THE ANALYSIS OF THE MAIN STRENGTHS AND WEAKNESSES OF ROMANIAN FIRMS' MANAGEMENT

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Abstract

The aim of this paper is to highlight the main strengths and weaknesses of the Romanian firms' management and the manner in which the key stakeholders relate to them. Our study is based on a research conducted during of year 2014, by applying a survey to two categories of respondents: on the one hand teachers, researchers and consultants and on the other managers and specialists of companies. Those two categories of respondents were chosen because it was considered to be directly involved and therefore having the most relevant information on analyzed phenomena. The research confirms that *the vision regarding the strengths and weaknesses of the Romanian firms' management do not vary significantly among the different categories of respondents.* At the same time, the strengths and weaknesses identified represent essential premises in establishing certain measures, proposals and directions to improve the performances and effectiveness of the Romanian firms.

Keywords: Analysis, Management, Strength, Weakness.

1. INTRODUCTION

NHS Institute for Innovation and Improvement (2009) define a healthy organisation as one that can absorb shocks and knocks from the wider system it operates in and adapt quickly in response to a changed environment, even anticipating and leading some of this change. Strategic health of an organization depends on [...] the extent to which it is able to leverage its key strengths to exploit important opportunities as well as minimize exposure of its critical weaknesses to serious threats. (Mbachu and Frei, 2011) Mintzberg (2000) lends credence to this by arguing that the way that an organization's strengths and weaknesses are matched with the external opportunities and threats underpins the organization's success and long-term survival, hence his focus on the SWOT analysis as the centrepiece of the process of strategy formulation, implementation and review.

The strengths should identify positive characteristics that give the business a competitive edge. Weaknesses are areas that can put the firm at a disadvantage if they are not corrected. The goal is to maintain and leverage strengths in ways to benefit the company and to determine which weaknesses need to be remedied in order to improve the company's position. (Simoneaux and Stroud, 2011)

In this context, particular importance should be given to highlight and analyze strengths, because, as shown by Nicolescu et al. (2015), they are essential elements on which managers should focus the ways to improve and increase performances in the analyzed area, [...] and can be achieved faster with fewer resources and effort than by reducing / eliminating weaknesses.

Both at the national and at organizations level, it is necessary to promote the strategic management based on substantiation, design and implementation of realistic global and partial strategies, based on rigorous diagnostic studies, SWOT analysis, market researches, ecological studies and national strategies in the field. This represents a consequence of the exercise of the most important function of management - prediction and, at the same time, a fundamental condition of a prospective, forward-looking management.

Therefore, the aim of this paper is to highlight the main strengths and weaknesses of the Romanian firms' management and the manner in which the key stakeholders relate to them in order to formulate a series of proposals and directions to improve the performances and effectiveness of the Romanian firms.

2. DATA AND METHODS

Analysis of the health of the management of Romania was based on information gathered through two inquiries based survey, conducted in the course of year 2014 (Nicolescu et al., 2015) and addressed to representative samples of 1689 respondents considered able to provide the most valuable information on the analyzed phenomenon: teachers, researchers and consultants and managers and specialists of companies.

The structure of the sample was as follows:

- From the professional point of view, in the structure of the sample economists are represented in proportion of 16.9%, engineers - 16.2%, teachers - 6.9%, while in the lowest proportion are lawyers (2.45%). A significant number of respondents (57.7%) stated that they had other professions than those mentioned above.

- Regarding the age of the respondents, 14.0% have less than 30 years, 35.2% are between 31 and 40 years, 31.4% are between 41 and 50 years, 14.6% - between 51 and 60 years and only 4.8% are older than 60 years.

- The majority of respondents are men (65.1%), while women are represented only in proportion of 34.9%.

The research methodology that we have adopted allowed us to approach both common views and specific differences of each category of respondents, by grouping, processing, analyzing and evaluating information resulted from the application of the two questionnaires. We also had in mind that (if these differences exist) to test if they are statistically significant. Therefore, based on previous studies and personal empirical observations, we formulated the following hypothesis:

The vision regarding the strengths and weaknesses of the Romanian firms' management don't vary significantly among the different categories of respondents.

