The Priorities of Managers in Estonian Private Sector Companies

Ruth Alas
Estonian Business School
Lauteri 3, Tallinn 10114, Estonia
Telephone: +372 6651346
Fax: +372 6313959
ruth.alas@ebs.ee

Abstract

The lack of staff arising from the current situation of the labour market is the key to understanding management problems in private sector companies. At the same time it seems to have introduced positive developments in company management: much more attention is devoted to people and their needs than before. Due to increased competition on local market, the quality of products and services has become a primary consideration, which in turn sets higher requirements for employees and management. Both components together boost further development and search for new management methods.

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1. Introduction

According to Peter Drucker (1974), the job of the managers is to give directions to the organisation, provide leadership, and decide how to use organisational resources to accomplish goals. Management style combines the personal characteristics and skills of the manager.

The managers have the crucial role in establishing the working environment of the Estonian organisation as well (Tuulik 2007). The research question is which management skills are important for the private sector in Estonia. This question is about problems the managers have to solve. Therefore, the respondents were asked which skills and characteristics were considered important in a manager, and they were asked questions about the management style and problems of the company.

The issues considered in this paper can be divided into two: company-related issues and management-related issues. The part on organisation discusses major problems encountered by companies and changes to be implemented in the near future. The paper starts with methodology, followed by analysis.
2. Theoretical Background

Management is the art of getting things done through other people (Stoner and Freeman 1989). They create the conditions and environment that enable organisations to survive (Daft 2006, p. 7).

The four management functions are planning, organising, leading and controlling (Griffin 2004). In the era of uncertainty, international competition and a growing diversity of the workforce, the ability to shape culture, communicate goals and motivate employees has been considered critical to business success (Daft 2006). All these activities belong to the third management function – leading. Leading means also creating a shared culture and values.

Values are the ideas and beliefs that influence and direct our choices and actions (Gini 2004, p. 34). Values are shaped by personal beliefs, developed through study, inspection and consultation with others and a lifetime of experience (George 2003).

Ashkanasy (2000) writes that one issue of major focus in the values literature has to do with the distinction between values in the general sense and work values — a concept that implies the existence of particular sets of values that govern employee work behaviour in all of its forms. Most of the conceptions and definitions of work values are consistent with most general definitions of values in the broader sense, but they focus on work, work behaviour and work related outcomes.

Subordinates in Estonian organisations often share the values of their manager (Tuulik 2007). It gives the values of managers very high importance.

3. Methodology

The method of data collection involved questionnaires and telephone interviews. CATI (Computer Assisted Telephone Interviewing) method was used in the case of 301 interviews carried out by qualified telephone surveyors employed by Emor in the telephone interviewing centre of Emor, which has 30 surveyor stations.

Processing of source data included analysis of general distributions, comparison of organisations with predominantly male or female staff and comparison of organisations based on different styles of management. ANOVA test and T-test were used for finding statistically relevant differences.

Sample Description

The survey sample consists of companies picked from the Balance Base of Companies at the Ministry of Justice’s Centre of Registers, which contains information about companies as at 2005. Sampling was based on information available about companies. The survey included companies that satisfied the following criteria:

1) turnover and employment of the company is above 0;
2) company was entered into the commercial register 3 or more years ago.

The total survey sample consisted of 31,249 companies. The sample was a non-proportional random sample consisting of enterprises with the size agreed with the commissioning authority.

The target group consisted of company managers responsible for making decisions on management, development of organisational culture and personnel policy (promotion, recruitment, remuneration).
Weighted average values have been used both in the figures illustrating the following sample description and also in later calculations so that the results can be extended to generally all private companies in Estonia. In order to provide the reader with better idea of those companies where interviews were actually carried out, the text accompanying the figures in this section displays the actual (non-weighted) number of companies in the sample.

According to their size, the companies included in the sample were distributed as follows: 80 companies with up to 9 employees, 86 companies with 10-49 employees, 85 companies with 50-250 employees and 50 companies with more than 250 employees.

As for branches of activity, 22 of the 301 respondent private companies are involved in primary sector, 20 of them operate in agriculture, hunting and forestry and 2 in fishing. 120 of all respondent companies represent secondary sector: 62 of them are engaged in manufacturing, 43 in construction, 4 in mining and quarrying and 11 in electricity, gas and water supply.

