

Management's attitude towards the crisis - a supporting factor for change and designing a strategic vision

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Abstract: Every crisis teaches its own lesson. From the multitude of economic and social phenomena, the crisis has a baleful force, both through the energies it engages and through the energies it consumes through manifestation. The crisis is the hardest lesson that forces us to be careful so that we can avoid it, overcome it. Crises can be "managed" to become bearable. The attitude of the management, expressed concretely by the activity of the leaders on different hierarchical levels, comes to maintain and influence the performances of the organization, to support the dynamics of the change processes and to help, in this way, to design and achieve the strategic vision. This paper intends to present some strategic visions and ways of exercising the missions of leaders in organizations determined by the requirements for change.

Keywords: management, organization, change management, crisis, strategic vision.

JEL: G10, M10, M15

1. Introduction

All over the world there are crises marked by record inflation, asset devaluations, wars or natural disasters, but none of them resemble the current crisis we are experiencing. The economy seems abandoned by people, certainly not voluntarily, yet it has been abandoned. There are many jobs lost every day of the crisis, jobs that will hardly return to the economy. Along with these, technical unemployment brings hundreds of thousands of other people.

More and more frequently, the organizations find themselves on the brink of change in a dynamic environment (Marinescu, Toma and Miulescu, 2018). Managers are obliged to place in the center of concern numerous activities, of which the following are essential: managerial forecasts and studies, managerial structure and equipment by applying methods and techniques based on forecasting, action and decision, to overcome difficulties due to changes worldwide (Verboncu, 2018).

Management finds its realization in the future (Tichy, 2000). Preoccupied by success, Tichy points out that, in the short term, managers prepare organizations to respond to change, while in the long term, they create successful organizations by adopting strategies to avoid failures.

According to Le Saget (1999), seriously preoccupied by the orientations and actions of the manager, he pleads, at the same time, for the necessity and the possibility of building a strategic vision. We will systematize his point of view as follows: it is very natural that the art of anticipating the future should concern the manager of the organization, for whom "to lead means to foresee".

The aim of this paper is to define management concepts, actions taken by managers, changes in the management of the organization, and the design of a strategic vision to maximize operational efficiency and ensure a high safety factor for organizations.

2. Literature review

Today, digitalization is leaking into our daily lives, and the Internet allows communication not only between people, but also between things, namely data-transmitting objects, IoT- the Internet of Things (Toma and Tohanean, 2018). If the 1980s marked the beginning of the transition from analog to digital technology, the use of the Internet began in the 1990s, in the 2000s there was a leap in mobile devices (FMLSA, 2017). Technologies that cause structural digital change continue to grow rapidly: robots that provide sophisticated services, drive cars, T-shirts that measure heart rate and body temperature, and then send the data directly to a medical center have all become a reality.

The processing power of the computers doubles every two years. The implication is that performance improvements will continue to replace human activities with digital tools. This affects any industry that has integrated computers into its operations – covering virtually the entire economy- and progress in machine learning and cloud computing has strengthened this trend (Iansiti and Lakhani, 2017).

Buckingham and Coffman (2004) come to the aid of professional managers by guiding them to discover themselves, a process they consider to be a true guiding force of a healthy career. They

should direct their people “today” to make the necessary changes, in the direction which they will take, towards performance.

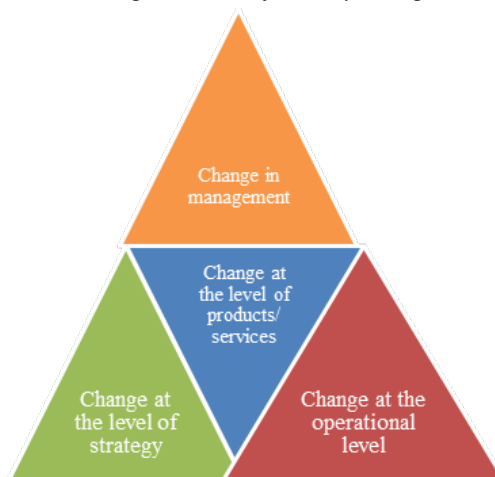
Value-creating management requires the flexibility of the ability to provide different services, depending on customer requirements, instead of a mid-level service for all users. In order for the organization’s activity to be adapted to the client’s needs, the managerial decisions have to be changed and directly connected to the reality of the market demand. A value-creating management is not limited to control, but embodies a different conception, oriented towards the value offered to the customer and the motivation of the staff (Coates, 1997).

