
Culture And Leadership: The Case Of Romania

Raluca-Elena Hurduzeu¹

Globalization and internationalization lead to the development of a general image of good and effective leadership which influence the local leadership styles and the behavior of leaders. The latter must overcome the conflict between the desire to implement corporate standards which are internationally valid and the need to act locally in terms of organizational culture, business environment and leadership style. The knowledge of the national peculiarities and traditions, the understanding of their heritage and background, coming to grips with them are key-success factors for international co-operations and/or joint-ventures in today's competitive world. The aim of this paper is to explore the connection between the organizational culture and the leadership style and aims to develop a better understanding of the Romanian leadership. It also provides important information and ideas on the leadership styles practiced in the companies within Romania. The study presents the research findings on the Romanian leadership style and connects it to the political, economic and cultural influences. As far as Romania is concerned, although the variations in the cultural configurations are of a great diversity and complexity, we may, however, identify two distinct types of organizational culture, supporting the hypothesis that these two categories are the extremes of a continuum with a wide variety of expression: a culture of 'bureaucratic' type, typical for: state-owned companies, former state firms in the post-privatisation period and the culture of

¹ **Raluca-Elena Hurduzeu**, Bucharest University of Economic Studies, Bucharest, Romania, e-mail: raluca.hurduzeu@rei.ase.ro

'entrepreneurial' type, in the process of formation, typical for the private companies formed after 1989. The most important problems that appear in the case of the multinational companies refer to the compensation values, sacred and taboo, the management of the gradual conflicts, ethnocentrism, affiliation, faulty conciliation and naive realism. The leaders must learn to analyze the cultural differences and to identify those differences existing between the values, to recognize that there are different concepts of power and to avoid errors of reward.

Keywords: leadership; leadership style; culture; organizational culture; companies
JEL Classifications: M 14; M 21; M 29

1. Culture and organizational culture

1.1. Culture and the business world

Leadership represents an essential variable which leads to a higher capacity to manage and to achieve the organizational performance. Having a certain organizational culture, the way in which leadership is exercised largely determines the level of management, by mobilizing the use of the available resources, such as labor force, money, information, etc. and by influencing the multiple management systems like the management of the human resources, the budgetary systems, the organizational structures, IT, etc.

However, increased managerial capacity does not necessarily lead to higher organizational performance. To achieve this, the role of guide of the leaders is very important to achieve the desired performance. The organizational culture affects this process directly or indirectly, sometimes as an accelerator, sometimes, as an obstacle.

To be a good leader, along with the understanding and knowledge of the organizational behavior, the leader must have certain skills (talent, abilities), which may be acquired and learned in the context of culture and knowledge identification within the organization led. Without appropriate training it is impossible to adapt to the environment and

to transform the culture of the organization, so that they become more efficient.

We may find numerous definitions of culture depending on the focus of the research. Arts, economics, psychology, sociology for example have their own specific understanding and definitions of what culture is.

Thomas (2003) defines culture as a universal phenomenon. Culture provides a structure for a specific environment which encompasses objects, institutions, ideas and values. Culture manifests itself through a system of guidance which is specific to a nation, society, organization or group. This system is made up of symbols like language, mimic, dress-code and rituals and it is transmitted from generation to generation.

Culture influences the values, the perception, thinking and behavior of all group members. As far as culture is concerned it is necessary that it changes and adapts in order to allow the society to adapt to its values and the behavior pattern to the social, legal, economic, political, institutional environment continuously changing.

Peterson and Smith (1997) have identified some cultural predictors which can be helpful in interpreting the various cultures:

- Language separates culturally by influencing the ease of communicating;
- Proximity and topography affects the exchange by influencing the frequency of interaction between groups;
- Colonization can promote the spreading of culture by increasing the interaction between distant cultures;
- Religion has separated groups by influencing the ease or difficulty of synergetic, value based interaction;
- Economic systems influence the ease of exchange;
- Economic development affects both exchanges and intercultural contact and values;

- Technological development is closely linked to economic development has an additional effect;
- Political boundaries or national boundaries typically mark areas within there is more interaction than there is across borders;
- Prevailing industry types produce practices that come to be institutionalized on the basis of the historical period of industry emergence and subsequent institutional learning;
- Climate, topology and indigenous economy affect traditions linked to behaviors and practices.