The highest proportion of companies (159 companies) belongs to tertiary sector. 59 of them are engaged in wholesale and retail trade or repair of motor vehicles, motorcycles and personal and household goods. 24 companies engage in real estate, renting and business activities. 20 companies are engaged in transport, storage and communication. There are 11 hotels and restaurants and 5 financial intermediation companies among the respondents. The sample contains 2 private companies operating in the field of education and 13 companies operating in health and social work. The remaining 25 companies are providing other social and personal service activities.

69 companies had been operating for 12-15 years, 60 companies for 9-12 years, 59 companies for 3-6 years and 40 companies for 6-9 years. 35 companies had been operating for 15-20 years and 38 companies over 20 years.

83 companies had significant international market coverage, 128 were focused on domestic market and 89 had their market area within the range of 50 km.

62 companies had foreign holding, which in case of 43 companies exceeded 50%. The total of 14 companies was in Swedish and 13 in Finnish ownership.

95 of the respondents were owners and 206 salaried employees. 128 of the respondents were general managers and 132 were personnel managers, the rest of the respondents were in other positions.

4. Results

The results of this survey reveal sector-specific differences among private sector companies in Estonia with regard to issues associated with organisation and general management. There were no major differences found in terms of size and date of foundation of the organisations. Therefore the next section focuses on results in different branches of activity. Analysis was complicated due to the very low representation of certain branches of activity, such as fishing. At the same time, the gap between branches of activity in tertiary sector is so wide that the sectoral analysis is not sufficient.

4.1. Problems Encountered by Companies

Organisations have to operate in more and more complex and competitive environment. Technology base and relations between an organisation and its surrounding
environment are changing more rapidly. That causes constantly increasing problems that are to be solved by managers. One solution for that could be found in implementation of organisational changes.

Change means an intended or spontaneous response to the pressure either inside or outside the organisation. In terms of outer environment, such need is triggered by changes in legislation, policy, state budget, etc. Internal factors include changes in goals of employees, nature of work, organisational structure and/or goals.

The changes in an organisation could be associated with:
1. staff (how to communicate, solve problems, make decisions);
2. personnel management (how to attract competent people, set goals and remunerate staff, plan and promote career);
3. strategy (products, services, markets, how to achieve a competitive advantage, how to fit in surrounding environment);
4. technology and structure (how to organise work and create jobs, coordinate interdepartmental work, how to produce products and services).

In consideration of the aforesaid the respondents were at first asked about the presence of problems and then about intended changes. Managers were asked to assess the extent of problematic issues listed in Table 1 in their company.

<table>
<thead>
<tr>
<th>Problem</th>
<th>Weighted average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Finding motivated and capable employees</td>
<td>1.82</td>
</tr>
<tr>
<td>2. Increase of expenditure on wages</td>
<td>2.07</td>
</tr>
<tr>
<td>3. Close competition on local market</td>
<td>2.18</td>
</tr>
<tr>
<td>4. Lack of funds for investments</td>
<td>2.35</td>
</tr>
<tr>
<td>5. Unfair competition</td>
<td>2.67</td>
</tr>
<tr>
<td>6. Complicated legal framework</td>
<td>2.74</td>
</tr>
<tr>
<td>7. Insufficient knowledge and experience required for personnel management</td>
<td>2.84</td>
</tr>
<tr>
<td>8. Lack of consistent information with regard to development of competitors, consumers and business environment</td>
<td>3.03</td>
</tr>
<tr>
<td>9. High training expenses of employees</td>
<td>3.22</td>
</tr>
</tbody>
</table>

The assessment was based on a 6-point scale:
1 – Very important
2 – Important
3 – Not very important
4 – Of no importance at all
5 – Cannot say
6 – Refusal

Finding motivated and capable employees was considered the most important problem in all sectors, followed by increase of expenditure on wages and fierce competition on local market.

Statistically relevant differences between sectors included competition on local market and lack of funds for investment. Competition was considered the least significant problem in secondary sector and lack of funds for investment was the major problem in primary sector.
4.2. Intended Changes

In the course of the interview the respondents were asked whether their company intended to make any changes in the areas listed in Table 2 within the next couple of years.