In the current context, change can have multiple forms: change at the operational level, at the level of products/services, at the level of strategy and of course, change in management (Hamel and Breen, 2010). Each type has its contribution to success, but if we were to arrange these different forms of change in a hierarchy, in which the first layers denote the highest degrees of value creation and competitiveness, then the change in management would be at the top (Figure 1). Understanding why this is the case is an important step in developing the obligation to change and have a strategic vision in management (Marinescu and Toma, 2015).

The superiority of an organization at the operational level often depends largely on the organization’s IT infrastructure. The increasingly fast pace of technological progress gives organizations the chance to easily outperform potential competitors. Consequently, revolutionary products and services ensure that organizations maintain a top spot.

The pyramid continues with the change at the level of strategy through new and bold models in business that put competitors on the defensive. As for the change in management, it has a unique ability to create advantages that are difficult to recreate. Most managers find it easier to recognize the merits of a disruptive business model than to abandon the essential principles of their fundamental beliefs with regard to management. (Bolcaş and Ionescu, 2019).

Figure 1: The Pyramid of Change



Source: Authors’ own research

Coates (1997) pointing out that changes focused on financial issues, whether they refer to the finances of the shareholders, of the company or personal finances, are not a goal and even less a vision, makes the following clarifications regarding the vision and, implicitly, the objective: the vision must be directed towards the future, to embody the perspective aspirations of the company, of the managers and of the entire staff; the goal has to be a decisive element in achieving the overall vision, the goal has to be directed both outwardly (customers, competitors) and inwardly (best employees, achieving high-class skills, etc.).

According to an internal study at the level of Romanian banks, and after some data presented by HotNews.ro in August 2020, the changes that occurred in their management due to the pandemic crisis this year were analyzed.

The data collected were processed in Table 1, and their dissemination and extensive presentation was carried out in Part 4, Results and discussions.

Table 1: Banks and changes in management in 2020 as compared to 2019

Banks / changes in management	BCR	Raiffeisen Bank	I N G Bank	BRD-GSG	Alpha Bank	C E C Bank	UniCredit Bank
-increase in the use of digital products/electronic payment methods	yes	POS / online	POS / online	yes	online	online	online
-increase in consumer loans	yes	-	yes	yes	yes	no	-
-increase in mortgage loans/housing investments	yes	yes	yes	-	-	no / decrease	-
-increase of the savings account	yes	yes	-	-	-	yes	-
-decrease in cash withdrawals	yes	yes	yes	yes	yes	yes	yes
-insurance solutions	yes	-	-	-	-	-	-

Source: Authors' own research

3. Research methodology

This article is a research study based on the authors' observations and literature investigation for two purposes:

- 1) To focus on the activity and immediate actions of organizations in times of crisis;
- 2) To present a new perspective on how to lead organizations in a dynamic context characterized by a lack of predictability.

To achieve the objectives of this paper, the authors used the method of quantitative research and the dissemination of a study published by HotNews.ro and internal reports of organizations presented in Table 1. The quantitative method deals with measurable data and is based on collecting, processing and summarizing information from various secondary data sources. To this end, the authors collected information from books, academic journals and reports. The literature review was carried out by consulting representative titles of articles, studies and research from

international databases such as ProQuest, Springer, Emerald Publishing, ScienceDirect, in fields such as economics, finance-banking, management.

4. Results and discussions

Starting from the specialized literature, the authors of this paper highlight a relationship between the manager's attitude to change by designing a strategic vision and adopting measures that bring benefits.

The year 2020 for banks is a difficult one, with official estimates suggesting that up to 12% of the banks could register losses in the current financial year, profitability per customer being reduced by about 60% compared to 2019. Although most banks carry out internal studies and research to see what their customers want, there are also unanswered questions.

Banca Comercială Română, through its representatives, says that in the first seven months of 2020 the transactions performed through the George platform doubled and a share of 30% of the total consumer loans granted exclusively digitally was reached. This year, compared to 2019, there is an overall increase of 40% in the services and products purchased digitally at BCR, which says a lot about changing options among customers.

Raiffeisen Bank (2020) reports a 24% increase in cashless debit card transactions and a 10% decrease in cash withdrawals. 10% of the customers who traded exclusively in cash made the first payment transaction by card in the first half of 2020, therefore there are clear signals of change. This preference is reflected in the spectacular developments registered in June 2020 compared to June 2019: an 80% increase in the number of transactions made through digital banking applications and a 20% increase in the number of customers using digital services.

