

CORPORATE MANAGEMENT IN FEW MULTINATIONAL COMPANIES REPRESENTED IN ROMANIA

Professor PhD Armenia ANDRONICEANU

Bucharest Academy of Economic Studies

Email: armenia.androniceanu@man.ase.ro

Abstract :

The paper contains the results of an interesting research done by the author in some multinational companies which have branches in Romania, mainly in Bucharest, Arad and Timisoara. The objective of the research paper was to find out some particular aspects of the corporate management taking into account some key variables like: corporate values, leadership style, strategic perspectives and communication. In order to do this research we have developed a special survey based on a questioner. The survey shown us how all these above mentioned variables are influencing the corporate management and how important is each of them within the management process. The results of these surveys gave us the possibility to find out the way in which corporate management is influencing and is influenced by the variables considered. Last part of the paper presents some conclusions of our survey and the most important changes which should be taken into account by the corporate management team members in order to be more efficient and effective in their work.

Keywords: corporate management, cultural values, leadership, strategic perspectives, communication.

Introduction about corporate management

The future of multinational corporations competitiveness in the global market is contingent of their corporate management ability to change and adapt their resources strategically. In order to be successful in today's market, companies have to have a clear vision and to build up a strong corporate culture which moves that vision into a reality.

Corporate managers must develop practices which will maintain congruence with the overall strategic plan of their respective multinational corporations while balancing the economic, social, political and legal constraints of the various host countries (Milliman and Von Glinow, 1991).

There are three different perspectives in the literature related to corporate management definition.

According to the first approach, corporate management is referring to and emphasizes the management of human resources of the company. So, according to some scholars in the area (Koontz and Weihrich, 1993) corporate management is the process of designing and maintaining an environment in which human resources work together in groups to accomplish selected objectives efficiently.

The second perspective is considering corporate management like a process that involves the activity of the top management (Mossimann, 2007). The author is explaining corporate management as management process of all managing bodies as the dispositive factor. He shows that the major task for the corporate management is to identify specific goals for the company and to find the best strategy for accomplishing them.

After a deep analysis in the literature we can support the idea of existing the third perspective of approaching corporate management like a cycle. So corporate strategic management cycle is like a chain of events that is repeated year after year in the corporate sector of the whole world.

According to this point of view corporate managers set goals, make plans, decide about planning alternatives, implement and control whether implementation corresponds to the goals, monitor and evaluate the process and find the right way of passing the business difficulties in order to get profit. If it does not, goals in turn may be affected - the circle is closed. More then that our opinion (Mihalcea and Androniceanu, 2000) is that corporate management, also is knowing as corporate performance management and it refers to management practices which are tailored towards providing a particular goal or outcome which, in the case of most instances of corporate management, is profit generation.

Corporate management is thus practiced on many different levels within a corporation with the overall heads of the corporation practicing corporate management to the extent that they are attempting to shape a corporation's policies and practices to generate profit on a large scale. It is also practiced by the individual team managers in order to get the best, most productive output out of their teams.

Corporate management involves determining the desired goals of the management procedures, determining exactly how to measure success in terms of those goals, and then proceeding to determine management policies based on improving the results of those measurement methods (Burdus, Androniceanu, et al, 2008). Corporate management is never a simple process, as it involves consideration of a number of different, important factors, any of which can play a vital role in the overall success or

failure of corporate management strategies (Nistorescu and Sitnikov, 2003). For example, corporate management strategies which might put an emphasis upon particularly speedy production might result in a lack of quality across all the variously produced goods of the company. Such a strategy ultimately might backfire as that corporate management strategy might result in a decline in profit as opposed to an increase in profit, even though additional units are being manufactured.

