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Editorial

Considerations about the Configuration of the Company's Management Process¹

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Abstract: *This paper refers to a series of points of view and principles on the design of the management process of the company in the context of reconsidering the company's functionality as a self-regulating open system where the three fundamental components manifest – heritage, organization and management. The proposed approach takes as a starting point the theoretical model of the decision-making process increasingly adopted by the managerial practice in the last few decades.*

Key words: *assets, organization, management, process, decision.*

Introduction

The theme of the management process is presented by most Romanian authors, usually as a classic - general characterization, definition, content, phases or stages of development etc. In this context the overwhelming majority of presentations are part of management manuals and treaties developed by the authors or university teaching staffs of our country.

The critical analysis of these approaches highlights untreated aspects of content that would be set in the context of economic, technical, social and cultural phenomena caused the current of globalization. I think the management should be analyzed and correlated with enterprise functionality as autonomous and self-regulating open, dynamic factors in the context of existential environment locally, regionally and globally.

Landmarks of this work are found in many books translated and published by the Romanian publishing houses in recent years by a number of Western authors, professors in universities with tradition in business schools. At first the idea of exposed functional business system - fundamental components of general, basic processes, the place and role of management, decision making model. Hereinafter I submit under consideration several new aspects regarding the content and implications of leadership; I emphasize the cyclical nature of legal and management process, in the context of frequent changes caused by global innovative, creative phenomena.

1. The Enterprise, an Open Self-regulating System [1]

It is an obvious and known fact that a legal person - an institution, company, association, foundation, etc- acts as an autonomous and self-regulating open system based on three interdependent, elements - heritage, organization and management. *Starting from this hypothesis POM defines the concept as a general trinomial structure, unified system within all legal entities listed above, interrelated heritage, 2007, organization and their management* [3; 16].

By definition, the concept of process is a series of actions and operations in a series of events held between inputs and developing outputs reception by which the system fulfills a certain part of its mission [8; 246].

¹ The term of process, in this context, has the significance of sequence of phases and operations through which are realised the management actions of an enterprise.

In the case of the enterprise the transformation of the resources into products includes three processes, corresponding to the three components of its above mentioned structure. At the level of the organization there take place work processes, at the level of the assets there take place processing actions and at the management level there take place managerial processes.

The design and the implementation of the management process are based upon *management science theory*, as suggested in Figure 1. This approach results in practical realization of the scientific management of the enterprise. Between knowledge management and the processes taking place in enterprise system there is a bi-univocal relationship. The practical processes listed provide data and useful information for researchers, which, in turn, will be able to bring new theoretical contributions, enriching the scientific background and training opportunities for further real managerial processes.

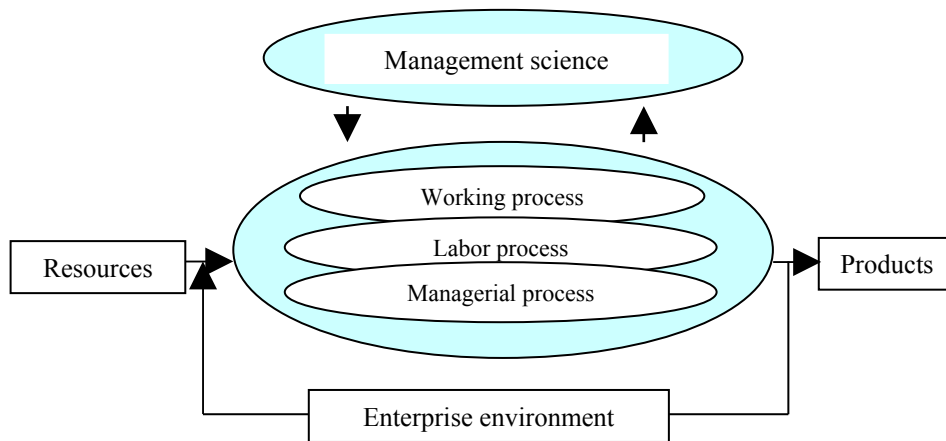


Figure 1. The connections of the processes within the enterprise system [3; 99].

