

PARTICULARITIES OF THE MANAGERIAL FUNCTIONS IN THE SMALL AND MIDDLE ENTERPRISES

Cristina MIRESCU, PhD student
Gheorghe DRAGOMIR, Professor, PhD
University of Craiova

Key words: particularity, managerial function, prediction, organization, coordination, training, control.

Abstract: The functions of the manager have remained the same for almost a hundred years. As they were formulated by Henry Fayol in 1916, these theories are taught in every management school in the world. To lead an enterprise meant and will mean: to predict, to organize, to command, to coordinate and to control. It is true that for twenty years, at least in the reference literature the commanding function was substituted by the training –motivation function, this modification reflecting actually the change of view in what the human resources of an enterprise is concerned.

Under these circumstances, what would the “particularization” of the managerial functions for the small and middle enterprises mean? Are these functions no longer applicable as the Fayol’s functions were?

Starting from these considerations, the present article surprises the fact that these particularities represent in fact a sub-use of the potential functions, as a consequence of the limited resources of the small enterprises. What we would like to say is actually the fact that we are not facing some “particularities” which are meant to supply a support for the successful business, but we are facing a partial use of the managerial functions which are in fact their operative instruments. This statement may be translated as it follows: the ones that know the managerial functions very good can successfully manage with these functions even if these are applied in a small enterprise. The middle enterprises lead enough space to use the managerial functions according to Fayol.

The natural question that comes to one’s mind in this case is: what is the use of this debate, given the fact that the managerial functions are well known? The simplest answer, both for the different authors and for the readers would be: “none!” And still the practice has proved that some things are meant to manifest and that it is good to be manifested in a certain way. The experience of thousands (dozens of thousands, even millions) of enterprisers have shown the most efficient management instruments for each function. Even if the personal experience has the highest impact, what would be the purpose of each small (or middle) enterpriser “to reinvent the wheel”? In other words it is better to concentrate the effort on the already proofed instruments and to build its own experience based on discoveries or own innovations.

1. Prediction

For any type of enterprise, prediction refers to the anticipation of the future, not necessarily to satisfy the curiosity of the manager, but also to try as much as possible to avoid the consumption, and to use as rationally as possible the resources of the organization. [Emilian, R., 2000, p. 106]

In the case of the small and middle enterprises, most authors plead for the sustained exertion of this function which is considered to be vital especially for the plans and

programs. The use of the business plan for example for a small enterprise is already known. But there is also the need for a plan which should interfere with the limited character of the resources and the high risks with which the small and middle enterprises are confronted as compared to the large ones.

Most of the times, the enterpriser accomplished its predictions empirically (omitting the situation when there is no financial-accounting department – as it happens in the case of many middle enterprises – which accomplish predictions especially in economy, assisted by specialized software).

When the prediction is accomplished by a single enterpriser, then it is limited by that environment, by its level of education and experience. Any enterpriser has future plans, or at least survival plans is not plans to extend its business. The quality of these plans depends on the concrete points and the time –which is often quite limited –that the enterpriser has in order to think of the plans, and the future.

One does not have to ignore the fact that the prediction, respectively the accuracy is directly influenced by the coordinates of the external environment. For example, in Romania the enterprisers are confronted with the political-legislative and economic instability of the local business environment. A persuasive argument is the high number of normative acts issued according to the law no.133/1999, each of this acts repeals the orders, the previous decisions and often changes the “rules of the game”.

As a tendency (on a worldwide level, which means that the respective disparity will also appear in Romania) for the use of the prediction and planning in the small and middle enterprises, one notices a growth of its frequency and quality.[Nicolescu, O., 2001, p. 325]

A possible explanation would be the growth of the education degree in the field of human resources and especially of the enterprisers. Thus, these can attend more easily the managerial courses and the strong competitions impose the growth of the preparation degree. One cannot neglect neither the influence of the consultancy companies that being preoccupied to expand their market, they still manage to persuade more and more enterpriser-managers of the need for professional prediction.

