoticed or untreated, stress can cause serious health problems that could even trigger the persons' decease, or karoshi, as Japanese call it; a related situation occurred in Romania when a young woman, working as an audit manager for Ernst & Young, died because of heart problems caused by work overload, malnutrition and lack of rest (Livezeanu, 2007). The individual could hold the initiative for cure, but especially the management team is responsible for implementing "policy, procedures and systems audit, problem centred approach, well-being approach, employee centred approach" (Health and Safety Executive, 2007) in order to ensure employee welfare.

As this part of the paper has ascertained, the human psychological structure is by no means as simple as, unfortunately, many managers still believe today; a successful manager should thus be capable of understanding the complex human nature, meeting employees' demands and managing their problems, or, as strengthened by Mullins (2007, p.456), handling "people effectively".

Nevertheless, "the behaviour of people cannot be studied in isolation. It is necessary to understand interrelationships with other variables that together comprise the total organisation...formal structure" and culture, "the tasks..., the technology..., the external environment and the methods of carrying out work" (Mullins, 2007, p.4). Therefore, managers must acknowledge the concept of organisation as an open system, with management being the integrator of diverse, sometimes conflicting, components into the internal and external environment (the contingency approach discussed by Watson (2002)).

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