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MANAGEMENT STYLE AND REDUCTION OF THE
PSYCHOLOGICAL RISK FACTORS IN THE COMPANY

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Abstract

The authors analysed the management style types and principles, their characteristic features and influence on the employees, as well as the influence of the management style on the internal and external activities of the company. As well as they considered the stress factors in the working environment, their classification, as well as the effects caused by the psycho-emotional risk factors both on the human's health and on the behaviour.

The authors analysed the company's K psycho-emotional working environment, determined the management style in the certain company's structural unit, and compared the economic and psycho-emotional factors before and after the change of the management style. Authors carried out the survey in several company's structural units, analysed the results and found out the existing physiological situation and relationships with the managers. They considered the effects caused by the risk factors in the company in the section of several years.

Based on the conclusions on the results of the survey and based on the considered examples of the best practice, the authors have developed the proposals, how using different management tools, it is possible to improve the psycho-emotional working environment. They developed the methodology, how to achieve the proposed goals and to carry out the control of the results after the certain deadline of the implementation of the goal.

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1. Introduction

The head must know the essence of the company's organizational management, objectives as well as the impact of operational factors on the internal and external processes. In order to achieve good results, the head must be a competent professional successfully organizing the human resource management in the interests of both the company and the staff. The head must understand that he is the main motive force of the organization and the company's growth and development depends on his skills.

Psycho-emotional working environment is strongly influenced by the head's priority (Belcikovs & Praude 2001). In order to improve or change the psychological climate in the company, the employer not always should make radical organizational changes throughout the enterprise, sometimes the implementation of several measures is sufficient with the use of good practices tools that improve the relationship between the employees and the head. The head, depending on the situation and the company's specificity, can use, for example, the ideas of diversity management and creativity as well as various communicative cultures and psychological techniques, which in combination with the generally accepted management styles can be used as the tools for changing or improving the working environment psycho-emotional climate in the company, (Kalnina, 2012; Gomez-Mejia, Balkin, Cardy, 2005; Keil et al., 2007).

2. Problem Statement

The psycho -emotional work environment risk factors affect employees' state of health. The aim of author's research is to find management methods to reduce the psycho - emotional working risks in companies. The management's methods could also be used for companies at transport sector. The company's performance lies in employee's productivity, which depends on the employee's state of health and motivation. Both of these factors are affected by the working environment, which is organized and affected by the head of the company, starting with the technical equipment and ending with the emotional factors depending on the head's management style, competence to lead the team and ability to get on with people, (Duka & Rutka, 2012; Goleman, 2005, Ministry of Welfare, 2010). Therefore, for each head of company it is important to understand how he and his management style can influence and improve the psycho-emotional working environment thus motivating employees to be productive and achieve the set goals. Often not enough attention is paid to the psycho-emotional factors of working environment risk, considering that it is not so important. Sometimes attention should be paid also to the company's economic indicators in conjunction with the management style and psychological climate in the company.

3. Research Questions

The study reviews the relationships between the psycho-emotional working environment and the management style and the impact of these factors on the company's economic performance. The head, depending on the situation and the company's specificity, can use, for example, the ideas of diversity management and creativity as well as various communicative cultures and psychological techniques, which in combination with the generally accepted management styles can be used as the tools for changing or improving the working environment psycho-emotional climate in the company.

4. Purpose of the Study

Make a psycho-emotional risk assessment in the workplace company K, determine the management style of the company's departments, to compare the economic and psycho-emotional factors before and after the change in management style. Carry out the survey in several company's structural units, analyse the results and find out the existing psychological situation and relationships with the managers. Based on the conclusions on the results of the survey and based on the considered examples of the best practice, the authors will develop the proposals, how using different management tools, it is possible to improve the psycho-emotional working environment. They will develop the methodology, how to achieve the proposed goals and to carry out the control of the results after the certain deadline of the implementation of the goal.