2. Organization

According to Henry Fayol “to organize the enterprise means to provide the company with all the necessary things so that it can function properly: raw materials, equipment, money, personnel”. [Emilian, R., 2000, p. 139] This definition is valid no matter the size of the enterprise. What is different is the size of the different types of enterprises (according to the size). As a consequence, the organization passes to the informal stage to the formal stage as the enterprise grows, the activity extends and diversifies and appeals more and more to the management techniques.

Under this transformation, the enterprise may embrace the following organizational stages: [Sandu, P., 1997, p. 109]

- a) the one person enterprise;
- b) coordinating the activity of some employees that carry out the basic operations by the enterpriser himself;
- c) the emergence of a new intermediate hierarchical level(as the enterpriser becomes aware of the necessity of authority exchange and manages to give up the personal management used up to this stage);
- d) the formal organization, which implies the description of the jobs, making the organizational charter, setting the control procedures, etc.

Some management practices may of course appear before the fourth stage, but what is defining for the small enterprises are the flexibility and the informality. Generally speaking, these represent major advantages, but there are few cases when the informality becomes a source of conflict in the enterprise.

In most of the small enterprises there are simple, hierarchical organizational structures (each employee depending directly on the enterpriser). As the enterprise grows in dimensions, the organizational structure may become more complex and may even be transformed in a functional-hierarchic structure. The need of representing the organizational structure in an organizational chart appeared quite late. Usually the job descriptions are also completed later especially as a consequence of a foreign constraint.

The general tendency is to avoid the organizational structure in the large enterprises which are extremely bureaucratic and to use the decentralization with the purpose of keeping some advantages of the flexibility and dynamism which are characteristic for the small and middle enterprises.

3. Coordination

When talking about the managerial functions, coordination is to be found in the management of the small and middle enterprises, and has an even greater importance than the prediction and the organization. [Nicolescu, O., 2001, p. 331] From an instrumental point of view the board paintings or the action coordinating schemes. The meeting (which is highly used in the large enterprises) is used in a smaller extent. But the coordination, by bilateral conversations with the employees is widely used. So, one can conclude that a good coordination in a small enterprise depends very much on the quality of the communication. Generally, the ability to communicate is crucial for a good management.

The way in which the enterprise chooses to present the information is as important as the information itself. The different situations and objectives need different approaches; for example one can appeal to short meetings: bilateral meetings and even email which is presently used as a way of communication.

➤ *Meetings.* Meetings are less used because the bilateral communication is much easier. Moreover, it is already known that one of three meetings fails in reaching the objectives and more than 50% from the consumed time is lost. [McBride, J., Clark, N., 1999, p. 89] These minuses may come from the fact that in a small enterprise there are usually not “specialized” persons that can arrange an efficient meeting. As a consequence the objectives may be not clearly identified, the planning may be not organized, there may be a lack of control, or procedures (or insufficient procedures), or the conclusions may not be good or may not be put into practice. The consequence is that the enterpriser-manager that is in a permanent time crises may not wish to arrange meetings in order to coordinate the activity of its enterprise.

It is essential that the reason of a meeting to be very clearly stated. If the meeting is not the most efficient way of communication, it does not need to be arranged. Moreover, the enterpriser has to be certain that:

- the objectives are real and that they are based on problems;
- a positive language is used, as for example: “to develop”, “to decide”, “to recommend/we recommend” and the vague terms are avoided as: “let’s talk”, “let’s explore”;
- the meeting is well-managed;

- the meeting is held in the proper place (size, resource, possible perturbations, etc.);
- the meeting starts and ends in time;
- the current subjects are followed;
- the actions are decided and one has to agree upon the procedures.

➤ *Bilateral meetings* may be suitable for explaining the local and the development initiatives and for the involvement of the people in the events which are going to take place. At the same time, they offer the opportunity for the employees to express the preoccupations, to make suggestions and to ask questions.

