PROACTIVE VERSUS REACTIVE MANAGER'S RESPONSE TO CHANGES IN THE EXTERNAL ENVIRONMENT

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Abstract

In this paper we intend to research the managers' reactions to changes in the external environment. Managers have to react to changes both in the external and internal invironment. A business system is affected of forces in the global environment, that means a set of forces and conditions in the world outside the organization's boundaries that affect the way it operates and shape its behavior. The managers must take into account all changes that occure in the global environment, so that an organization can move away from its present state and toward some desired future state, to increase its efficiency and effectiveness. Top managers has the greatest concern for the external forces, while management at all levels must be concerned with the forces of the internal environment. The question is: how must they react? In this article, we will look at reactive and proactive management. We want to know why reactive management happens, and also what an entreprise has to do, so that, a proactive management hapens. We will conclude with the idea that is better for a firm to be proactive and, in these conditions, we will outline how an organization can move to a more proactive management style.

Key words: system, environment, reactive management, proactive management, efficiency, change

INTRODUCTION

Management must understand the interrelationship between the firm and its environment. The managers at all levels are forced to think of external environmental factors. They had to pay renewed attention to how their units interacted inside the organization. The systems approach is the viewing of any organisation or entity as an arrangement of interrelated parts that interact in ways that can be specified and to some extent predicted. It provides a rational means for examining interactions between a company and its environment and within the company. Use of the system approach inevitably leads to the conclusion that every organization, indeed every system, is an open system. An open system is an organization or assemblage of things that affects and is affected by outside events. On the other hand, a closed system is an organization or assamblage of things that neither affects, nor is affected by outside events. Of course, there are no completely closed systems, only systems that exhibit various degrees of openness. Some managers do not take into account the outside evens, they treat their organization as closed systems. Figure 1 illustrates the business systems that is affected by a number of factors, both external and internal. Top management should focus on the external factors, while management at all

levels must confront factors inside the organization. Lower-level managers face an internal environment markedly different from that of more senior managers.
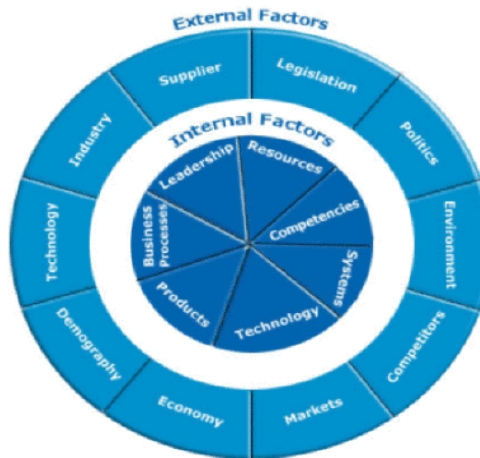

Fig. 1 The business systems

The business system operates within these complex external and internal environments; inputs are converted to outputs through a transformation process directed and controling by managers.

MATERIAL AND METHOD

The major factors in the external environment that can affect an organization

The manager's job cannot be accomplished in a vacuum within the organization. Many interacting external factors can affect managerial performance. The external environment consists of those factors that affect a firm from outside its organizational bounndaries. As indicated in Figure 1, the major factors include supplier, legislation, politics, environment, competitors, markets, economy, demography, industry and technology. The internal environment consists of those factors inside an organization that affect the organization's management. Aspects of the internal environment include resources, competencies, systems, products, business processes, leadership and techlology.

I will detail further two factors that can be considered both, external and internal: employees and technology.

Regarding employees, the capabilities of a firm's employees determine to a large extent how well the organization can perform its

mission. Since new employees are hired from outside the firm, the labor force is considered an external environmental factor. The labor force is always changing. This inevitably   causes changes in the work force of an organization. In turn, changes in individuals within an organization affect the way management must deal with its work force. In short, changes in the country's labor force create dynamic situation within organizations. Employees differ in many areas, among them capabilities, attitudes, personal goal and personalities. As a result, the behavior a manager find effective with one worker may not be effective with another. Employees can be so different that it is virtually impossible for them to be managed as a group. In order to be effective, the manager must consider both individual and group differences.

Regarding the technology, change is increasingly faster, and few firms operate today as they did few years ago. New skills are continually needed to meet new demands. At the same time, the advance in technology made some skills obsolete, requiring periodic retraining of affected employees. Many of the existing jobs will be substantially changed in the near future and many of them will be eliminate because of technological advances.

Responding to the external environment – from reactive to proactive management

Managers approach changes in the external environment proactively or reactively. A proactive response is taking action in anticipation of environmental changes. A reactive response is simply reacting to environmental changes after they occure.

A firm might be in a reactive situation becouse of some objective reasons. Firstly, a crisis may force an organization to change or to abandon its plans. In this situation, managers need to make short-term decisions to cope with a fast developing situation. Secondly, the organization may have poorly planned processes or/and policies. In this circumstance, managers need to spend their time fixing these processes and policies or adapting them, instead of planning for the future. Thirdly, the manager may like a reactive management style. People can enjoy the adventure that goes along with it.

Highly effective cultural organizations are proactive. The first step in being proactive is using a proactive language, looking forward with optimism and forgetig abaut any past failures. Table 1 presents some exemples:

Reactive and proactive language

Reactive language	Proactive language
There is nothing we can do in order to change the situation	We will analyse the options in order to see what can we do
We must produce this good this season	The best choise is to produce this good as quiqly as posible
We do not have enough time to do all we have to do	We will set the priorities
The board will not allow that to happen	Let's make an effective presentation for the board, in order they see that as a priority

By being confident and optimistic, proactive managers can inspire employees. Proactive managers also understand the importance of employee empowerment.

