

## APPROACH OF THE MANAGER – LEADER - ENTREPRENEUR RELATION FROM THE VIEWPOINT OF APPLIED MICROECONOMICS

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### ABSTRACT

*The article proceeds to a brief overview of the evolution of the main concepts in the field of human resource management and leadership. The main features of the manager, leader and entrepreneur are mentioned and dominant leadership styles are mentioned. At the microeconomic level the complex motivation-productivity relationship is emphasized through emotional balance and self image.*

**KEY WORDS:** *human resources, leader, entrepreneur, emotional intelligence.*

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### 1. INTRODUCTION

Human resources represent a concept that refers both to technical-economic and to social historical elements, if they are understood and treated as the totality of the physical and intellectual skills that man uses in the process of producing the material goods necessary for existence.

The definition of the human resources concept should start from the fact that they represent the main production force of society for the following reasons:

- human resources produce and reproduce the objective production factors;
- human resources create and stimulate the production means;
- human resources transform the objects of labour into material goods;
- human resources represent the only factor that creates new values;
- human resources influence the effectiveness of the use of material and financial resources.

In the super-symbolic economies of the Third Wave, the advanced technologies become incompatible with the rules of labour and the previous power relations. As in the previous stage owners had become dependent on managers when it came to knowledge, managers are now increasingly dependent on their employees.

The work environment is considered in treble hypostasis as the physical environment created by man by the location, the construction of the commercial company in a certain area of the natural environment with all the consequences resulting from this human intervention on nature, the psychosocial environment constituted by the organisational aggregation of the persons employed in the enterprise and manifested through systems of roles and statuses, hierarchical relationships and collaboration in labour and psychosocial climate, socio-cultural environment expressed by traditions, characteristic features of the workforce in the area of the company's location, as well as those formed within the enterprise through the joint work of people from different regions of the country.

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The psycho-socio-technical system expresses the relationship between man and labour on the level of the productive or service companies. However, if we take into account the society as a whole, the super-ordered system is psycho - socio - ergo - economic, and the economic objectives are fulfilled within it through labour activities carried out by people organised and connected in a certain social context.

The relationships between the system components are bi-univocal. The operator man must adapt to the requirements of the system that are determined by the builder man, both to the technical parameters and the psycho-physiological parameters. In its turn, the environment is created and positively or negatively affected by human activities and the environment influences to a greater or lesser extent both the operator and the work he/she carries out.

Within the informational society, within the man - labour system, the ergonomic component become computerised can become a means and purpose , of the work activity. The information ensures the manufacture of products in a shorter time, of higher quality and with less effort. As a result, the system may be called a psycho - socio - info - economic system.

## 2. CONCEPTUAL EVOLUTION

### 2.1. THE DOMAIN OF HUMAN RESOURCE MANAGEMENT

The concept of human resource management could be seen as a philosophy that governs the manner in which employees should be treated in the best interest of the organisation.

Storey (Storey J, 1989) distinguishes between two options: the material-utilitarian ("technicalist") interpretation and the moral-ideological ("humanist") interpretation.

In the technical approach, people are seen as *human capital* with a gain that can be obtained thereof by a judicious investment in their development.

Fombrun, Tichy and Devanna (Fombrun et al., 1984) portrayed workers quite explicitly as another essential resource used by managers in gaining competitive advantage for their companies. The concept of *intellectual capital* provides the theoretical foundation of this concept.

Guest (Guest, 1989: p.48-51) claims that "The intention to adopt human resource management is based on the economic case of the need to react to an external threat triggered by increased competition. It is an appealing philosophy for the managers who, striving to increase their competitive advantage, realise that, in order to do this, they need to invest in both new technology and human resources." Also, Guest observes that human resource management "reflects a longstanding capitalist tradition in which the worker is regarded as a commodity."

The humanist model of human resource management model has its roots in the school of human relations, focusing on communication, motivation and leadership. As described by Storey, this model involves "treating employees as valuable assets, as a source of competitive advantage grace to their loyalty, adaptability and high quality (professional skills, work performance, and so on)."

