

Generation Y – The Management Conversion Paradigm

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Abstract

The Romanian private banking system organizational structure faces major mutations. The boss-subordinate management paradigm is gradually becoming obsolete. The boss- subordinate relationship between managers and their employees is being gradually replaced by a collegiality type of relationship. Even if the transactional leader type continues to dominate, the inspirational leader type is spreading already.

The purpose of our paper is to emphasize the advanced position of the managerial paradigmatic conversion in Romanian private commercial banks.

The mutual adaptation of employees from a hierarchical perspective is one of the ways to ensure the development of a long term banking institution.

We have identified the employee's perception from the Romanian private banking system regarding the leadership style of their superior using the questionnaire LBDQ XII.

Despite of having identified that statistically there are no major perceived differences from one banking institution to another, from " expectations" point of view, we have found that generational differences are statistically significant. We consider that the organizational culture of Romanian private banking, as the main support pillar of perception uniformity, will significantly change once the number of employees from the Millennial generation increases in the total number of employees in this activity field.

Keywords: Millennials, Generation Y, mutual adaptation, leadership, transactional leader, Romanian banking system.

JEL classification: M10, M11, M12

1. General Framework

"Generation Y", "Millennials" are new concepts from the contemporary literature, by which is described the new way of thinking, being, acting and reacting to the new generation from the workforce. Regardless of the concept used, papers in this field reflect the different perception of this generation. The old boss-subordinate management paradigm is gradually replaced by the one of collegiality. The manager is the colleague who has the ability to inspire his/her other colleagues. He/she is the colleague who will seek to find balance between the daily activity and free time, for himself/herself as well as for others, while doing the job effectively and efficiently.

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The purpose of the paper is to analyse the management paradigm of the Romanian private banking system from the perspective of the subordinates regarding their superiors. The systemic perception was identified by applying LBDQ XII questionnaire (Stogdil. R. in Bocarnea M.C., 2014). It aims to identify the intensity of the presence of the 12 features of leadership style: representation, reconciliation, tolerance towards uncertainty, persuasion, structuring, and tolerance of freedom, assumption, consideration, production, prediction, integration and influence.

Each question relates to the Likert scale, consisting of points from 1 to 5, as follows: 1. Always, 2. Usually, 3. Occasionally, 4. Rarely, 5. Never. In most of the cases, A=5 points, B=4 points, C=3 points, D=2 points, E=1 point. The exceptions from the rule are the following 19 questions: 6, 12, 16, 26, 36, 42, 46, 53, 56, 57, 61, 62, 65, 66, 68, 71, 87, 91, 97 where: A = 1, B = 2, C = 3, D = 4, E = 5.

Is the Romanian private banking system affected by the new Millennial generation? In this system, is there a unitary perception regarding the direct superior? Is the transactional leader still the dominant typology during this period? Are there perception differences between the active generational groups in the Romanian banking system? The above questions are the premise of the paper. We intend to contribute to the literature by identifying the answers with direct applicability in this researched field.

2. Short review of the specialized literature

In the last decade organisational analysis expanded by disseminating the Millennials concept, the generation born between 1977- 1990 (Tapscott, D., 1998 in Espinoza, C., 2010). Other authors are replacing this term by: „Generation Y” (Ad Age Magazine 1993), „Net Generation” (Shapira, 2008), “New Boomers” (Carlson 2008), “Me-generation” (Coscarelli 2013), “Generation next” (The online News Hour -2008).” – (Wikipedia)

Despite that at first the term was perceived as an exacerbation - (Welch, J., 2015) by most consultants, it resulted from the desire to create a new work market. Next, the concept gained ground and became one of the analysis tools of organisational streamlining and personal development as well.

The theories on which the study of generations is based upon are the following: generational theory, contingency theory, the theory of ageism and the Path Goal theory.

The Generational Theory was first mentioned in the paper „The problem of a Generation”, (Mannheim, K., 1952) and is consisting of the analysis of three perspectives: epoch, historic location and socio-cultural location. In the subsequent analysis, it was observed that the initial research was based on a 20 years interval (McCrinkle, M., 2006) and defined Mannheim’s generation problem as “cohort’s age”. Glenn N. (2005) considered that the cohort represents a group of people who experience the same events in the same time frame.

Next, the Generational theory was supplemented with aspects regarding the Course of Life – a cohort consisting of people of similar ages, as well as with

elements concerning the collective memory and its effects, which generates a form of culture for the present ones (Griffin, L., 2004). This is also applicable to the Theory of age norms, based on which age norms are perceived as integrative ages in a typical standard by a reference group within a social system.

