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The managerial culture and its impact on economic development of Kosovo

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Abstract

Economic development presumes not only the existence of formal institutions such as property rights and the rule of law under which behave economic agents, but also certain norms or social values that promote exchange, savings and investments. In this context, we discuss cultural dimension of economic behavior.

In this paper we deal with the identification of key functions that has the managerial culture within organization, helping managers to better understand and use the features of this important organizational phenomenon. This results in strengthening and developing the organization and leads to balanced economic development at the level of the national economy. The same happens at the level of national economy, if viewed as a macro system of what we call organization. In this context we discuss the impact of the managerial culture on economic development of Kosovo

Keywords: Managerial culture, organizational culture, impact, organization, economic development.

JEL classification: M12, M14, M51, M54, O10, O15, J24, J53

1. Introduction

Economic development presumes not only the existence of formal institutions such as property rights and the rule of law under which buyers and sellers can exchange goods in the markets, but also certain norms or social values that promote exchange, savings and investments. In this context, we may conclude that there is a cultural dimension of economic behavior.

Organizational culture and in context the managerial culture have been defined in many ways, but the definition we will use here is intended to demonstrate shared values, informal norms, meanings and behaviors that characterize economic reasoning to human societies. In this context, we address the managerial culture as the applicable part of the culture, management and organizational behavior in business and economics. The importance of cultural component for the economic development proves the fact that for a long time the role of managerial culture in economic development is subject of polemics within the managerial theory and social science.

Modern neoclassical economics tends to minimize the importance of culture to economic development. Economists rely on the assumption that human beings are rational individuals with preference to utility maximization, and that such behavior is mostly common characteristic of all different human societies. The standard model of economic growth set by Robert Solow sees only the contributions of capital and labor; the most recent so-called endogenous growth models emphasize the role of technology (Solow, R. M. 2007). From this perspective, culture is largely a residual factor mentioned when other explanations fail.

Sociologists, on the other hand, are inclined to believe that cultural norms pervade economic life and that the latter can not be understood outside that context (Granovetter, 1985). Emile Durkheim, for example, argues that markets described by economists itself assume shared norms (for instance, that people exchange goods instead of trying to steal and kill each other). Therefore we say that the sociology enters into more in-depth

analysis of causation than the economy (Durkheim, Émile, 1972). Max Weber pointed out that the assumption of economists that raising wages will increase production will have had an adverse effect on certain rural societies, as workers, assessing entertainment rather than accumulation, would be able to leave work earlier in the day (Weber, Max, 1930). The whole his scientific research activity was focused to demonstrate how emergence of the modern world economy was dependent on a prior change in cultural values related to Protestantism. In fact he was in a line with what Marx called the ideological superstructure, which was in fact a key determinant of the means of production.

Today, the impact of culture on economic development tends to be studied more by economical sociologists than by economists. An important exception to this generalization are economists concerned with economic development, which in fact, are economists who specialize in problems of economic growth in less developed societies, pre-modern societies, or non-western ones. They tend to prove that many behaviors that can be taken as given in the U.S. or Western Europe, for example, that the public officials will not be excessively corrupt or incompetent, are not necessarily common in other societies (Harrison, 1992).

Quantification of the impact of the managerial culture on economic development initially imposes clear definition of managerial culture and setting parameters to measure its.

In this paper deal with the identification of key functions that has the managerial culture within organizations, helping managers to better understand and use the features of this important organizational phenomenon. This results in strengthening and developing the organization and leads to balanced economic development at the level of the national economy.

In the process of running organizations, managers need a clear strategy, based on a reasonable and attractive vision that reflects strong beliefs and values of its components and is able to meet the demands of stakeholders. There is a strong link between managerial vision and the managerial culture and this will reflect on how the managerial culture functions are performed, and the evolution of the organization.

2. The managerial culture and its impact on economic development

2.1. The concept

Organizational culture is considered to be one of the determining factors with an impact on the organization's performance. In most cases their good and very good results are associated with the ability of owners, managers, and leaders to create, maintain and develop a strong organizational culture, able to activate its components to achieve the set objectives.

Managerial culture is defined as the process of working with others and through others to achieve organizational objectives in an efficient way. Most managerial tasks are run by people. Managerial culture is an interdisciplinary field dedicated to understanding and better management of people at work.

General manifestations of managerial culture of an organization are objects, conversation, behavior and emotions that they share with each other. Demonstrations include culture-specific rituals, legends, stories, values and heroes. Four functions of the organizational culture are organizational identity, collective commitment, stability of social systems and making sense emblems.