Therefore, using Guest's terminology, he looks at employees rather as means than as objects. The humanist approach emphasizes the need to gain people's devotion - "their hearts and minds" - through involvement, communication and other methods of

developing an organisation characterised by a high degree of commitment and trust. He also draws the attention to the key role of organisational culture.

The focus is laid on "reciprocity": the belief that the interests of the top management and of the employees can and should actually coincide. It is therefore a unitary approach. In the words of Gennard and Judge (1997), organisations are supposed to be "harmonious and integrated entities, all employees sharing the goals of the organisation and working together as members of a single team."

Truss (1999) (in Koster, 2002) notes, however, that "although the rhetoric of human resource management is an ideological one, reality is often utilitarian, with the interests of the organisation prevailing in front of the individual."

The research conducted by Gratton et al. (1999) identified, in the eight organisations studied, a combination of technical and humanistic approaches to human resource management. This has suggested to the researchers the conclusion that the distinction between the technicalist and the humanist versions is not as precise as some authors (Paauwe et al, 2012) consider.

In the 1980s, the first human resource management models were developed, namely the "harmonisation model" and the "Harvard general model".

Hope-Hailey et al. (1997: p.5-18) also identified two other models: the one of optimal practice (of outcomes) and the conjectural or contingent one (of strategic concordance).

One of the first explicit statements of the concept of human resource management was that of the Michigan School (Fombrun et al., 1984). The authors of this statement argued that the HR systems and the organisation structure should be managed in a way that is compatible with the organisational strategy (hence the name "harmonisation model")

The other founding fathers of human resource management were Beer et al. (1984) within the Harvard School, who developed what Boxall (1992) calls the "Harvard General Model." This generic model is based on the belief that the problems of classical staff management can be solved only when general managers acquire a view of how they want to see the employees involved in the enterprise and developed by the latter, and on the policies and management practices that could lead to the meeting of these goals. Without a central philosophy or at least a strategic vision (which only general managers can assure), human resource management risks to remain a mere sum of independent activities, each guided by its own tradition when it comes to practice.

Beer and his colleagues considered that "Nowadays, many imperatives require a broader, more comprehensive and strategic vision of the organisation's human resources." These imperatives triggered the need for a "longer-term perspective in managing the human population and considering people as potentially valuable assets rather than as mere variable costs." Beer and his collaborators were the first to highlight the fundamental principle of human resource management, according to which it belongs to the execution managers. They also pointed out that "Human resource management includes all decisions and managerial actions that affect the nature of the relationship between the organisation and its employees - its human resources."

The model of the optimum practice or "outcomes," taking on Walton's ideas (Walton, 1985), emphasizes the assumed commitment rather than obedience, and recommends culture management processes to achieve cultural control.

The contingency model focuses on achieving a balance between economic strategy and human resources strategy.

## **2.2. THE LEADERSHIP DOMAIN**

Many attempts to define leadership have been conducted over time by specialists, numerous and diverse approaches and points of view, demonstrating the extreme interest that this subject has made. By leadership most people, according to Daniel Goleman (Goleman, 2002), understand a person's ability to mobilise and direct the capabilities of an organisation's members to achieve the set goals. This general definition almost automatically involves focusing attention on terms such as power, influence or authority, and linking the leadership process to the management process within an organisation.

In a recent review of leadership theories, Peter G. Northouse (Northouse, 2007) identifies four common themes related to the way in which leadership is expressed: it is a process, involves influence, occurs in the context of creating a group and supposes achieving goals; he defines leadership as a process in which an individual influences a group to achieve common goals.

It is therefore difficult to generalise a definition, but the essence can be defined, says Northouse, as an interpersonal relationship by which a person influences, the attitudes, the beliefs and especially the behaviour or actions of others, causing them to undertake these actions voluntarily without being expressly required to do it or fearing the negative consequences that would come from disobedience.

