

**ROMANIAN SME'S MANAGEMENT: LEADER VERSUS MANAGER  
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**ABSTRACT**

*It is a quite common misconception that leadership and management hence manager and leader are synonymous. While managers can be team leaders and vice versa, because of the complementary qualities inexorably linked with each other with any attempt to extricate one from the other proves impossible. There is a difference between the skill-set required for management and leadership. It is a common belief that whereas managers exists to plan, organize and coordinate leaders serves to motivate and inspire. Romanian SMEs active in an challenging environment, having to prove itself to each and every client and supplier, are on a permanent Holy Grail quest of finding the right persons for their top management, because if a company has the right people, they can really make a difference. This paper is first of all about people and leadership as much as about management, presenting the findings of a rather small research exercise in an attempt to identify the dominant characteristics as either manager or leader for the members of the target group with the purpose to make them aware of their capabilities as a starting point in improving their performance as well as their companies performance. Research results are critically analysed and conclusions draw on findings providing future research directions.*

**KEYWORDS:** *leadership, management, manager, leader*

**JEL CLASSIFICATION:** *M10, M12, M19*

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**1. INTRODUCTION**

While the future remains unknowable its roots are both in the present and in the past. From what we observe today about now, from what we know about yesterday, we can identify trends of what will be. Looking at managerial styles history, at managers' behaviours, scientific and technologic developments, social structure, lifestyles and policies one could identify some sources of competitive advantage involving managerial efficiency. Leadership and management are closely linked functions with each being complimentary to the other and both of them faces of an efficient business-in-charge-person. Without efficient management, the direction set by a leader risks being unsustainable. Similarly, management exercised without effective leadership will perpetuate current activities and directions, without adaptation to meet strategic goals and without optimising team performance.

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Last decades opportunities of growing exponentially become mined out, economic crisis is shaping business reality so business people are forced to explore new territory seeking new sources of competitive advantage not only outside but also inside: inside their organisation and even inside themselves. What is the difference between management and leadership? It is a question that has been asked more than once and answered in many different ways. The biggest difference between managers and leaders is the way they motivate the people who work or follow them, and this sets the tone for most other aspects of what they do.

Many people, by the way, are both. They have management jobs, but they realize that you cannot buy hearts, especially to follow them down a difficult path, and so act as leaders too. Both roles are equally important to the health of a business.

Small and Medium Enterprises (SME's) have to reinvent themselves since Romania became part of European Union. On a much wider market with unexpected competition, local SMEs, most of them ran by their owners, have to cope with sophistication of globalization and tradition of renowned business schools. Instruments have been created to help and support SME's in their struggle such as Horizon 2020 with its many chapters on innovation, leadership and management.

The demanding challenges of modern business environment require strategic tools to help companies. such as the International Standards developed by International Organization for Standardization (ISO). "ISO is an independent, non-governmental membership organization and the world's largest developer of voluntary International Standards." (<http://www.iso.org/iso/home/about.htm>). The standards developed by ISO provide guidance and tools to help businesses to increase productivity, improve communications, operate more efficiently, and develop people. Latest new released management system standards like ISO 14001 and ISO 9001 replaced management responsibility concept with leadership.

In this context, the main objective of current research was to determine, for a target group of 29 persons all in managerial positions, which of their two sides- manager or leader- is predominant as a first step of a wider analysis of how a manager looks nowadays. Different leaders will display different leadership qualities, depending on the context and circumstances of a situation. A capable business leader will be able to use their leadership qualities to gain the trust, respect and commitment of their employees, and motivate them to achieve organisational goals.