3. FINDINGS

From a more comprehensive questionnaire, in this paper we chose to analyze only answers related to strengths and weaknesses of the Romanian firms' management. Further, we refer to the strengths as they emerged from the responses to the questionnaires applied to the two categories of respondents (professors, researchers and consultants - first category and managers and specialists from companies - the second category). It was requested that, from a list of strengths (see Table 1 and Figure 1) and weaknesses (presented in Table 2 and Figure 2) to select those they consider most representative for Romanian firms' management. The research done made possible the identification of several strengths and weaknesses regarding the management of the economic agents.

With respect to the main strengths, overall, it was revealed that the first positions are held by the effective organisation of activities (28.00%), focus on performances (25.94%), rigorous control and evaluation of activities and performances (23.74%), high creativity and innovation (22.56%) and design and implementation of functional and effective management systems (21.61%). On the last places we encounter intensive training activities of the employees (16.28%), intense relations with organization's internal and external stakeholders (clients, supplies etc), the working style of the managers focused on involvement and effectiveness (15.51%), the widespread and effective use of modern management methods and techniques (15.04%) and ensuring the sustainability of the organization (5.68%).

TABLE 1 TOP 10 STRENGTHS OF ROMANIAN FIRMS' MANAGEMENT IN 2014

No.	Strengths	Percentage (%)
1	Effective organization of the activities	28,00
2	The focus on performances	25,94
3	Rigorous control and evaluation of activities and performances	23,74
4	High creativity and innovation	22,56
5	Design and implementation of functional and effective management systems	21,61
6	Strong entrepreneurial spirit and initiative	21,32
7	Development of well-founded strategies and policies	21,26
8	Intense mobilization of employees in organization	20,19
9	Effective marketing activities	19,60
10	Development of a high performance IT system	19,54

Above all, there are obviously utter differences between the overall situation and the individual answers given on the one hand by the professors, researchers, consultants and on the other hand by managers and experts. As far as professors, researchers, consultants are concerned, the main strengths on the economic agents level are the focus on performances (60.00%), effective organisation of activities (48.33%), strong entrepreneurial spirit and initiative (44.17%), intense mobilization of employees in organization (43.33%) and rigorous control and evaluation of activities and performances (42.50%), while the most seldom met are the rapid and effective feedback to the environment changes (26.67%), design and implementation of functional and effective management systems and the widespread and effective use of modern management methods and techniques (22.50%), development of well-founded strategies and policies (20.83%) and ensuring the sustainability of the organization (15.00%).

According to the opinion of managers and Romanian experts, the main strength of companies in 2014 concerns the effective organisation of activities (26.45%), followed by the focus on performances (23.33%), high creativity and innovation (21.99%) and design and implementation of functional and effective management systems (21.54%). The widespread and effective use of modern management methods and techniques (14.47%), intense relations with organization's internal and external stakeholders (clients, supplies, etc.) (14.15%), the working style of managers focused on involvement and effectiveness (14.02%) are very seldom spoken of. On the last position, we find the ensuring the sustainability of the organization (4.97%).

