

MANAGERIAL PRACTICES OF INCREASING ORGANIZATIONAL PERFORMANCES IN A COMPETITIVE ENVIRONMENT

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ABSTRACT

Excellence in management is a must in today's competitive business environment. Business has become complex and global. Traditional management practices like: strategy planning, personnel organization, budget setting and problem solving on a daily basis are still essential. Yet the emphasis is shifting. More and more significance is being placed on the organizations ability to survive and to achieve performance in these turbulent times.

Management practices must evolve and change to continue to meet the need of an organization. This paper examines the management practices required in today's companies, necessary for achieving good results in organizational performances.

KEYWORDS: *management, managerial practices, organizational performance*

Introduction

Organizations face many problems, but of them all, two could be the most impactful: how to grow a business, and how to ensure that the growth helps the organization become sustainable over the time (Rieley, 2006). Over time, as they continue to grow organizations will face several things. As growth occurs, organizations find themselves facing the challenge of increasing employee skills and increasing the level of customer satisfaction. At the same time, companies need to be able to reduce costs and ensure that they don't lose sight of their long-term vision for their future.

Organization's management should be guided by one objective increasing the organizations performance. Examples of such targets could be maintaining or increasing the number of working places, environmental protection or increasing customer satisfaction. But could these objectives result in increased welfare for the business (Ciobanu, 2006)?

Comparing best managerial practices from United States and Japan

Organizational practices are of great concern to every company on the globe. In recent years many Romanian business have looked to US, Japan and other European countries to find answers to the financial crisis.

For example the Japan's phenomenal success in increasing performance is often attributed to its managerial competence. There are numerous books on both United States and Japanese management. Since Japan and United States present contrasting managerial approaches, Romanian managers should probably adopt aspects from either one.

The problem would be finding the best suitable managerial practices that would be appropriate for making Romanian business more effective and efficient thus increasing its organizational performances.

Of course it is obvious that not all companies are managed the same way as discussed here. The managerial functions will serve as a framework for comparing and contrasting the managerial approaches in these countries (Wehrich, 1990).

1 Planning

Planning is choosing the purpose and objectives of the organization as a whole or a part of it and selecting the means to achieve those ends. It requires making decisions. The Japanese, in general, have a longer-term orientation in planning than U.S. managers. One reason for this is that in Japan banks are the primary providers of capital and their interest is the long-term health of the businesses.

In contrast, U.S. managers are often under pressure by stockholders to show favorable financial ratios each time they report them. This, unfortunately, may not encourage investments that have a payout in the more distant future. This is why decisions are often made on short-term.

2 Decision making

In Japanese companies a very important aspect is how the decisions are taken. A very large numbers of levels are involved in discussion the decision. The final decision is still discussed and authorized by the top management, but before the proposal reach the final level, the problem and possible solution are discussed at various levels in the organizational hierarchy.

In U.S. organizations, usually only a few people are involved in taking decisions. The decision-making is rather fast, but its implementation is very time-consuming and requires compromises. After the decision has been made it has to be sold to people with different values and different perceptions of what the problem really is and how it should be solved.

3 Organizing

In order to contribute effectively and efficiently to the aims of the business, organizing involves setting up a structure to coordinate human effort. This requires determining roles, responsibilities, and accountability. In Japanese companies, largely due to the search for consensus in decision-making, the emphasis is on collective responsibility and accountability. Individual responsibilities, then, are implied rather than explicitly defined.

Organizations in the United States emphasize individual responsibility, with efforts to clarify and make explicit who is responsible for what. Job descriptions are perhaps the best evidence of this. Many organizations, especially those operating in a stable environment, have been rather successful in using the formal bureaucratic organization structure. As far as the climate is concerned, not many managers make special efforts to create a commonly shared organization culture.

4 Leading

Leading involves the process of influencing people so that they contribute to organizational aims. It is concerned with leadership, motivation, and communication. In Japan the social integrators are the managers who are seen as part of the work group. Using a paternalistic leadership approach, managers show great concern for the welfare of their subordinates. Common values and a team spirit facilitate cooperation. The role of managers is to help out in doing the same work as their subordinates do.

In United States companies leaders are seen as decision-makers heading the group. They are expected to be directive, strong, and determined. Their job is to integrate diverse values, but the emphasis on individualism in the society in general and in organizations in particular may hinder cooperation. Managers are expected to take decisive actions, and clarify the direction of the group or the business, even if this requires face-to-face confrontation with those who may disagree.

5 Control

In the view of Western managers, controlling involves setting standards, measuring performance, and correcting undesirable deviations. To the Japanese, this process is less direct. The group, its dynamics, and its pressures have a profound impact on the managerial process.

Control in the United States often means measuring performance against precise standards. Management by objectives, widely practiced in this country, requires the setting of verifiable objectives against which individual performance is measured. This way the superior can trace deviations to specific people and this frequently results in fixing the blame. In an attempt to maximize individual results, group performance may suffer.

To adapt to these and other changes, Romanian managers look at both Japanese and United States managerial practices and compare them with their past experiences. Some may be transferable, but others are not. The environment, especially socio-cultural factors, does influence practice, but its impact may have been overstated.

