

# **MANAGEMENT AND RESCUE FROM CRISIS**

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**Abstract:** Management is the primary factor for overall amplification of efficiency, effectiveness and competitiveness of the companies and economy. In this context, is significant to highlight promotion of strategic management, managerial reengineering, improving organizational and managerial culture, privatization of state management companies, professionalization of managers and management. All this, conceived on the generating causes of strengths and weaknesses, resulted on managerial and economic diagnosis of economic operators, can be integrated into a model of efficient management, whose operationalization will result in obtaining managerial performance and thus economic.

**JEL classification: M00, M10**

**Key words: management, crisis management, managerial skills, management reengineering**

## **1. MAIN FEATURES OF THE ROMANIAN MANAGEMENT**

Romanian organizations management approach must take into account the current state of economy and management at national level and trends that characterize them. Romania, and indeed elsewhere, is marked by deep economic and financial crisis started in 2008, but by another crisis - the management - fully felt in the last two decades of capitalist development of the country. We note, in this view, a complex of coordinates which allow Romanian organizations and their management to evolve (1):

- lack of a professional national strategy
- reduced functionality of macroeconomic management systems
- medium degree of strategic-tactical centralization both of political and national economic management
- increased instability in management structures
- insufficient systemic dimension of macroeconomic management
- excessive politicization of national management and central and local government
- neglect of national interest
- insufficient size of innovative-educational of macro-management
- high degree of bureaucratization of management and Romanian society
- high corruption in public administration and its management
- partial capitalization of human resources available to Romania
- quality managers in Romania is uneven and has a tendency to mitigate

- national quality management, quality found in business, social services (health, welfare, etc.), the quality of life of people - well below the EU average - is questionable.

## 2. HEALTH SITUATION OF MANAGEMENT OPERATORS IN ROMANIA

Investigation of over 1,900 managers and specialists of the Romanian companies, academics, researchers and consultants has highlighted several positive aspects (strengths) and failure (weaknesses). The representative refers to (1):

### a. strengths

- focusing of management of Romanian companies on achieving performance (60.40% of all respondents and over 66% of managers and professionals interviewed)
- effective implementation of activities at company level (55.59% and 59.65% of the sample of managers and specialists)
- intensive training of employees to the achievement of Romanian companies (40.17% of all respondents and 42.32% of company managers and specialists have advocated such a strong point)
- developing strategies and policies well founded (supported by 35.50% and 36.61% of the subjects of managers and experts investigated)
- exercise coordination of judicious decisions, actions and behaviors of staff involved in achieving the objectives (only 34.37% of respondents and 35.24% of managers and management specialists highlighted the favorable situation)

### b. weaknesses

- reduced ability to motivate employees in the firm - is the opinion of 30.55% and 33.07% of the subjects of managers and specialists investigated
- ineffective coordination of personnel decisions, his actions and behaviors - 18.95% and 21.06% on the total sample of managers and specialists at unfocusing on performance management priorities - 16.97% of total respondents and 19.09% of managers and specialists
- lack or strategies and policies with low background, according to 16.55% of total respondents, 16.93% of the managers and professionals and 15.58% of teachers, researchers and consultants highlighted the adverse situation
- control-assessment exercise is done occasionally and ineffective in view of 16.41% of all subjects, 17.91% of managers and professionals and 12.56% of teachers, researchers and consultants interviewed

## 3. WAYS TO STREAMLINE MANAGEMENT OF ROMANIAN ORGANIZATIONS

Mitigate or eliminate the causes generating widespread weaknesses and strengths of that cause, is achieved through a set of methods (recommendations) for effective management of economic operators, as summarized in (1).

- Promotion of strategic management**, by fundament, reengineer and implement realistic strategies, able to exploit the diagnostic studies, marketing, environmental and national strategy / Sector (2).

On the one hand, the **elaboration** of a company's strategy implies defining the latter's vision, mission, and strategic objectives, as well as identifying the resources necessary for the achievement of objectives, setting intermediary and final deadlines, and specifying the means of achieving a competitive advantage. On the other hand, the

**implementation** of a company's strategy implies ensuring the necessary conditions for the actual achievement of objectives, namely:

- managerial conditions
- human conditions
- material conditions
- financial conditions
- cultural conditions.

All these conditions can be met by the specific managerial modernization methods included in the model. We will briefly present each of them below.

Promoting strategic management, as a managerial solution in crisis conditions:

- ensures a rigorous consolidation of the company's future, during a period of 3-5 years
- takes into consideration the economic interests of the stakeholders and, as such, ensures a stakeholder-based management
- ensures the capitalization of areas with a high managerial, economic and commercial potential, at the same time eliminating or diminishing vulnerable areas.