5. Research Methods

Risk assessment in the workplace Finnish five- point matrix (Booth, 1994), employee questionnaires and survey, interview with the company's managers and statistical processing of data. Authors use Expert method (Ozoliņa-Ozola, 2011), Psychological climate assessment scale (Kalkis, 2008).

6. Findings

6.1. Management style efficiency determination indicators

The authors determined the management style efficiency at an enterprise providing various services of waste management and providing itself the maintenance and repair of own machinery. Since the enterprise is very large, the authors carried out a poll in one of its divisions where substituted the manager.

The poll was carried out for both the period until the manager the change and period after the change of manager. The results of the respondents' answers reflected that previously the authoritative management style was realized in the division, which was strongly oriented towards the task performance and not to the staff; however, after substitution of the manager the management style was reoriented towards the needs of the employees.

The poll results are reflected in the coordinate planes (see Fig. 1 and 2), the test questions were divided into 2 parts, one showing the manager's orientation towards the task – on X-axis, the second showing manager's orientation towards the employee's interest – on Y-axis.

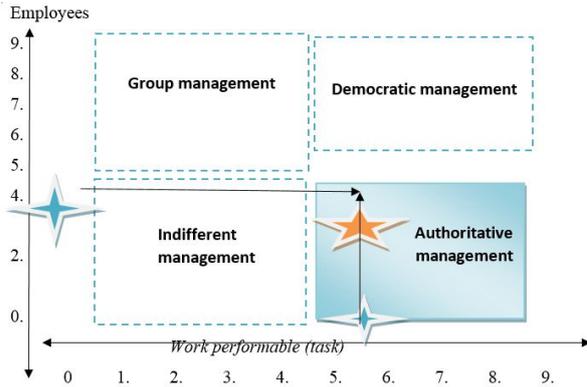


Figure 01. Management style before of manager the change.

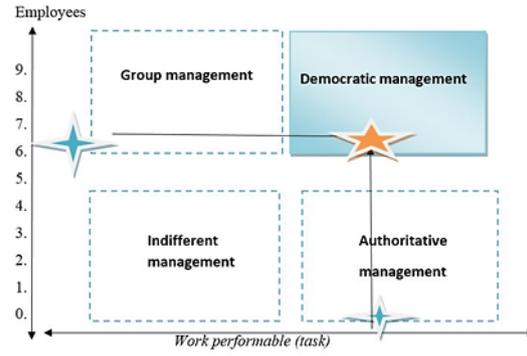


Figure 02. Management style after of manager the change.

When management style used in the enterprise was determined, the authors compared the impact of change in the style on the division work efficiency. The repair area performance database was used for this purpose. The years 2014 and 2015 were chosen as the reviewed period. Just these two years were chosen since in December 2013 the division manager was substituted and therewith 2012 was the last year when according to the poll the authoritative management style was realized and 2015 was the first year when the democratic management style was implemented.

The efficiency ratio was determined with the use of the author’s modified formula from the all-Russia standard

(GOST 27.002—89, 1989) see formula 1) where the authors divided the Production Performance Outcome by the Costs and multiplied by 100.

$$\text{Efficiency} = \frac{\text{Production Performance Outcome}}{\text{Costs}} \cdot 100 \quad (1) \text{ (Nikolayevs, 2016)}$$

Production Performance Outcome (DGO) – see explanation in formula 2 how to obtain it. Costs - (financial resources utilized for labour compensation, public utility payments, purchase of spare parts etc.) since the financial expenditures are the only indicator varying with operation of the division.

In other words, the division operation efficiency can be determined by relating the production output to financial resources spent therefor during a specified period.