Note that, except for the development of well-founded strategies and policies, all other strengths have obtained higher percentages from teachers, researchers and consultants than from managers and specialists from firms.
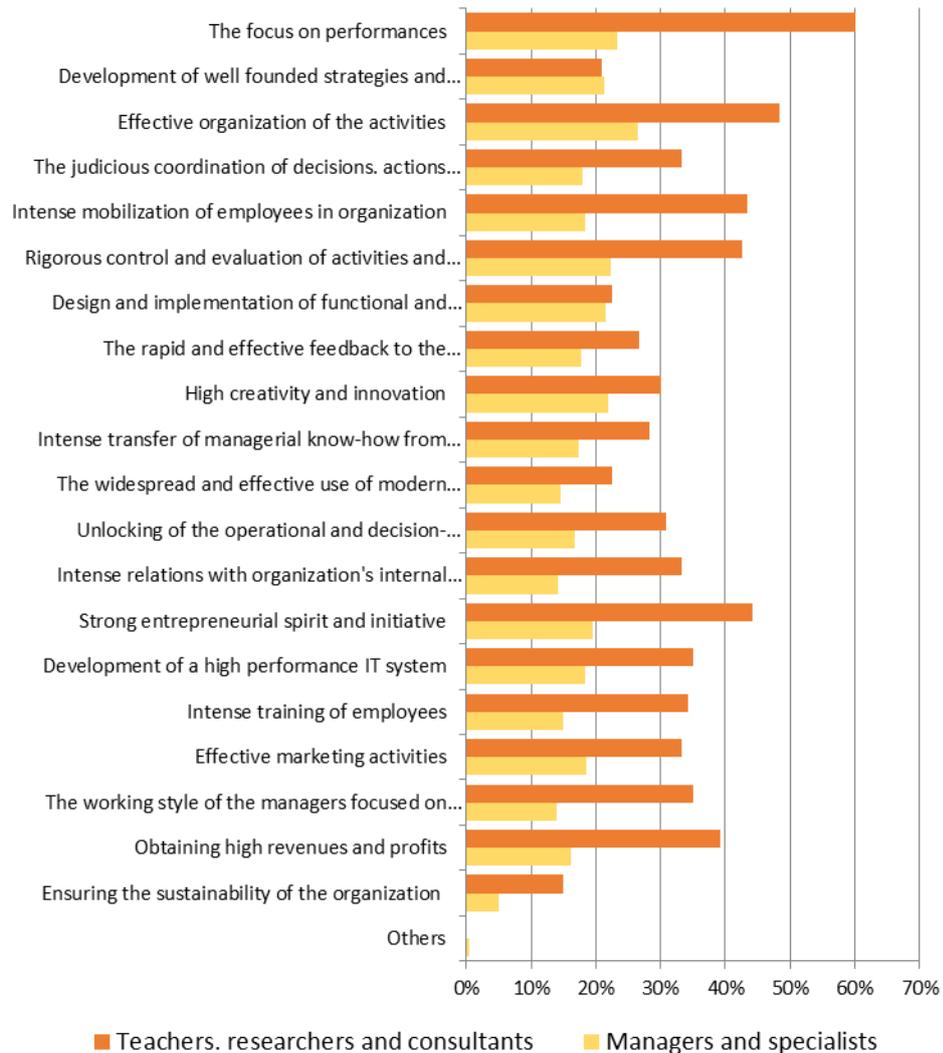
FIGURE 1 – THE MAIN STRENGTHS OF ROMANIAN FIRMS' MANAGEMENT IN 2014

Apart from identifying the **strengths** at Romanian firms' management, it is necessary the realization of the same process for the weaknesses too. The main dysfunctional issues registered for the economic agents, as far as the majority is concerned, are as follows: not focusing on priorities (29.72%), improper organisation of activities (24.45%), the ineffective coordination of the personnel (24.28%), insufficient capacity to motivate the company's employees (23.56%) and insufficient concern for valuing knowledge and human resources (21.49%). The most seldom met are insufficient consideration for organizational culture (12.13%), neglect of internal and external stakeholders (12.08%), lack of initiative and entrepreneurial spirit (11.01%), poor functionality of the managerial systems (9.83%) and low ecological performances (8.46%).

