MANAGERIAL PRACTICES RELATED TO LEADERSHIP EFFECTIVENESS IN HUNGARY - A PILOT STUDY

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Abstract

Many attempts to measure leadership effectiveness have been made in recent decades, approaching the subject from different angles. In our research, we conducted a situation analysis among Hungarian senior managers with the aim of exploring the value-creating processes and the managerial thinking and practices behind them. This article focuses on self-effectiveness methods and daily management practices to improve the effectiveness of organizational processes. The responses (148 senior managers) showed that apps for time management and prioritization of tasks are popular among the leaders surveyed. Quality assurance, management decision support systems, and connecting with staff, such as site visits and daily kick-off meetings, are also high on the list of issues that are important in terms of controlling company processes. In the baseline survey 3 clusters were developed: "Uncertain Empathetic", "Ambitious goal-oriented" and "Experienced Strategist". Among them, the members of the latter cluster stood out on the basis of their daily work practice and daily habits. Of the organizations they lead, 86.36% are profitable and growing at a steady rate (5% per year). If we are looking for the human leadership factors behind outstanding organizational performance, this cluster is likely to offer the solutions.

Key words: leadership, effectiveness, managerial practices, organizational studies

JEL Code: M10, M12, M14

Introduction

According to Mischel and Ayduk (2002), self-organizing behavior in the managerial context may include personal goals, internal guidelines for achieving goals, self-administration (self-monitoring) and ideas about behavior and attitudes. To the question of what influences our self-organization, Bandura (1991) answers: past performance, observed actions of others, and socially accepted performance criteria. However, self-organization is also influenced by the consequences of outcomes, those that are directly related to the self-organization process and those that are manifested as consequences of the self-organization process (Stewart, Courtright

and Manz, 2019). Self-organization is conceptualized by Steenbarger (2015) in Forbes magazine as an important consequence of our engagement in our lives and has a direct impact on how we bring success to our businesses. More narrowly focused on the person (rather than the manager), life coaching provides a good starting point when it comes to self-efficiency and -effectiveness. Such a model could be, for example, the life wheel or the mandala method, but even spatial job descriptions can be used for this purpose (Pató and Illés, 2018). In a broader, organizational sense, self-organization can also refer to how individuals within an organization take responsibility for their managerial activities, such as planning, scheduling, organizing and monitoring.

Gene Petrov (2020), inspired by the study of Frayne and Geringer (2000) says, a great leader has the following six self-management skills: self-control, credibility, conscientiousness, flexibility, results orientation and initiative. He also states that becoming an excellent leader requires self-awareness and self-discipline. Basically, it is unquestionable that the behavior of the individual is the primary consideration, but on the other hand, it is unclear to what extent the outcome depends on personal characteristics, and other factors influencing the process as well (Markham and Markham, 1995). Furthermore, Breevaart, Bakker and Demerouti (2014) investigated the relationship between self-management and employee's engagement.

At all levels of the organization, the supportive power of self-organization needs to be be understood. Failure to pay attention to these key factors will almost certainly lead to failure or disappointment (Joost, 2018). Based on her own coaching experience, executive coach Sandra Hokansson (2018) identifies the following traits and behaviors when talking about excellent leadership self-management: ethics, integrity, credibility; values-based leadership; good time management skills; prioritizing face-to-face meetings and calendar; flexibility; adaptability; leading by example; accessibility, management by walking around; inclusiveness; openness; diversity champion; self-care. According to Brett Steenbarger (2015), self-organization begins with self-talk (internal dialogue). Self-dialogue transforms our own relationship with ourselves: it is also a powerful way in which we organize ourselves. It draws attention to our relationship with our bodies: the way our bodies respond when we become immersed in some positive activity. There is a „moral uplift" which can lead us into the realm of „flow" experiences. The possible links between experiencing flow and effective self-organization are not discussed in this article.

In the domestic context, leadership self-effectiveness has recently been addressed by some authors mainly in the context of managerial self-monitoring, a leader's "task versus

person" orientation and time management (Bányai and Sipos, 2019; Bácsné Bába, 2011; Berde, 2015; Varga, Csiszárik-Kocsir and Medve, 2017).