In order to show the Production Performance Outcome of the repair area, the authors chose to use a method demonstrating the technical condition of machinery and equipment in a specified period that is the Work Readiness Ratio (WRr). Since it is a probability that the facility is in workable condition in any randomly chosen period, or in other words for the repair area it is how many days of the maximal number of days the vehicle is in workable condition and can perform work, the author’s modified formula was used from (GOST 27.002—89, 1989) (see formula 2). After calculations the author obtained the following results (see table 1).

$$WRr = \frac{A_{tn} \cdot 90 - R_{nd}}{A_{tn} \cdot 90} \cdot 100\% , \quad (2) \text{ (Nikolayevs, 2016)}$$

A_{tn} - Total number of motor transport vehicles

R_{nd} - Number of days the vehicle is under repair

Table 01. Comparison of repair area performance (Nikolayev, 2016)

Year/ Manage- ment style	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	WRr	Costs EUR	Effi- ciency	WRr	Costs EUR	Effi- ciency	WRr	Costs EUR	Effi- ciency	WRr	Costs EUR	Effi- ciency
2014 authorita- tive	78.2	51,023. 23	15.64	76.9	37,658. 2	20.4	77.5	35,65 7.21	21.73	78.8	49,532 .21	15.91
2015 Democra- tic	79.8	56,745. 35	14.1	80.9	38,633. 7	20.9	82.6	34,62 1.34	23.86	82.1	47,962 .12	17.12

It can be seen from the table that the change in the management style affected both the repair area productivity and efficiency. It is evident that the productivity, or the work output, is higher than in the previous compared period. However, because of high costs in the first quarter the efficiency is lower with the democratic management style. The author thinks that it could take place since the new manager had an adaptation period in the beginning. Further activity of the division demonstrated few trends. The first one is a permanent growth in work outcomes exceeding the previous period indicators. Second, a reduction in management operating costs is evident, which could be achieved due to that the team itself was involved in the reduction of consumption.

The poll was carried out also in other divisions of enterprise. Based on the poll results in the divisions, the working environment psychoemotional risk was analysed in accordance with the Finland 5-point Matrix as well as the psychological climate was assessed with the use of the Psychological Climate Assessment Scale (Booth, 1994; Kalkis, 2008), specifying the signs of sound and unsound psychological climate. The poll data and working environment psychoemotional risk analysis have demonstrated that psychoemotional problems and disagreements with managers take place in other divisions.

The authors additionally carried out a review of inhouse documents of the enterprise in order to establish whether the indicators of effects caused by the working environment psychoemotional risk factors are observable in the enterprise (see Table 2).

Table 02. Indicators of effects caused by psychoemotional risk factors (from inhouse documentation data)

No	Indicator description	Number of accidents				
		2010	2011	2012	2013	2014
.		3	4	5	6	7
1	Clearly demonstrated, acute conflicts among personnel	4	7	5	10	11
2	Unexcused tardy (days)	23	25	34	40	42
3	Dismissal at own request	0	1	0	0	1
4	Sickness absence (days)	112	131	172	154	232

5	Heart attack cases (caused by stress situations in working environment)	1	-	1	1	-
5	Blood stroke cases (caused by stress situations in working environment)	-	1	-	-	-
6	Other cardiovascular diseases	5	3	4	7	3
7	Hypertonia cases	5	7	8	7	7
8	Other nerve disease cases	3	2	4	5	4
9	Nervous breakdown at workplace	2	3	2	3	1
10	Lethal cases at work	1	-	1	1	-
11	Suicide cases	1		1	-	-

Data in Table 2 clearly show that the working environment still demonstrates the effects caused by the psychoemotional risk factors: tardiness, accidents, aggressiveness and involvement in disputes, impulsive and destructive behaviour indicate to psychoemotional problems (Ministry of Welfare, 2010; Riga Stradins University, 2011).

The study results have shown that various psychoemotional problems and disagreements with managers exist also in other divisions of the enterprise, therefore the authors have developed a plan of measures recommended to the whole enterprise.

7. Conclusion

Since one of the established risk factors is the problems with managers, one of possibilities that could be realized at the enterprise is the implementation of the diversity management principles (Keil et al., 2007). Applying the diversity management elements, the manager chooses them in accordance with the enterprise specificity and the desired result. Since the study is associated with the relationships of interaction between the management style and the psychosocial environment and the possibilities of psychoemotional climate improvement, the authors chose to implement the diversity management principles in areas most directly involving the employees themselves, i.e. the first diversity management area – “social involvement and work with it”; the second area – “enterprise structure and activity factors”; the third area – “improvement of management skills”.

