

Identifying the causes of perturbations at the level of organizational strategies

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Abstract: Perturbation is the loss of power on the strategic level, where power is the capacity to organize and manage efficiently the strategic processes and measures. In the less severe cases, the perturbation is relatively confined and by a lucky chance, the managerial system that is still operating constitutes a reliable source for the restoring of the perturbed area- organizational solving. The other alternative is represented by a major or even severe perturbation (a situation of crisis) which is followed by the collapse of the system, and which, in order to be restored, requires a long period of time and strategic decisions- strategic solving. Being aware of the causes that may lead to the appearance of the perturbations is the first step in achieving an efficient planning of the business from a strategic perspective.

JEL classification: M10, M11

Key words: perturbation, power, organizational strategies, causes of the perturbation, the recovery

1. INTRODUCTION

The activity of an organization is extremely complex from the perspective of the dynamics of functions that compose it because of the nature, structure and manner in which they relate. From this strategic point of view, this dynamics must be managed in a manner that allows the anticipation of problems and the optimization of positive economic and commercial effects. However, any organizational system is exposed to the risk of occurrence of perturbations within the strategic processes, which will trigger difficulties in the demarche of managing the organization functions. For this reason, it is useful to understand the mechanism of the occurrence of these perturbations and to create the appropriate actions for diminishing or eliminating them.

2. OBJECTIVES

Through this paper, we propose the following objectives:

- Defining the concepts of perturbation and recovery at the strategic level from the perspective of the consequences on the efficiency and force of the managerial system of an organization
- Identifying the factors that generate perturbations
- Analyzing the factors that define the severity of current or future perturbations
- Identifying the mechanisms of reestablishing the strategic balance after the period of manifestation of perturbations.

3. METHODOLOGY

The paper starts from the premise that from the strategic point of view, the perturbations that are manifested at the level of an organization resemble the

manifestations that we find at the level of electrical networks, the relatively similar set of internal and external vulnerabilities offering the possibility of an analogy in this regard.

In the current paper we will analyze, on the one hand, the causes and forms of manifestation of the strategic power, and on the other hand, the manner in which the strategic balance of an organization can be reestablished.

The perturbation represents loss of power at the strategic level, and by power we understand the capacity of efficient organization and management of the strategic processes and demarches. The implications of the occurrence of strategic perturbations on the activity of an organization are mainly manifested through the vitiating or short-circuiting of management processes and their afferent decisions. The market strategy is a component of marketing policy, in which are determined all actions and with the purpose to efficient the management of the institution activities¹. Thus, for example, if the management of an organization founds its strategy on launching a new product on a marketing mix specific to a small market with a high purchasing power (the niche strategy²), and its competitor initiates an alternative at inferior prices meant to multiply the mass of potential consumers, the respective company will be forced to reconsider its strategic position and its afferent tactic demarches.

The recovery represents a combination of decisions and actions of control coordinated and implemented through organizational procedures by the management of a company.

4. ANALYSES

The loss of strategic power must be analyzed at 4 levels: objectives, informational circuits, strategies, managerial authority.

From the point of view of objectives, the loss of power leads to the need of redefining them, which triggers as a waterfall the need of redesigning the informational circuits and the strategies of the company and of the managerial authority. Because of this, it represents the most profound level of negative influence on the strategic power.

The perturbations at the level of informational circuits lead to the incorrect founding of the managers' decisions or to the inefficient allocation of resources according to categories of activities, which automatically leads to erroneous strategies and to the loss of managerial authority.

The perturbations at the level of a strategy refer to the modification of descriptive factors specific to the respective strategy and its applicability context which transforms it, either in a non-productive demarche under the effort-effect ratio, or in a destructive demarche which may compromise the positioning of the organization in its field of activity. This certainly leads to the loss of managerial authority.

The perturbations at the level of the managerial authority even if they have a limited effect must not be ignored since, besides installing an internal unsafe and disordered climate they also trigger the loss of the organization's credibility in the external environment and they modify the behavior of the business partners. This can also facilitate the activation or manifestation of perturbing factors at the previously mentioned levels.

¹ Marinescu G., Boldureanu D., s.a., Marketing, Editura "Gr.T.Popa" Iasi, 2004, p. 8

² Ciobanu I., Management strategic, Ed.Polirom, Iași, 1998, p. 164

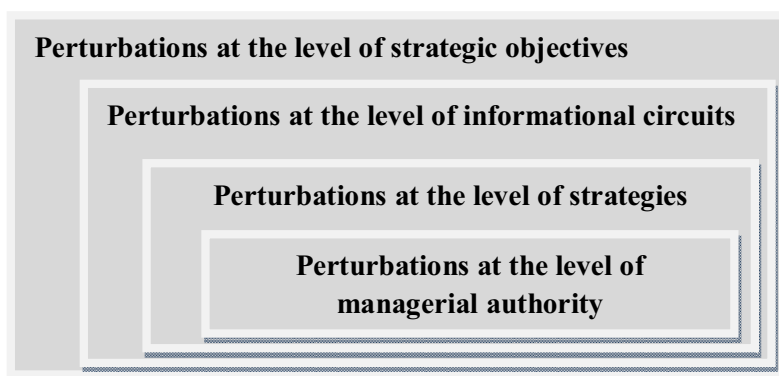


Figure no. 1 Types of perturbations

The factors generating the occurrence of perturbations in the management systems can be of internal or external nature.