Companies are institutions. Multinational companies put a lot of effort and money in the establishment and promotion of a unique corporate culture. Thus, the corporate values and missions are elements that distinguish them from the competitors and unite the employees coming from different backgrounds to a single corporate culture. This culture specific system gives and limits the activity within the company. The members of the company must respect and adapt to the cultural preconditions within the company and to the social factors and norms which set the background of the economic activity.

Hofstede (1991) defines the organizational culture as: (1) holistic, (2) historically determined, (3) related to anthropological concepts, (4) socially constructed, (5) software, and (6) difficult to change. Therefore, Hofstede (1991) defines the organizational culture as 'the collective programming of the mind which distinguishes the members of one organization from another'. Thus, Hofstede distinguishes between the 'software' for the national cultures, mainly expressed in values, and the 'software' for organizational cultures, which is revealed through practices.

Knowing the organizational culture, its functions is highly important, regardless of profile, size, or membership to a particular national culture. As far as the main functions of the organizational culture are concerned, Robbins (1992) mentions that it has a boundary defining roll; that is, it creates distinctions between one organization and the

others. Second, it conveys a sense of identity for the members of the organization. Third, culture facilitates the generation of commitment to something larger than one's individual self-interest. Fourth, the organizational culture enhances social system stability. Culture is the social glue that helps hold the organization together by providing appropriate standards for what employees should say and do. Finally, culture serves as a sense-making and control mechanism that guides and shapes the attitudes and behavior of the employees.

2. LEADERSHIP

2.1. Defining leadership

There are many definitions and statements about leadership. These definitions are sometimes similar or different. However, they all try to define leadership in its complexity.

McGregor (1969) defines leadership as a form of dynamic behavior involving four variables: leader features; attitudes, needs and other personal characteristics of the subordinates; the nature of the organization, order, structure, tasks which the organization has to carry out; the social, economic and politic environment. More, Yukl (1998) adds to the leadership functions of organization and coordination, the establishing the group's or the organization's objectives, employees motivation, the maintenance of a cooperative relations of the team spirit, the display of support for cooperation with the people outside the group or organization.

Petit and Dubois (1998) associate to leadership the notion of power which is considered in its triple aspects: the power as a personal characteristic of the individuals; as a intrapersonal and intragroup relationship and as a relationship in a restrictive organizational context. No organizational performance can be designed without a minimum of autonomy granted to employees. Gangloff (2000) underlines a contradiction: the human resources

policies aim in particular to control the employees and they stretch up in the field of psyche 'the obsession for power' of both the organizations and leaders which impeaches the free thinking at the expense of the organizational effectiveness.

Kotter (2009) argues that leadership is a process of orientation of a group or groups of persons by mainly non coercive means.

Hughes, Ginnett and Curphy (1993) consider leadership as:

- an intrapersonal relationship to which people are subject because they want, not because they must;
- creative and leading moral force;
- the process by which an agent induces a subordinated to a specific behavior in a desirable manner;
- the process of influencing a group with a view to achieving its objectives;
- the actions through which resources are allocated in order to explore all the opportunities.

House et al (2002) define leadership as the ability of an individual to influence, motivate, and which enable others to contribute towards the effectiveness and the success of the organizations of which they are members.

The concept of leadership may be viewed as the process of influencing and guiding of the employees by the ability of the leader in order to determine them to obtain high performance. Thus, leadership becomes an art and an effective management style in so far as to direct the creative energies to achieving the long-term objectives (Johns, 1998).

3. ORGANIZATIONAL CULTURE AND LEADERSHIP IN ROMANIA

3.1 Insights into Romania

Romania is one of the Southern – Eastern European countries developing towards a functioning market economy. Romania has

maintained generally the macroeconomic stability and advanced structural reforms. The adaptation to and the implementation of European Union standards has made Romania become extremely attractive to multinational companies. Foreign companies find in Romania an educated labor force at a low cost, functioning infrastructure, a good geographical position and sources of raw materials at low costs (Popovici, Calin, 2014). Thus, foreign direct investments and consumer spending may be considered one of the main economic drivers. Between 1990-2013, foreign direct investment increased in average by 2,027 times. In 2009, it increased with 31.8% compared to the value in 2008, but in the context of economic crisis in 2010 it decreased with almost 2.3% (Popovici, Calin, Simionescu, 2014).

