

# THE CHALLENGES OF ORGANIZATIONAL MANAGEMENT

**George BUCĂȚA**

*“Lucian Blaga” University, Sibiu, Romania*  
george.bucata@yahoo.ro

## ABSTRACT

*Many organizations are driven by the market to set their goals in their performance. Some of the goals are: cost reduction, achieving sales levels, increasing the number of customers, increasing the market percentage, improving productivity and quality, innovative products. Challenge becomes extremely acute in the case of companies that continue to expand on new markets. In order to be easily understood, the organization's objectives should be translated into a language easy to understand for all levels of the organization, that is to be traced in clear objectives, specific to each position, being imparted to the level of unity, team and individual.*

**KEYWORDS:** challenge, organization, organizational management

## 1. Introduction

In order to establish a climate of work performance, modern organizations have begun to use new methods of management, with an emphasis on the development of problem solving, communication, conflict, motivation and employee involvement in decision-making, while finding the solution of the problems within the group. Thus, it appears that there are increasingly sophisticated practices in organizational management, focusing on relations between people which interact in the same organization, promoting team work, career development in an international context under the new economic challenges.

In their competition to win more customers, organizations set their goals in reducing the costs, achieving high sales level, increasing the market percentage, achieving higher quality and better productivity, developing innovative products. This is possible through good human resources management. The knowledge-based organizations are proven

performers in terms of profitability, competitiveness and capability increase.

Management implies designing the structure of an organization by considering making it simple, flexible, reliable, economical and acceptable. An organization should be designed in compliance with the systems thinking criteria, where the elements of an organization should not be considered as separate, but rather indivisible components.

## 2. Organizational Management Challenges – Attracting Talents

Today's volatile economic environment force organizations to develop and implement effective strategies in order to manage endowed individuals. This become extremely acute in the case of companies that continue to expand on new markets. The most challenging struggle of very company, be it at the beginning of its activity or full developed is to build and sustain a management team that is able to be internationally effective.

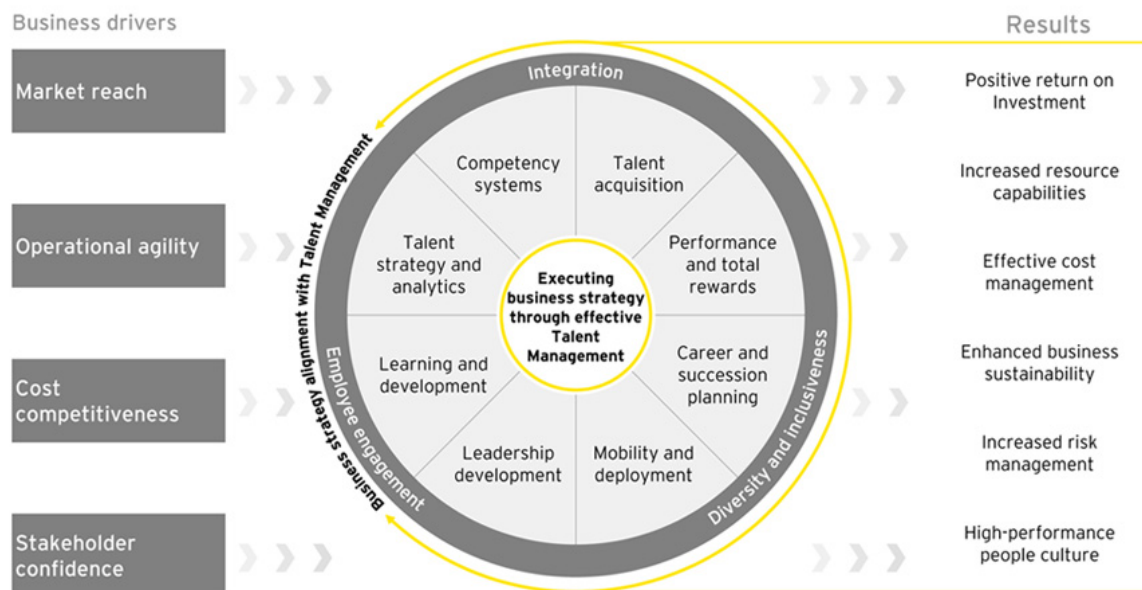


Figure no. 1. The talent equation (talent attraction)

The companies conducting activities on rapidly growing markets are faced with the talent gap issue. According to a survey done by Ernst & Young, the emerging multinational must overcome multiple challenges in building and executing their global talent strategy. It is difficult for them to create an effective international management team due to cultural differences, discrepancies in approaching talent management, hard times in using international and local talent in a balanced manner and lack of reliable leadership. The survey proves that talent management has become one of the most important risk areas in developing the present day's global organizations.

Ernst & Young establish the following principles according to which most major companies try to integrate talent management to achieve global mobility:

- Alignment and integration with the purpose of implementing a more efficient talent management at a global level; the success of this process depends on the high business performance both financially and non-financially.

- Talent management referring to the means in which an organization manages and develops its human resources in compliance with its business strategy. It should be a component of the business strategy.

Four important challenges have been defined following Ernst Young research which must be overcome when identifying talents and leading to four mandatory actions to be taken for a successful management:

1. The central managerial teams lack cultural knowledge of the markets and judge them in international terms. A mere percentage of one out of five managers considers that his company combines local and foreign talents on the international markets.