In the category of factors of internal nature we include:

- *the human factor*: superficiality in making the decisions, the lack of managerial competences, faulty communication, design errors, execution errors, inadequate exploitation of the production means etc. This factor creates perturbations at all levels.

- *the strategic inconsequence* derives from the decisional subjectivity, out of the lack of strategic priorities or as a result of frequent and significant fluctuations of resources. It is manifested in the lack of strategic planning under the form of repeated and random modifications of the structure of objectives and strategic demarches of the company. The strategic inconsequence creates priority perturbations at the level of objectives and strategies.

- *the power conflicts* may lead to affecting the channels of communication at the organizational level, to the inadequate use of common resources and to authority divergences with destructive effect on the long-term strategic objectives.

- *the rigid architecture of the information system* transfers the blockages created at the decisional level and makes the efficiency of strategy implementing phases difficult, which often leads to not achieving the proposed objectives.

- *the faulty strategic options* lead to the loss of the total power of the strategic power of the organization since it represents an useless consume of resources, missing the strategic and efficiency objectives, the wrong positioning on the market, the loss of the management team's decisional credibility.

- *the insufficiently founded strategic objectives* are most often missed which affects the efficiency of the organization and implicitly of its strategy.

Of the category of external factors we mention:

- *the pressure of Porter's forces*³ creates major perturbations on the organization from multiple points of view. Thus, the *competition, the newly-entered companies and the threat of substitution products* can determine a loss of strategic power by attacking the existent positions held by the company, by changing the rules of the strategic game and increasing the competition intensity or by annulling the competition advantages that the organization has, offering more convenient consume alternatives. *The pressures exerted by*

³ Porter M.E., Despre concurență, Ed. Meteor Business, București, 2008, p. 24

the customers or providers can overload with tasks the organization, leading to the short-circuit of the normal flow of activity or to the disturbance of its functionality parameters.

- *the volume and quality of information existent* at a level which is inadequate to the decisional needs of the organization makes the strategic demarches more difficult or can even generate, in their absence, the impossibility to identify concrete solution, transforming the managerial process in one with empirical character, with an uncertain efficiency.

- *the influence and dynamics of PESTLE factors*⁴. The macroenvironment factors, even if they do not directly affect the activity of the company, can generate major perturbations since they affect both the organization and Porter's forces as well. Thus, the more emphasized the dynamics of these PESTLE factors is, the more the effect will be felt as multiplied at the level of the organization through the mentioned forces. In order to evaluate this impact we can use a relation of the type:

$$E_{PESTLE} = a \cdot O + b \cdot Ns + c \cdot C + d \cdot Ps + e \cdot Cl + f \cdot F, \text{ where}$$

E_{PESTLE} – the cumulated effect of PESTLE factors on the organization

a, b, c, d, e, f – the effect of PESTLE factors on the organization, on the newly-arrived, on the existent competitors, substitution products, clients, respectively providers.

O – the organization, Ns – newly-arrived, C – competitors, Ps – Substitution products, Cl – clients, F – providers.

The loss of strategic power can be anticipated or current according to the extent to which the organization is prepared to recognize the signs preceding the interaction of influence factors on the company. According to the nature of the perturbation and the anticipated or current moment of its signaling, the gravity of its manifestation differs. The factors that define the gravity of a current or anticipated perturbation are:

- *The loss of generated strategic power* when the perturbation aims at the strategic center – the managers and the decision apparatus.

- *The loss of the transmitted strategic power* when the informational decision channels and their implementation mechanisms are affected.

- *The strategic loss of task* when there are perturbations of power generated or transmitted because of the reduction of the strategic decisions frequency, the organization functioning out of inertia.

- *The loss of the compensation of the reactive strategic power* when the automatic strategic system of regulation/self-regulation does not function in normal parameters (strategic indecision/lack of strategic reaction)

- *The loss of inter-connections with the external systems* determined by internal strategic blockages, by the lack of external signaling systems or by overloads on the external informational circuits which determine the informational overload and the incapacity of processing information in real time.

After the organization is confronted with a loss of power, its purpose is to return as soon as possible to the strategic balance situation which allows it the normal deployment of its activity. In other words, the objective of recovery is bringing the managerial system to the point where the organization and coordination requirements do not exceed the level of the strategic power generated and transmitted in the organization. Practically we want to obtain a strategic security climate from the operational point of view.

⁴ Pricop O.C., *Dimensiuni strategice în management și marketing*, Ed. Performantica, Iași, 2011, p. 34

It is important for the success of the process of recovering the strategic power to have organizational procedures, either developed previously or created in the moment of identifying the losses of power. The existence of these procedures operationalizes the actions of recovering the strategic power and eliminated the conflicts of responsibility which might occur against the background of the lack of authority in the system.