Parameters of the processes in the enterprise POM structure are sized on the basis of technical and economic, socio-professional and management analysis in the context of constant changes of environment. Managerial process is the assembly which enables all the operations through which the functional patrimonial organization connections are activated and thus through people, disposing of all technical-material means, the managers obtain the expected results under the circumstances of a very mobile environment [3; 100]. This definition brings together classical prediction functions, drive, organization coordination and control - usually identified by most authors, and commercial functions of economic, professional creative and production enterprise system. Management process should sum up the work processes of the organization's functions and business processes heritage functions in the dynamic context of environmental factors.

Briefly reviewed the managerial process is the resultant vector obtained by adding the other two vectors components of the functional enterprise system, respectively, the vector of the organizational work processes and the vector of the technical processes of the property processing.

2. Content of the Management Process

Managers combine in different proportions the different relations, informational ones and the knowledge ones, from the inside the enterprise and from its existence through the summarized decisions and thus they adopt the best solutions in order to fulfill the assumed strategies. [10; 129 – 140]. The stated idea illustrates the configuration of the managerial process through the correlated sequence of the managerial decisions. An efficient manager adopts decisions within the framework of a systematic process, containing clearly stated elements, placed in a precise order having a significant and positive effect upon the whole enterprise [5; 42].

Based on these statements, I think that, obviously, the decision making is a fundamental part of the management process. Figure 2 shows the logic diagram of a decision process model, on which I have recently conducted a updating study based upon the new scientific papers in the field [2].