## **2. LEADER VERSUS MANAGER RESEARCH**

### **2.1 Preliminary aspects of research**

Our research, part of a wider study on SME's management, looks at 29 various sizes SME's and their top management and attempts to identify the correlation between age, gender, number of subordinates and their capabilities of either leaders or managers so they and businesses they manage would be better prepared for challenges ahead. But what is a manager? Or a leader? How are they defined by academic management literature? A handy yet complete answer is provided by Romanian authors according to whom "a leader is a person within organisation with certain dignified appearance and formal or informal authority whose actions contribute to reaching organisational objectives" (Nicolescu & Verboncu, 2011a, p.38). The same dictionary provides also the definition for manager as "a person within an organisation hired on a managerial position, having subordinates and making managerial decisions" (Nicolescu & Verboncu, 2011b, p.42). "Managers are people who manage well the processes and leaders are people who do the right thing. The difference can be summarized as focus on activities arising from vision and judgment that lead to effectiveness versus efficiency-oriented activities focus on the master routine" (Irimie et al, 2014, p. 563, apud Warren & Burt, 2003, p. 203). According to ISO 14001:2015 "top management is person or group of people who directs and controls an organization (3.1.4) at the highest level. Note 1 to entry: Top management has the power to delegate authority and provide resources within the organization. Note 2 to entry: If the scope of the management system (3.1.1) covers only part of an organization, then top management

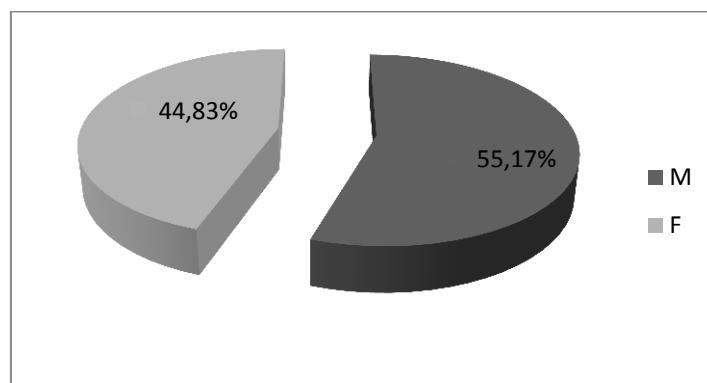
refers to those who direct and control that part of the organization" (ISO, 2015) and chapter 5 requires that "top management shall demonstrate leadership" (SGS, 2015). SGS is the world's leading inspection, verification, testing and certification company. We are recognized as the global benchmark for quality and integrity. With more than 80,000 employees, we operate a network of more than 1,650 offices and laboratories around the world.

The 30 managers questioned during our research are all on various top managerial positions on a variety of sizes of SME's - from self-employed to medium size companies with about 150 employees and up to multinational companies with thousands of employees worldwide- as it will be presented in detail below, some with more than 10 employees in their teams some with less, some with about 10 years of experience - persons below 40 years- and some with over 15-20 years of experience - the ones over 40 years old. The target group was created based on several criteria such as: gender, age/experience, number of people in direct under direct management, type of company.

All respondents filled in the answers under no supervision, by themselves. Relevant information included in the analysis such as age, gender, number of subordinates, type of the company were provided along with answers to the questionnaire.

The target group composition will be analysed considering gender criteria, age criteria, the type of company the respondents are working and the whether they are employees or employers, and how many people they have on direct command.

Analysis using gender as criteria revealed that the group was equilibrated with 44.83% of the respondents women and the rest of 55.17% male as shown below in Figure 1.



**Figure 1. Target group structure - gender criteria**

*Source: authors*

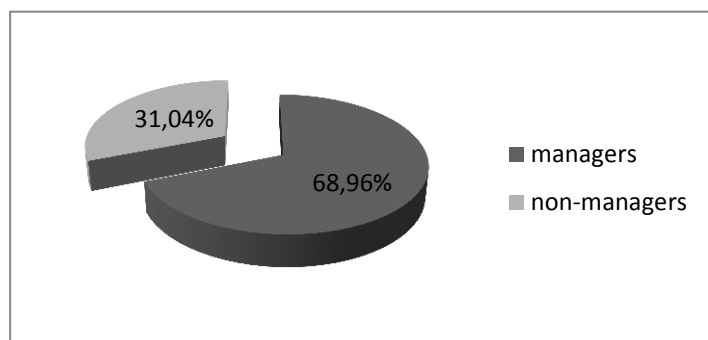
Target group structure using age criteria analysis based on age of 40 as reference showed almost same figures as gender analysis with 44.82% of the respondents under 40 and 55.18% above 40 years old.