**b. Reengineering the management of Romanian companies** after rigorous methodological scenarios that meet the requirements of promoters reengineering - M. Hammer and J. Champy - focusing on the management processes through a radical, dramatic, fundamental of those (3.4)

- We recommend to Romanian companies – who's facing declining both on economic and managerial areas, that "going well", but are threatened by the imminent danger that the wine inside or outside (the environment, national and international) or "going very well", but wish to consolidate their position in a market or "fixed" in other markets - using a **scenario methodology divided into five sequences: aims, processes, structures, people** (managers and performers), **results** (performance).

The first coordinate – the **objectives** – refers to the targets of the new management system conceived as a system of objectives which result from the elaboration of global and partial strategies and policies. Promoting realistic strategies and policies leads to the consolidation and elaboration of fundamental, derived, specific and individual objectives; they represent a radical change in the attitude of the organization and its management towards the former's present and future, which is performance-oriented.

Seen as quantity and/or quality expressions of the goal for which the organization was established and desires to attain, the company objectives make the individuals and groups of individuals more responsible. At the same time, the company objectives ensure a pervading strategic and tactical dimension, which is necessary for an adequate positioning on its specific market.

To achieve the objectives set, adequate **labour processes** are necessary, with various degrees of aggregation. The delimitation and dimensioning of such processes into functions, activities, responsibilities and tasks depend on the complexity of the objectives they are directly intended to achieve. Since the system of objectives is built „from top to bottom”, the processes needed to achieve the former are also elaborated from the most complex ones to the simplest ones. As such, process reengineering takes the concrete forms of creating new labour processes, developing or eliminating already existing ones, with a view to ensuring a perfect correlation between objectives and processes. This is achieved by means of a „process map”, which highlights the major

activities. The latter cannot be subject to outsourcing as they are an intrinsic part of the achievement of objectives.

Irrespective of the degree of aggregation, labour processes must have an adequate structural/organizational support. In other words, the latter should favour the achievement of objectives.

Hence, the third stage in management reengineering is represented by **structural reengineering**, which implies the redimensioning of the necessary managerial and executive jobs and positions, as well as of the functional and operational compartments. At the same time, the latter are „arranged” in a pre-established configuration by means of hierarchical levels and weight, on the one hand, and organizational relations, on the other.

In addition, a convenient organizational type must be found, depending on the company's dimension and functioning characteristics, as well as on contextual influences. Among such types we mention: the simple, hierarchical function, the classical hierarchical functional structure, the matrix structure etc.

The next stage is decisive in ensuring a high viability for the organization, as it concerns the „endowment” of managerial and executive positions with competent **personnel**. The compatibility between the personnel and the position the former hold is ensured through competence and through the personal authority guaranteed by managerial and professional knowledge, qualities and skills. This personal authority must meet the criteria of the official authority, i.e. the right to make decisions, with which positions are invested. Consequently, the **Human Resource Management** is the next managerial component to be reengineered. This represents an extremely dynamic and at the same time vulnerable managerial „area”, which consists of such key activities as recruiting, selecting, assigning a position, evaluating, motivating, training, promoting and protecting employees (Nicolescu and Verboncu, 2008).

Professionalizing the management is achieved through quality personnel, as:

- the **managers** are directly involved in the consolidation and implementation of decisions; for the latter they appeal to specific managerial tools and pertinent information conveyed through rationalized ascending information paths
- the **executive personnel** initiate the activities necessary for the operationalization of decision-making, taking advantage of the information mainly conveyed through descending information paths.

Hence, the quality of decisions and actions depends not only on the manner and means of reengineering the decision-making component, but also on the solutions adopted for the reengineering of the methodological-managerial and informational components.

As regards the **decision-making component** of management, fundamental changes are in order, represented by:

- the rigorous delimitation and dimensioning of authority on hierarchical levels
- the improvement of the quality of decisions through a more judicious consolidation of the latter, by “empowering” them, by ensuring their operational adoption and implementation, as well as by their adequate wording

- the typological improvement of the adopted decisions, with a view to increasing the amount of strategic and tactical decisions, of risk and uncertainty decisions.

As regards, reengineering the information component implies:

- improving the quality of information
- rationalizing the information and the paths of conveying it
- increasing the degree of informatization of the management and execution processes
- refining information procedures.

In the absence of a clearly defined methodological-managerial component one cannot speak of management scientization; therefore, special attention has to be paid to the **implementation of methodological management** which consists in:

- promoting and employing modern and sophisticated management systems, methods and techniques, able to facilitate the implementation of management processes and functions (forecasting, organization, coordination, training, control and evaluation), including profit center management, project management, budget management, scoreboards, diagnosis or mathematically founded decision-making methods (such as the ELECTRE methods, the decision-making tree etc.);
- promoting and employing methodologies of design/reengineering to ensure the smooth functioning of the management system and of its components (the methodological, decision-making, informational and organizational subsystems, as well as the human resource management) illustrated in this paper.

