

ASSESSMENT SURVEY ON MANAGEMENT ABILITIES AND KNOWLEDGE OF MANAGERS OF SMEs

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Abstract:

An online survey was conducted between December 2010 and January 2011 amongst managers of small and medium enterprises. The database consisted of 35 000 people and they received the test 4 times. Those who replied got a free personalized evaluation of 2–3 pages. 850 tests were filled out and sent back. A part of this research will be presented; first concerning the theoretical background the survey is based on, then the structure of the survey, how it is built up, then the hypothesis and some partial results of the research. The evaluation of the surveys will be shown as well. During the last 15 years the researcher realized that most of the managers are convinced that they are skilled managers and can apply their knowledge well. However, it very often turned out that this was not the case. The purpose of this research was to detect the discrepancy between what managers believe about their management knowledge (assumed management knowledge, AMK) and their true knowledge (real management knowledge, RMK). The first results of the research supported the hypothesis. This will be demonstrated in detail using two sections of the survey.

Keywords: measurement of management skills, assumed knowledge, real knowledge, SME.

1. LEARNING AND IMPROVING MANAGEMENT SKILLS

The world has changed considerably in the past 10 years so we might believe - and rightfully so - that SMEs are being directed by well-prepared and trained managers. In this essay the researcher will investigate whether this statement is true or false. In focus will be two things:

- What is a leader's estimation about his/her basic management abilities;
- Using simple questions their real management skills will be checked;

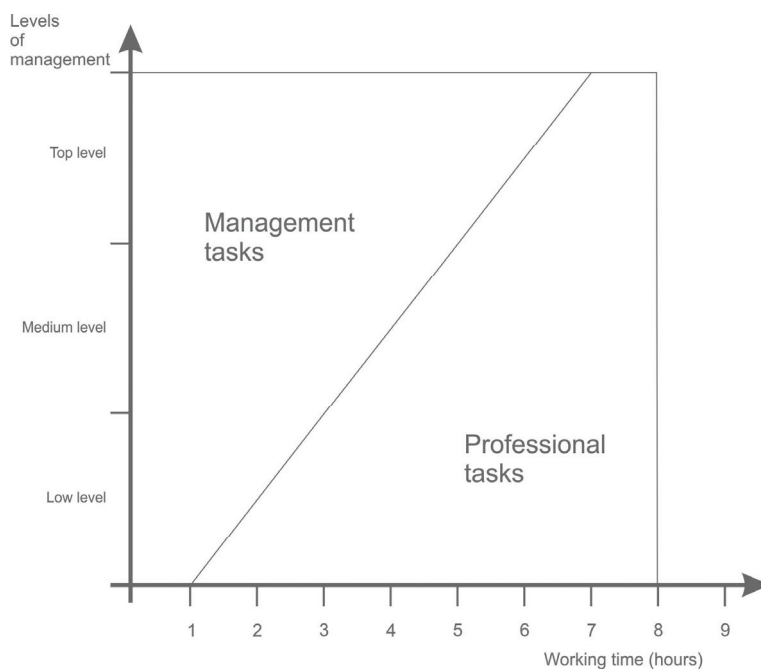
Every manager

- is competent at some kind of non-managerial (professional) work
- has some managerial (leadership) ability

Usually the manager gets promoted to being a manager because of his *professional* work, his competency (Freihold, 1992, pp. 11–14).

Let's see a graphic representation of what a manager does during a day:

Picture 1: Share of managerial and non-managerial work



Source: Freihold, 1992, p. 11

The higher position a leader is in, the less time he will have for professional work. Ideally, those leaders get promoted to high positions that like to do the work of a leader, willing to learn it, and don't mind if it is at the expense of their professional work. The research is aimed at leaders who should spend more than 50 % of their time doing management work.

2. GROUPING OF MANAGEMENT SKILLS

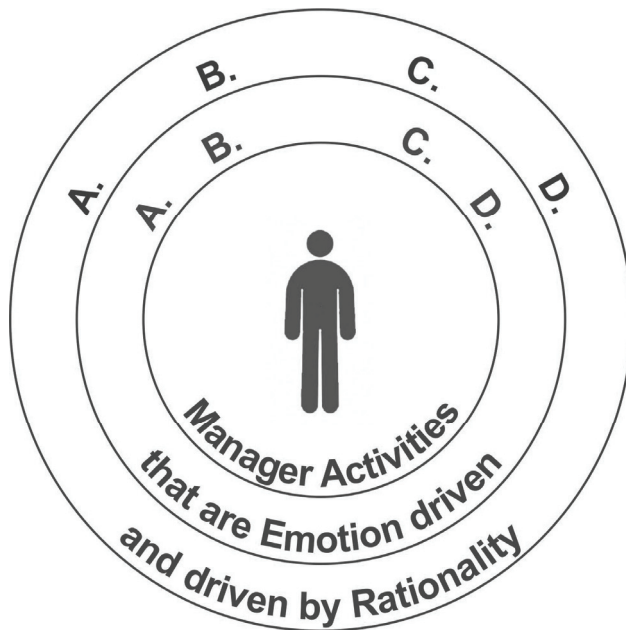
The meaning of management: the goals set by the leaders are realized and achieved by the staff within a certain framework (Thompson, 2002, pp. 413–425). In order to achieve that,

the manager must do more and more management work and less and less professional work, as time goes by.