Similar proportions, as surprising it may seem, maintained when the group was analysed from the perspective of how many are employers. Analyses revealed that the group was made of 13 employers out of 29 representing 44.83% and 16 employees representing 55.17% of the total target group.

When adding to the group of employers the 7 employees that provided the information they work as managers the structure between managers and non-managers is changing with a 68.96% of managers and 31.04% non-managers, as shown in Figure 2.

The research was based on several hypothesis extracted from verbally questioning the respondents on what is their opinion on themselves:

1. All persons that are in the position of being an employer as owners or top managers in an SME considered themselves as being mostly leaders, about 80%.
2. All 9 members of the target group employed in a multinational company considered themselves 60% leaders and only 40% managers.



**Figure 2. Target group structure - manager vs. non-managers**

*Source: authors*

3. The male respondents considered themselves leaders on an average of 80% while the women respondents considered themselves leaders only on an average of 50%.
4. The respondents with more than 10 subordinates considered themselves mostly leaders at a rate of 70%.
5. Women taking part in the research see themselves more managers (about 80%) than leaders, based on their current roles within organisations they work.

The research main objectives are:

1. Establish the dominant characteristics as either manager or leader for the members of the target group.
2. Enhance each participant awareness regarding his/hers leader and managerial skills.
3. Critical analysis.

## 2.2. Research methodology

The research used as methodology the inquiry. Data were collected by applying a questionnaire adapted from the speciality literature (Cândea & Cândea, 1998, adapted from Marx, Jick, & Frost, 1991, p.103). The questionnaire has 14 sets of 2 statements A and B and the respondents had to distribute a total of 5 points among the 2 statements A or B for each set of two- only whole numbers- according to what they consider of themselves. The questionnaire is the one in Table 1 including the decoding-key table for the answers. By adding up the points awarded to each type of characteristics either leader or manager we could calculate the final score. Highest score would define the leader versus manager potential.

**Table 1. Research Questionnaire**

No.	Answer	Statement	Points
1	A	As leader I consider my first responsibility is to maintain stability among the group I lead	
	B	As leader it is my duty to steer change when I consider is for the benefit of the group.	
2	A	I am taking initiative for group actions	
	B	I am the one that generally, make sure all activities have optimal conditions to run	
3	A	I make sure my group members are fairly rewarded for their work.	
	B	I make sure my group members potential is enhanced	
4	A	In my opinion the most important values we need to respect are equality and liberty	
	B	In my opinion the most important value we need to respect is honesty in every situation	

No.	Answer	Statement	Points
5	A	I spend a lot of working time on meeting group objectives	
	B	I spend a lot of working time trying to transmit aspirations and enthusiasm in achieving objectives	
6	A	I consider my role in group is similar with the one of a teacher in front of students	
	B	I consider my role is similar with a doctor	
7	A	As leader I have to respect group rules, standards, habits	
	B	As leader it's important to become one to be followed	
8	A	I'm pleased when I wake up the ambition of my group, making them wish for more and better	
	B	I'm pleased to reward my group members for a work well done.	
9	A	I'm more of a forthcoming person.	
	B	I'm more of a solitary person than forthcoming.	
10	A	The power I have to influence others comes mainly from my ability to make them one with em and my ideas	
	B	The power I have to influence others comes mainly with my position (hierarchical) within group	
11	A	I'm one with my ideals and vision when it comes to work (job) and group	
	B	I'm one with the task and with the people that need to get it done	
12	A	I do not mix personal life with professional life	
	B	My private life is mixed together with my professional life.	
13	A	I make people dedicate to work by inspiring them.	
	B	I make people dedicate their work by getting involved.	
14	A	I plan mostly long term.	
	B	I plan mostly short term.	