The structure of corporate management and the internal functional mechanism

According to our view (Androniceanu, 2010) corporate management is represented by the president and directors board of the company who are responsible for creating policies and procedures for the business organization. The enforcement of these policies and procedures ensure employees to understand the corporation's mission and vision. A corporate management can be broken down into various other pieces to perform the array of task for the company. The company assigns different ranks to the directors like CEO (Chief executive officer) who is responsible as a president, CFO (Chief financial officer, vice president and COO (chief operating officer). To run the company smoothly, several other employees work under each rank mentioned above. The company adopts various styles in the corporate management.

Sometimes, it does not seem easy for the multinational company to work on the tasks at once, so they have to take different decisions on daily basis. Some important styles which are suitable for the management is called centralized and decentralized management. To generate favorable results and less ambiguity, one must have to select these styles. The board of directors, chief officers and

operational managers make up the basic levels of corporate management.

The responsibility to make decisions and direct the corporation lies with these owners and managers. Directors, officers and managers build corporate relationships with other companies in the business environment. These relationships help companies acquire economic resources and move consumer products through the economic market.

Based on our thinking about corporate management (Mihalcea and Androniceanu, 2000) we can say that the structure of the highest level of corporate management comprises the corporation's chief executives. The chief executives of a corporation, appointed by the board of directors, oversee corporate operations. They ensure that the corporation is running smoothly, and the officers make certain the board decisions are being implemented properly.

Shareholders elect the board of directors within a corporation to serve a certain length term. They must attend board meetings and have the responsibility for the entire management of the corporation. Moreover, the directors are fiduciaries of the corporation, and they must be loyal to the corporate interest. The directors must refrain from conducting business that would be a direct conflict of interest to the corporation. Moreover, the directors hold a duty of care to the corporation and must make informed decisions that benefit the corporate interest.

The officers of a corporation, elected by the board of directors, are agents of the corporation. The leading officers of the corporation are the president, vice president, secretary and treasurer. Three other types of corporate positions are the chief accounting officer, chief compliance officer and the chief business officer. As a whole, corporate officers oversee the various operations of the corporation.

Moreover, the corporate officers plan and implement policies and objectives within the corporate organization; negotiate contracts; review reports; and appoint department managers.

The President of the corporation is the Chief Executive Officer (CEO) and may occupy a seat on the corporation's board of directors. The CEO oversees the daily operations of the corporation. Furthermore, the president abides by the guidelines and procedures of the board of the directors and implements the decisions of the board.

Most corporations include a vice president who is responsible for carrying out the functions of the corporation's president during his absence. Additionally, some corporate vice presidents may oversee certain operations in the corporation, such as administration or sales. The secretary keeps track of the corporate books and records. Essential functions of the corporate secretary are to keep track of the minutes from board meetings and provide the corporate seal. The treasurer manages the corporate funds by endorsing checks and issuing disbursements. Moreover, the treasurer keeps a record of the corporate bank accounts and checks. All these members of the corporate management in every international company have the most important role in the business process, because they are responsible for the corporate management strategies and policies.

Corporate management is part of the multinational corporation which have existed since the beginning of overseas trade. They have remained a part of the business scene throughout history, entering their modern form in the 17th and 18th centuries with the creation of large, European-based monopolistic concerns such as the British East India Company during the age of colonization. Multinational concerns were viewed at that time as agents of civilization and played a pivotal role in the commercial and industrial

development of Asia, South America, and Africa.

By the end of the 19th century, advances in communications had more closely linked world markets, and multinational corporations retained their favorable image as instruments of improved global relations through commercial ties. The existence of close international trading relations did not prevent the outbreak of two world wars in the first half of the twentieth century, but an even more closely bound world economy emerged in the aftermath of the period of conflict.

In more recent times, multinational corporations have grown in power and visibility, but have come to be viewed more ambivalently by both governments and consumers worldwide. Multinational corporations appear poised to expand their power and influence as barriers to international trade continue to be removed. Furthermore, the actual nature and methods of multinationals are in large measure misunderstood by the public, and their long-term influence is likely to be less sinister than imagined.

Multinational corporations share many common traits, including the methods they use to penetrate new markets, the manner in which their overseas subsidiaries are tied to their headquarters operations, and their interaction with national governmental agencies and national and international labor organizations.