Examples of managerial practices

Today, managers are expected to continuously increase performance. Managers are required to do more, but with fewer resources. For senior management standard response to increasing competition and decreasing profits mean budget cuts and layoffs.

When effectively implemented, management best practices result in a wide range of benefits for employees, managers and companies. In order to ensure this employees need a clear understanding of individual goals and how they fit into the larger organization (Rieley, 2006). Regularly tracking progress against performance goals and objectives also provides the opportunity to recognize and reward employees for performance and exceptional effort, contributing to job satisfaction and productivity. We have identified a few managerial practices which could be of use for all types of industry¹.

1 Setting the goals

Goals should be focused on making processes effective. There are several elements which should be taken into account when developing the goals. First, goals should be written clearly and objectively, and second they have to focus on contributing to the achievement of business strategy.

Usually departmental managers set the goals for their department. That's how process begins. The department goals are always correlated with the organizations goals, which support the general business strategy. Members of different departments support each other and are working for the same purpose if the goals are accessible, while conflicts are also diminished.

Each manager identifies together with his/hers employees the individual performance goals and plans. The main reference for setting goals should include responsibilities and job expectations. For example (MacMillan, 2006), the "what" covers quality or quantity expected, deadlines to be met, cost to deliver, etc. The "how" refers to the behavior demonstrated to achieve outcomes, for example, focus on customer service. In addition, some organizations choose to include competencies within performance expectations, to reinforce the link to business strategy, vision and mission.

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An example of setting goals is the SMART framework (Doran, 1981):
S - Specific
M - Measurable
A - Achievable/Attainable
R - Results oriented/
Realistic/Relevant
T - Time bound

2 Planning the performance

The basis being set, by using established goals, the next step should include performance planning by setting an actionable plan and communicating the objectives to successfully achieve goals.

We understand by performance planning a collaborative process between the manager and employee. Even though there are some elements that are not negotiable, job description and job expectations can be clarified for each major areas. Planning the performance it is important to identify long-term and short-term goals, along with action plans around how they will be achieved. Also the plan should include details about how goals progress will be evaluated, any obstacles that would stand in the ways of these goals to be achieved.

Performance planning and ongoing performance feedback are critical because they facilitate continuous improvement and aid open communication.

3 Trained and Prepared Managers

Managing an organization is not an easy task and requires many skills. Trained and prepared managers are required in order to effectively complete all the tasks related to the company. Their job is quite complex. They not only need to understand how process work, but also they will deal with people.

Managers need to understand human behavior, how to motivate, how to develop, provide coaching and deal with conflict. To a great extent, managers must be observers and able to assess a situation, provide motivation and identify problems that interfere with performance. In addition, managers must understand that individuals at different levels of comfort, ability and experience with their jobs will require different levels of input, support and supervision. A manager who feels adequately prepared to provide and receive feedback, deliver a performance evaluation and conduct a performance evaluation meeting will be a major contributor to a successfully functioning process (MacMillan, 2006).

4 Performance measurement

Defining appropriate measures is a critical step in performance measurement. Selecting the right set of measures is also an important decision. One view is to establish a single global measure of performance, like revenue. Many studies suggest that a single measure of performance is not sufficient to capture all factors contributing to an organization's strategic performance, but a system of measures must be employed. For example in the case of financial measures the

company could include: ROI, return on sales, revenue growth, sales by employee and sales to assets etc. (Altinkemer et al, 1998).

More than one productivity or financial performance measures are needed to accurately judge a firm's performance rather than a single productivity or financial measure. The objective of business change should be long-term strategic performance, which is best captured by a system of measures. The measure of performance has a powerful influence on people's behavior, and changing measurement and reward system is essential for successful process change. Similarly measures used to evaluate business change could influence the behavior of those leading business changes.

5 Link Performance Management with Rewards and Recognition

The existence of performance process that is fair and equitable ensures the effectiveness of a link between performance management and rewards.

There are several ways to provide recognition for a job done properly like: formal recognition events, informal public recognition or privately delivered feedback or compensation.

Employees need to know that if an individual in one department is identified as a top performer and compensated accordingly, then an employee performing at the same level in another department will receive similar rewards.

The open organization climate ensures that employees will be able to honestly discuss improvements in order to move to better performance. Also annual surveys, focus groups and managers feedbacks are needed to evaluate the process itself.

Conclusions

In conclusion we think that there is no single managerial practice that can transform an ineffective system into a good one. In order to increase performance coordination of multiple key practices are required. The more of these practices that are in place, the more likely an organization system is to be seen as effective.

It is amazing to look back at the different changes that management has gone through in the past twenty years. But even with the latest management trends that supposedly solve all the management problems there are two things that remain constant:

1. Managing an organization to high performance is not easy.
2. There are a few organizations that are able to constantly demonstrate high performance on a long-term.

The top managers of companies that are able to sustain consistent performance growth over time seem to have a clear understanding that everything that has to do with organizational performance is interrelated and being able to command an understanding of those relationships can be a significant differentiator in business today.

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