Source: Căndea & Căndea, 1998

**Table 2. Key to analyse answers**

Leader		Manager	
1.B		1.A	
2.A		2.B	
3.B		3.A	
4.A		4.B	
5.B		5.A	
6.A		6.B	
7.B		7.A	
8.A		8.B	
9.B		9.A	
10.A		10.B	

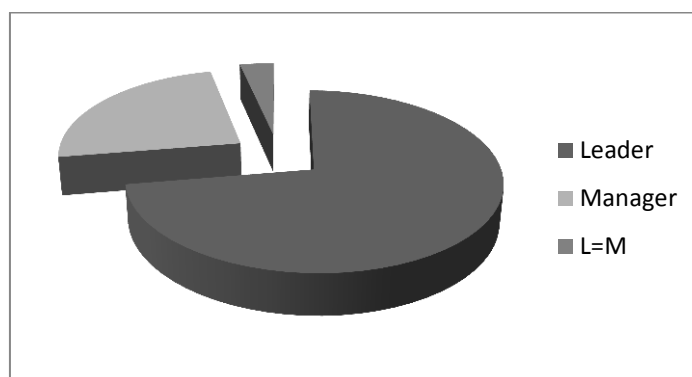
Leader		Manager	
11.A		11.A	
12.B		12.A	
13.A		13.B	
14.A		14.B	

Source: Căndea &Căndea, 1998

### 2.3 Findings - critical analysis

During processing of the 30 answers, one could not be validated due to the failure of the respondent to distribute points to all 14 statements. As a result 29 answers were processed.

First observation, of quantitative nature, is that out of the 29 respondents 21 have higher scores as leaders, 7 have higher scores as managers and 1 has an equal number of points for both, as shown in figure 3 below.



**Figure 3. Target group split**

Source:authors

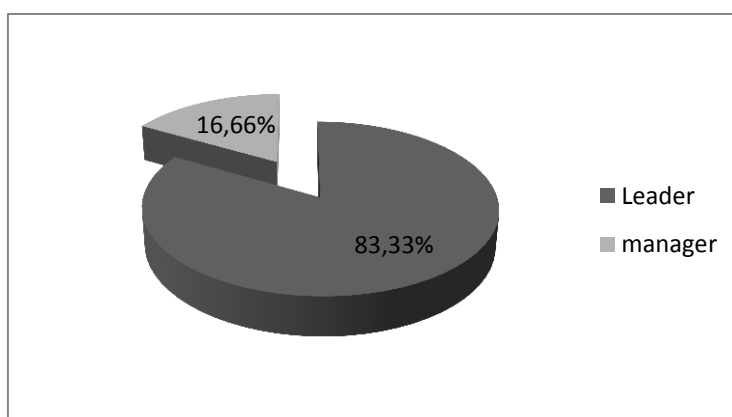
In percentages that comes to a 72.41% of respondent as having a higher leader potential more likely compared to only 24.14% of the respondents that scored highly as managers. The round 100 is completed by the 3,45% of 1 respondent that demonstrated equal inclination between the two characteristics.

An in depth quantitative analysis of the 21 respondents that scored highly as leaders shows the following: 12 of the potential leaders are male, 10 of them are under 40 years old, 16 of them are employees, 4 are employers. The findings regarding employee versus employers are consistent with the cross analysis that 4 of the leaders work or lead their own micro-company or are self-employed, 10 work in SME's and 6 are employed by multinational companies. In percentages these translates into following: 57.14% of the respondents that have higher leader potential are male, 76.19% are employees, 47.62% are under 40 years old, 57.14% have less than 10 employees as subordinates. Given all that it is possible to release the profile of a leader within this target group: most likely male, over 40 years old, employed on a top management position either by an SME or by a multinational with less than 10 subordinates under direct management.

Similarly, an in depth analysis of the 7 respondents that scored highly on managers characteristics, provide following characteristics given the criteria used: 3 respondents are male and 4 women leading to a 42.85% of the respondents with more managerial characteristics being male and 57.14% women. Similar proportions are kept when analysing the age criteria: 3 of the respondents are younger than 40 years old accounting for a 42.85% and 4 are over 40 years old counting for 57.14%. and when looking at number of subordinates: 3 of the respondents have less than 10

subordinates and 4 of the respondents have more than 10 subordinates. None of the more likely to be a manager respondents is working in a micro-company nor is self-employed, 5 are working in an SME (71.42%) and 2 in a multinational company (28.58%). Based on these findings the manager profile could be: woman, over 40 years old, working in an SME with more than 10 subordinates to manage.