The contingency theory (Fiedler, F., 1967), based on which a leader delegates his/her tasks in a group interaction. This theory emphasizes the personal relationship of the leader with his/her subordinates, the level of the tasks delegated to the members of the group, the formal power granted by the position occupied.

Ageism, (Butler, R.N., 1969) considers that discrimination is channelled against a group or an individual, because of their age.

The Path –Goal theory (House, R.J., 1971) / The theory of the situational leader (Hersey, K., Blanchard, H., 1988) are two theories with current practical applicability, built on the contingency foundation. While the Path – Goal theory underlines the importance the leader should give to training, support, participation and focus on accomplishments, the theory of the situational leader underlines the importance of explanation, the power of example, participation and task delegation. Combining the aspects of the two theories lead, mainly, to the birth of: a) Delegating style– the interdependence between the leader and his/her team, a process where the subordinate is encouraged to act according to their own reasoning (Conger J.A., & Riggio R.E., 2007) b) the Participatory Management concept, perceived as a way of action which combines several management style, for different situations, but which are based on the same behaviour, respectively the participation of the subordinates to the decisional process (Vroom. V., 2000).

2. Analysis and answers to the research questions

The main goal of the paper is to identifying the perception of the employees in the Romanian private banking system regarding the leadership style practised by their direct superiors. In addition, we intend to identify the existence of a need for change of the current managers in the Romanian private banking system, as well as identifying the barriers encountered by the new generation – Millennials – at the beginning of their banking carrier, in order for them to effectively adapt.

The main tool used, Leader Behaviour Description Questionnaire – Form XII (LBDQXII) was applied in Timiș County, between 01.06.2015 – 31.08.2015. The participants belong to six banks representing 19.35% of the total number of thirty one banks which operate in Timișoara – according to the ANAF communication number 202630/09.12.2015. In the total number of banks were included also the nine branches of foreign banks in Romania. However, the Romanian National Bank – N.B.R – was not included as the subject of the research, is the Romanian private banking system, as well as the two Credit Unions, because these do not have national representativeness and their activity resume mostly to attracting resources from the population and investing them in the market as loans. Along with N.B.R., Bega Coop and Credit Coop, the banking system in Timișoara is

composed of a number of thirty-four banks, according to the same communication issued by A.N.A.F via the County Public Finances Administration – Timiș.

The field of activity of all participants is finance-banking. The target group includes seventy-seven participants, of a total of 1612 employees in the Romanian private banking system in Timiș – A.N.A.F. letter 202630/09.23.2015. The sample represents 4.78% of the total number of employees in this field. However, based on the reasoning described in the previous paragraph, the statistical population is of 1536 employees. The difference comes from the 52 employees belonging to the Romanian National Bank, 20 employees belonging to Bega Coop and 4 employees of Credit Coop. Therefore, the sample of the research represents 5.01% of the total number of employees.

The Romanian banking system in Timișoara is composed of: BRD Group Societe Generale with 311 employees, Transilvania Bank with 186 employees, Raiffeisen Bank with 133 employees, Romanian Commercial Bank with 131 employees, Cec Bank with 121, UniCredit Bank with 100 employees, Alpha Bank Romania with 68 employees, Bancpost S.A. with 54 employees, Romanian National Bank with 52 employees, Intesa Sanpaolo Commercial Bank Romania with 48, Volksbank Romania with 48, Piraeus Bank Romania with 37, Romanian Bank S.A., member of the National Bank of Greece Group with 33, Procredit Bank with 32, OTP Bank Romania with 29, ING Bank NV Amsterdam Bucharest Branch with 28, Garanti Bank with 24, Credit Europe Bank Romania with 22, Credit Union Begacoop Timișoara with 20, Millennium Bank with 19, Veneto Banca SCPA Italia Montebelluna Bucharest Branch with 18, Carpatica Commercial Bank with 18, Libra Internet Bank with 10, Marfin Bank with 10, Bank Leumi Romania with 9, Romanian Import-Export bank (Eximbank) with 9, Romanian Investment and Credit Bank with 8, Credit Agricole Bank Romania with 8, Railway Commercial Bank with 6, Nexte Bank with 5, Citibank Europe PLC Dublin – Romanian Branch with 5, Central Credit Union Creditcoop with 3, Ideea Bank with 3 and TBI Bank EAD Sofia – Bucharest Branch with 3 employees.

