

ANALYSIS OF LEADERSHIP PRACTICE IN CEE COUNTRIES

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At TRAIN Consulting, we conducted an extensive practical study to find out which challenges executives at international corporations based in central and Eastern European countries face on an everyday basis. As a first step, we surveyed executives at their respective company headquarters and we then went on to survey executives working in CEE countries. Our study included both Austrian and American corporations (cf. chart 1)

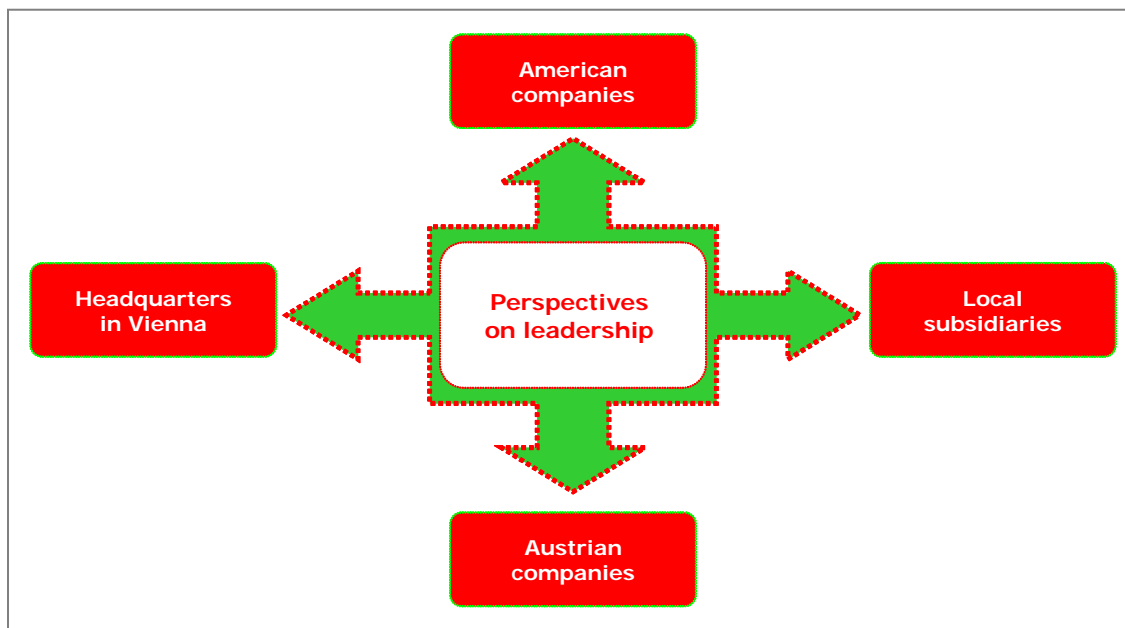


Chart 1: Perspectives on leadership

The study revealed that American companies have a more restrictive approach to leadership than Austrian companies. At American companies, the areas of responsibility as well as the extent of decision-making are clearly defined and all processes and tools are standardized internationally. Executives at American corporations face considerable cost and sales pressure. They need to deal with quarter-to-quarter thinking and even month-to-month thinking and feel increasingly controlled. The biggest challenges are strong centralization tendencies (67%) and a focus on short-term objectives (64%). 48% of participants in the study mentioned bureaucracy as an aggravating factor (cf. table 1).

Among executives in CCE countries who report to Austrian headquarters, 54% felt that discipline, time management and commitment were major challenges. Next on the list were market pressure (49%) and high fluctuation (44%).

In contrast, Austrian corporate headquarters see themselves as a service provider for their local subsidiaries. They merely determine the strategy and let the local subsidiaries put it into practice. However, in our daily work as consultants, we have observed that Austrian companies have been leaning towards more restrictive structures as well. One of the essential keys to success for international corporations is finding the right balance between leeway for action and indispensable control.

Table 1: The five major challenges on the job

Top 5 US corporations		Top 5 Austrian corporations	
▪ Strong tendency towards centralization	67%	▪ Discipline, time management, commitment	54%
▪ Focus on short-term objectives	64%	▪ Highly disputed market/strong competition	49%
▪ Excessive bureaucracy	48%	▪ Staff loyalty/high fluctuation	44%
▪ High cost and sales pressure	38%	▪ High cost and sales pressure	28%
▪ Reorganization	31%	▪ Reorganization	29%

Virtual Leadership

How does one perform leadership activities for teams and specific persons in several countries at the same time? What is the best choice regarding headquarter location? Or do we need headquarters at all? This is an issue that arises at all parent corporations. However, the study reveals that there is a significantly higher percentage of American companies (49%) that regard "virtual leadership" as an actual challenge than Austrian companies (8%). Hence, American companies do a better job at supporting executives by providing training opportunities (43% versus 3% in Austrian companies).

Table 2: What is on the mind of executives?

Top 5 US corporations		Top 5 Austrian corporations	
▪ Personal work-life-balance	54%	▪ Communication	66%
▪ Virtual leadership	49%	▪ Leadership and management within the organization	45%
▪ Communication	41%	▪ Company-wide cooperation	37%
▪ Talent management	41%	▪ Talent management	34%
▪ Company-wide cooperation	37%	▪ Personal work-life-balance	29%
		▪ Performance management	29%

The strong tendency towards centralization and increasing cost pressure in American companies results in many executives being in charge of operations in several countries, which means that executives are geographically separated from their employees. This situation calls for a different kind of leadership. Not surprisingly, "virtual leadership" is an issue that American companies are now increasingly taking into consideration. But our experience as consultants has shown that Austrian corporations are starting to focus on this issue as well.

Work-Life Balance versus Communication

54% of executives in CEE countries working for American companies regard their personal work-life-balance as the major challenge in daily business. Next on the list are virtual leadership (49%) and communication (41%). The situation in Austrian corporations is somewhat different: communication (66%) ranks first, followed by questions of leadership and management (45%) and company-wide corporation (37%).

The focus on short-term results in American companies results in executives having even less time to "catch their breath", which certainly has a negative effect on their work-life balance. This development, however, does not stop at the threshold of Austrian companies.

As a first phase of the study, corporate managers for CEE countries at headquarters were surveyed in a qualitative survey. As a second step, a quantitative study was conducted among 115 executives and human resource managers in 14 central and Eastern European countries. 50% of participating companies were American and the other half Austrian. You can order the study at train@train.at. The contribution towards expenses is EUR 500.