TABLE 2 TOP 10 WEAKNESSES OF ROMANIAN FIRMS' MANAGEMENT IN 2014

No.	Weaknesses	Percentage (%)
1	Not focusing on priorities	29,72
2	Improper organisation of activities	24,45
3	Ineffective coordination of the personnel	24,28
4	Insufficient capacity to motivate the company's employees	23,56
5	Insufficient concern for valuing knowledge and human resources	21,49
6	Low economic performances	20,25
7	The use of empirical and non-professionally designed management systems	18,83
8	Improper communication with chiefs and subordinates	18,05
9	Delayed and ineffective reactions to opportunities and threats in the environment	17,82
10	Unawareness and lack of adaptation at the valuable managerial know-how	17,40

On respondent categories, as far as the professors, researchers and management consultants are concerned, the most frequently met **weaknesses** are the insufficient capacity to motivate employees in the organization (36.67%), insufficient concern for valuing knowledge and human resources (34.17%), the use of empirical and non-professionally designed management systems (32.50%), unawareness and lack of adaptation at the valuable managerial know-how from other countries (30.00%), low creativity and managerial innovation and Insufficient consideration for organizational culture (29.17%). While the most seldom met weaknesses are low social performances (15.00%), lack of initiative and entrepreneurial spirit (13.33%), the insufficient knowledge and use of economic elements in management such as productivity, price, cash flow, liquidity, profit etc (10.00%) and poor functionality of the managerial systems (7.50%).

From Romanian managers and management experts point of view, the most significant dysfunctional issues manifest themselves through the inability of prioritising (30.40%), improper organization of the activities (25.05%), the ineffective coordination of the personnel (24.86%), insufficient capacity to motivate employees in the organization (22.56%), low economic performances (20.59%). Whereas, the less significant weaknesses are represented by the neglect of internal and external company's stakeholders (11.15%), lack of initiative and entrepreneurial spirit and insufficient consideration for organizational culture (10.83%), poor functionality of the managerial systems (10.01%) and low ecological performance (7.90%).

It worth to mention that, as well as in case of the strengths, with few exceptions, most of the weaknesses obtained higher percentages from teachers, researchers and consultants than from managers and specialists from firms.

Another issue worth mentioning is that the organization of activities is seen as a priority, it being

mentioned among the top two positions as a strength as well as a weakness.
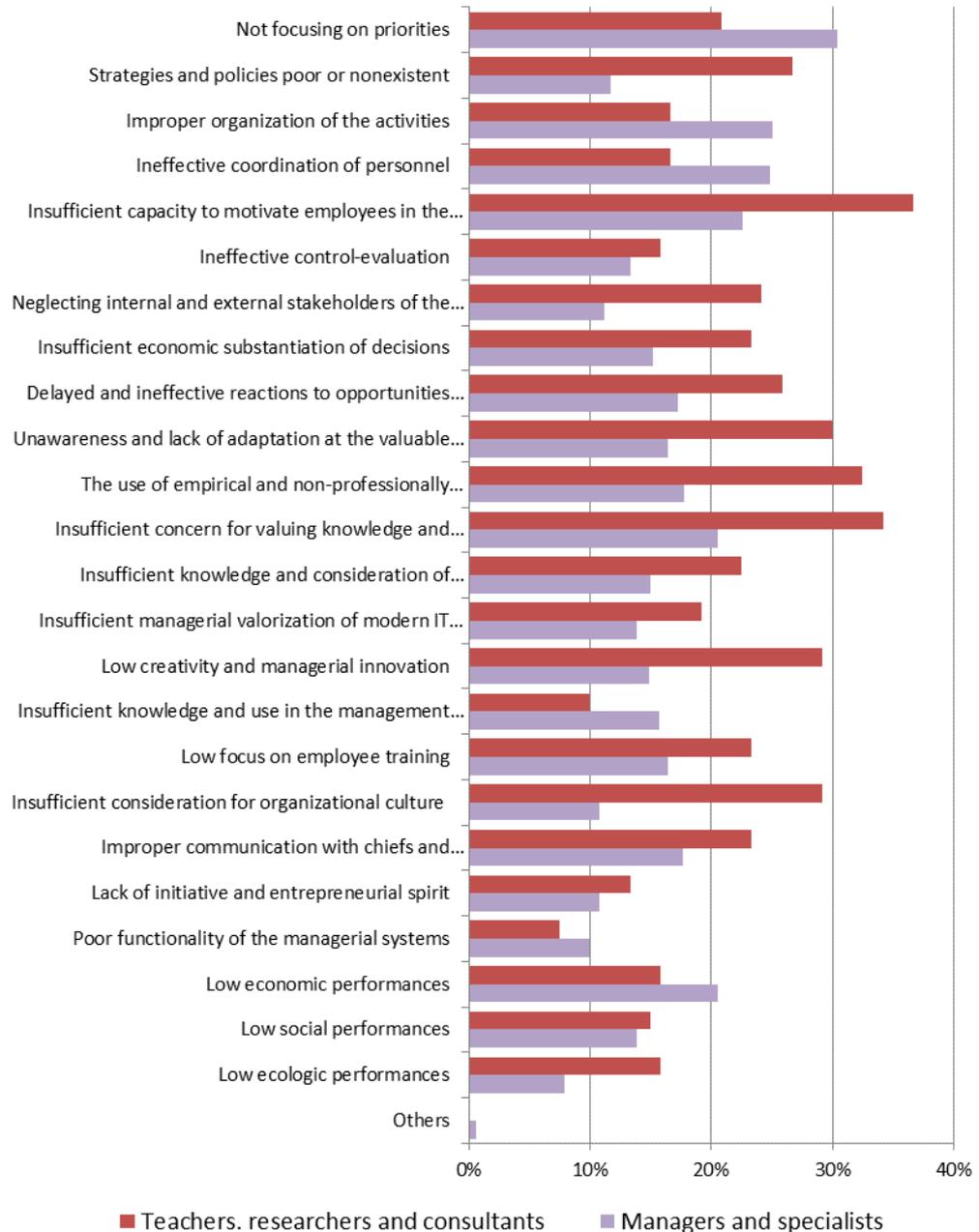
FIGURE 2 – THE MAIN WEAKNESSES OF ROMANIAN FIRMS' MANAGEMENT IN 2014