Leadership is a certain relationship between a leader and his/her staff with the purpose of making a change and achieving positive results (Daft, 2005, p. 4).

Everyone lives in a dual (rational-emotional) mind set. This is how he/she can influence others and how others can influence the person. This is the basis of the theory of management.

Picture 2: Manager Activities



We live our everyday life and we do our management work in this dual mind set, that sometimes merge together. The “I” driven by rationality and the emotion driven “I” never makes a decision separately, one of them always overcomes the other, depending on what we are handling. In other words: the manager focuses either only on the person, or on the task (Roóz, 2001, p. 285).

In accordance with the above, there are two types of management work:

- 1st group (management tasks that are driven by rationality)
- 2nd group (management tasks that are driven by emotion)

2.1. Management skills – rationality

In the course of managing a business, the manager is using mainly the *rational* side of him/her, while doing the following (Bakacsi, 2003; Balogh, 2001; Chikán, 1998):

- A. Goal setting, planning;
- B. Organizing;
- C. Controlling;
- D. Inspecting.

2.2. Management skills – emotion

In the course of managing a business, the manager is using mainly the *emotional* side of him/her, while doing the following (Hillengaß, 2004; Lappints, 2002; Vollmer-Hoberg, 1994):

- A. Communication;
- B. Motivation;
- C. Training;
- D. Learning.

3. THE HYPOTHESIS ON THE MANAGEMENT ABILITIES AND KNOWLEDGE OF MANAGERS

Hypothesis: There is a difference between true and assumed management knowledge that can be measured by surveys

Based on the statistical results and personal experience, the researcher presumes that the system of management skills as described above, as well as its different elements are not known by the small and medium entrepreneurs, and they don't have a high level of knowledge on management. A considerable part of entrepreneurs (especially beginners) are convinced that their knowledge is adequate and that they can apply it well (Ulbert, 2005. pp. 107–108).

We don't have to emphasize the relationship between leadership abilities, knowledge, and a successful business. Even if knowledge is not automatically followed by success, because some other factors are involved as well, it is obvious that success depends on (leadership) knowledge.

Of course there are businesses and entrepreneurs that produced great products, became successful with no specific leadership experience or knowledge, especially at the beginning of the nineties. However, time actually verified the hypothesis above: those who survived tried to get better at their management job; trained themselves, or were surrounded by professionals. There are exceptions of course: those for whom everything always turns out well.

4. THE PROCEDURE OF SURVEYING, THE STRUCTURE OF THE SURVEYS

The pretesting of the survey was done in November 2010, so we received 850 (809 fully completed, with e-mail address) filled-in surveys by February 2011. The following five management skills of those listed in chapter 2 were investigated:

1. Balance of management and professional work;
2. Goal setting, planning;
3. Organizing, establishment of the organization;
4. Directing, controlling;
5. Leadership communication.

Three questions were designed for every subject; all of them approached the subject from different aspects.

1st subject: Relationship between managerial and non-managerial type of work

My staff regards me as a good manager.

a. *yes* b. *rather yes* c. *rather no* d. *no*

I prefer non-managerial to managerial tasks

a. *yes* b. *rather yes* c. *rather no* d. *no*

I always spend enough time doing management work.

a. *yes* b. *rather yes* c. *rather no* d. *no*

2nd subject: Goals and planning

Our goals are clear and we plan the way to get there.

The company operates on a yearly budget.

I have an idea what results the company could achieve within 5 years.

3rd subject: Organizing, the structure of the organization

The sections of the company are autonomous; the areas of competency and responsibility are clearly defined.

The organizational structure of the company can easily be drawn up on a piece of paper.

There is one (or more) worker(s) who has/have two bosses.

4th subject: Directing, controlling

I am in control of the company by continuous inspection of its finances.

The workers can make financial decisions on their own (within certain limits).

We systematically compare and analyze target figures with actual figures.

5th subject: Management communication

I solve the problems concerning personnel quickly and professionally.

The staff is stable - it rarely happens that someone leaves or that I have to lay off someone.

I willingly help my colleagues with smaller problems of a private nature.