Also, in the literature it is stated that leadership is the element of management activity which deals mainly with the human resources issue, the ability of the leader to influence, mobilise the members of the organisation to achieve the goals (Mintzberg, 1999) or that the leadership is the force of success providing inspiration for employees, applying a trust-based system instead of reporting and effective communication, generating permanent initiatives and positive changes (Kotter, 2009).

Besides the types of leaders (change agents, trusting people, capacity to assume risks, to impose a values system, to permanently learn, to possess the ability to work in complex and doubtful situations and to be visionaries), Stephen Covey, considers that a leader must also fulfill the following conditions: to be successful in a familial environment, to look for divine help, to care for people involved, not to make compromises, not fear mistakes, to create a new competence for each moment, to ease the employees' success, to listen twice and speak once, to plan a day ahead, to have a positive attitude, to keep his or her sense of humour, to ask for advice from specialized persons and to be sincere but firm in his statements (Andreș, 2015).

From our point of view, leadership represents an ensemble of knowledge, skills and attitudes by means of which a person manages to control, motivate and empathise with a group of individuals with the same purpose and action plan.

## **3. MANAGER VS LEADER V *ENTREPRENEUR***

The concept of "performance" needs to be defined by many variables. We can refer first to the results, so what we get from certain activities, but at the same time we consider the concepts of effectiveness or efficiency, in terms of the need to perform a whole series of objectives, and on the other hand the idea of assessing the cost / result.

Performance management is a complex process, which consists not only in the collection of data in accordance with the attainment of a predetermined set of

objectives, but can be regarded rather as a "system" through optimization to achieve the required efficiency (Demyen, Lala-Popa, 2012: p.74).

In order to implement a performance management system, it is absolutely necessary to know the roles and qualities that those involved in performing the functions of management must achieve efficiently.

The literature identifies the following attributes for the first two categories:

#### **Managers**

- Impersonal attitudes
- He/she coordinates, balances
- Low emotional involvement
- Conservative tendency - **execution**

#### **Leaders**

- Personal attitudes
- He/she stimulates work
- They are empathic
- They are oriented toward **change**

The performance for the economic operator becomes obvious when the manager has motivation, a prerequisite for: clear setting of goals; communication to the employees of the objectives and means of achievement; development of the work schedule according to the desired performance; reward of the employees for their individual contribution.

The manager's motivation is based on three main elements:

Interests – they represent the activities toward which he/she is focused with the aim of gaining advantages for himself/herself and the team he/she manages.

Attitudes – they represent the predispositions of accepting or rejecting events, tasks, people.

Needs, which in fact overlap with desires that are usually existential, or relating and fulfilment.

An important role in achieving performance is played by the way in which the manager carries out his / her duties of planning, organising, coaching and coordinating activities, namely how he/she thinks and acts.

The management style results from the combination of the two fundamental attitudes:

✓ Responsibility for the function performed and the objectives of the company, reflected by the concern for the implementation of the strategies and the fulfilment in the best conditions of their attributions, by the interest in the efficiency of the work and the desire to achieve performance outcomes;

✓ Co-operation between managers and employees, expressed through the concern for the overall results of the company, the interest in human relations, the work climate and the problems faced by the staff, as well as the tendency to ensure collaboration between the departments in the structure.

The optimal style involves adapting to different situations, sensing the essential elements by treating the seemingly similar problems differently and using the most appropriate methods for each situation. It is advisable to promote offensive, stimulating, creative, renewing strategies. In this way, the manager can extend his or her role beyond the formal reality conferred by the position in the hierarchy of the commercial company, becoming a leader.

The manager exercising his or her formal authority must take care that the tasks and objectives are well realised, aiming at the finality of his/her actions and the team. Only in this way the performance becomes certain and corresponds to the effort made.

The model proposed by Vroom and Yetton (Vroom, Yetton, 1973) illustrates the parallel between the decision-making and the leadership style. It relies on the idea that no leadership style is adequate enough to be applied in all situations, and therefore managers need to be flexible enough to adapt their leadership style to the particularities of the different situations that arise.

