

A framework for management development through market-oriented learning

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Introductory remarks

Unfortunately, most of the Romanian companies cannot report substantial changes in management development in the latest 11 years. In an endless transition, their managers had "refined" (V. Edwards, 1998) some knowledge, skills and practices specific to a command economy, and tried hardly to adapt them to the market one. The result is easy to guess: the managers are "sitting on a fence". Management education providers have noticed that most of the Romanian companies do not have programs in management development, or a strategic orientation in human resources management. They do not make any connection between management education and their company's future, do not have any management training and development budgets. Disappointed, management education programs providers have concluded that in today's Romania no one cares about management development.

It is difficult to speak about market oriented management development (MOMD), without understanding some aspects concerning *who* the Romanian managers are, what *knowledge, competencies and abilities they have*, and where their *skepticism* in learning comes from.

In approaching MOMD, the starting point is that in Romania there are *two categories of managers*: the "inherited" (those being in managerial positions before 1989) and the "new" ones.

Many "inherited" managers have some education in management. It is known during communism, Eastern Germany and Romania were Central and Eastern European leaders in management training (Edwards V., Lee G., 1999). From 1967, Bucharest hosted a big center for management development, sponsored by United Nations Organization ("CEPECA"), in which lots of managers from communist and developing countries were trained. On a cyclical basis, Romanian general managers attended training programs in this center. Thus, some authors and observers argue that the knowledge, competencies and abilities *deficit* in the field of general and functional management is not so high as in the field of marketing management or change management (Pucko D., 1998). Not surprisingly, the management development programs providers complain that the "inherited" managers strongly reject the idea of training,

considering themselves already prepared for a market economy. The mental "error of spontaneous" passing to the market economy neglects the historical fact that the market is an economic, social, cultural and psychological structure, an outcome of economic action, based upon some specific managerial knowledge and abilities (Kregel J., Matzner E., Grabher G., 1993). CEPECA's programs were focused on managerial issues in the context of central planning, not in a market-oriented one.

Most of the "new" managers, even though have university degrees, are poorly equipped with managerial knowledge, competencies and abilities specific to a market economy. They are opened to learning, but prefer very short and cheap programs, especially in the field of information technology. The myth of being enough to master the computer in order to enter the arena of management is widely spread among young managers.

Being asked about the obstacles confronted in performing efficiently, both categories of managers usually mention the lack of financial resources, technological gap, lack of some governmental industrial policies, fuzzy legislation. Only very few of them notice the deficit in their managerial training, in their knowledge, abilities and competencies.

In many cases, the willingness to learn is reduced due to some *reasons coming from business practice legislation*. For instance, in Romania, the legislation concerning financial markets is very fluid, controversial and difficult to implement. It triggers the interest of many managers for an "informal" learning of market practices leading to "here and now" gains (as far as it is possible..). Managers learn how to survive in a gray market, not how to gain on a long run, a fair competitive advantage. Many consider the gray market as a better teacher than a formal management development program.

Managers' skepticism about learning managerial knowledge and abilities requested by a market economy has also *causes coming from the supply side of management development*. Management development programs are perceived as being too long, too theoretical and too inflexible. Managers would like to attend very short programs (2-3 days), focused on practical solutions to their problems and backed up if possible, with a certificate (good for manager's CV!).

Of course, managers do not have time to seat in the classroom listening to academic lectures about market economy. They have short run objectives and accordingly, expect immediate learning benefits. Truth is the management development programs' objectives should be established in terms of managers' needs and wants (not in those of such program providers).

Concerning the programs' providers, comparing to the first part of '90th, the preference toward foreign trainers has drastically decreased. (Kundrotas V., 1998). The most important reason is not the level of fees, but the failure of

consultancy and training "transplants". Foreign experts in change management came with western solutions to eastern problems. Thus, today the preference is for mixed trainers or even Romanian ones.

In our view, these indisputable realities are solid arguments for orienting the research in management development toward *assessing the present status* of managers' market orientation and *designing practical frameworks* for management development based upon market orientation. These are in fact, the present work's objectives.