Last but not least on quantitative analysis step, let's investigate the quantitative hypothesis made. First hypothesis was that all persons that are in the position of being an employer as owners or top managers in an SME considered themselves as being mostly leaders, about 80%. our research demonstrated that out of the 6 owners or self-employed 5 are showing leadership qualities and 1 has scored 35 points for each, being the single case of such balanced score in our study. Expressing the results in percentage we end up with 83.33% as shown below in figure 4, hence confirming 100% the hypothesis made.

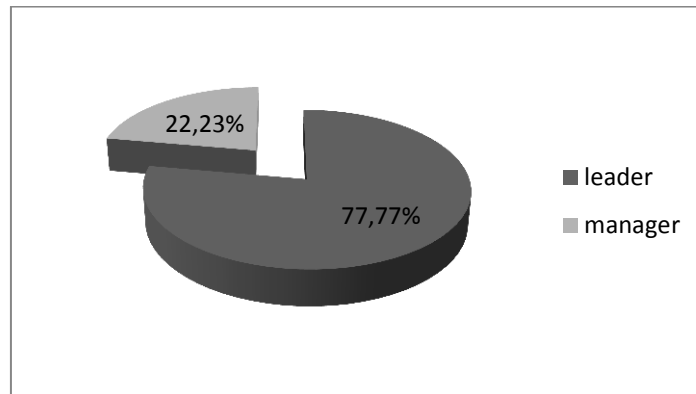


**Figure 4. Leader-manager structure of the owners/self-employed respondents**

*Source: authors*

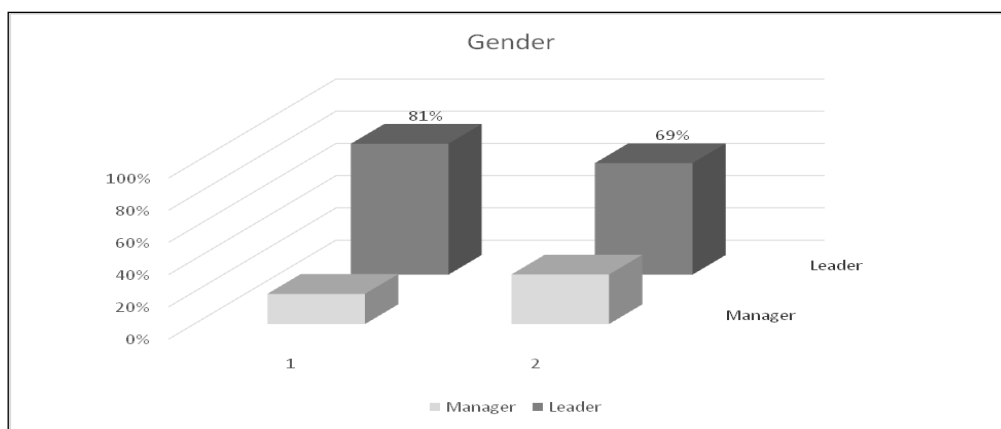
Second hypothesis was about all the 9 members of the target group employed in a multinational company who considered themselves 60% leaders and only 40% managers. Based on the findings out of the 9 multinational employees 7 scored high as leaders and only 2 as managers. Expressing the results in percentage, see figure 5, we end up with 77.77% of leaders and 22.23% of managers, indicating a higher percentage of leaders among them than the 60% guess-estimate.

Third hypothesis to verify is related to the percentage of leaders versus managers correlated with gender criteria. The hypothesis was that the male respondents considered themselves leaders on an average of 80% while the women respondents considered themselves leaders only on an average of 50%. Results are shown in figure 6 below and indicate a right guess-estimation on males which are indeed leaders in an average of 80% and a deviation of about 20% for women. To better illustrate the comparative analysis of the results, we allocated the male respondent with equal percentage of the two characteristics to the leader's group.



