

## **Success or failure? The leadership style of the Romanian and Austrian leaders. A comparison based on the Vroom/ Yetton mode of leadership and decision making**

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**Abstract:** Organizational culture is an important driver of organizational performance, and organizations with effective work cultures are more likely to perform well on international markets. The aim of this paper is to identify to what extent the cultural factor affects the decision making process within two European countries, namely Austria and Romania. Taking into account the diversity of the leadership systems, we apply the Vroom/Yetton model of leadership and decision making in order to explain the dissonance and the consonance in the behavior of the Romanian and Austrian managers. Based on this model, we search for empirical evidence as regards the leadership style of the managers from the two countries and the impact of the intercultural determinants on the competitiveness of the organizations. While the dissonance is expressed in cultural differences, there is consonant policy as regards the new business opportunities.

**Key words:** organizations, leadership styles, decision making, organizational culture.

### **1. Introduction**

Globalization and internationalization are enhancing and more and more various standards are becoming internationally implemented. The key success factors for international co-operations are the knowledge of the national peculiarities and traditions, the understanding of the heritage and the historical and economic background. In this respect, leaders must overcome the conflict between the desire to put into practice standards which are internationally valid and the requirement to act according to the local specificity in terms of organizational structures, leadership styles and marketing approaches as well. Taking into account all these we are interested to see if there is a decision making plan which can be applied in order to enhance the cooperation between the two types of leaders. We start from the assumption that the decision making and the leadership style is exhibited by the individuals who lead in a manner which reflects the cultural nuances, sensitivities and values, and they try to establish a meaning for their subordinates as well. In this respect we review the literature and aim to provide a comprehensive description of the most important results.

The paper has the following structure: in the second part we highlight the cultural dimension of the business organizations. The Vroom/Yetton model of decision making and leadership is presented in the third part. The fourth part brings empirical evidence regarding the decision making process of the leaders from the two countries in question. We conclude with some insights meant to emphasize the main findings of the paper.

### **2. The Cultural Dimension of the Business Organizations**

The variations in leadership styles are due to different cultural patterns because people have different beliefs and perceptions as regards the characteristics which are considered effective for leadership. Therefore, it is essential to have a deep understanding and knowledge of the cultural setting. This information is of highly importance as it offers insight into developing competences in different workplaces, namely in the organizations which enter into international markets.

There are clear differences between the cultures in terms of values, attitudes and behaviors of the individuals and this dissonance has implications at the level of the decision making process and leadership within organizations. Therefore, adjusting to the conditions of the new environment includes the internal integration and socialization between the members of the organization, managing relations among them and developing optimal decision making processes. Faced with these challenges, the organizations develop a set of preferences that form their value culture [1]. Culture is embedded in the organization's history and structural relationships [2]. This idea is supported by [3] research which observes that the cultural characteristics and the organization are embedded in each other rather than existing as parallel but separate entities. [4] defines the organizational culture pointing out some characteristics. Thus, organizational culture is holistic, historically

determined, related to anthropological concepts, socially constructed, soft and difficult to change. [5] names it a collective programming of the mind which differentiates the members of one organization from another. Therefore, there is a clear distinction between the ‘software’ of the national culture which is expressed in values and the ‘software’ of the organizational cultures which is expressed through practices.

[6] developed a model of cultural orientation of national groups which provides an indication on the organizational characteristics.

Firstly, the researchers state that the societal culture intermediates the relation between the individual and the group. People are considered embedded (*embedded cultures*) in collectivity which is characterized by values such as social order, respect for traditions, security and wisdom. In *autonomous cultures* there are two orientations. The *Intellectual autonomy* within which the individuals follow their own ideas independently guided by values as curiosity and creativity. The *Affective autonomy* within which individuals search for positive experiences for themselves, guided by values like pleasure and exciting life.

Secondly, it is very important to have a behavior which is socially responsible. This regulates the interactions between people and the way they manage their interdependencies. In *hierarchy cultures* there is an unequal distribution of power, roles and resources as legitimate and its values are authority, humility and wealth. The *egalitarian* dimension supports people to apprehend each other as equally moral; they share basic interests as human beings and value equality, social justice, responsibility and honesty.

Finally, the relation between humankind and the social world is mediated through *mastery* and *harmony*. Within the mastery dimension people are encouraged to be self-assertive so that they control and change the natural and social environment in order to reach the personal or group goals. They rely on values like ambition, success, daring, and competence. The harmony dimension fosters the acceptance, understanding and appreciation of the world as it is, rather than changing or exploiting it. The values are unity with nature, protection of the environment, and the world at peace.

Figure 1 presents the three bipolar dimensions of “embeddedness versus autonomy”, “hierarchy versus egalitarianism”, and “mastery versus harmony” as proposed by [7] in their study on 76 national groups.