The 2007 economic crisis affected Romania's economy and its business environment. There were a number of issues which led to Romania to call on support from international financial bodies which have enforced high austerity measures so that the country may come out of the crisis. Under these conditions, there are many more things to be done. Romania had improve the implementation of the laws, to engage in major social reforms, including the reform of the labor market, to increase its competitiveness, to improve the infrastructure. It made all efforts to ensure a more transparent and stable system of regulations. The economic recession hit the economy more severely than it was originally anticipated, in particular because of the unfavourable external environment. The implementation of the program of anticrisis measures adopted by the government has contributed to improving the functioning of the financial mechanisms and gave solid insurance against potential systemic risks, including in the agreement with the main foreign banks to maintain their exposure to the Romanian market.

3.2. Organizational culture and leadership in Romania

In our review of the Romanian organizational culture and leadership style, we start from the assumption that the influence of the former socialist system and the ongoing transformation leads to a leadership style which is more humane, less performance oriented, more team – oriented and bureaucratic and less risk-taking and participative. More, the cultural factors seem to be more important for the specific leadership style than the influences of the past system of the transformation process.

The concept of organizational culture was at the focus of some empirical studies aiming at analyzing the process of transition from egalitarian type of culture to the one based on market economy values (Gehman, 2003; Catana, Catana, 1996). In time the theoretical basis and research methodology were improved. For example, some studies are based on theoretical concepts such as the value based leadership theory, or the contingency theory (Mereuta, 1995; Kelemen, 1995). There are even some case studies which investigated the impact of the Western type of managerial culture on the Romanian organizational culture (Kelemen, Hristov, 1998, Heintz 2002).

The majority of studies from the years of transition show a preference of the CEOs and subordinates for a leadership style which tends to be autocratic (Edwards, Lawrence, 2000).

The 'strong hand' is seen as a prolongation of the old system. It is also considered as a guarantee of strategic coherence in an unstable environment with general distrust in an effective and efficient functioning of the democratic mechanism (Catana, Catana, 1996).

The influence of the transition process, including the restructuring of the company and its culture, is seen as an important factor for both stability and change in leadership behavior in Romania (Catana, Catana, 2000).

Another interesting study is that of Littrell and Lapadus (2005), which consists of a collection of comparative analyzes of qualitative data

related to the preference for a certain leadership behavior in three European countries, namely: Romania, Germany and the United Kingdom. Even if, the findings represent a valuable contribution for the study of the Romanian culture, the purpose of this project was to inform and enhance the content of the management training and the development programs for organizations that undertake international labor force. As a result, many specific cultural aspects of leadership (such as communication, motivation, creating vision, decision-making, diversity in the workplace) remain insufficiently explored.

Similar efforts in determining the level of development of leadership and management in Romania, have been made in another comparative study by Gray and Mabely (2005). The authors have been essentially motivated by interest of the European Union for an explanation on the relatively low level of participation in development programs formal management of a number of small firms from different European countries: Great Britain, Denmark, Norway, France, Germany, Spain and Romania. Again, identifying the specific characteristics of the Romanian culture and leadership style was not a priority. However, the study brought valuable perspectives regarding the role of certain styles of leadership in stimulating productivity and performance in Romania, perspectives of whose importance is increased within the multinational approach.

A study much more informative (although comparative) is offered by Steyrer, Hartz and Schiffinger (2006), and focuses on the extent to which the leadership styles are observed by the top managers in order to comply to the regional and global expectations. The authors of the study are the first to notice the impact of the specific factors of an economy in transition on the leadership behavior of the Romanian managers and the emergence of a new generation of leaders, capable of implementing a transformational leadership culture.

Another study on this specific topic identified in the literature is that of Aioanei (2006). In this study, the author presents a model of

leadership which includes four styles and which is based on a matrix which contains two dimensions: autocratic vs. democratic style and task orientation vs. relationship orientation. The study based on a questionnaire in which respondents were asked to specify what they think about their boss and how they perceive their relationship with their superior. The study also included a series of questions related to their favorite style of leadership. The sample included 100 respondents. The study revealed that the Romanian leaders tend to be most autocratic more than democratic, do not tend towards participative leadership style and do not involve their subordinates in their decisions, and are being happy to adopt coercive methods (which they consider to be the best). The most prominent leader prototype is the 'military man'. However, an investigation among Romanian employees preferences (in particular, the younger generations) brings out the desire to have more democratic leaders and more involved, which may serve as an important aspect for the cultural changes and practices of leadership in Romania.