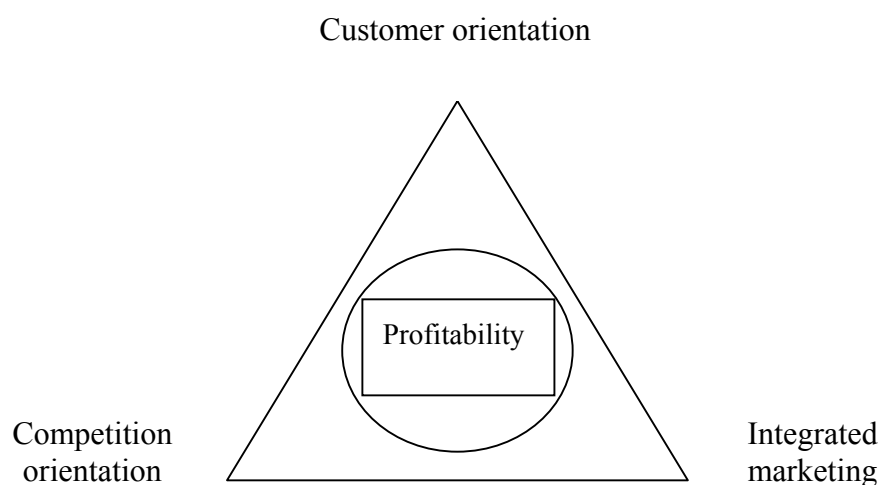
Assessing the present status of managers' market orientation in a sample of Romanian companies

In the authors' approach, the *market orientation* is a managerial culture that generates a behavior focused on producing a higher business performance through creating and delivering superior value for customers. It has four *measurable behavioral dimensions* (as shown in Figure 1):

- *Customer orientation* presumes defining customers needs and wants from their own perspective (not from company's one).
- *Competition orientation* requires managerial action based upon analyzing most important competitors' actions and reactions.
- *Integrated marketing* means that all of the company's managers act in their internal and external customer's best benefit (based upon marketing principles).
- *Profitability* is the reward gotten by the organization having managers who think, produce and deliver superior value to customers.

A *survey* of a random sample of 66 companies from Transilvania was conducted. Top and functional managers answered 37 structured and unstructured questions of a self-administrated questionnaire. The following dimensions characterize the *sample's profile*: ownership form, legal form, fields of activity, company size, years of existence and performance values. *The respondents* were structured based upon age, gender, nationality, religion, profession, seniority, and experience in managerial works. The questions are of two kinds: *direct* and aimed at *controlling* the answers given to direct ones. They are formulated and structured in a way that the answers allow the measurement of company's market orientation. Based upon the answers given to controlling questions, it is possible to identify and evaluate the managers' learning needs. Why based upon controlling questions? Because previous empirical studies in the field conducted in many countries, showed the managers cannot assess their own learning needs (Argyris Ch, 1991). Most of them do not believe they need training and development at all.

Figure 1. Behavioral dimensions of managers' and organization's market orientation



From the answers to the *direct questions*, resulted that in 76% of cases, there are structures (distinctive marketing departments) performing systematically marketing activities. If the questionnaire would be limited to these direct questions (such as "Does your company perform marketing activities in a systematic manner?"), we were forced to say the majority of the sample has market orientation. This "scientific" conclusion would contradict both Romanian business reality and the most famous researchers who argue that even in developed countries there are only a few companies with a strong market orientation (Kotler Ph., 2000).

The answers to *controlling questions* revealed an another situation. Being asked to give examples of marketing activities performed by their companies, 42% did it, but only a very few activities were truly marketing ones. A package of four constrains (reflecting the behavioral dimensions of market orientation) was used in order to discover the companies having a real market orientation. The answers showed that only 3% of the sample satisfies the four constrains. Accordingly, only 3% of the interviewed managers could be considered as having market oriented knowledge, competencies and abilities.

Most of the managers do not clearly understand the meaning of market orientation, the marketing concept itself, do not know what is a satisfied customer, has no knowledge of competition, market share and profitability. We could say the market orientation in the sample is only a "declarative" issue. It is obvious, for most of the respondents, market-orientation is similar with a name given to a formal structure (marketing department), not a managerial and organizational behavior, based upon a new business philosophy.