The percentages obtained for each of the strengths and weaknesses (and therefore their rank within the opinion of each of the categories of respondents) and the analyzes presented above, may entitle us to say that: "*The vision regarding the strengths and weaknesses of the Romanian firms' management don't vary significantly among the different categories of respondents.*" But an objective decision we can only

take by formulating and testing the statistical hypothesis by means of a statistical test. (Popa and Ştefan, 2014)

Therefore, in order to test hypothesis above, four variables were defined, as follows:

- Str_P - Strengths of management practiced in the Romanian firms in opinion of the professors, researchers and consultants,

- Str_M - Strengths of management practiced in the Romanian firms in opinion of managers and specialists,

- Weak_P - Weaknesses of management practiced in the Romanian firms in opinion of the professors, researchers and consultants,

- Weak_M - Weaknesses of management practiced in the Romanian firms in opinion of managers and specialista.

Also, there was formulated a two sets of statistical hypotheses.

The first set of statistical hypotheses, concerning the correlation between the opinions of the two categories of respondents on the strengths of the Romanian firms' management, was formulated as follow:

H_0: *There is no significant correlation between the opinions of the two categories of respondents regarding the strengths of the Romanian firms' management;*

H_A: *There is a significant correlation between the opinions of the two categories of respondents regarding the strengths of the Romanian firms' management;*

Although the dataset is at the scale level, it does not meet all the assumptions for the application of parametric tests, therefore, for statistical hypothesis testing, we have chosen nonparametric Spearman's correlation coefficient with the following formula:

$$\rho = 1 - \frac{6 \times \sum d^2}{n(n^2 - 1)} \qquad (1)$$

where: ρ = Spearman's correlation coefficients, d = difference between the measured ranks, n = umber of subjects. (Opariuc - Dan, 2011)

To validate or reject the null hypothesis we compared the obtained value of the Spearman's correlation coefficient (ρ = .466) with the reference value for a significance level of .05. In this case, we can see that the correlation coefficient is higher than the reference value, p = .017 < .05, which means that the test is statistically significant. Therefore we reject the null hypothesis, accepting the alternative one,

which states that there is a moderate positive correlation (ρ = .466) between the opinions of the two categories of respondents regarding the strengths of the Romanian firms' management.