The process of recovering the strategic power must be approached differently according to its complexity, namely the profoundness of perturbations and the number of areas affected in the organization. No matter the amplitude of the phenomenon there are 3 big stages: identifying the corrective actions, implementing the actions of power recovery, establishing the causes, revising the strategic processes. It might seem unjustified to perform the analysis of causes towards the end of the power recovery demarche, but most of the times the emergency of concrete actions is a priority to the analysis of causes.

If the perturbation only affected certain compartments or departments from the organization, the first two stages suppose punctual efforts which will rely on the managerial authority and on the efficient management of available resources. If the organization is affected in its totality the efforts must be correlated and major strategic decisions of reconfiguration or change at the level of planning, organization and coordination of the activity will be involved. The recovery of the strategic power must start from the premise that we cannot and we must not return to the situation before the occurrence of perturbations since there is a dynamics of socio-economic processes which continuously modifies the organizational behavior coordinates. The comparison between a correct/efficient vision and a wrong/inefficient one of the strategic power recovery can be emphasized in the following manner:

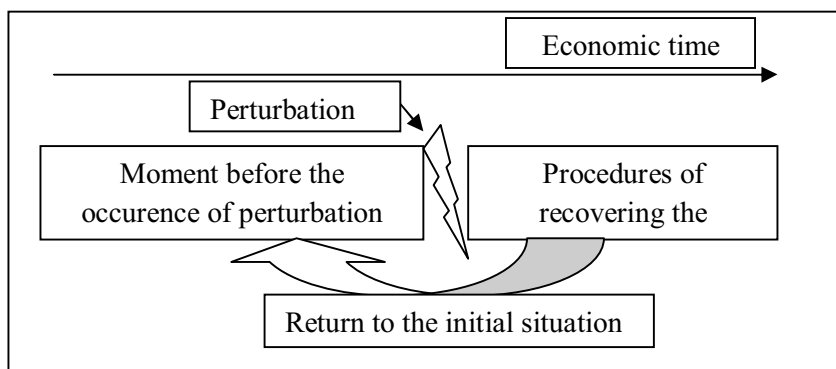


Figure no. 2 Inefficient process of recovering the strategic power

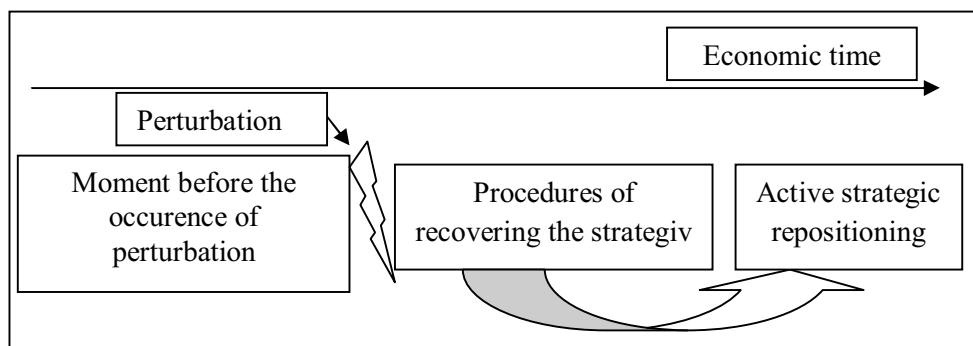


Figure no.3 Efficient process of recovering the strategic power

In the first situation, even if the strategic balance of the organization is reestablished, it will be situated in a previous moment in relation with the proposed strategic objectives which means regress or in the best case stagnation in relation with the dynamics of the field of activity. This type of behavior tends in fact towards favoring the immediate occurrence of other perturbations entraining the company in a perpetual exhausting corrective process from the perspective of resources and strategic impact.

In the second situation, the organization anticipates the dynamics of the field of activity and after the demarche of reestablishing the power, it repositions itself strategically before the moment when the perturbations occurred. Thus, the process is both a corrective and especially a preventive one, aiming at future objectives. The problems that may occur in the process of reestablishing the strategic power, can be:

- Repeated perturbations, similar as symptoms, but not identical, which may delude the managers;
- The internal over tensions especially due to the overload of managers with tasks and responsibilities, which blocks the power recovery processes;
- The recovery of power in a too fast manner, when the managers accelerate the correction processes and exploit the resources of the unaffected areas, which may lead to their overload. Such an attempt to return to the system may even lead to its collapse.
- The insufficient knowledge of the system.
- Unstable or inadequate connections between the control centers.

5. CONCLUSIONS

The conclusions drawn from this analysis imply the thorough knowledge of the issue of perturbations at the level of the strategic power in an organization, as being the main source of interferences in its good functioning.

The process of recovering the strategic power is relatively different according to the amplitude of organizational areas affected by perturbations. In the less severe cases, the perturbation produced is relatively located and with little luck, the managerial system still functioning, represents a stable source for restarting-up the perturbed area – solution of organizational type. The other variant presents a major perturbation or even an external one (a crisis situation) after which the system goes into collapse and which for recovery requires a long time and major strategic decisions – strategic type solution.

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