Another important research is the Luca's (2005) monography suggestively entitled 'Employeeescu'. The research carried out by Luca (2005) by replicating Hofstede's study demonstrated that Romania has similar values with other Balkan countries, namely: high power distance, high collectivism, femininity, high uncertainty avoidance, short term orientation, in other words Romania, like other countries in the Balkans (Bulgaria, Greece, Serbia, Macedonia, Albania), places itself at the opposite side of the Anglo-Saxon countries, from which however, it borrows all the practices of the management and the human resources management as well. This triggers a potential for conflicts and failure which seems inevitable especially if the people within organizations did not become accustomed to the situation.

In fact, the study by Luca (2005) emphasizes that performance is not the main purpose of the traditional Romanian organization, but loyalty

and cooperation among groups (and collectivism). If the system of establishing the objectives endangers the safety of the employees, this system will soon become a political instrument and will be politicized in the organization and it will become a source of internal struggle.

Thus, the ideal scenario is the leader with British behavior in a structure with French or German procedures. The American structure, with a moderate level of the power distance could match, but the emphasis placed by the Americans on individual delivery of the results and on a high degree of internal competition (masculinity) will be removed in time by the Romanian employees very well prepared as professionals, taking into consideration the strong preference of Romanians of a relaxed working rate. If, on the other hand, the organizational structure resembles the French managerial behavior, i.e. authority and centralization, it will be very difficult for the Romanians to manage this, because it will remind them of the autocratic moments from the past, and they will start to withdraw and become silent in front of the decisions. 'The complex authority' can be triggered at any time to put the blame on the authoritarian leader for the personal failures. This withdrawal will irritate probably the French, who are waiting for that authority to be respected and that the employees become accountable for their actions and the former will not accept comments towards the authority.

The CEO study which is a part of the GLOBE project (den Hartog et al, 1999; House et al, 1999) looked at the leadership behaviors as perceived by subordinates and addressed also the Romanian leadership style. The sample was made up of 44 executives and 277 managers. The CEO study shared the main theoretical assumptions of the GLOBE project, leadership being seen as socially constructed by leaders and subordinates as well as by cultural assumptions on good and effective leadership. The study underlined the fact that Romanian leaders have more transformational characteristics such as vision- have a clear strategy, are diplomatic and have a communicative behavior.

More, Romanian managers tend to be risk avoiding and act on short run as well.

These studies suggest a persistence of directive autocratic leadership style as well as changes towards the legal, materialistic and performance orientations. Both culture and transformational settings of the companies play an important role for explaining the stability versus the changing environment.

4. Conclusions

Leadership is influenced and determined by the organizational culture and the experience. It requires integrity and active listening, responsibility, stability and change, visions and results. Effective leadership can be measured and modeled at least in three ways: by business results, through the organizational structure and the organizational culture.

As far as Romania is concerned, although the variations in the cultural configurations are of a great diversity and complexity, we may, however, identify two distinct types of organizational culture, supporting the hypothesis that these two categories are the extremes of a continuum with a wide variety of expression: a culture of 'bureaucratic' type, typical for: state-owned companies, former state firms in the post-privatisation period, educational institutions and employers' associations of the health of the state, public institutions, military institutions and the culture of 'entrepreneurial' type, in the process of formation, typical for the private companies formed after 1989.

The success in business is due to the intercultural approach because globalization is a fundamental objective of most businesses. The most important problems that appear in the case of the multinational companies refer to the compensation values, sacred and taboo, the management of the gradual conflicts, ethnocentrism, affiliation, faulty conciliation and naive realism. The leaders must learn to analyze the cultural differences and to identify those differences existing between

the values, to recognize that there are different concepts of power and to avoid errors of reward.

5. Acknowledgement

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”

References

- Aioanei, I. (2006) “Leadership in Romania”, *Journal of Organizational Change Management*, Vol 19, No. 6: pp. 705-712.
- Den Hartog, D.N., House, R.J., Hanges, P.J., Ruiz-Quintanilla, S.A., Dorfman, P.W., & other Globe Country Investigators. (1999) “Culture specific and cross-culturally generalizable implicit leadership theories: Are attributes of charismatic/transformational leadership universally endorsed?”, *Leadership Quarterly*, Vol. 10, pp. 219–256.
- Catana, D., Catana, A. (1996) “Aspects of transformation of Corporate Culture in Romania”, in Lang, R. (ed), *Wandel von Unternehmenskulturen in Ostdeutschland und Osteuropa*, Munich and Mering: Rainer Hampp Verlag, pp. 195-208.
- Catana, D., Catana, A. (2000) “Managerial culture between the globalization’s challenges and managerial education drama in Romania”, *Journal for East European Management Studies*, Vol.5, No. 3.
- Edwards, V., Lawrence, P. (2000) *Management in Eastern Europe*, Houndsmill, UK.
- Gangloff, B. (2000) “L’autorite et le pouvoir”, in Bernaud, J.L; Lemoine, C. *Traite de psychologie du travail et des organisations*, Dunod, Paris.
- Gehmann, U. (2003) “Modern Myths” in: *Culture and Organization*, 9, 2, 105-119; Routledge & Kegan