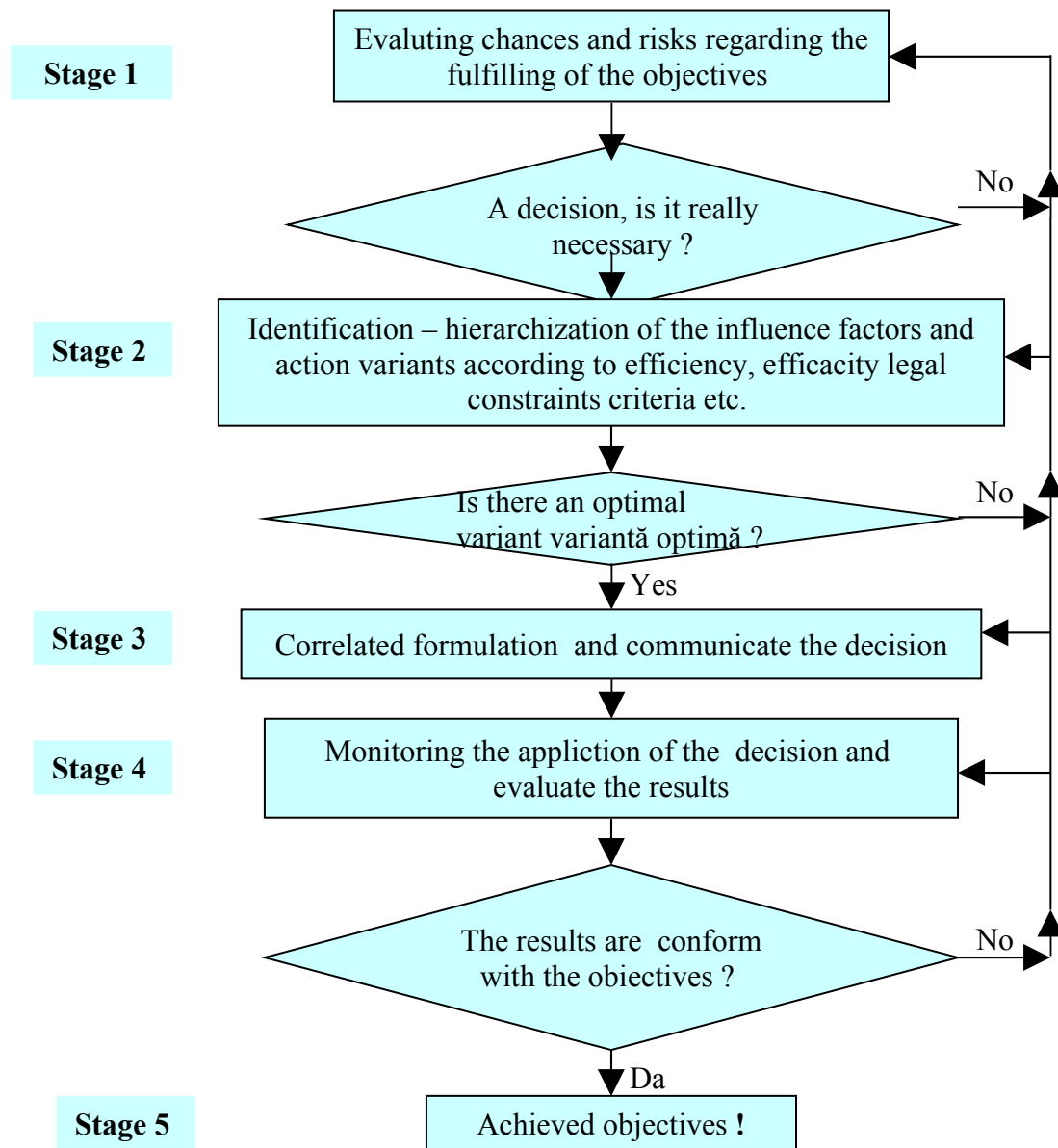


Figure 2. Logical scheme of the decision taking process [2]

The diagram of decision making shows two distinct phases of decision making in managerial actions - formal document management concept, made by the governor manager and accounts for stages 1 +2 +3 , followed by practical and concrete execution of decision objectives made by the hierarchic supervised manager, the moment when the governor is a collective one, or by the execution personnel subordinated to the individual governor and summarizes stages 4+5 (figure 2).

The overall management process content has three distinct content phases: the provisional phase and operational phase, the post-operative phase or of recollection and interpretation of results. The forecasting phase has a prospective character, aims medium and long - term horizons and operates with strategic and tactical decisions ; the operational phase has a lucrative feature , occurs in real time and works with individual decisions ; the last phase is that of ascertaining and measuring the results aimed at assessing, application of decisions, interpreting their causes and identify possible deviations [4; 18-26, 11; 39-42].

A thorough study of the content management process belongs to John Kotter which varies the three phases of managerial process as follows: planning and budgeting which set targets for the month or

next year and detailed steps for achieving them; the organization and selection of qualified staff through which it is established the composition and the set of posts needed for the planning requirements and the plans , programs and arrangements for monitoring their implementation; the control and the solving of problems which evaluates the results compared with formal and informal plans , through reports and meetings that plan and organize the solving of any problems[7;18].

Kotter introduces a new aspect in the analysis of enterprise content management process. It is about leadership as a process of achieving frequent changes imposed by market globalization phenomena. Leadership is within the context of the management analysis, the component which helps at directing people and / or their ideas in a new way of constructive movement or adaptive one of the enterprise.

Leadership is a complementary process that comprises three sub-processes: the establishment of a new orientation, by creating a vision upon the far future, and of the strategy that can produce the change indispensable for realizing the vision; the alignment of people through communication the orientation to those to whom are solicited for cooperation, in such a way as to create coalitions that understand the vision and wanting its realization; motivation and inspiration of those involved, in spite of their confrontation with major barriers when applying political, bureaucratic change, linked to resources by appealing to values and human emotions which are often unexploited [7; 17 – 26]. One can notice that while the classic management process ensures order, dynamics and strict control, leadership provides the enterprise management process stability and long-term development.

3. Legal Nature of the Managerial Process

The managerial process [1; 123-135] has, from a juridical point of view, a decisive influence on the capitalization and financing of the companies. The concept of corporate governance was developed immediately after World War , during the last century, as a political stake between Americans and Western Europeans in the reorganization of large enterprises by principles of civil law, commercial law, criminal and family one, internationally applicable [6].

Managing a company must take into account conflicting interests arising from the combination groups (owners, managers and organization) that are "under one roof" and might endanger the efficiency of when these interests are not sufficiently known and regulated. In this context it emerged the concept of corporate governance - "corporate governance", defined by Berle and Means in 1932. The two authors have observed that at the level of a company those who invest and hold shares are not the same with those who hold the power and manage businesses. Managers are at the same time "judge and party" and should ensure to other groups involved that wealth is distributed among them in a balanced way [[http:// www.blogspot.com/2009/01/guvernanta-corporativa](http://www.blogspot.com/2009/01/guvernanta-corporativa)].

In 1976, Jensen and Mackling defined relations of delegation decisions through which the control mechanisms between owners/shareholders, on one hand, and managers, on the other hand, are identified. Each of the two parties is interested, the undertaking being perceived as a "knot of contracts' legally governing rights and obligations for property owners and managers [1; 124].