Considering the confidentiality agreement established when obtaining the data, we will not use the names of the participating banking institutions, but rather we will use the generic denomination bank 1, 2, 3, 4, 5, 6. The confidentiality of the bank's name is one of the limitations of this paper, the data being obtained with the permission of the middle managers and not by an official written agreement of the institution where the participants belong. The lack of the official agreement was, in most cases, verbally attributed to the restructuring process the private banking entities are going through, as well as on the risk that the content of this paper could be used directly in the restructuring process.

Taking into account this limitation, the sample of the paper is composed of the representatives of the top 10 banks in Romania (except B.N.R., Bega Coop and Credit Coop) from the point of view of the number of employees. The employees of the top 10 banks in Romania represent 74.87% in the total number of employees in the Romanian private banking system in Timișoara. Ten banks have 1150 employees, while the rest 23 banks have only 386 employees.

In all the banks (except B.N.R., Bega Coop and Credit Coop), 6 have over 100 employees, two between 50 and 99 employees, 15 between 10 and 49 employees, 10 between 1 and 9 employees.

From 12 teams, 77 questionnaires were applied, out of which 77 were received filled in and valid. Each private banking institution was analysed from the perspective of two teams, one composed of personnel without a management position, and one composed of personnel with a management position. The purpose of the second type of team was to identify the perception towards the direct superior of the personnel belonging to the middle management category as well.

The response rate was of 100%. Taking into account that all the employees have a university degree, this issue was not considered in the research. In order to establish the generational category of the participants, 4 questions were introduced, with only one possible answer, respectively the age interval the subjects belong to. Thus, according to Tabscot's generational definition (1998), out of 77 participants, 45 belong to the Millennial generation (1977-1997), 21 to the X Generation (1965-1976) and 11 to the Baby Boomer Generation (1946-1964). None of the participants belong to the Builders Generation (1921-1945).

At a first glance we can state the fact that a rejuvenation of the active population is taking place, and also that the conclusion that in the next 5 years (by 2020) the work force will be dominated by the Millennial generation is directly applicable to the Romanian private banking system, too.

Based on the results obtained, from a generational point of view, the surveyed sample from the Romanian private banking system is composed of: 58.44% representatives of the Millennial generation, 27.27% representatives of the Generation X and 14.29% Baby Boomers.

From the point of view of the distribution on positions held, out of the total of 77 participants, 35 hold managerial position (45,4%), while 42 hold execution positions (54,6%).

In case of Millennials 66 % are managers and 34 % are executives. The Ys general perception is different from de X and Builders generations. Their expectations: CARE? Belong to the top level of Maslow Pyramid.

3. The ranking of features from a systemic perspective

In order to identify the order of the dominant features, as well as their graphical representation, within the Romanian private banking system in Timișoara, we used the ranking system from 1 to 12. We have assigned 12 points to the most relevant feature, 11 points to the next and so on for the other features, in descending order. The hierarchy of the identified features is presented in Figure 1, below:

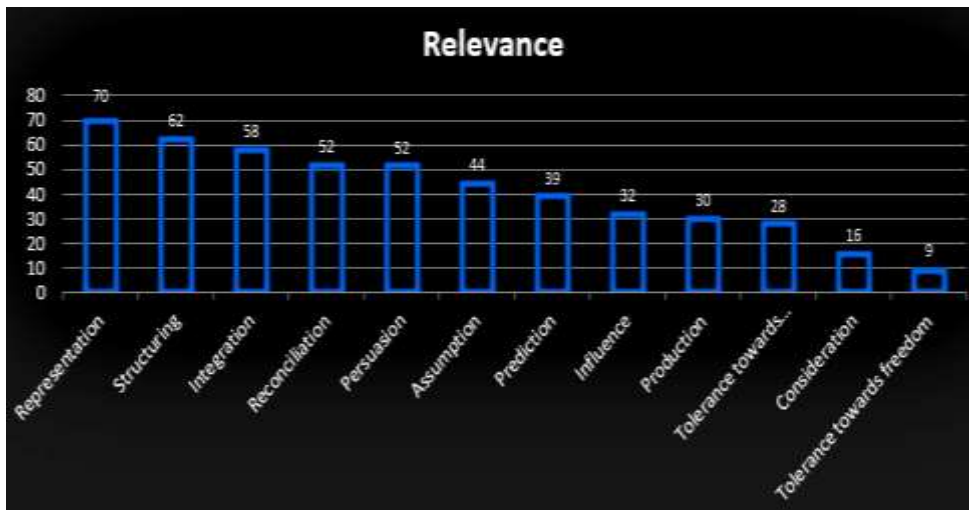


Figure 1. The ranking of features.