**Figure 5. Leader-manager structure among multinational's employees**

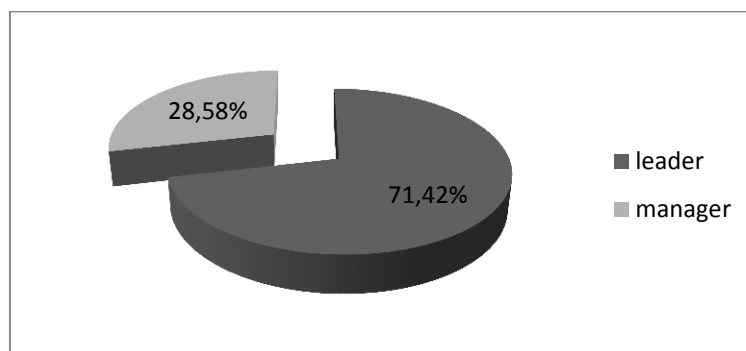
*Source: authors*



**Figure 6. Comparative structure by gender**

*Source: authors*

The fourth hypothesis to verify is the one stating that the respondents with more than 10 subordinates considered themselves mostly leaders at a rate of 70%. Based on the responses we found 10 leaders among the 14 people within the target group that have more than 10 subordinates. as shown in Figure 7 the presumption was realistic, results giving a rate of 71.42% of leaders among the subgroup considered, which verifies the hypothesis.



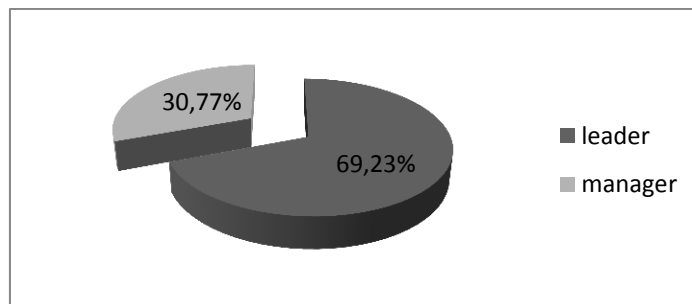
**Figure 7. Leader-manager structure among managers with more than 10 subordinates**

*Source: authors*

Last hypothesis to verify was regarding women taking part in the research that saw themselves more managers (about 80%) than leaders, based on their current roles within organisations they work. Out of the 13 women participating to the study 9 have higher scores as leaders and only 4



more as managers, leading to a staggering 69.23% of them as being leaders and only 30.77% managers as shown in Figure 8 below.



**Figure 8. Leader-manager structure -women**

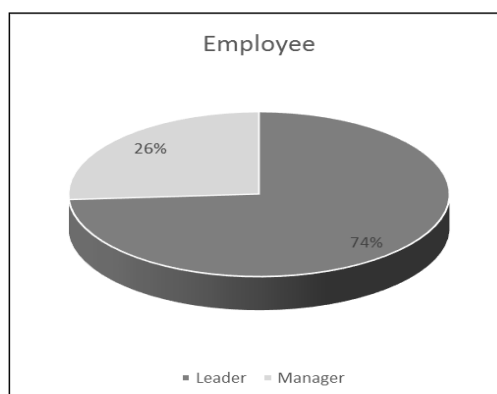
*Source: authors*

A management position require a complex set of capabilities, a certain degree of flexibility and constant desire of improvement. Management specialists are now working together with human resources specialists in their quest to find out what would be the best description of a successful person in a managerial position. Modern theories change as the environment change and today's successful manager - a people's manager- might not be the right person to lead a team at least to the same extent that makes a real leadership figure unfit to manage a day-to-day business routine. And how do we see ourselves? Are we aware of our strengths? Our research aimed to illustrate for a target group of 29 persons all in managerial positions, which of their two sides- manager or leader- is predominant. The results were analysed and to conclude we made few comparative analysis.

The prevalence of leadership behaviour to males – although detectable – is not significantly higher than women as presented in Figure 6. Both men and women, in most cases, tend to manifest leadership behaviour towards their work and working environment.