The main advantages of the bilateral meetings are the following:

- they can be « adjusted » according to the individual needs ;
- have an immediate impact, offering an answer and a fast change;
- they have double meanings;
- can resolve the misunderstandings;
- can increase the commitment of the employees.

The potential disadvantages of the bilateral meetings are the following:

- they may lead to the increase of some local problems or problems which are not important;
- are time consumers;
- may lead to a certain inconsistency if there are some favoritisms or personal conflicts.

➤ *Emailing*. The electronic mail represents a proper way of fast communication of the news, which is constant and simultaneous, used by a high number of people. It may represent a corresponding way of supplying introductive data of a new initiative or of a new program which can be discussed in a meeting.

The main advantages of the email are the following:

- it is fast;
- it allows the users to contact people wherever they are;
- it allows for a feed-back which is almost instantaneous.

In order to reach their objectives, the users have to access a computer and have a minimum level of education and to avoid the overload of the system.

4. Training

Training-motivation represents one of the functions with the most particularities. Although it is not sophisticated, it represents a function which is exerted by the intelligent enterprisers, and the results appear. For most of the small enterprises, the central motivational elements are the salary, which is not neglected by the motivational program of the quasi-permanent presence of the enterpriser and his personal example.

In human resources terms, it seems that the management has suffered too long from the illusion that the efficiency of the actions depends only on the use of the “brain and not only of the mind”. In the last years, some theoreticians but also practitioners are prepared to show that the managers have feelings and that they care for people as much as for the success of the company, and the answer from the employees is immediate and still surprising for some people. The employees follow the leaders that are human and decided and that have a personality with which they can identify.

The enterpriser–manager who wishes to have two creative employees, from which he can obtain ideas that could make his business competitive have to create a relaxing working environment and make the employees trust the relations with him and the colleagues. In order to attain this level of commitment from the part of the employees,

the enterprises have to know them as humans. That is why the manager has to make time for them, has to be willing to know their ideas, to listen to their problems –in a formal environment-, to talk to them about their purposes and their development needs. Although these activities are difficult to accomplish, given the constant pressure of time felt by the managers, they represent an investment which can shortly produce impressive effects related to commitment and good results at work. The role of the manager is “to make things work with the help of other people”, not to solve all the problems by himself.

In consequence, although the culture of the organization proves to be the attribute of the large enterprises, *mutatis mutandis*, one can accept that the small enterprises have a culture which is influenced to a great extent by the personality of the manager, by his example and perhaps by his integrity. The integrity although discredited lately, remains an essential ingredient for the efficient management.

If the management is performing, then the proper culture is created so that the employees could feel capable to develop their entire potential.

This is all about the Pygmalion effect which relies on the power of the positive expectations. The Pygmalion effect at job refers to the influence that the manager has on the results of the employees as a consequence of the way in which they are behaving. If he treats them with trust and has high expectations from them, it is very likely that the answer is positive, and so the results.

The Pygmalion effect points out the idea that the employees can be determined to improve their performances, to be willing to succeed, to be committed because of the trust that comes from the boss, to have high expectations (above their possibilities).

Setting up efficient work groups

The work group represents the total amount of individuals that work together in order to accomplish more than an individual would accomplish and which share the reward for their work. In an efficient work group, the members enjoy each other's success, support the decisions of their colleagues and assume their fault when the results are not the supposed ones.

When a work group is constituted the enterpriser may be tempted to gather individuals that think alike. But this fact may lead to a quiet working environment or a really efficient one. If all the members of the group have the same way of looking at the work, it will be less likely for this to grow or to be developed. If one puts together individuals with different opinions, then the quality of the decision-making process may be improved and the versatility will definitely grow.

A way in which one can introduce the diversity and the versatility in the work group is that of taking into consideration the way of thinking of the individuals. The different ways of thought and their advantages are clearly illustrated in the reference literature under the name of the *six thinking hats*. [McBride, J., Clark, N., 1999, p. 51]

The white hat. The white hat thinker acts in terms of facts and figures; he is neutral and objective. Although he is disciplined and knows where he wants to reach, he does not give personal interpretations or opinions.