The target public received the surveys with the questions mixed up, and they filled them in online, with the help of *Lime Survey* online program. The survey contained three clear and simple questions for each subject:

- First question: a statement related to the subject – in singular, first or third person. (*My colleagues think that I have a great sense of strategy.*)
- Second question: aimed at controlling the first statement, emphasizing one of the most important criteria of being a manager. (*Our company has long-term goals; it is clear for my staff where we are headed.*)
- Third question: same as the second question again but from a different prospective, suggesting the wrong answer here and there. Usually only experienced professionals can answer this question. (*We don't make medium-term plans for three or five years, it's not worth making them in this fast-paced world.*)

5. THE RESULT OF INVESTIGATING THE TWO SUBJECTS

Two areas were chosen for this research:

- Manager skills in general, separating managerial and non-managerial work, the attitude towards managerial work;
- One of the emotional side of management: management communication, dealing with human relations, HR abilities.

5.1. The subject of management and professional work

What is the correct ratio for management and non-management type of work? It was tested with three questions:

My staff regards me as a good manager.

I prefer professional work to management work.

I always spend enough time doing management work.

Table 1: Results, of 1st subject

answer:	1st question	%	2nd question	%	3rd question	%
yes	300	37,08	299	36,96	338	41,78
rather yes	450	55,62	259	32,01	354	43,76
rather no	43	5,32	192	23,73	88	10,88
no	16	1,98	59	7,29	29	3,58
Altogether	809	100,00	809	100,00	809	100,00

The responses to the first question were: 300 people said “yes”, 450 said “rather yes”, 43 said “rather no” and 16 marked “no”. This means that 750 people (93 %) regards themselves as good managers. However, the second question (control question) reveals that the respondents are not clear on what it means to be a real manager. They still think that being a good leader is equivalent to being the master of the trade, who is respected by others because of his expertise. The correct answer, “d”, was marked only by 59, “c” was marked by 192 people. Only 31 % gave the correct response (which were “c” and “d”), comparing to the 92 % ratio of good answers given to the previous question.

The most important thing a manager should be able to do is separate the management and non-management type of work and increase managerial work to the expense of non-managerial work.

The result of the survey shows that 2/3rd of the SME leaders are not managers in the classical sense of the word. It also means that they themselves are not aware of this, as they regard themselves as good managers. Now for a look at the result of the third question: 86 % of the respondents think that they spend enough time on managerial work. It will be the subject of a very interesting investigation later on (in the form of interviews), about what they mean by managerial work exactly. (Usually they think that part of professional, non-managerial work – doing the job of the trade, specifically assigned tasks – belongs to the managerial work.)

5.2. Management communication, the managing of staff

The second set of questions contained three questions as well:

I solve the problems concerning personnel quickly and professionally.

The staff is stable - it rarely happens that someone leaves or that I have to lay off someone.

I willingly help my colleagues with smaller problems of a private nature.

Table 2: Results of 2nd subject

answer:	1st question	%	2nd question	%	3rd question	%
yes	312	38,57	501	61,93	421	52,04
rather yes	328	40,54	230	28,43	281	34,73
rather no	142	17,55	49	6,057	81	10,01
no	27	3,337	29	3,585	26	3,214
Altogether	809	100	809	100	809	100

Almost 80 % (640) of the respondents state that they solve problems on personnel quickly and professionally. The replies to the second question are surprisingly good, for it means that in more than 90 % of surveyed companies usually there is no problem with the stability of staff. Though the reason for that can also be fear from unemployment, financial crisis, or the fact that it is not easy to get a job – this needs to be investigated further in the interviews.

The third question was the true control question, although the wording was quite obvious. The correct answer is “d” and it was marked only by 26 people (3.2 %)! The majority of the respondents are ready to help to his or her colleagues in their smaller personal problems. The question in Hungarian emphasized that these are *not important private problems*. (No family tragedies or existential problems of course.) This is a known phenomenon and understandable – mainly in smaller, family businesses. However understandable this attitude is, it can be detrimental to the efficiency of the company, so it is not recommended as such.

6. RESULTS

The comparison of the first statement (*my estimation about my leadership qualities as a manager*), and the real situation (*control questions*) does not show a favorable picture about the self-assessment of the leaders. Investigation shows that there is no balance between the self-estimation of SME leaders and their true management skills; they overestimate their own abilities. The hypothesis corresponds to the survey results. The reasons for this and the extent of the situation will be investigated further.

The numbers above show that there are serious faults in the attitude of the target public regarding their staff, to the personnel or to doing work in general. They probably believe that handling private matters is part of management activity, and that they themselves have to solve (at least partially) the problems of the employees.

A far-reaching conclusion based on the beginning of the research cannot be drawn yet. In this paper the intention was to show the first results of a more complex research, which is ongoing. Since finishing the evaluation 150 more tests filled-out have arrived. The approximately 1000 tests will be evaluated by SPSS in the near future.

One future plan is to design a new generation management training system that will try to handle the discrepancy pointed out in the research by tests and motivate the participants who filled the tests to develop their management skills.

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