With respect to gender factor analysis on leadership abilities and keeping in mind the cultural differences as an alteration factor, we cite here from the study Women and leadership conducted by Pew Research Center and we quote: "about four in ten Americans point to a double standard for women seeking to climb to the highest levels of either politics or business, where they have to do more than their male counterparts to prove themselves" (Pew Research Center, 2015, p.5).

The structure of the group considering the criteria of type of employment (employee-employer) is represented in figure 9.

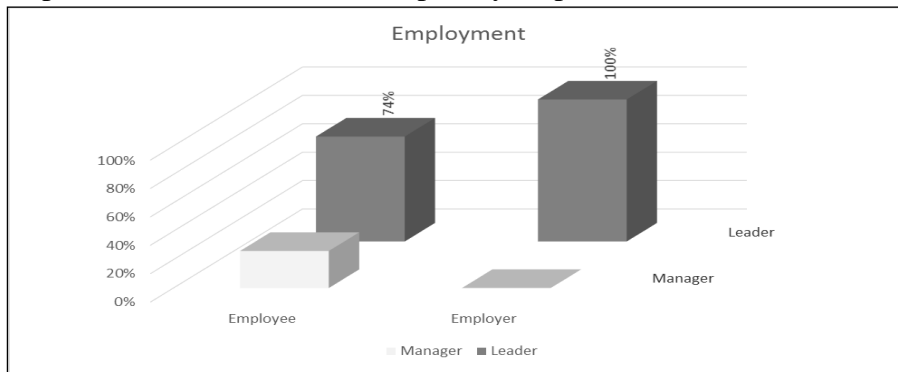


**Figure 9. Structure of target group by employment status**

*Source: authors*

The findings reveal a very strong positive correlation between position within organization and leadership behaviour. Although only 6 of the subjects (26%) are employers, it is significant that all of them exhibit leadership behaviour (according to the questionnaire results- as shown in Figure 10). It is reasonable to assume that the level of responsibility involved with human resource

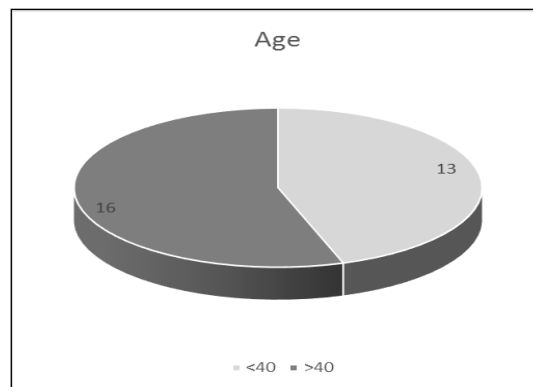
management tends to exacerbate leadership behaviour to those in position to decide on employing or not another person. Further work will, hopefully help to demonstrate this idea.



**Figure 10. Comparative analysis - type of employment factor**

*Source: authors*

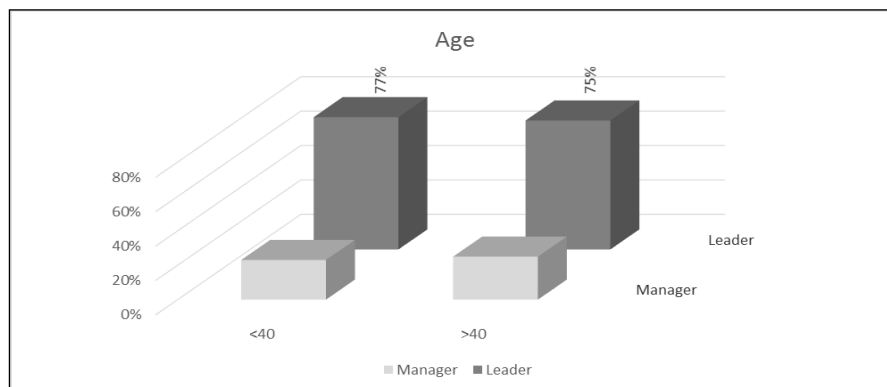
Age factor analysis - the age structure of the group is presented in figure 11.