The red hat. This thinker is the emotional one. The hat covers ordinary feelings as the fear, the displeasure, the suspicion but also the most complex feelings, involved in judgments as the intuition, the good taste and the aesthetical sense.

The yellow hat. The yellow hat thinker is positive and constructive, preoccupied to make things work. He follows values and benefits and supports the brilliance, the light, the optimism and the opportunity.

The green hat. The red hat thinker is creative. The color symbolized the fertility, the development and the value of the seeds. It is an approach that generated new concepts and perceptions, breaking through the conventional ways of thinking. The carrier of the green hat is useful first for the search of different possibilities.

The blue hat. The blue hat thinker organized the process of thinking, defining the problems and outlining the questions. He is responsible for the summary, the overview and the conclusions; he supervises the progresses and checks to see if the rules are respected.

The black hat. The black hat thinker identifies what is not good, thinks over what goes wrong, what is risky, dangerous and describes the mistakes. Because people are very repulsive to accept facts which are contrary to their way of thinking, thins cannot be done without the black hat.

The thinking hats represent a useful procedure to be sure that each individual is in the corresponding metal state. For example, at the beginning of each big project, the enterpriser wishes that all the members of the group wear the green hats. Before taking a final decision, sometimes has to examine the different possibilities wearing thus the black hat.

Beside these things, the enterpriser-manager has to know the necessary elements for a successful work group: the existence of some common goals, high targets, leadership, interaction/involvement of all members, mainlining the self-appreciation, open communication, power f decision, mutual trust, respecting the differences, the constructive solving of the conflicts and the clarity of the roles in the work group.

5. Control

In a broad sense, control means “the permanent or periodical analysis of an activity or situation in order to follow its progress and to take some improvement actions”. [5, p. 221]

In an enterprise the managers have to supervise, observe and correct the possible differences between the obtained results and the planned results, and to attain the desired performance. [Emilian, R., 2000, p. 215]

The control has essentially to have the same aspects as in the small and middle enterprises. The first major difference comes from the fact that this type of enterprises the control has a less formal character, and is centered on the current activities being almost ignored by the predictive character and most of it is accomplished by the manager-enterpriser.

An important aspect of exerting this function in the small and middle enterprises is the fact that the manager-enterpriser does not treat the control as a purpose (as it oftren happens in the large enterprises or when specialized control bodies act upon this). [Nicolescu, O., 2001, p. 333]

The efforts to control are usually headed to the operational activities and less(or not at all) to the ones which the enterpriser consider are important (financial-accounting activities, related to personnel etc.)

But, the most important aspect in the small and middle enterprises is that the exertion of the control has a strong motivational impact, just for the fact that it is carried out by the enterpriser himself. According to the correctness and the personal style in which he acts when he controls, the enterpriser can generate for the employees either a feeling of equity – the main source of labor satisfaction or on the contrary a feeling of frustration as a consequence of the favoritism towards some of the employees.

Moreover, in micro-enterprises most of the employees practice the self-control, being aware of the fact that in the form of a work group that is relatively small, their results are visible and may influence the activity of the others.

In conclusion, with the help of a controlled, well-accomplished activity, the enterpriser may attain two important objectives: the comparison of the results with the standards and the correction of the digression on one hand, and on the other hand the training-motivation of the employees for a better involvement.

REFERENCES

1. Emilian R., (2000) - *Management of the Services*, Expert Publishing House, Bucharest;
2. McBride J., Clark N. (1999) - *20 Steps to Better Management*, BBC Books, London;
3. Nicolescu O. (2001) - *The Management of the Small and Middle Companies*, Economică Publishing House, Bucharest;
4. Sandu P. (1997) - *Management for Enterprisers*, Economica Publishing House, Bucharest;
5. *The Explanatory Dictionary of the Romanian Language* (1996), Univers Enciclopedic Publishing House, Bucharest.