A multinational corporation is a business concern with operations in more than one country. These operations outside the company's home country may be linked to the parent by merger, operated as subsidiaries, or have considerable autonomy. Multinational corporations are sometimes perceived as large, utilitarian enterprises with little or no regard for the social and economic well-being of the countries in which they operate, but the reality of their situation is more complicated. There are over 40,000

multinational corporations currently operating in the global economy, in addition to approximately 250,000 overseas affiliates running cross-continental businesses. In 2008, the top 300 multinational corporations had combined sales of \$10.1 trillion. The top multinational corporations are headquartered in the United States, Western Europe, and Japan; they have the capacity to shape global trade, production, and financial transactions. Perhaps the greatest potential threat posed by multinational corporations would be their continued success in a still underdeveloped world market. As the productive capacity of multinationals increases, the buying power of people in much of the world remains relatively unchanged. As we can see there is a strong tendency to increase the position of the multinational corporations in the near future. So the next section of this paper is presenting the results of our empirical research done in the Romanian business environment having in center the corporate management of some of the most representative multinational companies from Romania.

Empirical research done on corporate management in Romanian business environment

In order to see how few important variables are influencing the corporate management and how corporate management is influencing the multinational company results we have done a special survey. The main findings are presented shortly in this section.

Sample and procedure

The sample contained 10 multinational organizations which have branches in Romania, mainly in Bucharest, Arad and Timisoara. All the respondents are members of the corporate management team and represent at different levels the multinational companies in our country. In annex 1 is presented the list containing these 10 foreign corporations which are active in Romania and have

their headquarters in Bucharest, Arad and Timisoara. The average age of the respondents is 43 years old. The structure of the sample by gender is presented in figure no. 1 where we can

see that 66% of the respondents in the sample were male and 34% were female.

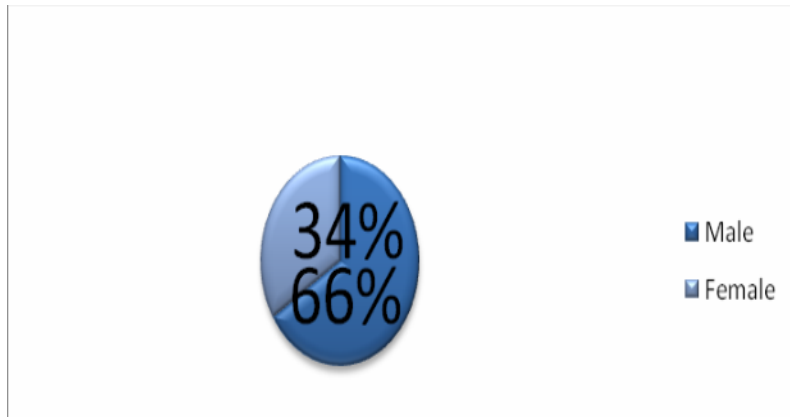


Figure 1. Structure of the sample by gender

As we can see in figure 2 the multinational companies in this sample came from a variety of industries:

electronic services and technologies; informational technologies services, communication, trade and construction.

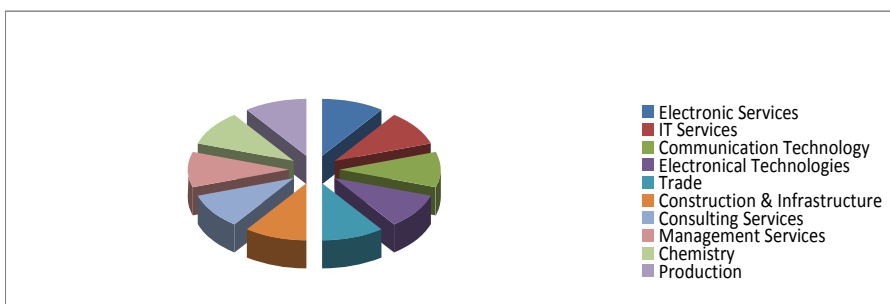


Figure 2. The activity fields of the multinational companies

The response rates are sufficient to give us the possibility for a comparison which leads to interesting results regarding their corporate values, leadership, communication and strategies of these corporations. Participants also varied from small to

medium sized multinational companies in terms of their representation in Romania and even up to large scale companies. Most of the multinational companies recorded revenue of million Euro globally.