**Table 2. Intended Changes**

<table>
<thead>
<tr>
<th>Area</th>
<th>Absolutely yes</th>
<th>Rather yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Creating new jobs</td>
<td>49%</td>
<td>11%</td>
<td>60%</td>
</tr>
<tr>
<td>2. Development/ training of employees</td>
<td>18%</td>
<td>56%</td>
<td>74%</td>
</tr>
<tr>
<td>3. Introduction of new products/services</td>
<td>14%</td>
<td>45%</td>
<td>59%</td>
</tr>
<tr>
<td>4. Principles of remuneration</td>
<td>12%</td>
<td>51%</td>
<td>63%</td>
</tr>
<tr>
<td>5. Organisational culture/values</td>
<td>8%</td>
<td>42%</td>
<td>50%</td>
</tr>
</tbody>
</table>

4.3. Tracking and Valuation of Performance Indicators

The respondents were asked whether and how often they monitored performance indicators listed in Table 3.

**Table 3. Tracking of Performance Indicators by Managers**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Monitored once a month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Turnover</td>
<td>84%</td>
</tr>
<tr>
<td>2. Employee satisfaction</td>
<td>75%</td>
</tr>
<tr>
<td>3. Profit-loss</td>
<td>73%</td>
</tr>
<tr>
<td>4. Customer satisfaction</td>
<td>73%</td>
</tr>
<tr>
<td>5. Labour turnover</td>
<td>45%</td>
</tr>
<tr>
<td>6. Training expenses</td>
<td>30%</td>
</tr>
</tbody>
</table>

Managers were asked to assess the importance of factors presented in Table 4.

**Table 4. Indicators Valued by Managers**

<table>
<thead>
<tr>
<th>Area</th>
<th>Weighted average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality of products/services</td>
<td>1.28</td>
</tr>
<tr>
<td>2. Good teamwork and work environment</td>
<td>1.40</td>
</tr>
<tr>
<td>3. Company’s success</td>
<td>1.45</td>
</tr>
<tr>
<td>4. Responsibility and dedication of employees</td>
<td>1.53</td>
</tr>
<tr>
<td>5. Increase in company reputation</td>
<td>1.57</td>
</tr>
<tr>
<td>6. Welfare of employees</td>
<td>1.62</td>
</tr>
<tr>
<td>7. Increase in customer satisfaction</td>
<td>1.63</td>
</tr>
<tr>
<td>8. More efficient use of every employee’s knowledge</td>
<td>1.64</td>
</tr>
<tr>
<td>9. Involvement of employees in decision-making process</td>
<td>2.04</td>
</tr>
</tbody>
</table>

The assessment was based on 6-point scale:
1 – Very important
2 – Important
Managers from the tertiary sector valued all indicators higher than managers from other sectors. Sectors have a statistically relevant difference with regard to the following indicators: good teamwork and work environment, increase in company reputation, improved customer satisfaction, high level of responsibility of employees and their dedication to work, success of the company. Primary sector attributed the lowest value to involvement of employees in decision-making process, customer satisfaction and increase in company reputation. At the same time, primary sector companies were more interested in good teamwork and work environment and greater responsibility and dedication of employees than the secondary sector companies.

Vertical axis displays weighted average values.

The values stated by managers depend on the length of operation of the company. The quality of products/services, company’s success, more efficient use of knowledge of every staff member and great responsibility and dedication of employees were considered more important in case of companies with longer period of operation. Increase in company reputation was the least important for companies which had been operating for 12-15 years.

4.4. Style of Management and Work Environment

Style of management has traditionally been divided into authoritarian (in some sources also autocratic) and democratic. In the first case the decisions are generally made by manager and the subordinates are expected to execute such decisions without argument. In such organisation entire power is held by top manager. Other employees receive information from top manager only. Democratic manager presumes much of the information to be held by other employees, either specialists or persons in direct contact with the customer. Therefore such manager considers it important that these people could make the decisions with regard to their work on their own. In addition to that, such manager ensures the availability of company-related information to all employees, so that people could contribute to decision-making process with regard to issues important for the organisation, by making use of their own knowledge and experience.

However, there are critical situations that require quick decisions. In that case authoritarian style needs to be applied. Considering the aforesaid, a successful manager should combine proficiency and implementation of both styles of management depending on current situation.

Style of management is closely connected with organisational work environment (atmosphere), i.e. responsibility, relations, support and unity, which has direct impact on motivation of employees.

The management style evolves on the basis of manager’s most frequently used competence.

This chapter focuses on qualities that are considered important by managers, company management style, methods of exchanging information and solving problems. Managers were presented with 4 argument pairs and were asked to assess whether their company is best characterised by version A or version B (Table 5).