In 1997 the Organization for Economic Cooperation and Development (OECD) put into practice a set of Principles which underpin corporate governance in all countries. Three years after, our country developed a corporate governance code on the initiative of the Chamber of Commerce and Industry of Romania. Although this approach was appreciated by everyone, the steps taken during the period are too few and with negligible impact.

A good initiative belongs to the Bucharest Stock Exchange (BSE) which founded in June 2005 the Corporate Governance Institute (IGC), with a mission to assist all managers who want to learn and implement corporate governance standards. Remember that in 2008, BSE and IGC have developed a Corporate Governance Code for listed companies in our country. This Code contains recommendations arising from the Romanian legislation on companies and capital market. These companies are required to submit annually a statement to BSE under the Code of Corporate

Governance. The content of this Code can be accessed at [[http // www.bvb.ro / code-of-corporate-governance-of-stock-of-values](http://www.bvb.ro/code-of-corporate-governance-of-stock-of-values) Bucharest].

The feature of the legal process imposed bureaucratization of enterprises and the concern of the business managers to accomplish the current monthly and annual goals as required by management contracts and collective agreements. In this context we can better understand complementary valences of leadership for the effective management of business process in the conditions of changes imposed by globalization in the long run.

4. Cyclical Nature of the Managerial Process

Under the conditions of frequent global changes due to creativity and innovation of young specialists in cutting edge technology, the border between success and failure of business process management is drawn from the ability - or lack thereof - in the management team to understand the cycle all over strategic and tactical richness and proactively manage this cycle [9; 25, 183].

Each major activity, which helps the management team of a company is subject to a cycle. Peter Navarro shows six principles to be followed closely over the economic cycle [9; 17 – 24]:

- 1) during the anticipation of economic recession takes a defensive stance and prudent financial liquidity in order to preserve cash for an optimal period of recovery after the recession, when it sees a return and a new stronger increase in prices;
- 2) Do not ever negotiate labor contracts in a period of economic expansion - eminent employees are kept in times of recession when organizing multidisciplinary training activities and ensure a flexible labor;
- 3) when it is seen an economic growth, stocks should be optimized in order to achieve production and storage lower costs to save cash during the recession are preparing new promotions and best stocks in order to be first into the market with new products and to avoid overloading effect of increasing demand;
- 4) business brand and market share must be strengthened in the recession through increased advertising and lower prices of marketed products against competitors;
- 5) reducing risks of business cycles is achieved by preventing cash deficit during the recession, loss prevention recovery start to supply the market with new products and loss prevention processing capabilities of technology in repair and modernization made in periods of economic stagnation;
- 6) purchases or sales of assets must comply with the "buy cheap and sell dear" - during the boom prices are rising and sales can be made profitable and unprofitable assets in periods of recession and lower prices may make purchases of useful assets to competitors on favorable terms.

The administration on the economic cycle management process involves anticipating the evolution of environmental factors. In this respect Navarro offers three sets of tools: predictive indicators (government securities yield curve, stock exchanges prices and oil price), technical analysis and / or fundamental forecastings and finally, the macroeconomic calendar of reports issued by the central bank and specialized agencies to analyze production and labor productivity, consumption and inflation.

Government securities yield curve shows the difference between interest on short and long-term interest rates on treasury bills. It turned out that this difference is a remarkable anticipation of the timing signal turning the and the, recessioniste - when interest is falling long-term - economic boom - the interest is in long-term growth.

Forecasting power of stock market is the expression of collective wisdom of investors about economic change. Predictive power of the stockexchange is based on the assumption that stock prices reflect investors' expectations of future earnings stream. When the stockexchange increases investors are willing to spend more which has a stimulating effect on the economy. When the stock falls, as it happened in 2008, consumption is reducing and enterprises also reduce their activity.

The cycle of various industries and sectors is in a relationship synchronized or not with broader economic cycles and stock market as seen in Figure 3. Condensed to its essence the sectorial rotation refers to an easily observable phenomenon, [9; 176].