The hierarchical level of our respondents offers interesting insights as well. All questionnaires were answered. In figure 3 we can see the

distribution of the respondents in the sample.

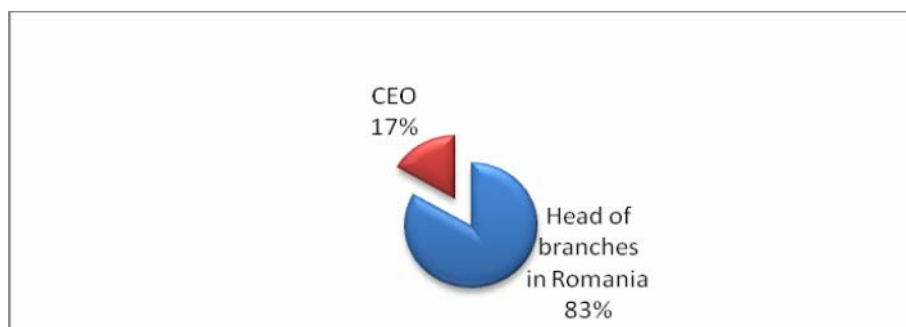


Figure 3. Function of the respondents within the multinational companies involved

More than 80% are head of branches in Romania and less than 20% are CEO inside the corporate management team.

Method and variables

The main research method used was a questionnaire containing five questions. All respondents have been asked to fill out the questionnaire and return it to the author via e-mail. We received all the questionnaires filled.

The measured variables included in this study were the following:

- Corporate culture values;
- Corporate management strategic perspectives;
- Leadership style;
- Communication process

Concerning the first variable the study shown us that there is a desire for a unified corporate culture, but in fact in practice it's not working. For this variable I asked respondents to indicate the extent to which their headquarters' corporate would like to maintain their corporate culture in their foreign subsidiaries. The high score indicated more tolerance for the immersion of local cultures, whereas low scores reflected a desire for conformity among all foreign subsidiaries with the parent

organization. The main conclusion on this point was that corporate culture is very much influenced by the national culture where the organization is working.

The respondents underlined the fact that the corporate management is doing effort using different instruments for motivation the local workers to understand the corporate culture and to assimilate it.

As a result the corporate culture in their organizations contains two categories of values: one is a basic corporate culture values which is coming from the mother corporation and the other one is a group of specific corporate culture values which includes some consistent elements of the local culture of the country where the subsidiaries is located. It depends on how corporate management is dealing with both categories in order to be more effective and to get positive results at the end.

As we can see in figure no. 4 the respondents appreciated that in most of the cases corporate management were finding out the common set values of the corporation with the most positive influence to them.