The aim of the first 3 argument pairs was to assess the style of management. In the first argument pair, argument A is more characteristic of authoritarian management: In our company everybody is required to comply with the orders given by the
management and established rules. Argument B indicates more democratic style of management: In our company employees come up with new ideas and proposals by themselves.

Similarly, argument A in the second argument pair indicates authoritarian style of management: In our company employees receive information from managers only; argument B indicates democratic style of management: Almost all employees have access to the information concerning our company.

In the third pair of arguments the sides are changed and argument A refers to democratic style of management: In our company employees are informed of general issues, development plans and decisions of the company on a regular basis. Argument B refers to more authoritarian style: In our company employees are informed on a regular basis only with regard to issues directly related with their work.

Table 5. Indicators Characterising Management Style and Work Environment in a Company

<table>
<thead>
<tr>
<th>Question</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Version A: In our company everybody is required to comply with the orders given by the management and established rules.</td>
<td>171</td>
<td>57 %</td>
</tr>
<tr>
<td>Version B: In our company employees come up with new ideas and proposals by themselves</td>
<td>130</td>
<td>43 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>301</td>
<td>100 %</td>
</tr>
<tr>
<td>Version A: In our company employees receive information from managers only</td>
<td>159</td>
<td>53 %</td>
</tr>
<tr>
<td>Version B: Almost all employees have access to the information concerning our company</td>
<td>142</td>
<td>47 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>301</td>
<td>100 %</td>
</tr>
<tr>
<td>Version A: In our company employees are informed of general issues, development plans and decisions of the company on a regular basis</td>
<td>126</td>
<td>42 %</td>
</tr>
<tr>
<td>Version B: In our company employees are informed on a regular basis only with regard to issues directly related with their work</td>
<td>175</td>
<td>58 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>301</td>
<td>100 %</td>
</tr>
<tr>
<td>Version A: Managers try to ignore occasional conflicts</td>
<td>28</td>
<td>9 %</td>
</tr>
<tr>
<td>Version B: Conflicts are solved by way of common discussion</td>
<td>273</td>
<td>91 %</td>
</tr>
<tr>
<td>TOTAL</td>
<td>301</td>
<td>100 %</td>
</tr>
</tbody>
</table>

It appears from Table 5 that 57% of the respondents preferred the argument ‘everybody is required to comply with the orders given by the management and established rules’ to the argument ‘in our company employees come up with new ideas and proposals by themselves’. In 53% of the companies employees receive information
only from their manager, whereas in 47% of the companies almost all employees have access to the company-related information.

In 58% of the companies employees are informed on a regular basis only with regard to issues directly related with their work and in 42% of the companies employees are informed of general issues, development plans and decisions of the company on a regular basis.

In 91% of the companies conflicts are solved by way of common discussion, in 9% of the companies the managers try to ignore occasional conflicts.

In companies with shorter period of operation employees come up with new ideas and proposals more frequently than in companies with longer period of operation.

Implementation of authoritarian style of management was not related to proportion of male and female employees or male and female managers in the company.

Statistically relevant differences were observed between sectors in terms of all four scales. The most authoritarian management appears to be applied in the primary sector. Possession and dissemination of information depends on manager both in primary and secondary sector. Information is best available for all employees in tertiary sector; in comparison with other sectors, the tertiary sector also attributes higher importance to solving conflicts by way of common discussion. Vertical axis shows weighted average values.

Companies classified as using authoritarian management style according to argument 1 had greater concern with regard to complicated legal framework. Opinion of employees is more frequently taken into account in companies where close competition on local market is deemed as a major problem. Here we may assume that the competition is the main reason for choosing such management style with high involvement of employees: i.e. the need to obtain better knowledge of customer needs more quickly than competitors, in order to satisfy those needs better and faster than the competitors.

4.5. Qualities Important for Managers

Managers were asked to assess the importance of qualities of a manager listed in Table 6 in their company.