The singularity of this approach consists in forwarding a normative model allowing the manager to find out which leadership style is best suited to the decision making, taking into account two situational variables:

- a) the degree of acceptance of the decision by the employees
- b) the quality of the decision.

The authors propose a continuum consisting of five leadership styles, which vary according to the two situational variables:

**Autocratic**

AI - extremely autocratic, they make their own decisions

AII - moderately autocratic, they gather information and make decisions

CI - advisory I - they consult the staff, but make their own decisions

CII - advisory II - they favour group consultation but can make decisions on their own

GII - participatory - the decision is made within the group

**Participative** - which tends to favourably resolution of matters, they feel the need for collaboration, mutual help to achieve long-lasting and real improvements.

It is obvious that decision-making is closely linked to the leadership style adopted in an organisation. For example, a democratic leadership style will allow the decentralisation of the decision-making process, while an autocratic style will have reverse effects.

A good management implies the organisation's full awareness as a whole and a commitment to work within the organisation and with every member of the organisation. One way to analyze a company's performance might be to carefully look at all of these aspects as they work in that company.

*The manager entrepreneur* is characterised by the following:

- He/she possesses qualities and managerial skills;
- He/she likes to lead his/her own employees, in which purpose he/she strives to develop a larger size company;
- He/she allots time and resources to persuade potential customers to buy the company's products;
- He/she encourage the staff to build and pursue a career in the company;
- He/she emphasizes the elimination of cultural differences between individuals and the establishment of a company-specific organisational culture.

The manager's tasks are substantially different from those specific to the entrepreneur, and managerial talent is fundamental to the success of the business. All entrepreneurs tend to become managers but, beyond a certain level of organisational complexity, this trend is greatly reduced. At the same time, only some managers succeed in individually developing the aptitudes specific to the entrepreneur.<sup>1</sup>

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<sup>1</sup> <http://intreprinzatori.ro/115-2/intreprinzator-manager-tehnician/>

- The characteristics of a successful entrepreneur (Minică, Muntean, 2012):
- a person who takes risks;
  - sufficient financial capital holder;
  - a person who thinks in an innovating manner;
  - good human resources coordinator;
  - a person who imagines, develops and concretizes visions;
  - a person careful to details;
  - a person who loves all that surrounds him/her and takes the best parts to create something new;
  - impulsive person;
  - distortion of reality.

#### **4. CHANGE OF THE ACTIVITIES SYSTEM ON THE MICROECONOMIC LEVEL FROM THE PERSPECTIVE OF HUMAN RESOURCES**

Under the imperatives of innovation and speed, firms tend to use fewer but better paid workers, and in the industries of the new generation, the old authoritarian structure of command is replaced by an egalitarian, collegial work style.

The meanings of work can be defined by three major components: work objectives, centralisation of work and labour standards in society.

The goals of work are the values sought and preferred by individuals in their job. They are structured in economic terms (high salary, employment security) and expressive dimensions (degree of autonomy, chance of improvement, matching between job requirements and personal qualifications, variety and attractiveness of work).

The Germans privilege economic goals, and the Japanese the expressive ones, especially the matching of the job with the individual's abilities. The Americans demonstrate a balance between dimensions, ranking the attractiveness of work first and the degree of autonomy in the third place.

The centralisation of labour is the degree of general importance attributed to work in the context of personal life. It is much more significant in the labour force of Japan than in Germany or the USA, amplifying the managerial intervention possibilities in the field of human resources. Above a certain maximum level of importance assigned to work, it exerts constraints, limiting the possibility for the manager to intervene on the employees.

The workplace social norms are the normative requirements and expectations of specific rights and obligations attached to work. They are inclined towards employees' rights in Germany and slightly unbalanced toward duties and obligations in the USA. Japan is the most balanced country, focused on employees' responsibilities. From the point of view of social norms, the German trade unions exert greater pressure on management than the Japanese and American ones.