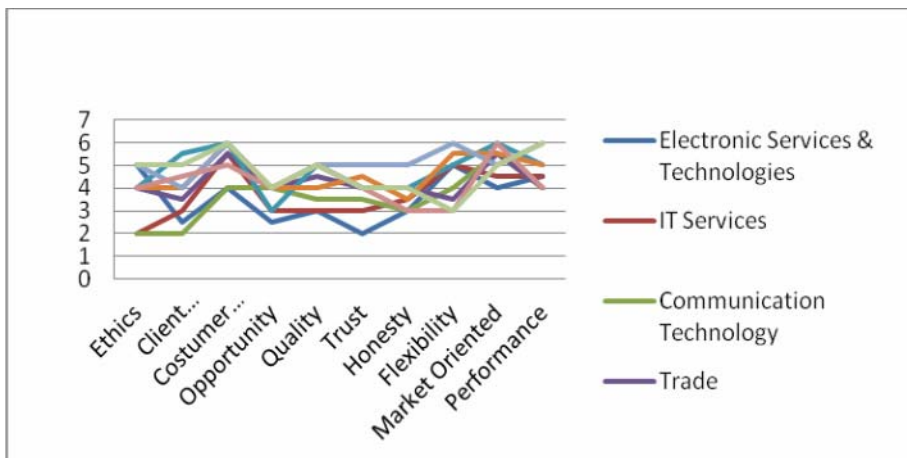


Figure 4. The common values of the corporate management team on a common scale

Based on this conclusion we can say that corporate management is playing the key role in setting up the values of the corporate culture and in embracing changes in it in order to have a coherent and integrate corporate values system.

The second variable measured was the strategic approach of the corporate *management*. Respondents were asked to check which of the four strategic perspectives is most closely represented in their corporate

management strategy. The questionnaire included the following types: ethnocentric, regiocentric, polycentric and geocentric. A short description of each type has been already provided to have the same meaning considered. The answers of the respondents confirm the fact that the multinational companies branches are very much interested in ethnocentric strategies type. (see figure 5 – The preferred strategic perspective)

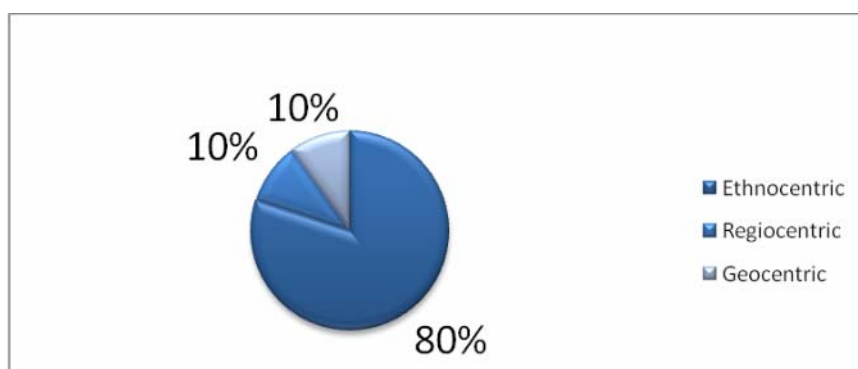


Figure 5. The preferences of the strategic perspectives

On the other hand the corporate management is responsible for finding suitable directors who can understand

the national culture values and the core values of the corporation.

The reason for this is the value structure of the host nationals which is

not directly influenced by the parent company but this remains very important for the strategic development. Some data from our research show that in Romania the strategy of the corporation is very much influenced by the strategy of the mother corporation.

So, we can see the influence of group strategy and a strong determination in Romania for setting a corporate management strategy that includes most of the group strategy parts but adapted to the Romanian market and the regional business environment.

The third value considered in our research was leadership style of the corporate management members and how can it influence the results of the company.

The respondents mentioned the fact that the leadership style is one of the key elements in their companies. More than 90% said that their performances are strongly influenced by the leadership style of the corporate management as a team and individually.

This majority declared that they appreciated very much the participative style based on a better communication and cooperation along the strategic management process. They totally rejected a top-down leadership style

and appreciated that for their multinational companies this kind of style fails in most of the cases and situations.

The rest of the respondents appreciated that the most productive leadership style is based on a *combination between participative and authoritarian leadership style*.

They explained it through the fact that in many cases corporate management team should be very defined in their decision-making but on the same time they appreciated very much the need for combining it with participative leadership style.

Otherwise can raised a contradiction between what the corporate management is expecting and the results.

One of the conclusion of this value is that leadership style should be flexible along the strategic management process and should be based on a better communication which allowed the human resources to participate in some ways in the decision making process and in the implementation as well.

As we can see in figure no. 6 most of the respondents appreciated the fact that leadership style should be a combination of different types of leadership.



Figure 6. The most successful leadership style

The leadership style is the key element assumed by the team members of the corporate management and it is influencing directly all the multinationals company results.