1   Methodology

The overall research was exploratory in nature, as no validated questionnaire could be found that summarized the dimensions selected. We did not have null hypotheses, but rather we simply identified problems that are specific to the SME sector, many of which are due to leadership problems and a lack of preparedness (management), such as a lack of strategic, long-term thinking, the eventuality and hectic nature of developing value-creating processes, the lack of managerial self-assessment, and the mixed nature of managerial self-management solutions. We would have liked to analyze complex economic/enterprise problems by using a questionnaire, we wanted to use variance (PLS) based modelling, non-probability sampling, arbitrary (sent to a predefined address list) or expert (judgmental) sampling. In such a case, the minimum number of elements in the sample is between 30-100, based on the literature. The target group of business executives is considered a very hard-to-reach population, a fact borne out by market practice in several cases. Our work was complicated by the GDPR regulation that came into force in May 2018 in Hungary, but despite this, we managed to fully meet the lower limit of the "large sample size", as the number of questionnaires received was 148. The questionnaire contained 45 questions, both closed and open types, as well as so-called confidentiality questions. The question groups were generally made up of 7-9 statements, which had to be marked on a 1-5 Likert scale, depending on how typical or not they felt the statement was.

In the next step, we tested the reliability of the scales using the Cronbach's alpha test. Since our questionnaire was already generated without accepting missing answers, we did not need to perform any database cleaning, so we could start with the Cronbach's alpha test immediately. The Cronbach's alpha coefficient is a reliability indicator that expresses the internal consistency of the scale in the range 0 to 1. An acceptable value above 0.70 is considered acceptable and above 0.80 is considered good (Lavrakas, 2008). After running the test, our Cronbach's alpha value was 0.789, which is within the acceptable category. We also examined the alpha value that would be given if a statement were deleted and 5 statements had higher alphas. One claim had an indicator above 0.8, so this claim was deleted and recalculated. The statement also gave a negative correlation value with the other statements in the correlation matrix, and after examining the statement, we concluded that it was not really a characteristic

of excellence, so we removed it. The statement referred to keeping a classic diary of deadlines to organize their lives. Recalculating the value again, our Cronbach's alpha was 0.804, which is already considered good. The Cronbach's alpha test confirmed that our scales are consistent, measuring one thing, and therefore add up within the scale.

Based on the official and latest national data, our sample of 148 persons covers 2.01% of Hungarian enterprises in terms of total number of employees (population = 3,121,000 persons, KSH, 2018). Small enterprises and large enterprises are overrepresented compared to the national data. In sum, 58.1% of respondents were male and 41.9% female.

2 Results and Discussion

In the questionnaire survey, the self-effectiveness dimension was analyzed in two blocks of 30 questions within the questionnaire. The questions were formulated on the basis of preliminary focus group interviews. The evolution of the responses to the questions on personal management effectiveness and organizational process effectiveness in the self-organization dimension is presented in Table 1.

Tab. 1: Dimensions of leadership effectiveness among senior managers (n=148)

	Valid	Average	SD
Personal leadership effectiveness			
I am taking executive coaching.	86	4.14	1,266
I attend trainings, further trainings.	128	4.07	1,224
I schedule my daily program in blocks of 15 minutes or even tighter time frames: I am much more efficient.	56	3.63	1,421
For self-development videos, I watch them at twice the speed to save time.	51	3.61	1,563
I don't drink/eat enough during the day because it would take up valuable time: I'll make up for it in the evening/night.	61	3.30	1,487
I constantly look at and analyze the metrics that indicate the operational efficiency of the company.	133	3.19	1,315
I hold management meetings.	135	3.07	1,137
I work overtime.	135	2.91	1,255
I take at least 15 minutes to read articles, book excerpts or watch/listen to videos that develop me professionally and personally.	133	2.44	1,183
I keep a classic printed diary to organize my life.	92	2.43	1,606
I keep a list of current tasks (excel list, task log, matrix).	133	2.20	1,341