- Gray, C.; Mabey, C. (2005) "Management development – key differences between small and large businesses in Europe", *International Small Business Journal*, 23 (5), pp. 467-485.
- Heintz, M. (2002) "East European Managers and Western management theories: An ethnographic approach of Romanian service sector enterprises", *Journal for East European Management Studies*, 7, 3.
- Hofstede, G. (1991) *Cultures and Organizations. Software of the Mind*, London: McGraw-Hill
- House, R., Hanges, P. J., Ruiz-Quintanilla, S. A., Dorfman, P., Javidan, M., & Dickson, M. (1999) "Cultural influences on leadership and organizations - Project GLOBE", *Advances in Global Leadership*, Vol.1, pp. 171-233.
- House, R., Javidan, M., Hanges, P., & Dorfman, P. (2002) „Understanding cultures and implicit leadership theories across the globe: an introduction to project GLOBE”, *Journal of World Business*, Vol. 37, No.1, pp. 3-10.
- Hughes, R.L.; Ginnett, R.C.; Curphy, G.J. (1993) *Leadership. Enhancing the Lessons of Experience*, Irwin. Inc.
- Johns, G. (1998) *Comportament organizațional*, Ed. Economică.
- Kelemen, M., Hristov, L. (1998) "From centrally planned culture to entrepreneurial culture: The example of Bulgarian and Romanian organizations", *Journal for East European Management Studies*, Vol.3, No. 3, pp. 216-26.
- Kelemen, M. (1995) „How British and Romanian directors compare”, *Management Development Review*, Vol. 8, No. 3, pp. 24-31.
- Kotter, J.P. (2009) *Forța schimbării. Cum diferă leadershipul de management*, ed. Publica, București.
- Littrell, R.F.; Lapadus, N.V. (2005) „Preferred leadership behaviours: exploratory results from Romania, Germany, and the UK”, *Journal of Management Development*, Vol. 24. No. 5, pp. 421-442.

- Luca, A. (2005) *Employeescu, O scurtă caracterizare a angajatului roman*, București, Editura Interact
- McGregor, D. (1969) *Human Side of Enterprise*, McGraw-Hill, New-York.
- Mereuta, C. (1995) *Tranzitia managementului societatilor comerciale romanesti. Perioada 1990-2000*, Editura Tehnica, Bucuresti.
- Peterson, M.F., & Smith, P.B. (1997) “Does national culture or ambient temperature explain cross-national differences in role stress? No sweat!”, *Academy of Management Journal*, Vol. 40, pp. 930–946.
- Petit, F.; Dubois, M. (1998) *Introduction a la psychosociologie des organisations*, Dunod, Paris.
- Popovici, O. C., Călin, A. C. (2014) “FDI theories. A location-based approach”, *Romanian Economic Journal*, Vol.17, No. 53, pp. 3-24.
- Popovici O. C., Călin A. C., Simionescu M. (2014) “Investigating FDI inflows in Romania through an ARMA model”, *Internal Auditing & Risk Management*, Vol .35, No. 3, pp. 49-65.
- Robbins, S. P. (1992) *Essentials of organizational behavior* (3ed.). Englewood Cliffs, NJ: Prentice-Hall.
- Steyrer, J., Hartz, R., Schiffinger, M. (2006) „Leadership in transformation- between local embeddedness and global challenges”, *Journal of East European Studies*, Vol.11, No. 2.
- Thomas, A . (2003) „Psychologische Wirksamkeit von Kulturstandards im interkulturellen Handeln”, in Thomas, A.: *Psychologie interkulturellen Handelns*. Hogrefe Verlag.
- Yukl, G.(1998) *Leadership in Organizations*, Prentice Hall, Englewood Cliffs, New Jersey.