The last value considered in our research was communication. All respondents mentioned that communication is crucial for their work and results. It is influencing directly their activities on a short medium and long term.

As we can see in figure no. 7 they appreciated very much both forms of the communication process: formal and informal, but 80% said that informal communication should be more effective then formal. They have been asked about the share of the formal and informal communication. 80% of them said that the communication process should be informal and just 10% must

be formal and other 10% a combination of both forms.

The main reason for that was that along the informal process they can understand better what is going on or what the team corporate managers are thinking and why they are going to act in one way or another.

They underlined the fact that communication process is an integrated part of their organizational life and culture which is influencing very much the content of their work and the performances.

They need to feel that corporate management members team and themselves are part of the same communication process and the links between them is given by the communication process. As we can see in figure no. 7, there is a strong support and consideration for an effective informal communication.

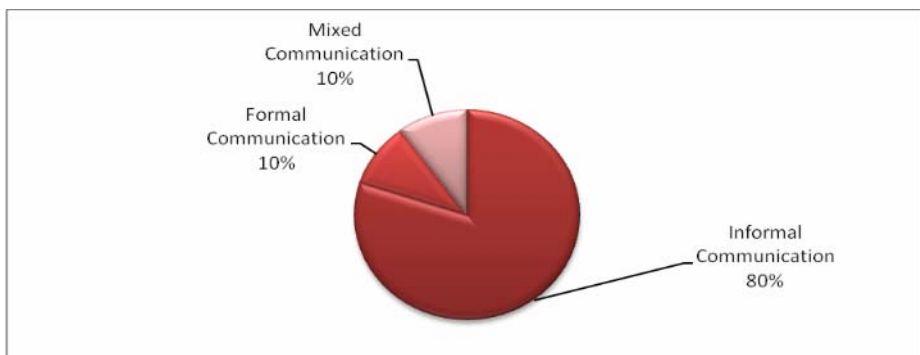


Figure 7. The Share of the communication forms within the corporate management team

The conclusion is also important because we can observe that communication process in every organization is one of the most important variables that is influencing the business results directly.

Analysis of the survey results in some multinational companies represented in Romania

The survey shows that all respondents recognized the significance of common strategy development and management approaches. In order to show off the importance of values included we consider a scale of 1 – not important to 4 – very important as shows figure no. 8 for each business field. On average of their importance was rated as 3.

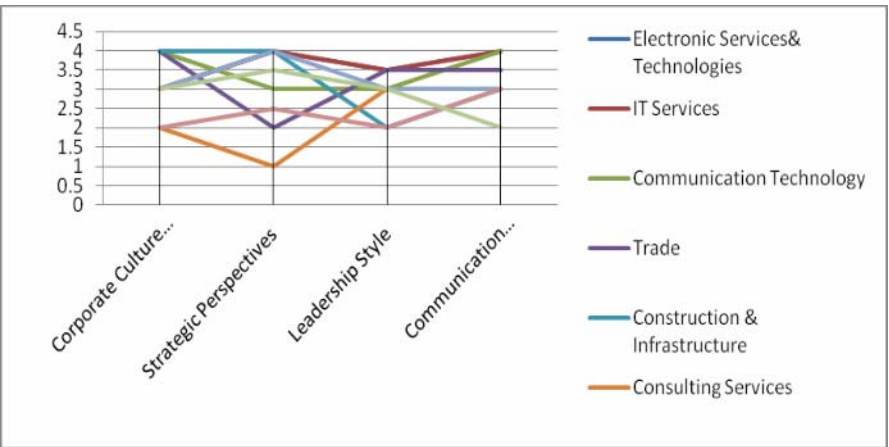


Figure 8. The Level of importance of each value analyzed

In order to evaluate their answers we consider the values mentioned above: corporate culture values, strategic perspectives, leadership style and communication process. Generally speaking, these results are not surprising. Methodologies are certainly helpful, but in the end, they are just supportive.