<table>
<thead>
<tr>
<th>Qualities and skills</th>
<th>Weighted average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Expertise, professionalism</td>
<td>1.43</td>
</tr>
<tr>
<td>2. Execution of decisions made by top managers</td>
<td>1.67</td>
</tr>
<tr>
<td>3. Motivation skills</td>
<td>1.72</td>
</tr>
<tr>
<td>4. Ability to inspire employees and to take the lead</td>
<td>1.78</td>
</tr>
<tr>
<td>5. Ability to maintain order and discipline among employees</td>
<td>1.84</td>
</tr>
<tr>
<td>6. Self-assertion as a manager</td>
<td>2.01</td>
</tr>
</tbody>
</table>

The assessment was based on the following scale:

1 – Very important
2 – Important
3 – Not very important
4 – Of no importance at all
5 – Cannot say
6 – Refusal
Depending on the company’s period of operation there were differences in expectations concerning the execution of decisions made by top managers. The execution of decisions made by top managers was expected the most in companies that operated already before 1991, i.e. in Soviet times.

5. Conclusions and Discussion

The results of this survey indicate that the biggest problems in the private sector companies in Estonia include: finding motivated and capable employees (very important or important for 84% of companies), increase in expenditure on wages (79%) and strong competition on local market (71%). All these aspects are interrelated: strong competition exerts pressure on finding the best employees, and in order to attract such employees it is necessary to increase wages. There were no statistically relevant differences observed between predominantly male and predominantly female companies with regard to problem areas.

Major changes included creating new jobs and development of employees. 60% of the companies intend to create new jobs within the next couple of years and three fourths of the companies plan to engage in staff development and training. Creating of new jobs indicates ongoing economic growth, but it also exerts even more pressure on already tense situation of lack of workforce.

5.1. Values Considered Important by Managers

Managers’ greatest concern is turnover (84% of the respondents on a monthly basis), then comes satisfaction of employees (75% of the respondents on a monthly basis), profit/loss (73% of the respondents on a monthly basis) and customer satisfaction (73% of the respondents on a monthly basis). High valuation of the satisfaction of employees is apparently associated with the labour market situation, difficulties with finding good or, in some case, any employees.

All managers attributed the highest value to the quality of products/services. 97% of the managers considered a good team and work environment to be of greatest importance. It is pleasant to see that quality has become more important than quantity and that higher value is attributed to people instead of economic indicators. Managers have become aware of the fact that even the best ideas cannot be implemented without people. All indicators were most valued by managers of the tertiary sector. Managers of the primary sector attributed the lowest value to the involvement of employees in decision-making process, customer satisfaction and increase in company reputation. At the same time, the primary sector was more interested in good teamwork, work environment, greater responsibility and dedication of employees than the secondary sector. For the managers of the companies where more than 75% were female employees, a good teamwork environment was considered more important than the quality of products/services and it was more important than among male-dominated staff. Meanwhile the quality of products/services and welfare of employees were considered more important by male-dominated staff than among female-dominated staff.

The aforesaid values described in this present survey can be compared with values referred to in GLOBE Programme survey that was carried out in Estonia by the Management Department of Estonian Business School at the end of 2001. This Cross-Cultural CEO Study was carried out simultaneously in 27 countries worldwide and it was based on methods developed by Professor Robert House, who works at Wharton
School – the flagship of modern business education and branch of the University of Pennsylvania in the US. With his studies on qualities of charismatic leaders and path goal theory, Professor House has made his way to virtually all English management textbooks.

61 top managers were interviewed in Estonia; half of them were also owners. The questionnaire was fulfilled by managers and detailed questionnaires were also fulfilled by 6-9 direct subordinates of those managers. The results provided information on their style of management and about main considerations of managers and their direct subordinates in the decision-making process. Estonian managers attributed the highest value to the factors required for ensuring the success of the company, such as customer satisfaction, growth and development of employees’ professional skills, quality of products and services and establishment of long-term competitive advantages (Tuulik and Alas 2003). Profitability of the company was considered important for ensuring success in short-term perspective, and it was also highly valued by managers. Cost control and satisfaction of employees was considered slightly less important.

Comparison of the results of GLOBE survey and the results of the present survey reveal that in 2007 managers found the employee satisfaction much more important than it was in 2001, as it has shifted from the bottom to the top of the value scale.

Considering that the values of direct subordinates were similar to the values of the managers, we may argue that the present survey confirmed the theory of manager as a person establishing organisational values, which requires the educational institutions preparing business managers to take great liability for the entire society.

Although similar values were predominant in both surveys, we may still argue that within the period of 6 years the priorities of managers have undergone significant change in at least one aspect: the managers consider the job satisfaction of employees much more important. At the same time, no changes have been observed with regard to paying attention to different needs and gender equality as a common benefit: it is still not seen as a priority.