In an environment characterized by a strong organizational culture, most of the leaders share common beliefs, values, and behaviors that consider the way in which business should be run. New employees establish contacts with this cultural group and approve it, using formal and informal mechanisms.

On the basis of the position and status, managers significantly shape the attitudes, decisions and behavior of subordinates (Ionescu, 2001). This creates a managerial culture (Bibu et al., 2007), as part of the overall organizational culture (Collins, Porras, 2006), affecting positively or negatively the evolution of the organization.

Organizations that benefit from a well defined managerial culture that provides a certain background as a starting point for their decisions and actions are easily recognized and considered to have a personal style. This constitutes an appropriate way to act in their

business and the environment, and stakeholders provide strong support for such management models.

For a long time, managerial values, particularly those of senior managers, with a tremendous impact on the development of the company have been formalized in the form of statements that are communicated and distributed within and outside organization. The aim is to provide a direction in a changing world, where managers and employees need to understand the new conditions (Handy, 1995), and activate the staff to be actively involved in the organization's efforts to meet new market requirements.

The way in which managerial culture influences the performance of an organization can be explained and justified in more ways:

- manage employees' efforts toward an objective or group of objectives;
- develop an strong incentive for employees for achieving the expected results;
- provide a structure and a system of mechanisms to coordinate the efforts of workers without the need for a specific set of formal procedures or systems;
- finally, create a positive approach to accomplishing assigned tasks in order to achieve the expected results

Nicolescu & Verboncu (2001), define managerial culture as a “system of values, beliefs, aspirations, expectations and behaviors of managers of an organization that reflect the types and management styles that are practiced within the organization, significantly determine the content of organizational culture and its performance”.

With the managerial culture we understand the sum of beliefs, values, symbols, habits and behaviors of managers within an organization, that reflect on their decisions and actions in order to ensure the survival and organizational development (Nastase, 2004).

The managerial culture is better understood and exerts a major role within the organizational culture, especially when managers are aware of their role within and outside the organization, in formal and informal terms and, consequently, they are dedicated that a part of their time devote to communications with employees in order to prepare them to understand managerial philosophy and the system of values of the company.

There are three perspectives that explain the type of managerial culture that enhances long-term financial results at the level of organization and economy. These three perspectives are known under names such as strength, adjustment and adaptation. Force perspective provides a significant relationship between the strength of the organization's culture and long-term economic outcomes. Adaptation perspective is based on the premise that management culture of an organization should coordinate its strategic context or business. Culture is expected to help economic results only if it "fits" its context. Adaptation perspective assumes that good managerial cultures help organizations anticipate and adapt to environmental changes.

The process of developing adaptive managerial a culture begins with charismatic leadership which creates a vision and business strategy. With time adaptability is created through a combination of the success of the organization and the leadership ability to make employees to explore the whole philosophy and values to meet the needs and improve leadership. Finally, it is necessary to create the environment which creates the opportunity to defend the adequacy of the organization.

2.2. The functions of managerial culture

From the previous discussion we can emphasize that managerial culture is a strong motivating factor for the growth of performance, provides sufficient vision and the sense of belonging to a particular social category for managers, and represents an important factor in promoting organizational change in the organization. In fact these are the main functions of managerial culture within an organization.

2.2.1. The managerial culture is a strong motivating factor for increasing the performance

The managerial culture includes needs and aspirations of managing staff of an organization and reflects the strong personality of the founders and leaders, by influencing significantly the decisions and actions of managers from different hierarchical levels. They determine on how, in the process of crystallization and shaping

of organizational culture, managers constitute a powerful source of motivation and are the main factors that contribute to achieving main aims of the organization. Managers can contribute to the establishment of certain norms and standards, in accordance with appropriate values that we appreciate and which motivate us.

Managerial cultures represent a suitable environment to motivate managers and evaluate their performance. As leaders, they should be able to prepare the organization for different challenges and to 'derive' the best of them. A good example for this is the necessary preparation for the challenge of mastering the knowledge-based organization (Nastase, 2008).

There are differences between internal and external remuneration of the managerial culture in the organization. External rewards (financial / material / social) come from the environment. Internal rewards (psychological) come from the ego, these are spiritual rewards.

Where the environment is stimulating, communication between managers is good, and there is a certain form of internal competition and managers will be motivated to be as much as possible involved within the life of the organization, in the innovations, ventures, to take risks that are able to provide satisfaction for the results obtained.