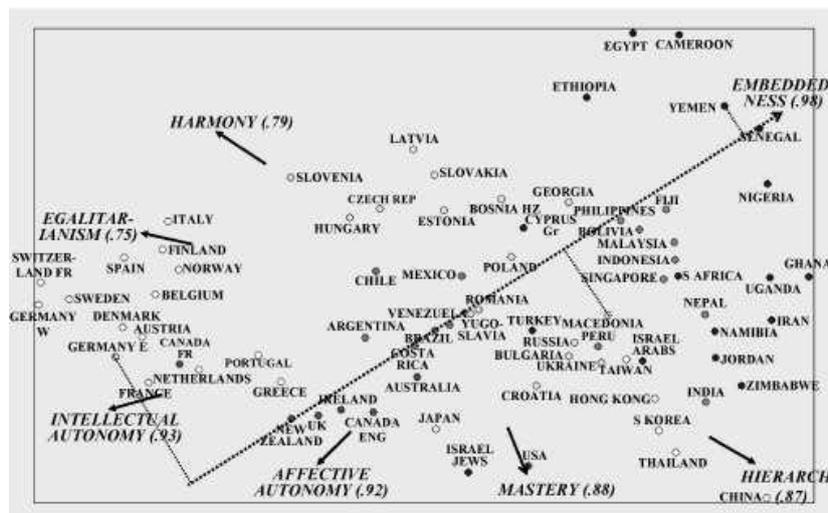


Figure 1: Sagiv and Schwartz’s national groups and cultural orientations (Sagiv, Schwartz, 2007, p. 181)

As far as the consonance and the dissonance at the level of the two cultures which are the topic of our research, as presented in figure 1, we may see that Austria exhibits the following characteristics.

Austrian culture places an important emphasis on intellectual harmony and egalitarianism. Less accent is put on effective autonomy. This means that there are lower levels of embeddedness and hierarchy. There is also a midway between harmony and mastery.

Considering Romania, we may observe that there is a combination between embeddedness and hierarchy as opposed to the Austrian culture. This is a characteristic of the former communist nations from the Central-Eastern European cluster. However, there is consonance between the two countries as Romania shows emphasis harmony and mastery at middle level.

### 3. The Vroom / Yetton model

The Vroom/Yetton model[8] is made up of three elements which are interconnected within the theory of contingency. It states that there is no leadership strategy (style) which is successful in all situations, therefore the situations have to be diagnosed and we must find rules that explain which strategy is appropriate to every situation.

- Leadership strategies: According to the model, leaders may choose from five levels of participation when making a decision (AI, AII, CI, CII, GII). These strategies range from an autocratic decision (AI) to a total group decision (GII).
- Situational attributes: The leadership decision situation is characterized by seven attributes, which correspond to seven diagnostic questions. The seven questions rely on the assumption that leadership effectiveness is based on mastering two principle variables:  $LE=f(Q*A)$  where Q stands for quality and A for Acceptance. Quality refers to a leader's competence as professional, with accent on knowledge, to meet the technical and task oriented demands of the goals of the organization.
- Decision rules: The model gives us seven decision rules each of them excluding each other in specific situations. The leader selects the most feasible strategy which provides the greater involvement of the subordinates in decision making and more opportunities to develop their own managerial, technical and team skills.

#### **4. Empirical evidence regarding the decision making process of the Austrian and Romanian leaders**

In what follows we present some examples of the consonant and dissonant characteristics of the Austrian and Romanian leaders in terms of decision making strategies.

[9] reveal that Austrian leaders are reluctant in employing autocratic strategies for decision-making. They also show high level of participativeness in their leadership behavior. However in which leaders do not have enough (technical, professional) information, there is an inclination to become less participative.

Also, within the GLOBE team [10] carried out the research on Austrian leaders found out a preference for an increase flexibility and risk taking. They also found out a trend towards a more egalitarian society and the existence of a social partnership model which accounts for the low levels of assertiveness.

[11] underlines that Austrians expect and accept power relations which are more consultative and democratic. More, people relate to one another more as equals regardless of the formal positions. Subordinates are more comfortable with and demand the right to contribute to and comment on the decision-making process of those in power. Therefore, the subordinate-superior relations are pragmatic.

As far as the Romanian leaders are concerned 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 and the way decisions are made and implemented [12] [13]. In time the theoretical basis and research methodology were improved. 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 [14].

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 as far as decision making is concerned [15].

A study much more informative (although comparative) is offered by [16], 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 important research is the [17] monography suggestively entitled 'Employeeescu'. The research carried out 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.

The CEO study which is a part of the GLOBE project [18] (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.

#### **5. Conclusions**

Facing globalization, the consideration of this aspect of culture becomes increasingly important. Organizations that are able to align their cultures will be able to deal with the uncertainties and demands of the

future more successfully. Organizations will most likely be able to meet their challenges and opportunities if their growing power is developed in collaboration with that of their workforce through performant decision making processes.

Organizational culture is an important driver of organizational performance, and organizations with effective work cultures are more likely to perform well.

The focus on organizational culture and decision making process is even more important in a country as Austria, is described by a collectivist society with a participative style of management. The employees in Austria prefer that their managers supervise, review and make them proud of their work.

Romanian managers have shown a high will and ability to learn and adapt their behavior patterns to the new social and economic environment of free-market economy with in a democratic society and within the EU-framework.

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