I note down my ideas, record them.	138	1.97	1,100
I use an application to plan and control my schedule (e.g. Justdo, Mytask, Trello, GoogleKeep, etc.)	101	1.96	1,407
Every evening I think about what I need to do most tomorrow.	136	1.77	1,109
Organizational process effectiveness			
We have a family day or other retreat for staff.	115	4.30	1,141
We organize professional training sessions where we have time for each other as well as learning.	122	4.30	1,081
We celebrate birthdays and anniversaries with colleagues.	105	3.94	1,223
I organize a joint working lunch and dinner.	120	3.86	1,305
We improve working conditions.	135	3.84	1,269
We monitor and analyze our competitors' operations.	122	3.71	1,376
We look for new contracts and new sources of funding.	135	3.47	1,376
We evaluate our work afterwards.	141	3.39	1,188
I'll get to work with the others.	88	3.35	1,569
I'm looking for new clients.	126	3.11	1,482
I hold short kick-off meetings.	121	2.74	1,302
On-going projects and targets are there to see on the wall or monitor, can be added to.	123	2.57	1,466
We use a corporate information decision support system (e.g. SAP).	89	2.44	1,665
We use an online/digital customer feedback system that is constantly monitored.	126	2.43	1,299
We use a quality assurance system (e.g. ISO, HACCP, etc.) and monitor processes against it.	136	2.26	1,476
I regularly visit the company's premises and try to talk to the staff who are key to the operation.	69	2.20	1,614

Source: own data; SD = Standard deviation; Scale 1-5: 1=I do it every day, 2= several times a week, 3=weekly, 4=monthly, 5=less frequently, 6=not used/never used

Based on the responses, it is clear that time management apps and task lists (prioritizing tasks) are popular among the managers surveyed, and that they plan the next day's tasks in the evening. Quality assurance, the management decision support system, the connection with colleagues (e.g. work site visits and daily meetings to start work) are of particular importance in the context of controlling company processes.

Finally, we examined the extent to which the self-organization dimensions are characteristic of the clusters previously established in the research. In designing the clusters, we first performed a hierarchical cluster analysis using the nearest neighbor squared Euclidean distance method to identify outliers. Based on this, after filtering out 3 cases on a sample with

145 elements instead of 148, we also performed hierarchical cluster analysis, now using the Ward method to determine how many clusters the sample could be divided into. Based on the dendogram and the line graph of cluster coefficients, we found that 2 and 3 clusters could be formed, respectively, according to the research objective. Since cluster analysis is highly sensitive to components with different scales, standardization was required, which was converted to Z-scores using the Z-scores method. We then performed the cluster analysis using a non-hierarchical (K-means) procedure, subdivided into 2 and 3 clusters. When split into 2 clusters, 59 cases would be included in the first cluster and 86 in the second, however, 9 out of 6 principal components in the ANOVA table do not form homogeneous groups. In the case of 3 clusters, all but one case in the ANOVA table form a significant homogeneous group around each principal component. There would also be one exception if we had chosen a 4-cluster solution, so we retained the 3 clusters with the following characteristics:

Cluster 1 - Uncertain empathic

This cluster is typically made up of female managers aged 30-50 (60%), 41% of whom have less than 10 years of management experience. Half of the firms in this cluster are micro-enterprises with less than 50 direct reports. In terms of profitability, they tend to be profitable (77.5%) and in terms of growth, they tend to be adequately (annual growth rate around 5%) or stagnating. 40.5% are characterized by uncertainty: they seek constant confirmation of what managers are really like.

Cluster 2 – Ambitious goal-oriented

This cluster is made up largely of men (69.44%), aged 25-69. 57% of the people in this cluster are CEOs and 47% have between 11-30 years of management experience. The growth rate of the organizations in this category is above average (10% or above annual growth rate) and 58% are dominant or market leaders in their field of operation.

Cluster 3 - Experienced Strategist

This cluster is also predominantly male (63.76%), with a predominance of over 40s in terms of age (66.67%). There is roughly equal representation of owner managers and managers hired from outside. In terms of managerial experience, they have a higher than "average" level of experience: 30%, for example, have more than 20 years in such positions. It is therefore not surprising that 90% of medium-sized companies fall into this category, and 30% of them have between 10 and 250 employees. In terms of profitability, 86.36% are profitable, so we can say that this is a cluster of highly profitable firms, and in terms of growth, it includes firms with a steady growth rate (approximately 5% per year, 70% of the firms in this cluster). 70% of managers who regularly work overtime are included.