The passing from empirical, amateur management to professional management is impossible in the absence of modern management systems methods and techniques.

Consequently, we recommend mid- and large-sized enterprises to make use of profit center management, project management, budget management and scoreboards, and public institutions to make use primarily of management by objectives. These tools are crucial as regards the implementation of order, discipline and rigorousness in management and execution processes, on the one hand, and the achievement of attractive results.

This fourth stage of the reengineering methodology ensures the **elaboration of the new management system**, whose smooth functioning must result in increased efficiency and effectiveness.

The management reengineering according to this methodological scenario is expected to generate management performances which, in turn, will lead to economic performances. Managers are exclusively responsible for achieving management performance, whereas executive personnel are primarily responsible for attaining economic performance.

To render the two categories of performances, specific indicators are employed, such as:

- a. **management performances**
  - general management performances
  - specific management performances
- b. **economic performances**

- **quantitative indicators** (turnover, profit, costs, assets, number of employees etc.)
- **qualitative or efficiency indicators** (profitability rates, labour productivity, liquidity, asset solvency a.o.)

The influence of management reengineering on a company facing crisis consists in:

- the simplification and more judicious delimitation and dimensioning of labour processes; the functions, activities, responsibilities and tasks are defined starting from the objectives assumed by global or partial strategies and policies
  - the rigorous consolidation of the necessary jobs – executant jobs, mainly – if the simpler labour processes, i.e. the tasks, are adequately set. We insist on the necessity to use consumption norms with a view to determining the necessary number of indirectly productive employees. In the absence of consumption norms, the number of jobs and employees becomes arbitrary (subjective).
  - the actual performance-based management, at the same time with performance-based motivation. The existence of fundamental, derived, specific and individual objectives highlights the performances achieved, i.e. the organizational, group and individual results as per the objectives set. Thus, differentiated, performance-based motivation becomes a reality and the syntagm „he/she has outstandingly done his/her job” is replaced by „he/she has outstandingly achieved his/her objectives”.
  - the promotion of evolved, complex and sophisticated management tools, which increase the scientific dimension of managers’ work, irrespective of the hierarchical level they occupy
  - the truly scientific decision-making approach, based on rigorous decision-making processes, with mathematically founded decision-making methods employed in any of the decision-making situations (certain, uncertain or risky ones)
  - the professionalization of managers and, hence, of management, by the increase in management knowledge and by the revision of certain managerial qualities and skills
  - the considerable improvement of organizational culture, as concerns both its forms of manifestation and its functions.
- c. **Rigorous methodologization of management through the promotion and use of systems, modern management methods and techniques and methodologies appropriate to engineer / reengineer and maintenance operational management and its components (5).**

We recommend promotion and use of management based on profit centers, management by projects, management by exception, the dashboard, delegation.

- d. **Privatization of management of large companies, wholly or partial owned by the state.** Experience of privatization of large state enterprises being under economic and financial decline, indicate that this solution was not the best, since most companies have not resolved the substantive issues that have faced. Therefore we propose that in future to use the **privatization of their management**. Arguments in favor of solutions are:
- Romanian legislation, permissive in this regard

- Legal regulation of the profession of company manager (general manager or director) by COR
  - Neutrality manager / management team, said managerial winning selection of politically, thereby avoiding the politically appointed managers and subsequent political interference
  - Possibility of selecting a competent management team, on a competitive basis, to which it must submit a project management together with performance criteria
  - Preventing the transfer of state property and / or public property to persons or companies that actually do not have the power and means to develop business
  - Prevent damage and / or theft of key assets to so-called "strategic investors" foreign or Romanian
  - Ensure the companies achieve high performance due to higher professionalism of the manager / management team, given the managerial competence and experience, past performance certificates, reconfirmed by project management to submit it .... and motivating them through contract management which makes rigorous revenue performance firm managers.
- e. Improving organizational culture in terms of amplification its position as a strategy determinants, of change in general and the condition of economic performance and management.** Organizational culture must be addressed not in itself but in conjunction with other management components that is conditional or conditional. Also, inserting the recommendations in the category of effective management arrangements should be consistent with other, very strong relationship between them.
- f. Improving professionalization of managers and economic agents.** Exercise scientific management really is not possible without professional managers, i.e. managers' who know management and are able to exploit this knowledge in practice. **Professional managers** are those who:
- Know the configuration management processes and know their specific content of each function - foresight, organization, coordination, training, monitoring-evaluation;
  - Know how to base and take management decisions, compliance with quality requirements imposed on them - the scientific, timeliness, comprehensibility, etc.;
  - Effectively turning the systems, methods or management techniques depending on circumstances;
  - Know how to set goals for others and to assume achieve their goals and objectives led area incumbent;
  - Determines the subordinate staff in setting and achieving goals;
  - Motivate staff, based on recorded performance at individual, group and organization.
- g. Generate a pronounced economic dimension to company management.** Insufficient economic substantiation of decisions within the firm, low attention given to economic issues relating to cost, price, taxes, interest, etc.. generate an economic dimension given to Romanian company management. Considers it necessary for the overall approach, but also in terms of management efficiency parts of his that deliver high levels of economic efficiency, amid prioritize certain objectives and economic performance indicators **expressed by volume**