A practical framework for market oriented management development (MOMD)

The process of designing a MOMD framework should start with developing the organization's educational mission statement and establishing its objectives.

MOMD educational mission and objectives

The educational *mission* of MOMD is to involve general and functional managers in creating a system of values, beliefs and mentality that defines the organization in its relations with customers, from a cultural perspective.

The *objectives* of MOMD should be established in measurable terms of manager' contribution to increasing the value offered to customers and to accomplishing organization's marketing objectives (increasing customer satisfaction, increasing market share, increasing sales volume, increasing profits).

It is often thought the companies have the same mission and objectives in management development. Also, training is viewed as a magic elixir drank by the employees in order to make more profits. The truth is that each company is a unique constellation of strategic, cultural and contextual factors leading to different educational expectations and needs.

MOMD's steps

In our opinion, the process of designing a practical framework of MOMD has the following *steps* (understandable from Figure 2):

1. Identifying the needed managerial knowledge, competencies and abilities for giving the company and its employees a market orientation
2. Assessment of existing knowledge, competencies and abilities in the managers' mind and behavior
3. Determining the gap between steps 1 and 2
4. Assessment of alternative learning solutions (gap diminishing)
5. Selection of most appropriate MOMD program

These five steps are explained below.

Step one: What the managers need to know and do?

What should general and functional managers know and do in order to give their organizations a market orientation? What today is very important, tomorrow might be useless. Knowledge, competencies, abilities needed in performing a job change with a higher and higher speed. Making a list of these is an "impossible mission". Thus, is more useful to create a conceptual framework in which knowledge, competencies and abilities needed for a

market oriented managerial vision and practice can be arranged. We propose such a *framework* having four clusters of knowledge, competencies and abilities, according to the four behavioral dimensions of market orientation (first column of Figure 3 - "MOL matrix").

Without giving conceptual details about knowledge, competencies and abilities, we would like only to underline some aspects. First, they should be defined and understood as being both individual and organizational requirements. When knowledge, competencies and abilities based upon market orientation are generalized in the company, they become an organizational culture having in its core the respect for customer. Second, they must be understood as components of a market oriented behavior. Third, they must be viewed as present and future performance requirements for managers. Finally, they are formulated as requirements of MOMD, enabling general and functional managers to identify their own development needs and the ways of satisfying them.

Step two: What do the managers know and do?

What the managers know and do when dealing with markets and what they think do not know, but in fact know are of interest in this step. Specific assessment techniques and methods could be of help, especially those taking into account the managers' performances and their career development perspective. For instance, the top manager or an external consultant could perform an audit aimed at identifying marketing attitude of different departments (R&D, procurement, manufacturing / operations, finance, accounting a.s.o (Kotler Ph., 2000).

Figure 2. Management Development as an outcome of market oriented learning (MOL)