**Figure 11. Age structure of the target group**

*Source: authors*

At a first glance, the age factor comparison reveals very small correlation (if at all) with the ration leader versus manager behaviour. This may indicate that such behaviour is not perishable and it's not gained with age. Figure 12 below illustrates the comparative findings in the group.



**Figure 12. Comparative analysis- age factor**

*Source: authors*

A qualitative analysis of the results shows that the target group displays strong leadership capabilities as shown below in figure 13.

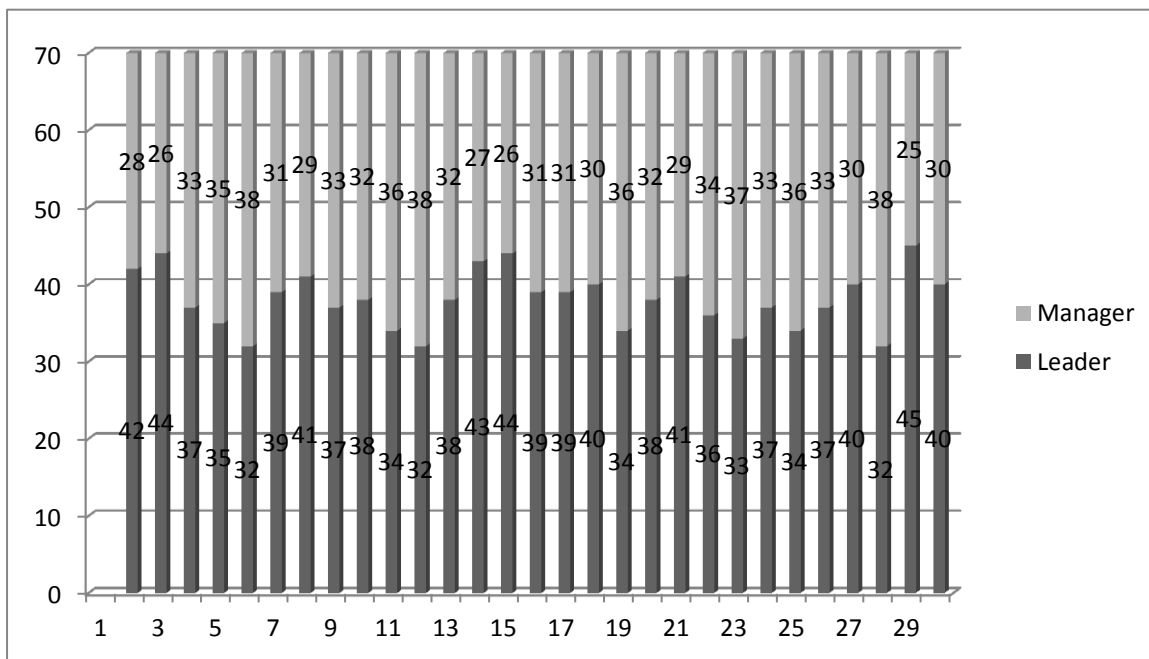


Figure 13. Target group- Qualitative analysis

Source: authors

### 3. CONCLUSIONS

The abundant use of term leadership in everyday business life almost brought it to a natural taken for granted when looking up to a person occupying a managerial position and a manager job description might as well asking plainly for leadership capabilities among other features. Our research aimed to unravel the existence of such capabilities among the target group and critically assessed the impact of several factors on the two features. Some members of the target group were hired based on recruitment processes some started their own company and therefore become overnight managers. Or leaders. Preferably both, since both roles are equally important for a healthy business. As proven by our research, many people indeed are both. They have managerial positions involving authority over their subordinates but when it comes to making a difference on the market they are sometimes without being aware act as leaders motivating people to follow them not just to obey their directions as "leadership is the process through which establishes a direction, an objective, for other persons and make them act and work together with dedication and commitment in achieving those" (Nicolescu & Verboncu, 2008).

We can conclude that the research reached its objectives of establishing the dominant characteristics as either manager or leader for the members of the target group via a critical analysis and by releasing the results to enhance each participant awareness regarding his/hers leader and managerial skills.

### ACKNOWLEDGMENT

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