**(quantity) and efficiency (quality) .**

- h. Shaping and promote a system of indicators and indices that can highlight performance management at company level and its components.** It is widely recognized that economic performance is primarily the consequence of management, which is characterized by obtaining managerial performance, ie good results with methodology, decision, information, organization and the management of human resources.

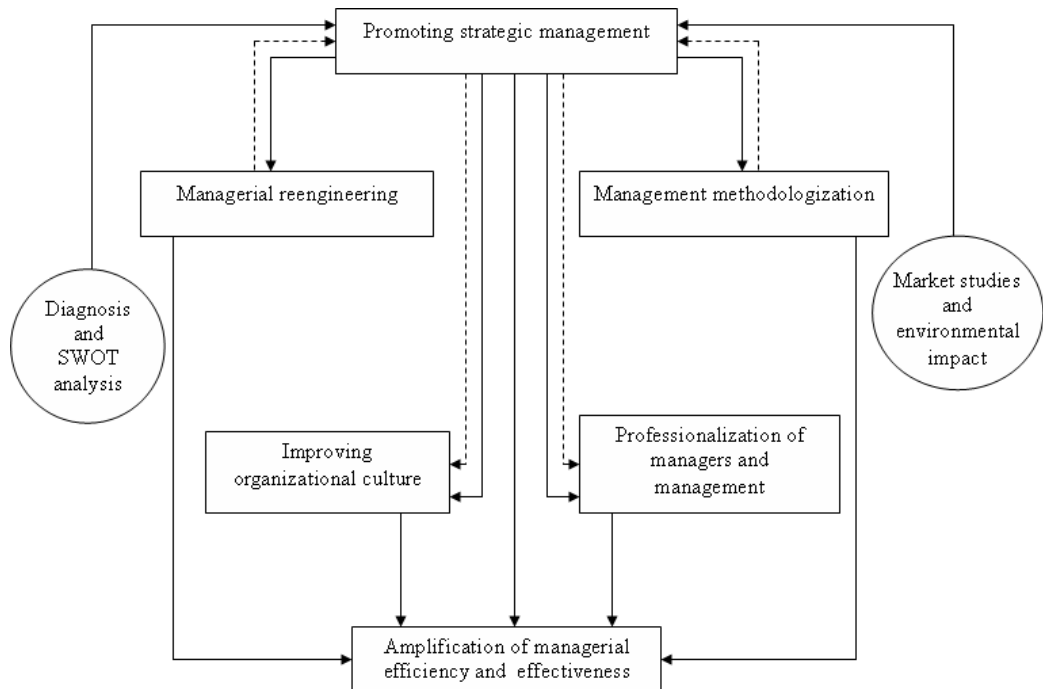
Delicate problem to be solved in order to explain in detail chain performant management → managerial performance → economic performance→ business excellence is to identify and promote a system of indicators and indicators, able to reveal and measure managerial performance. From this point of view suggest the operation of two performance categories - general and specific - each with a spring in the overall management of the company and already mentioned in the five subsystems: methodological, managerial decision making, informational, organizational and human resource management.

- i. Increased national and international visibility of Romanian company management in the context of increasing international transfer of managerial know-how.** Romanian firm small, medium or large, cannot operate outside connections with national and international environment which is influenced and should influence them. Permanent information exchange with similar foreign companies facilitate the transfer of managerial know-how and thus their economic and scientific competitiveness. Turning valuable know-how, best practices of European firms advertise specific consideration of some **methodological issues**, as follows:

- Devising strategies and policies based on international developments in the field of company business activity
- Taking into account theoretical and pragmatic achievements of other countries, the European business management with emphasis on management instruments
- Development of systems designed in an international vision in the form of specialized databanks areas and types of companies and Internet-type communications
- Proliferation of international trade with firm managers and specialists performing European Union and building partnerships with them, setting up joint ventures, transnational.

**j. Finding these recommendations in a model of effective management of Romanian companies to be acquired, marketed and used as a solution to obtain management and business excellence.** Above elements can be integrated into a model of efficient management, we recommend that Romanian companies, obviously with some nuances the dimensional and functional characteristics, the particular management etc. of each. Schematically, such a model includes the elements shown in Figure. 1:





**Figure no. 1 – Managerial efficiency model of a firm under crisis conditions**

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