

Management deficiencies hinder growth in the region

Lack of customer focus and inefficiently run businesses are among the biggest problems for doing business in Central and Eastern Europe. On the other hand, local managers are hard working and ambitious, the business environment is dynamic and women managers outperform male managers. These have been among the major findings of the research conducted in 6 European Union member countries by TARGET International Executive Search Group, together with Henley Business School. While there are some general characteristics of the region, there are also significant differences between the management cultures of Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia.

The study¹ clearly shows out what foreign managers working in the region see as major obstacles to be overcome and as opportunities for business growth. Local managers could benefit from analyzing the results of this study in order to change less desirable management practices and to build on their strengths.

KEY FINDINGS OF THE STUDY

In overall terms expatriate managers agree that (in brackets the percentage of those responders who agree or strongly agree with the statement):

- Foreigners enjoy working / living in CEE countries (88% / 89%)
- The business environment is very active and dynamic (72%)
- Local managers work hard in these countries (65%)
- Women tend to be better managers here than men (65%)

They also agree on some important points of criticism, in particular that:

- Good managers are very hard to find (81%)
- Businesses and their managers are not customer oriented (80%)
- Businesses in general are not well organized and efficient (79%)
- Bureaucracy / corruption seriously hinder good business performance in the CEE region (78% / 62%)

On a regional level, the study also confirms that women are better managers than men. According to the individual comments, women are more organized, focused on their work and spend less time on discussing various situations and decisions.

The study underlines considerable differences in what is seen as the best and the worst aspects of each of the six countries (the countries are listed in the order how their performance is seen by the foreign managers). (Table 1.)

HOW IS HUNGARY SEEN BY THE FOREIGN MANAGERS WORKING HERE?

In overall terms, Hungary seems to share the same faults as the rest of the region, although generally slightly worse – customer service, bureaucracy, corruption and disorganization are serious problems. Hun-

¹ The study was conducted in autumn 2008 and has been based on questioning a total of over 5000 managers in six EU member countries of the CEE region. A total of 1169 valid responses were received, including 271 local managers who served as a control group.

gary seems to perform among the weakest for these aspects. However, Hungary scores high on questions dealing with the importance of personal relationships, creativity and informality. (for some of the relevant Hungarian information please consult the charts).

The strong social energy in Hungary does not seem to be channeled into good customer relationships. In the customer service related questions, Hungary had strongly negative scores and ranked second and third from bottom. Selling skills do not seem to be outstanding either.

It appears also, that Hungarian managers are not very good with foreigners: they ranked worst in CEE for understanding and adapting to different cultures, second worst for managers' ability to deal with overseas customers and colleagues and second worst in ability to speak foreign languages. Interestingly, Hungarian managers have a very different, in fact much more positive view of themselves than do expatriates. This difference is strikingly bigger than any of the other countries in the survey, where locals generally felt that expatriates' criticisms were about right. Hungarians seem not to understand other cultures well and are unduly defensive against external criticism.

CONCLUSIONS

To achieve growth in ones business, there must be a strong customer focus. Customers have to be listened to and management has to be much more effective. Three specific management aspects of particular concern are poor teamwork, ignoring deadlines, and reluctance by managers to take personal responsibility. Changing these behaviors could have a powerful effect on business success.

Human side of the business must be born in mind. Therefore the solution to lead companies out from the current economic difficulties is by rethinking the management culture and concentrating on core values of business success such as customer focus, teamwork and integrity. Clearly, innovative solutions are needed here, but there is good hope, that building on their strengths, Hungarian managers will contribute to driving their businesses out of the current dire situation.

*Klemens Wersonig
Managing Director*

TARGET International Executive Search Group

Table 1.

Poland	1.	Most dynamic and entrepreneurial, least corrupt in business, best with customers.	Most formal in communication. Status- based, autocratic leadership style.
Slovakia	2.	Least bureaucratic. Most cooperative and flexible. Loyal.	Least entrepreneurial spirit. Too formal, avoid responsibility.
Czech Republic	3.	Most planned. Best place to live for expatriates. Cooperative, meet deadlines.	Worst at personal relationships and humor. Inflexible, too formal.
Romania	4.	Most hardworking and ambitious. Best with foreigners and other cultures.	Most overpaid managers. Disorganized, poor teamwork. Planning weak.
Hungary	5.	Most informal, best at personal relationships. Creative problem-solving.	Worst at accepting criticism. Least dynamic and ambitious. Not good with foreigners.
Bulgaria	6.	Biggest difference between female and male managers. Good social skills. Strong will to change and acceptance of criticism.	Most corrupt, worst planning, organization, teamwork and customer service.