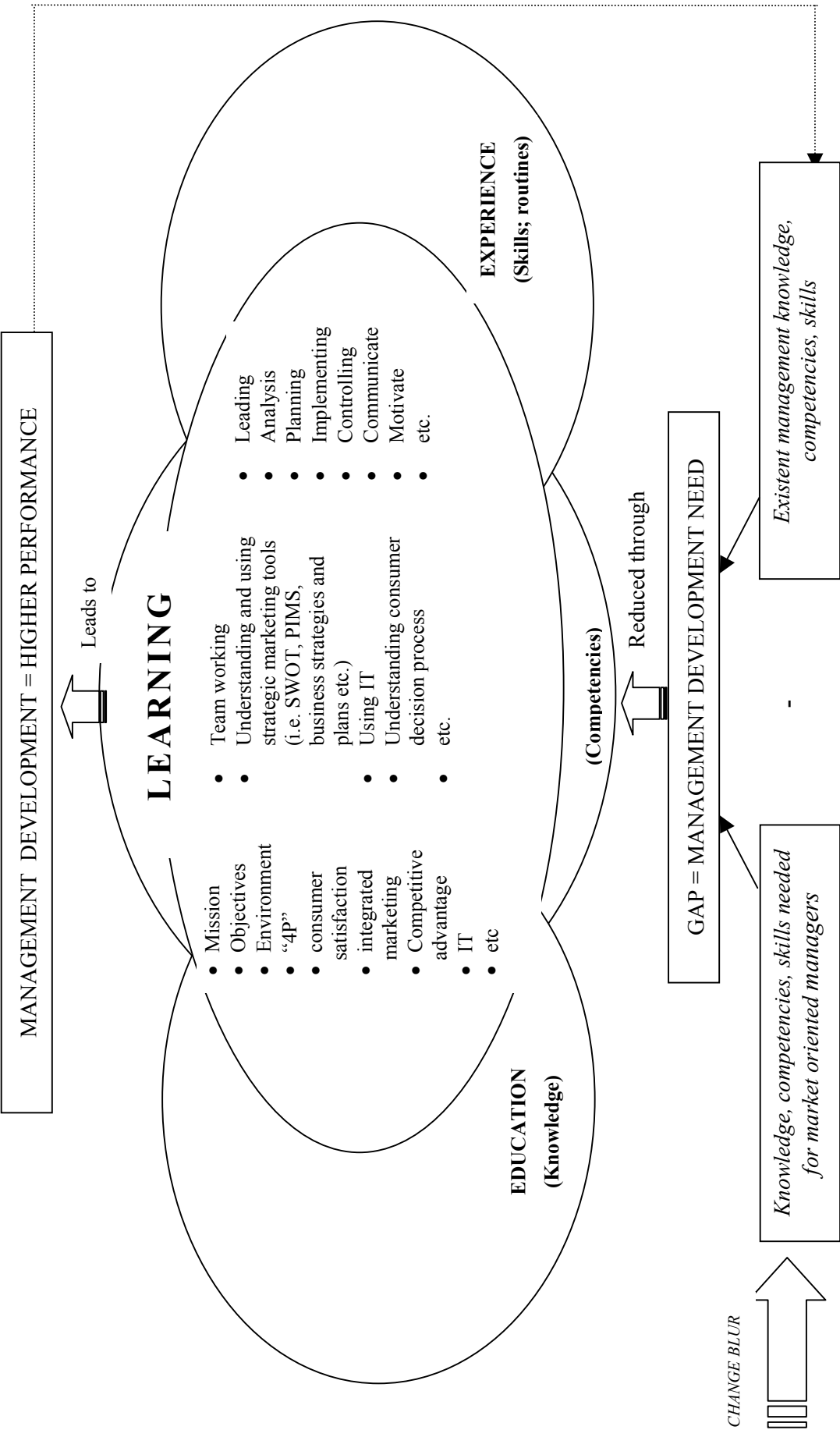


Figure 3. A possible matrix of market oriented learning in Management Development (MOL Matrix)

Measurable dimensions of market orientation (knowledge, skills, competencies)	Managerial Functions						
	General	Marketing	R&D	Prod./ Ops.	Fin./ Acc.	HR.	I T
<i>I. Customer orientation</i>							
1 Market research (needs)							
2. Customer behavior							
3. Public relations							
4. Product (design, development)							
5. Pricing							
6. Distribution channels (including “e-marketing”)							
7. Promotion (communication)							
8. Selling force management							
9. Market segmentation/targeting							
10. Negotiation							
11. Consumer protection							
<i>II. Competition orientation</i>							
12. General & task environment							
13. Competitive forces							
14. Competition anal. (opportunities, threats, bench marketing, positioning)							
15. Legal constrains in competing							
16. Competitive strategies							
17. Marketing “intelligence”							
<i>III. Integrated marketing</i>							
18. Mission/objectives							
19. Organization synergy							
20. Internal marketing							

21. Internal communication							
22. T.Q.M							
23. Team working							
24. Reward system based upon excellence in marketing							
25. New cultural values (i.e. customer as partner; from production to market)							
IV. Profitability (performance)							
26. Long term relations with customers & suppliers							
27. Effectiveness							
28. Efficiency							