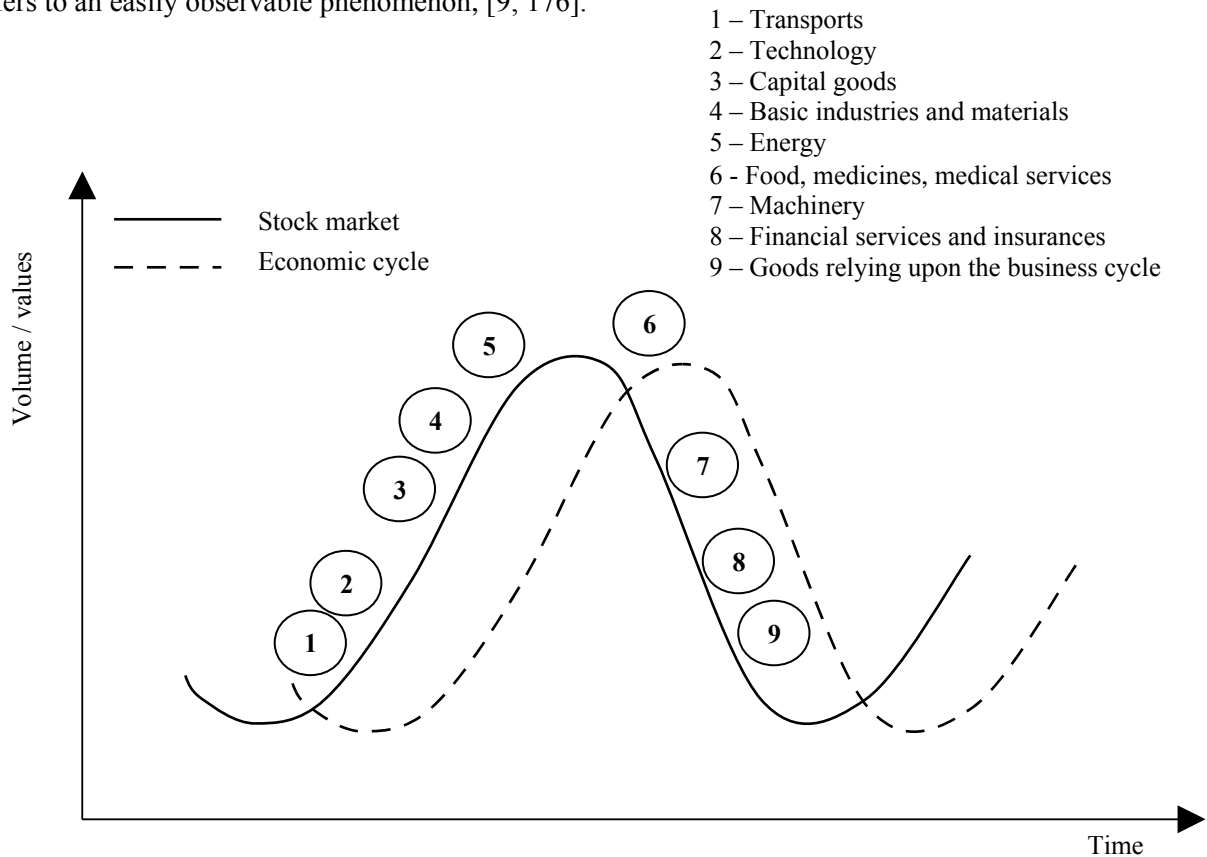


Figure 3. Sectorial rotation patterns [9; 176].

The oil price is an important signal in triggering recessions. When oil price increases, production costs also increase, with immediate effect occurring on decreasing consumer demand in the market. This phenomenon manifests itself as an additional „tax” on consumers and reduces their purchasing power.

Technical analysis and/or fundamental business development and macroeconomic calendar developed by specialized economic agencies provide additional data administration for the management team process which is a qualitative change in the treatment of this important management issue.

Conclusions

Addressing the content of the management process is supported by morphology and physiology of the organization system, based on three interdependent components – patrimony, organization and management. Thus, it enters the context not only aspects of traditional forecasting functions, organization, coordination and control but also commercial development – innovative, economical, professional human development and production functions.

The cornerstone of content management is the managerial decision process with all aspects of the formal adoption and implementation. Leadership is a new content side, very important within the company management process, permanently facing the global economic changes.

Legal nature of the managerial process points to new principles of corporate governance requirements recommended and monitored closely by international bodies to regulate trade and economic cooperation development. In this context, managers need to learn new responsibilities not only in their working relationship with the organization but also the contractual relationship with the owners of the company assets.

Cyclical nature of the phenomena that occur in the company environment has an impact on business process management and brings to the attention of managers a new issue regarding the optimization of the management process. Anticipating developments within the enterprise environment is a concern that brings significant changes in the agenda of industrial relations and network managers.

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