Organization exhibit varying degrees of proactive and reactive behaviour. Because no business can always be proactive, it helps to include proactive elements in any reactive strategy.

Research methodology

The research is a descriptive one, of transversal type. In order to implement this quantitative research, the investigation was chosen as a research method. In this view, there was drawn up a questionnaire structured in 10 questions. The target population is represented by the course attendants of focus groups within the *FPM Project,* a project financed from the European Social Fund – "Investing in People!". The data base has in total 76 managers or entreprenours from Bihor county, 31 women and 45 men. 48 people completed the questionnaire, which means that response rate is 63%. From those 48 people, 19 are women and 29 are men.
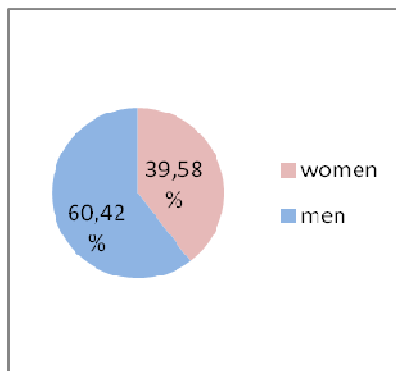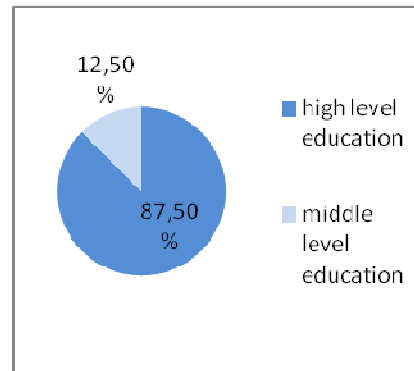
Fig. 2 Gender affiliation   Fig.3 Educational level

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Regarding the level of education of the respondents, 42 of them have university and post-university education. Regarding the field, more than a half (31 respondents) have economic studies, followed by technical studies, exact sciences, social-human, etc. (see Table 6). Regarding the age group, the situation is presented in Table 2.

Table 2

Field of education and the respondents' age

Field of education		Respondents' age		
economic	24-50%	Age (years)	Number of persons	percent
technical	11-22,91%	18 – 24	5	10,4
exact sciences	4 - 8,33	25 – 34	18	37,5
social-human	3 -6,25	35 – 44	14	29,1
law	2 -4,16	45 – 54	9	18,8
others	4 -8,33	55 – 64	2	04,2

Our objective was to find our how managers react to changesin the external environmente, to what extent they react proactive or reactive.

RESULTS AND DISSCUSIONS

The results of our reasearch are presented in Figure 4÷7. We analised the reactive or proactive reactions of the respondents, take into account: gender-G (Fif 4), level of education LE (Fig. 5), field of education FE (Fig.6) and age (Fig. 7).
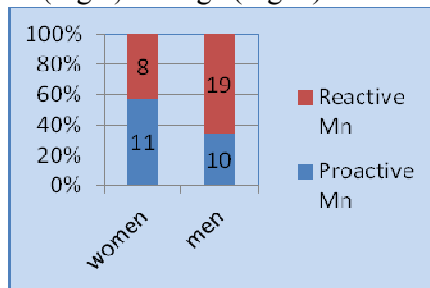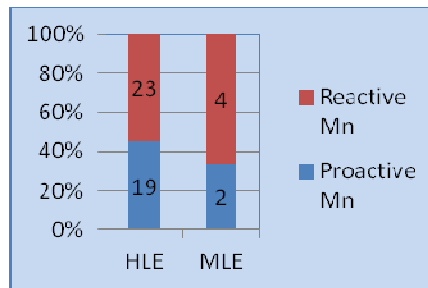

Fig.4 Reactive versus Proactive Mn -G
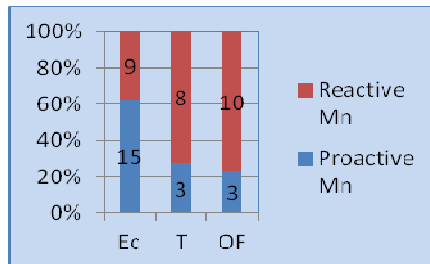

Fig. 5 Reactive versus Proactive Mn -LE
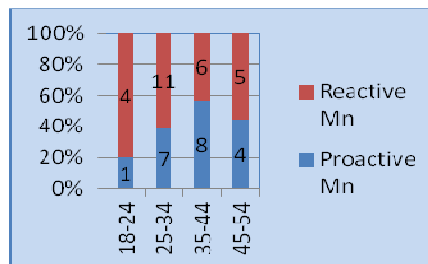

Fig. 4 Reactive versus Proactive Mn -FE

Fig. 5 Reactive versus Proactive Mn -Age

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CONCLUSIONS

Our practical research findings can be summarized as:
− Questioned managers are more reactive than proactive
− The women react more proactive than men
− Hihg level educated people react more proactiv than people who have a midle educational level
− People who graduate Faculty of Economics or Masters in Economics are more proactive than the others.
− People who are 35-44 years react more proactive than the other categories

Reactive management is necessary, even essential during a rush, but it can be destructive when it becomes the norm in a team or organization. Reactive management is stressful, may cause lower quality work, individual performance may decrease even fall, take into account that employees must deal with constantly changing information. The key is moving from a reactive approach to a more proactive one, showing consideration for: control of time, processes, understanding and managing risk, focusing on morale and exploring and implementing new ideas that could improve processes.

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