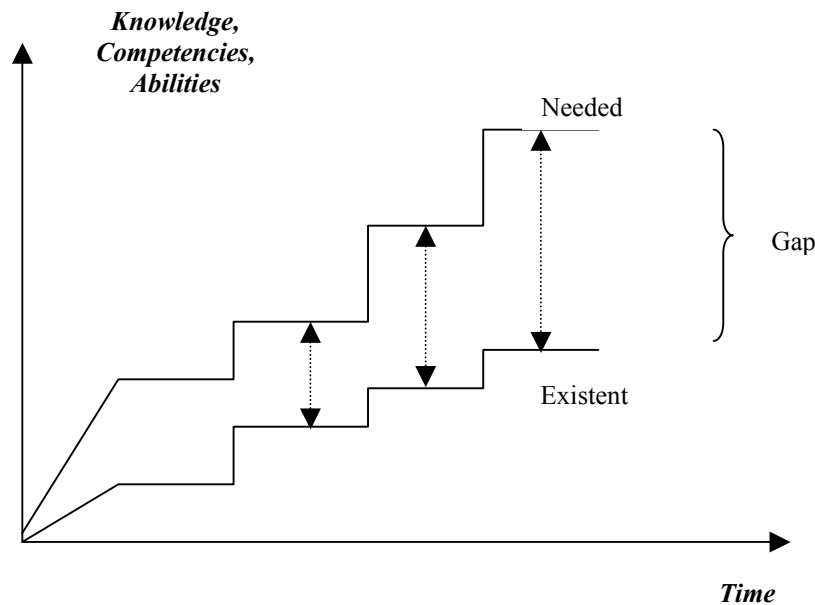
Step three: What the managers do not know and do?

What the managers do not know and do are those knowledge, competencies and abilities needed in order to have a market orientation. The gap is made up of what the managers *admit* they do not know and what they *think* they know, but in fact *do not know*. It is well known most of the managers are not aware of their learning gap (why they do not know) (C. Argyris, 1991). The gap's size is given by the difference between the "list" of needs (first column of MOL matrix) and the "list" of proved managerial knowledge, competencies and abilities (during the audit). In time the gap increases at the individual and organizational level (see Figure 4). Management development is the main process of *filling* the gap.

Step four: How to diminish the "knowing" and "doing" gap?

MOMD is a difficult task. It cannot be accomplished through CEO speeches, hiring famous marketing professors or pressing the employees to think from the market point of view. Do not forget, the ultimate outcome of management development should be a new behavior, based upon new knowledge, competencies and abilities. *Learning* is the source of management development. The learning process shown in figure 2 should be understood in the sense that managers learn capitalizing their education, training and experience. These are both learning *sources* and *outcomes*. In other words, through learning, the managers enrich the education, training and experience they started from. Time

Figure 4. Managerial knowledge, competencies and abilities gap



Experience is a "first rank learning", having abilities as its main outcome. Based upon abilities, the managers learn how to do better something. As physical and mental traits, the abilities refer to what a manager can do (they "conjugate" with verbs as "to do" or "can"). They are gained through learning and improved through experience (practice). Experience transfers learning in the manager's working place.

Training is a "second rank" learning, with competencies as its main outcome. Based upon a new competence, a manager learns how to perform in a different way a task, or to add new tasks to his job. The competencies enlarge the area of experience. They are the accreditation of a previous learning through education.

Education is a "third rank" learning, leading to knowledge and ways of using them. It refers to what the manager knows.