Especially in the field of strategy, the relevance of methodologies is limited. Only the combination of top management's ability to identify strategic priorities, such as innovative

market strategies, and the creative process of turning strategic initiatives into measurable results will ensure success. We also found that strategic communication is an important part of successful execution.

As we can see in figure no. 9 the survey proves the fact that transparent and comprehensive communication of the strategy is considered very important to its implementation with a rating of 3.5 on a scale of 1 – unimportant to 4 – very important.

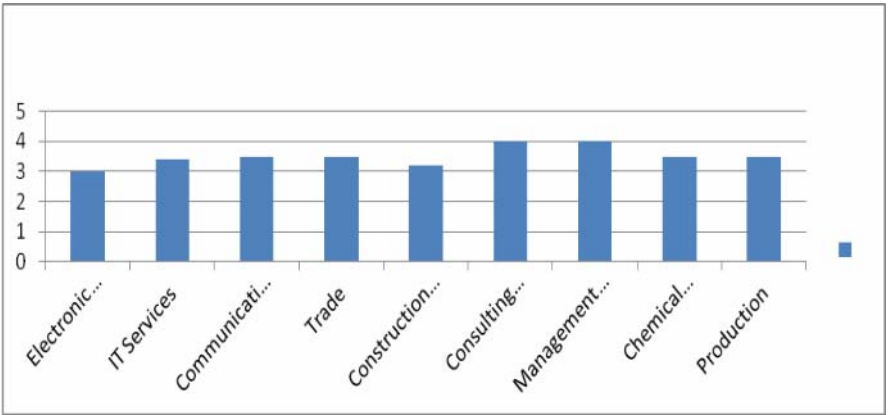


Figure 9. The importance of the communication process along the strategy implementation

The communication of the strategy has to be adapted to the different levels of the multinational corporations as they all have different expectations and information needs.

Main conclusions

Effective corporate leaders blend four primary styles of leadership that include telling, or directing others' behaviors; selling, or convincing others; participating, or actually joining in doing the company's work; and delegating, or empowering employees of the corporation to make decisions that further the organization's interests.

Effective corporate leaders exhibit a number of personal characteristics. They must have advanced problem solving skills, including the ability to analyze and define before developing and implementing corrective actions.

Effective leaders typically have excellent communication skills that include listening, presenting, delivering messages and generating and analyzing feedback. Leaders often exhibit excellent negotiation skills, and corporate leaders look to develop win-win solutions for their stakeholders. Effective management in a corporate setting involves a significant amount of trust that employees will carry out the organization's mission. For this reason, we recommend that corporate leaders develop and implement empowerment programs that give employees the ability to act on their decisions. This power also allows managers to delegate more tasks, freeing time to concentrate on strategic decisions and critical tasks.

We also suggest that effective corporate managers maintain a high level of employee motivation. Motivational offerings can include both financial and non-financial incentives as well as office activities and events.

Consolidation of the corporate performance management is fundamentally different from the traditional business intelligence approach for corporate management decision process. With modeling and analytics embedded within performance management solutions, corporate management teams can begin to make proactive decisions, not just "manage" after the fact. For instance, if the goal is to increase customer service measures without increasing costs, predictive analytics could be used to test alternatives before. A performance management framework may include methodologies and supporting software for activity-based cost management, balanced scorecard and strategy maps, dashboards' and key performance indicators, as well as systems and measures for customer relationship management, supply chain management, lean management, lean management, resource planning, and budgeting and forecasting.

Effective corporate management reduces corporate risks by minimizing both business variables and ambiguity within the organization.

Effective management with strong strategic leadership enforces accountability among employees, provides clear steps necessary for achieving the company's objectives and generates predictable results. It also can reduce costs through adherence to well-designed processes.

Overall, we believe that corporate management are best advised whenever possible to adopt a global management strategy which emphasizes local responsiveness and get the national branches the possibility to act accordingly in order to fulfill the expected results.

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