Source: author

Next, the hierarchy of most representative features within the Roman private banking system in Timișoara, using LBDQ version XII, is discussed.

First position is held by “representation” (70 out of 77 respondents, 90.91% of respondents), that indicates a strong score given by the respondents from the sample. The leader of the team, whether he/she is a junior or a middle manager, behaves and acts as a true representative. Even though representation can be easily assigned to management as well as to leadership, the other features identified, added to representation, make it a default feature of the position of the leader within the group. Thus, representation has a formal role, and from this perspective, we are including it in the management structure of the Romanian private banking system.

Second place is “structuring” (62 out of 77.80, 52% of respondents). In all of the six banks analysed the leader expresses very clearly his/her point of view, but also his/her expectations of their subordinates. Therefore, the leader is endowed with full authority and holds all the tools to assign tasks to his/her subordinates. He/she is the one who establishes the course of action, delivers the plan and provides the resources, keeps track of the activity and the results, and takes the needed action when required. In our opinion, this feature, along with “consideration”, which is ranked only on the ninth place, leads to the conclusion that the banks’ organisational environment is not necessarily comfortable for the employees. Consequent, we include “structuring” in the management sphere, too.

“Integration” is on the third place (58 out of 77 respondents, 75.32%), indicating that the leader in the banking field in Timișoara is a good strategist in solving conflicts. In addition to “tolerance towards freedom”, which is the least detected feature (12th rank), we conclude that the course of action is very clear and there is no freedom of choice. With no conflict of opinion regarding the course of

action, arguments are easy to solve, as they have a low probability to occur and spread. Also, as the banks' guidelines are strictly regulated, systematized and structured, it is highly unlikely to have a conflict that can't be solved by properly following the existing guidelines. We conclude that "integration" also falls within the management sphere from the relevance point of view.

"Reconciliation" holds the 4th position (52 out of 77 respondents, 67.53 %). In our model, it is a direct result of integration, the leader is having all the necessary instruments to solve the arguments that may appear in the determined structure. From this perspective, the leader is also the supreme judge. In very few cases, the conflicts are solved at a superior hierarchical level. Most often this escalation is related to ethical leadership. As long as the leader is a manager whose purpose is to finalizing tasks, they just need to apply the tools at their disposal. These instruments are also analytic tools for measuring performance, and they are reducing the possibility to question their actions, hence the ease to solve conflicts.

The 5th place is held by "persuasion" (52 out of 77 respondents, 67, 53 %) that is another direct feature of management. Due to the fact that the bank's objectives and strategy are decided from top to bottom, the main task of a leader in the Romanian commercial banks in Timișoara is to make sure these are implemented. That is why the leader gives a particular importance to their achievement, using the best arguments to accomplish the planned goal. His/her arguments are based on logical reasoning.

"Assumption" is on the sixth place (44 out of 77 respondents, 57.14 %). We observe the fact that, as the features identified fall under the leadership sphere, they lower as intensity, when analysing the graphic representation of the results obtain by applying LBDQ version XII, Figure 1. The 6th position (in the middle) for "assumption" is quite normal. The leader in the Romanian commercial banks acts dynamically. As we have established previously, this action is directly linked to monitoring. Thus, takes place a hesitation in adopting other paths than the ones already established.

In my opinion, the feature "tolerance towards freedom of action", with the lowest score (9 out of 77.11 - 7%) of all 12 feature analysed, confirms this behaviour. The analysis of the 10 questions that define this feature, along with the score obtained, reflects the fact that the role of leader of the group is not easily attributed to the manager of that group. If the score obtained by this feature were similar to the one obtained by representation, then the managers of Romanian commercial banks in Timișoara would be leaders. However, the big gap between "assumption" and "representation" in our survey results, highlights the role of manager and not the one of leader. In their capacity of managers, the bosses of the banks analysed are hesitating sometimes in taking the necessary measures and bend when they should be firm.

Next, we point out that "prediction", "influence", "consideration", "tolerance towards uncertainty", "tolerance towards freedom of action", all being features that fall within the leadership sphere, were the ones with the lowest scores in our survey.