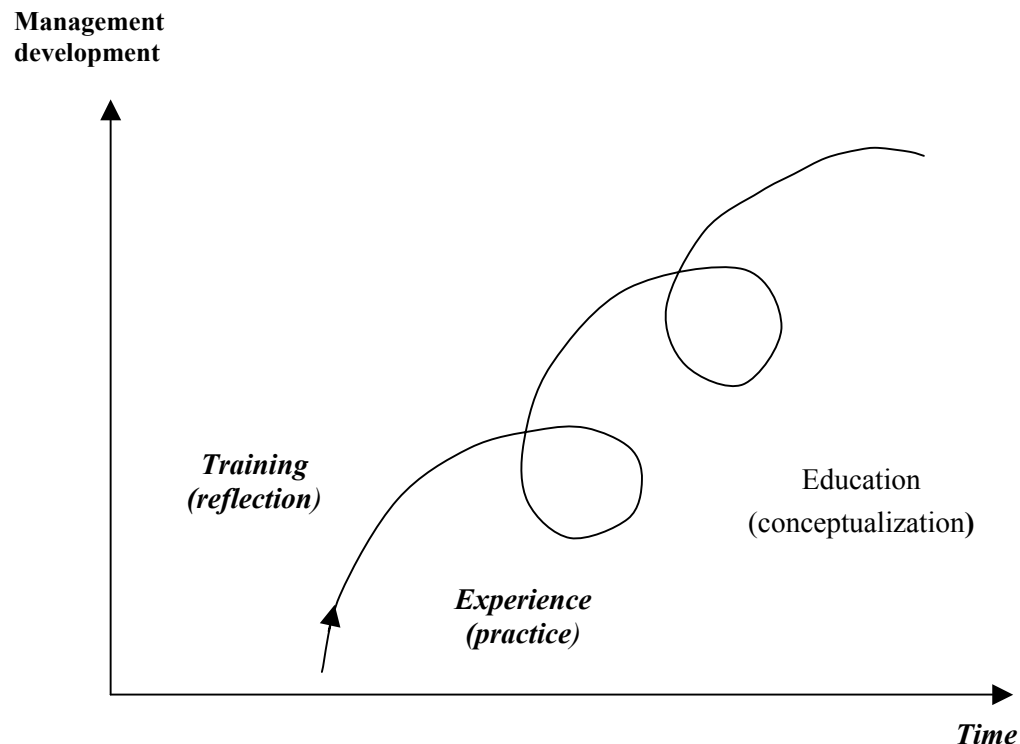
Many specialists consider that the adults' *learning cycle* starts each time, from experience (Dale M, 1993), continues with training and ends up with an educational "loop" (see Figure 5).

It was shown above that experience, training and education are not only the learning sources, but its solutions, also. Choosing one or another solution depends on the *learning's goal*, namely the problem to be solved by the manager. Learning how to solve a problem presumes a certain method and inside it, a certain technique (or a combination of techniques).

The most general goals of learning in management development process are those of *knowing, understanding, doing and deciding*. If, for instance,

the goal is *knowing*, usually learning is done through educational methods, employing exposure techniques (lectures, seminars, and case studies).

Figure 5 Learning cycle in management development



In accomplishing the goal of *doing*, active methods are used, based upon training techniques (demonstrations, experiments, coaching, and simulations) a. s. o.

A learning solution could be also chosen taking into account where the requested knowledge, competencies and abilities *belong*. In this case, there are two main situations (Noye D., Piveteau J., 1993):

- a) If the knowledge, competencies and abilities are considered as *external* to manager, the learning solution is education (the magister has the knowledge, competencies and abilities).
- b) If the knowledge, competencies and abilities are viewed as *inner* to manager, but have a "content without form", the learning solutions are training and on the job experience (the trainer updates the science).

Step five: Which MOMD program is appropriate for "knowing" and "doing"?

The 28 specified knowledge, competencies and abilities in MOL matrix, might be taken as MOMD programs, devoted to general and functional

managers. What kind of program/programs needs one or another manager? Taking into account the difficulties in assessing management development needs, the Human Resources manager or an external expert could follow one of the below *approaches*:

a) Performing an *audit* aiming at: 1) identifying the level of functional managers' market orientation (R&D, procurement, manufacturing/operations, finance a.s.o) and 2) determining what these managers must know and do in order to create and deliver a superior value to customers. This audit's outcome might be used in deciding what program/programs from MOL matrix must enroll each of the functional managers.

b) Discovering the functional managers' *expressed wishes* in the field of management development. What would they like to learn? Do they have any project for their career development? According to expressed desires, the managers could enroll one or some of the programs listed in the first column of MOL matrix.

c) If none of the above approaches is possible, the top level management or the external expert could *release a "dynamic"* of MOMD, starting with a "feasible" program for all general and functional managers. Through successive programs, the company could gradually gain the features of a market oriented learning company.

Instead of a conclusion, the authors consider the suggested "MOL matrix" is useful for management development due to at least its following advantages:

- integrates marketing in all of the company's functional structures;
- it is easy to understand, share and implement by top level management in any field of activity;
- contents the major expectancies concerning the needed knowledge, competencies and abilities for market oriented functional managers;
- gives a global image of management development programs enabling to assure on the long run, the market success of the company.

References

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