ING Bank, according to Javier Montes Pita – Head of Retail, ING Bank Romania, half of the mutual funds or 44% of personal loans are accessed directly from the Home Bank application. Online operations have grown more than desktop operations. As regards e-commerce, although the volume of transactions has a similar increase as in other years, their value was 20% higher.

BRD-GSG, from internal analyses, shows that the volume of transactions through digital channels increased by 32% in the first half of the year compared to the same period last year, the volumes spent by the customers on e-commerce have doubled, with peaks in supermarkets, pharmacies, utilities and taxes.

Francois Bloch, CEO of BRD-GSG, mentions that: "In a scenario of gradual return to normal, in parallel with solving the health crisis, business models, which take into account customer behavior and expectations, will incorporate the main conclusions of this period, but we will not see radical paradigm shifts".

Alpha Bank informs, through Florin Branici, Manager of the Alternative Channels Department, that simpler or immediately necessary banking products such as the credit card or personal loan are granted, in some cases, without presence in a banking unit, and the same approach is applied in the case of opening an account or obtaining a debit card.

CEC Bank, through Bogdan Neacșu, CEO of the largest Romanian state bank, states that "the SME Invest program has invigorated demand in the corporate segment, but at the public

level, it is very important to regain confidence in tomorrow so that we can rev the engines of the economy". At the bank level, there is a negative impact on loan demand, which has fallen by up to 60% as people have suddenly become much more cautious and more interested in savings.

UniCredit Bank, explains AntoanetaCurteanu, Executive Vice President of the Retail Division, that digitalization is a real necessity for those who want to continue to develop. Despite the conditions in which it took place this time, the change is good – it can bring opportunities that we sometimes would not think about otherwise.

These are realities of the pre-COVID Romanian market, determined by changes in customer behavior, which have become accelerated at the same time with this crisis.

According to the research and data provided by HotNews.ro in August 2020 and reflected by the representatives of several banks, the following aspects were revealed in order to find out what they expect from customers, but also what changes were made at the management level:

- ⊙ the vast majority of customers used digital channels;
- ⊙ electronic POS or online payment methods were used;
- ⊙ increase in consumer and mortgage loans;
- ⊙ increases recorded in savings and deposit accounts;
- ⊙ decrease in cash withdrawal transactions.

Banks are in constant contact with the needs and expectations of customers both through the feedback received from colleagues in the front office, and through market research platforms and feedback collection. This allows them to observe and respond to changes in the market. The behavioral changes are part of the expected and anticipated trends for the adaptation to the new reality of this year.

It is clear that consumption habits and investment will change again, as in the previous crisis, but banks have to be ready to anticipate and calibrate their products and services while continuing to invest in digitalization and education.

5. Conclusions

Managerial practices have evolved considerably and the managerial environment is more volatile than ever:

- ⊙ Deregulation, together with the filtering effects of new technologies, are likely to significantly reduce the barriers for the access to a variety of industries, from advertising to telecommunications, banking and the air industry.

- ⊙ The digitalization of any products threatens the organizations whose activity consists of the creation and sale of intellectual property. Pharmaceutical organizations, publishing houses, banks are struggling to conform to a world in which information and ideas "adhere to freedom".

- ⊙ The Internet rapidly transfers the negotiation power from production to consumption. At present, consumers have unprecedented control – and in a world of almost impeccable information, there is less and less room for mediocre products and services.

- ⊙ The life cycle of strategies decreases. Thanks to the power of outsourcing services and the global permeability of the Internet, a business can grow rapidly, but it depends on and becomes intertwined in a network with others.

- ⊙ Collaborative digital tools are beginning to gain ground in various sectors and it does not take long until they prove their reliability through the results they bring to those open to change.

- ⊗ Communication costs prevail and hold a high percentage of an organization's total costs.

These new realities require new organizational and managerial skills. In order to prosper in an increasingly fierce market, organizations will need to become as strategically adaptable as they are operationally efficient. To maintain their profits, they will have to become able to break some rules, through strategic thinking, in order to rank above the other competitors.

Organizations overly concerned with execution and sustaining the moment have to understand that the best way to make a difference is to permanently change the business model, to initiate bold ideas through a strategic vision. There are certainly no clear solutions for management. What we know now is that our world, at least for a while, will be different. Now we need managers, now we need commitment, now we need ... hope.

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