1. In the area of measures realization - “social involvement and work with it” the authors recommend to ensure at the enterprise the payment for Latvian language courses for employees of other nationalities, which would help to prevent misunderstanding between people of different nationalities because of language ignorance as well as to additionally help acquiring the Latvian citizenship by those employees who still have not acquired it through language ignorance.

2. In the area of activity realization - “improvement of management skills” the authors recommend the enterprise managers once a quarter attend courses on communication psychology, organization culture etc. which would help the managers to timely identify the reasons of the working environment psychoemotional risk factors and timely find solutions for prevention thereof.

3. Since in divisions of the enterprise the equipment managers are only men while the diversity management principles exclude any signs of discrimination, the authors recommend to employ also women as equipment managers at the enterprise.

4. “Provision of enterprise inhouse communication system” is one of 8 steps of the diversity management, therefore the authors recommend to provide an operative information exchange between employees of all levels – implement a common e-mail for shared use by employees, which would allow the employees to anonymously express their opinion and problems to the managers, labour protection specialists or trusted persons.

5. Equip each motor transport vehicle and division working premises with interior communication radio sets and portable transmitters, which not only is one of the diversity management steps but which can be also used for the improvement of creativity tools and psychological atmosphere.

6. Equipping the motor transport and working premises with portable radio sets would be an operative means for information delivery in emergency situation when an employee has no telephone along or cannot find it or also when it is discharged.

7. Employ a medical worker who can provide the first medical aid as well as to identify the working environment psychoemotional factor with the employees.

All measures should be formulated as targets and should specify the indicators and deadline of fulfilment as well as the indicators of the expected results, which would allow to assess whether the expected result is achieved.

8. The authors recommend to use the following indicators for control of expected results:

- 1) Identification of economic Efficiency improvement ratio (see formula 1) with the target of a higher indicator than the existing;
- 2) Assessment of psychological climate;
- 3) Use of the Expert method (see formula 3) for identification of target achievement level.

$$K_{ij} = K_{s1ij} \times \frac{K_{f1ij}}{K_{p1ij}} + K_{s2ij} \times \frac{K_{f2ij}}{K_{p2ij}} + \dots + K_{smij} \times \frac{K_{fmij}}{K_{pmij}} \quad 3), \text{ (Ozoliņa-Ozola, 2011)}$$

where K_{ij} – target achievement level in j-group of indicators of i-block of indicators;

K_{s1ij} – weight ratio in j-group of indicators of i-block of indicators for first target;

K_{f1ij} – actual fulfillment level, %, of first target in j-group of indicators of i-block of indicators;

K_{p1ij} – planned fulfillment level, %, of first target in j-group of indicators of i-block of indicators;

K_{s2ij} – weight ratio in j-group of indicators of i-block of indicators for second target;

K_{f2ij} – actual fulfillment level, %, of second target in j-group of indicators of i-block of indicators;

K_{p2ij} – planned fulfillment level, %, of second target in j-group of indicators of i-block of indicators;

K_{smij} – weight ratio in j-group of indicators of i-block of indicators for m-target;

K_{fmij} – actual fulfillment level, %, of m-target in j-group of indicators of i-block of indicators;

K_{pmij} – planned fulfillment level, %, of m-target in j-group of indicators of i-block of indicators.

As a result, if K_{ij} is equal to 1, it means that the targets of the reviewed group are generally achieved; if K_{ij} is lower than par 1, then these targets are not achieved, but when K_{ij} is more than 1, these targets are exceeded (Ozoliņa-Ozola, 2011).

Situation reviewed in the study is generally characteristic of Latvian transport industry, therefore recommendations developed based on the diversity management principles are also advisable for other managers of transport industry to use the Expert method in the identification of target achievement level.

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