2.2.2. The managerial culture provides a vision and belonging to a particular social category for managers

Without a managerial culture elements of which will be shared by the majority of managers, that are able to act within the spirit of the organization's progress, it will be difficult for an organization to perform and achieve success.

An organization can maintain its identity and continuity as long as its beliefs and values are shared, declared and implemented, as long as emanate from within it, are distinct and persistent, despite many external and internal pressures.

In competitive organizations, managers are aware of the fact that their status is based on the performance achieved and the fact that they have been promoted and accepted in the leading position by nature to reinforce their prestige, but at the same time, they should understand the requirements and additional responsibilities set to them.

2.2.3. Managerial culture represents an important factor in promoting organizational change

Organizations face many internal and external pressures that determine at some point the need for change in order to survive or develop. The organization faces internal and external forces for change. Four main external factors that bring change in organization are: demographic characteristics, technological advancements, market changes, and political and social pressures. On other hand internal factors are those that originate from both human resource problems as well as the behaviors/managerial decisions.

The history of the organization, managerial values, attitude to change and change processes during the time are just some elements that determine the decisions and actions of managers.

The degree of risk, the depth of the changes occurred, depends in large part to tradition that has organizations with such processes. There where is rejecting attitude and high risk aversion, managers are forced to adopt decisions that would not jeopardize the development of the organization, even if it assumes a stagnation or very slow progress.

In the managerial cultures where is encouraging enterprising spirit and heroes are managers who take risks and achieve specific performance, top managers' actions are much stronger and bolder, while evolving their status in proportion to the performance achieved.

3. The effects of the managerial culture in the economic development of Kosovo

By considering Kosovo's economy as a macro system of what we called the organization, can be concluded that the managerial culture in this context includes the needs and aspirations of the staff of the Kosovo economy and reflects the strong personality of the founders and leaders, significantly influencing decisions and actions of the managers from the different hierarchical levels.

The managerial culture at Kosovo's economy as a system represents a suitable environment to motivate managers and assess their performance. Acting as leaders they should be able to prepare economy of the country for various challenges, including the necessary preparations for the challenge of mastering the knowledge-based economy. If the environment is stimulating, communication between managers would be good, even will stimulate internal competition and managers will be motivated to be as much as possible involved in economic processes of the country, in innovation, entrepreneurship, and to take risks that are able to provide satisfaction for the results obtained.

In the absence of a managerial culture elements of which will be shared by the majority of managers, that are able to act within the spirit of economic progress, it will be difficult for Kosovo's economy to perform and affirm success.

Kosovo's economy can maintain its identity and continuity as long as its beliefs and values are shared, and declared and implemented for all and by all, and as long as those emanate from within it, are distinct and persistent, despite internal and external pressures, both political and economic.

Actually Kosovo's economy faces many pressures internal and external, both political and economic, that determine at some point the need for change in order to survive or develop. Managerial values, attitude towards change and change processes during the time are just some elements that determine the decisions and actions of managers.

4. Conclusion

Characteristics of the managerial culture become apparent through a number of organizational elements, from the strategy of the organization to the individual attributes, rituals and ceremonies within the organization. Organizational culture supports its members to perceive and understand certain events, phenomena, organizational situations and to determine and act in certain ways which are accepted by the group. In order to shape the managerial culture, managers use a wide range of mechanisms aimed at

developing a spirit of unity and cooperation of the group, as well as linking with other groups within and outside the organization.

Managers communicate the vision, values that they have in order to consolidate within the organization with its mission, objectives, different modes of action, business models, motivation system, and specific criteria for recruitment and selection of staff.

In the Kosovo economy the managerial culture represents a suitable environment to motivate managers and assess their performance. Acting as leaders they should be able to prepare economy of the country for various challenges, including the necessary preparations for the challenge of mastering the knowledge-based economy. By building a stimulating environment, communication between managers will be better, will stimulate internal competition and managers will be motivated to engage in economic processes in the country, in innovation, entrepreneurship, to take risks that are able to provide satisfaction for the results obtained.

We can conclude that organizational culture is the point where meet the philosophy and organization, where rational and emotional issues combine to create the personality and style of the organization. Practically, the managerial culture represents an essential part of organizational culture that enables the performance of the organization and its development in the short and long term. The same happens at the level of national economy, if viewed as a macro system of what we called organization.

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