In the search for a balance between social life and work, many employees require temporary or low-cost jobs, and management offers a variety of timetables or commitments to attract this segment of the labour force with more flexible remuneration. In developed countries there is also the possibility of alternative working hours, flexible time or sharing of tasks associated with full positions between part-time workers by agreement.

Technical developments, current economic and social changes have made important changes in ways of adapting the human factor to the professional and extra-professional environment. Together with the skills in adapting the human factor, the weight of other personality factors also increased significantly. That is, the importance of dynamic and global aspects of personality has increased.

Although the contribution of individual skills in the manifestation and dynamics of personality in labour can be measured directly through performance, it is not equally true for other personality factors. They are assessed against other criteria: adaptation, integration and professional success.

Professional integration is the process by which the human factor reaches "its identification with the structure and objectives of the socio-professional framework".

Unlike integration, adaptation has a much wider expansion, involving professional success and stability.

The first personality trait that is required in relation to these criteria is "emotional stability". Emotional instability is the main cause of non-adaptation, especially in complex activities with a high degree of danger and risk.

Another feature is "self-image"; and it determines the personal involvement in work, in the sense that the individuals tend to engage their self-esteem in fulfilling their professional obligations.

Then "the attitude of the human factor towards work and towards one's own person" is another feature. Attitude is the predisposition to react in a certain way, regardless of the situation. On its basis, the human side manifests its independence.

The employee's attitude towards work is based on man's interest in achieving the highest performances, for which he is rewarded, reward that leads to satisfaction. If reward is perceived individually as fair, it leads to satisfaction, if not, it generates dissatisfaction.

The relationship between performance and satisfaction is not univocal, as it seemed at first glance. We have to deal with a complex relationship, interfering with other variables involved in this conditioning. However, the most important variable remains the "pressure toward production" as it largely influences the degree of satisfaction, i.e.: if the "pressure" increases to a perceived "normal" level, production will increase and the level of satisfaction will remain independent. When "production pressure" is too high and claims are expressed in a too constructive form, discontent increases, on the one hand. On the other hand, any urge toward production, no matter how unpleasant, remains effective, because it increases individual yield.

The relationship between production and satisfaction will reverse and the negative correlation between them will increase as the pressure applied exceeds the tolerable limits. These obsolete limits will not only lead to dissatisfaction, but also to labour conflicts.

Between individual skills and these dynamic and global aspects of personality, called traits, a series of connections take place in the activity. The most important are known as "compensation opportunities".

Another personality factor involved in professional success is "motivation". Regarded in this form, motivation forces human personality to make changes and engage in rebalancing behaviour that will contribute to professional success. However, the positive role of motivation, as a personality trait, in determining performance, cannot be absolutised because excessive motivation, super-motivation, instead of contributing to the improvement of results, on the contrary leads to weaker

performances. This decrease in performance is based on the law of intensity, which improves performance only up to the critical level. If they get intensified beyond this zone, performance will begin to decline.

Today, the problem of the link between "motivation" and "anxiety" is becoming more and more debated, given that anxiety is manifested in the anticipation of shock and fear of failure, which in many cases mobilizes new energy reserves, but most of the time leads to the blockage of the psychic forces and of the mechanisms through which performance is achieved. The blocking measure depends on the manner in which professional performance involves the prestige of the person, the extent to which the "ego" is affected.

## CONCLUSIONS

Human resources are the organisation's most important investment, they are the only ones that have unlimited potential for creativity, innovation, identification of original and valuable solutions for any challenge that occurs on the company level.

Another key feature is that they are the only ones capable of producing and reproducing other economic resources with potential for growth and development, but which must be motivated and trained to achieve strategic and operational objectives on the microeconomic level.

The manager has an important role to play in administered the main categories of reasons that put pressure on change: globalization, ever-changing technology, shortening the product lifecycle, continual change of the workforce nature.

The leader is the person who has a more developed emotional intelligence (EQ) and knows how to communicate, how to be assertive and efficient.

The ideal management situation would be that the entrepreneur has the IQ and the training of a manager and the EQ of a leader.

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