The differences between the clusters in terms of self-organization are summarized below (Table 2).

Tab. 2: Leadership practices specific to different clusters (n=148)

	Uncertain Empathetic	Ambitious goal-oriented	Experienced Strategist	p	Cra-mer's V
Personal leadership effectiveness					
I spend at least 15 minutes reading articles, reading book chapters or watching/listening to videos that improve me professionally and personally	30% several times a week	42% per day	35% per week	0,004	0,298
I keep a classic printed diary to organize my life	50% use it often	50% do not use at all	39% do not use at all	0,011	0,281
I use an application to plan and control my schedule (e.g. Justdo, Mytask, Trello, GoogleKeep, etc.)	30% use daily	58% use daily	41% never use	0,008	0,287
I hold management meetings.	38% weekly	47% use several times a week	58% weekly	-	0,372
I constantly monitor and analyse metrics that indicate the operational efficiency of the company.	63% monthly or less often	44% several times a week	30% weekly	0,047	0,253
I keep a list of current tasks (excel list, task log, matrix)	30% daily	58% use daily	35% daily	0,009	0,285
I attend trainings, further trainings.	53% rarely use	58% use at least once a week	55% rarely	-	0,419
Organizational effectiveness					
We have an online/digital customer feedback system, which is constantly monitored	45% never use	47% monitor at least weekly	42% no not at all not monitoring	0,018	0,272
Competitor operations are monitored and analyzed.	70% monitor monthly or less frequently	50% monitor at least weekly	52% rarely or never watch	0,038	0,257
On-going projects and targets are there to see on the wall or monitor, can be added to.	43% monitor daily	50% monitor daily	53% rarely or not at all watch	-	0,409
We evaluate our work afterwards.	55% evaluate monthly or less frequently	53% assess several times a week	65% monthly or less often	0,004	0,298

I organize a joint working lunch and dinner.	43% use it weekly or more often	56% use monthly or less often	71% rarely or not at all	0,004	0,297
We improve working conditions.	55% use less frequently	69% use at least monthly	68% monthly or less often	0,016	0,276

Source: own data

The table shows the difference between the three types of leaders. "Uncertain empathetic" managers are mostly analytical: they keep a classic diary, they follow projects on the wall on a daily basis, they monitor the company's efficiency indicators less frequently, on a monthly basis or even less, they do not use online/digital customer feedback systems or monitor competitors. They do, however, tend to organize social activities, working lunches and joint events. It is interesting to note the difference between the "ambitious goal-oriented" leaders and the "experienced strategist" type of leaders. From an organizational point of view, it is noticeable that purposeful managers pay more attention to the use of scoreboards, especially digital ones. They keep a daily to-do list and attend training courses, while their "strategist" counterparts do not really monitor their competitors, do not emphasize joint working lunches or appraisals, do not keep a classic diary or an app for time management; they rely on their own experience and routine.

Conclusion

The aim of this study was to give an idea of the self-organization practices of managers. Finally, along the dimensions of self-organization that we set up - daily practices for personal leadership effectiveness and daily activities for business development - we formed clusters, which we named according to the characteristic attributes of the leaders, and then made a comparison across clusters.

Overall, it is important to highlight the following: "ambitious goal-oriented" leaders devote more time than average to self-development, for example, they spend at least 15 minutes a day on self-development, they have a tight daily schedule and they participate in some kind of training every week. Management meetings are held several times a week for staff and operational effectiveness is constantly monitored. They are at the forefront of controlling all key organizational processes compared to the other two clusters and are the ones who are actively in control at the highest level. We cannot say unequivocally that they are the embodiment of the "excellent" leader, as there are different leadership styles. What is certain, however, is that 86.36% of the organizations they lead are profitable and growing at a balanced

rate. If we are looking for the human factors behind outstanding organizational performance, the ingredients of excellence, this cluster probably offers the solution.

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