5.2. Qualities and Skills of Managers

All companies consider that expertise and professionalism are important qualities of a manager. Almost all companies expect their managers to execute the decisions made by top managers and to have motivational skills. The skills of self-assertion are considered the least important. This shows that people are getting over the authoritarian approach that was dominant in the Soviet times and that governance has been replaced by motivation. Authoritarian management is still present in the primary sector. Possession and dissemination of information remains to be mostly within the powers of manager both in case of primary and secondary sector. Information is the most available for all employees in tertiary sector, and the same sector also considers it important to solve conflicts in the course of common discussions. In companies with shorter period of operation employees come up with new ideas and proposals more frequently than in companies with longer period of operation.

Implementation of authoritarian style of management was not related to proportion of male and female employees or male and female managers in the company.

Once again the results can be compared with the outcome of GLOBE survey carried out to assess the qualities and skills of managers in 2001 and subordinates’ expectations from their managers in 2003. The results gained in 2001 indicated the presence of 4 manager types in Estonia (Alas 2002):
Keyword dictator is used to describe managers who are perceived as dictators by their subordinates, but who also appear to have self-confidence, good communication skills and faith in their subordinates.

Managers with vision and intellectually inspiring managers are perceived as charismatic leaders by their subordinates. Such a manager represents a good source of information for employees. It is also important to have high motivation for achievement, expressed by endeavour for gaining the best possible results.

Team players are managers who delegate powers downwards, are great at maintaining relations and deal with explaining the roles. Such managers are characterised as honest, straightforward, humane, fair, but also independent, decisive, venturesome and status-aware.

Egoist autocrats are seen by their subordinate staff as persons whose personal interest comes first, who lack straightforwardness and are ill-disposed. Considering that autocratic style of management was deemed exclusive during the Socialist times and the term is generally used in less negative meaning, this type could, in the context of given survey, be called egoist autocrat.

Egoist autocrat – the only manager type that was negatively perceived by subordinates – turned out to be opposite to dictator, charismatic leader and team player, who under these terms were all seen as positive characters.

The second survey carried out among 170 middle-management officials by the same GLOBE research group in 2003 revealed that respondent middle management officials expected their managers to take charismatic lead, followed by teamwork-orientation and involvement of employees (Tuulik 2007, p. 85). Charismatic leadership comprises both inspiration and motivation of subordinates. These qualities of manager were ranked 3rd and 4th in this survey. As the qualities ranking 1st and 2nd were not included in the GLOBE survey, the results of those two surveys can be considered similar.

Previous top manager assessments carried out within the framework of GLOBE Programme in 2001 showed that the highest proportion of respondent managers were dictators – 33%. They were followed by team players – 27%. It is quite expected that there are not many people who are considered charismatic and therefore the proportion of charismatic leaders is only 14%. Thus we may conclude that in 2001 the immediate subordinates perceived an Estonian top manager first and foremost as a person who gives orders, which is far from motivating and inspiring person (Alas 2002; Tuulik Alas 2005).

When comparing this result of GLOBE survey with the outcome of the present survey, a similar tendency of expectations can be observed. According to the present survey, people also expect the manager to inspire and motivate rather than be self-assertive and maintain discipline. This result is supported by the survey of management in Estonia carried out by Enterprise Estonia in 2005 (Eesti juhtimisvaldkonna uuring 2005). The survey mapped management-related activities in Estonia during 1990 – 2005 and impact thereof, attempted to analyse the need for state aid and develop strategies for dissemination of new management methods. This survey showed that management trends that are most popular in Estonia are associated with the so-called soft issues – personnel management and personal development of a manager. Management related attitudes seem to be shifting from authoritarian management approach in the Nordic
countries to people-oriented style of management. It is recommended to apply the strategy for changing management related attitude primarily with regard to the following two attitudes: 1) „there is no need to study management“ and 2) with regard to changing attitudes associated with authoritarian style of management.

In conclusion, the lack of staff arising from the current situation of labour market is the key to understanding management problems in private sector companies. At the same time it seems to have introduced a positive development in company management: much more attention is devoted to people and their needs than before. Due to closer competition on local market the quality of products and services has become a primary consideration, which in turn sets higher requirements for employees and management. Both components together boost further development and search for new management methods.

References