TABLE 3 CORRELATION BETWEEN STR_P AND STR_M

		Str_P			Str_M		
		Correlation Coefficient	Sig. (1-tailed)	N	Correlation Coefficient	Sig. (1-tailed)	N
Kendall's tau_b	Str_P	1.000	.	21	.352*	.014	21
	Str_M	.352*	.014	21	1.000	.	21
Spearman's rho	Str_P	1.000	.	21	.466*	.017	21
	Str_M	.466*	.017	21	1.000	.	21

*. Correlation is significant at the 0.05 level (1-tailed).

Source: made by authors with SPSS 22.0

The second set of statistical hypotheses, concerning the correlation between the opinions of the two categories of respondents on the weaknesses of the Romanian firms' management, was formulated as follow:

H_0: *There is no significant correlation between the opinions of the two categories of respondents regarding the weaknesses of the Romanian firms' management;*

H_A: *There is a significant correlation between the opinions of the two categories of respondents regarding the weaknesses of the Romanian firms' management.*

To validate or reject the null hypothesis we compared the obtained value of the correlation coefficient (ρ = .371) with the reference value for a significance level of .05. In this case we can see that the correlation coefficient is higher than the reference value and has a p-value less than .05, so it is significant at .05 level of significance (p = .034 < .05). Thus we reject the null hypothesis, accepting the alternative one, which states that there is a moderate correlation (ρ = .371) between the opinions of the two categories of respondents regarding the weaknesses of the Romanian firms' management.

In conclusion, the research hypothesis has been validated.

TABLE 4 CORRELATION BETWEEN WEAK_P AND WEAK_M

		Weak_M			Weak_P		
		Correlation Coefficient	Sig. (1-tailed)	N	Correlation Coefficient	Sig. (1-tailed)	N
Kendall's tau_b	Weak_M	1.000	.	25	.292*	.022	25
	Weak_P	.292*	.022	25	1.000	.	25
Spearman's rho	Weak_M	1.000	.	25	.371*	.034	25
	Weak_P	.371*	.034	25	1.000	.	25

*. Correlation is significant at the 0.05 level (1-tailed).

Source: made by authors with SPSS 22.0

4. CONCLUSIONS AND FUTURE RESEARCHES

The hypotheses that we aimed to validate through our research, has been validated both in terms of strengths and weaknesses, in this case being accepted the alternative hypotheses, which states that there is a moderate positive correlation (ρ = .446 respectively .371) between the opinions of the two categories of respondents regarding the strengths and weaknesses of the Romanian firms' management.

Further to the detailed analysis of the respondent's answers, these findings have resulted:

- The management of Romanian companies is focused on performances, a fact that reflects a joyous situation if we take into account the recent evolutions of the Romanian economy. In addition, this idea is also backed up by the result that proclaims that managers are also interested by the effective organisation of activities and the control and rigorous evaluation of activities and performances. As a result, we are struck by the emphasis on efficiency and efficacy.

- The main weaknesses of Romanian firms' management are revealed not focusing on priorities and improper organisation of activities.

- Among the main weaknesses we may count insufficient capacity to motivate the company's employees and Insufficient concern for valuing knowledge and human resources, these elements reveal themselves as being one of the principal premises of knowledge based management and that the transition towards a highly competitive and modern economy was not successfully achieved. The third dysfunctional issue concerning the ineffective coordination of the personnel also sustains this fact.

In addition to this study, future research directions refers to the dynamic analysis of the main strengths and weaknesses by comparison with the previous years (during 2009-2014) thus facilitating some more consistent and relevant conclusions and means of action aiming to increase the efficiency and effectiveness of Romanian firms' management.

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