The 7th place and the beginning of the second half of the ranking is held by “prediction” (39 out of 77 respondents, 50.65 %). Predictability reflects the ability of a manager to anticipate; however, the exact prediction of future events happens rarely. The initially established plan of action was rather a plan established from top of the bank, most likely based on statistical data and analysis, with an incidental accuracy of predicting the trend of events.

The 8th place is assigned to “influence” (32 out of 77 respondents, 41.56%). Even if the relationship of the middle manager with his/her boss is a formal one, the influence he/she has on his/her direct boss is limited. The influence of the middle manager is manifested towards the group they directly manage, due to the formal authority they possess. Often, the middle manager works hard to be promoted, however, his/her direct superiors approve rarely their suggestions. Without the necessary influence upwards towards his/her superiors, it is hard for the manager to persuade them in ensuring the wellbeing of the team he/she directly manages. The fact that “the manager’s words don’t weigh much for his/her superiors” is because the strategy is established from top to bottom, with little influence from the bottom of the bank. The top managers who established it do not accept any deviations and do not offer freedom in accomplishing it. The high scores obtained by the formal relationship with superiors, as well as them coercing the manager to work hard, entails the fact that the middle manager in the Romanian private banking system in Timișoara is more interested in his/her own career advancement rather than in the development of the team they lead.

Place 9 is assigned to “production” (30 out of 77 respondents, 39%). Pressure is an instrument to achieve goals. It is an element used at the same intensity in all the organisations analysed. The analysis of answers regarding this feature reflects a high pressure exerted by managers on their subordinates to achieving objectives, but without providing the necessary motivation. The manager constantly insists on increasing sales, however this is an extrinsic motivating factor. There is no dialogue, giving orders instead of politely asking to do a task, there are no periods when the pace of work is slower, and the team’s tasks often exceed its capabilities. Team members are required mostly to achieving certain short term budgets on sales targets, so operational tasks.

The 10th place is attributed to “tolerance towards uncertainty” (28 out of 77 respondents, 36.36%). The manager permanently expects clear actions and results, from his/her subordinates. From the perspective of the results, this is normal. However, the fact that the manager is often waiting calmly for results in order to make a decision, reflects that he/she needs certainty and does not know where they stand at any given time. This is why they sometimes become anxious when they do not know what is next, and has to wait to see how things evolve.

The 11th place is held by “consideration” (16 out of 77 respondents, 20.78%). A widely recognised method to ensure an optimal working environment by considering and acknowledging the team and individual results is the before last feature identified about the managers in the Romanian private banking system in Timișoara. Even if sometimes they are approachable, managers do little to be liked

by their subordinates/colleagues. Sometimes they implement certain suggestions of the group, but they do not treat their colleagues as equals. They communicate any future changes and not hide information from their subordinates. Even if sometimes they act without consulting the group, they never refuse to explain their actions to their subordinates, therefore consideration is complementary to persuasion.

The 12th place is assigned to the least identified feature, “tolerance towards freedom” (9 out of 77 respondents, 11.69%), related to the leader’s ability to give the team the right to take initiative, to decide and to act. Our results indicate that only occasionally the members of the team are allowed by their direct managers to use their own reasoning in solving problems. Even if personal initiative is encouraged, the members of the group can’t act on their own, while managers are reserved when having to apply such an initiative.

4. Conclusions

Our main conclusion, based on the analysis of the ranking of features using LBDQ XII indicates the dominant existence of the transactional leader type in a management position. The Romanian private banking system in Timișoara is led by people with real management abilities, leadership being less present, but still existing.

A second conclusion is that one person can be perceived differently by individuals belonging to different generations. The manager in the Romanian banking system is perceived unitarily from the point of view of features pertaining to the management sphere, but differently when we refer to elements from the leadership field.

Third conclusion is that the most relevant feature is “tolerance of freedom of action”. From Millennial perspective, tolerance of freedom is the most different issue unlike the systemic perception. If Millennials identify tolerance of freedom on the 5th place, in the systemic perception, is perceived to be the managers less common feature. The meaning is strong, having in mind that freedom is one of the most important needs of Millennial generation. At the same time, the other two generations, consider liberty as the least developed attribute. We think that this asymmetry is due to managers handling capacity, or to the fact that the elder generation expectation is to be lead.

From a managerial perspective, a possible explanation can be offered by the dimension of the national culture, which in this case also characterises the banking culture. The level of “uncertainty avoidance” and of “power distance” – in our case from the strategist, top manager – in Romanian societal culture leads to a strict coordination at the team’s level and the need to receive clear information is more obvious among the employees (Bibu N. and associates 2008).

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