2. Because they lack internal structures, the companies need to recruit elsewhere. In order to build an internal recruiting structure these companies require time and investments. Otherwise, the companies are required to find personnel in other organizations, which is not an end state desired by the operational managers (30 %), according to the above mentioned survey.

3. The difficulties that the companies are faced with the retaining and rewarding employees for top performance in the

various markets where these companies are present are particularly difficult to consider providing adequate incentives for employees of different markets. That could boost employees from one culture or might discourage others elsewhere. Only 20 % of the interviewees consider that their companies are effective in evaluating and gratifying outstanding results on the market and 23 % believe that the company is efficient in maintaining their key talents at a global level.

4. The leaders and the top management and have conflicting views about talent management-the leaders in top management

considered that the recruitment of the new local international markets has a very low priority level compared to mid-managers (16 % vs 33 %). On the other hand, there are perceptions that differ significantly in terms of the effectiveness of the company's talent management. Only 19% of the respondents considered the top company management efficiency in rewarding the top performers in the different markets (compared to 26 % of the managers of the lower hierarchical level) and only 13 percent consider the company efficiency in aligning business strategies with the individual performance goals.

### Employee Value Proposition – an Integrated Retention Strategy



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Figure no. 2: Employee Value Proposition – an integrated retention strategy

### 3. Organizational Management Challenges – Performance Management

Performance management is a relatively new concept, being assimilated to performance evaluation results. One of those ratings gives the ability to the manager or management team, but also their HR Department, in assessing the degree in which the employee carries responsibilities, in relation to the position held. Of course, in the end, you have to keep in mind the many factors of an environment in which the company

operates, these factors encouraging or hindering performance without direct contact with the employee. For example, a management style practiced in the sense of achievements generates less dictatorial than democratic leadership. A conclusive economic environment will allow better achievements. Direct, indirect competition and how it manifests itself (more aggressive, more passive) is again an aspect which must be taken into account by the management.

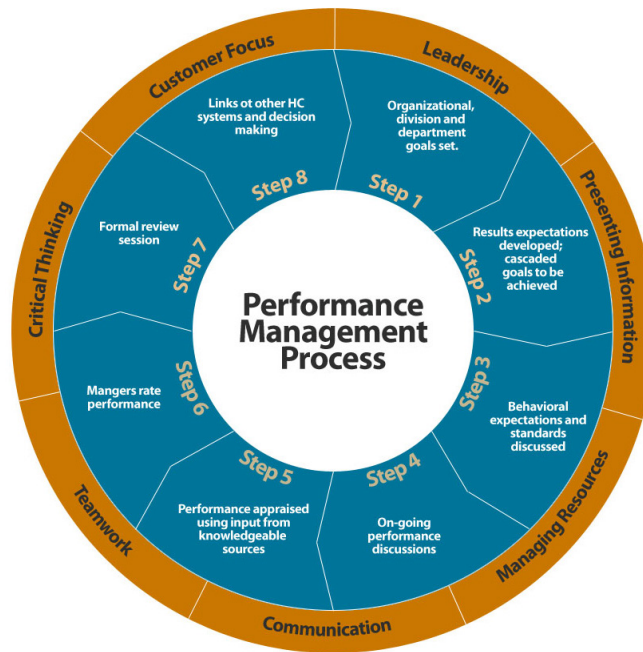


Figure no. 3: Performance management process (steps)

The desired behaviour, performance, is important because it signifies an understanding of the employee to carry out the tasks-as they help the team to communicate, how to advise others and so on, are common cases in which an employee has exceptional professional results, but it is an unbearable person within the team or manifests behaviour expenses at work. In order that such behaviours are

disruptive, it is important to keep in mind, in its assessment of performance of these aspects. On the other hand, an employee can be highly cooperative and interact very well, but from the point of view of attaining its position not to arrive at an efficient level. Expectations regarding the conduct and the results of an employee, should be included in the list of strategic goals of the organization.



Figure no. 4: The performance management process (managers, associate)

An effective performance management system supports behavioral standards that describe what is expected from employees in key competence areas. Managers should discuss these standards of behavior with employees. It is important for managers to ensure that they understand how it interrelates these standards with each position on a deal in the organization. Development needs of employees should also be taken into account in establishing the objectives of this management system performance. Development goals aim at either improving performance on the position occupied by the employee. In some situations it is difficult to observe the interdependence between the long-term strategic objectives of the organization and the immediate objectives and means of each individual in the current activity.

In order to be easily understood, the organization's objectives should be translated into a language easy to understand for all levels of the organization that is to be traced in clear objectives, specific to each position, being imparted to the level of unity, team and individual. Specialists often claimed as the dedication of the employees is essential in achieving the objectives of the company; employees must feel that they are able to achieve. Thus, it is important for employees to participate in the process of setting goals, to accept them and to be motivated to internalize them. It is also important for managers to express their desire to provide support to employees in the achievement of these objectives by providing the necessary resources, guidance and removing obstacles.

The objectives should be to define by the final results. They must have a certain degree of difficulty, but to be accessible to motivate performance. During this process of evaluation and performance management, managers must ensure feedback whenever there are exceptional performance or one negative feedback, but

also periodically, tied to the achievement of the objectives. Unfortunately, this doesn't happen in most organizations because many managers do not have the skills of constructive feedback. Frequently, when performance is not the expected, happens as managers to avoid giving feedback because they don't know how to communicate constructively and to downplay the rejection reaction by the employee. When there is the need of giving or receiving a feedback, most people perceive this experience as negative and uncomfortable.

In achieving the objectives of the performance management process, core competencies should be defined in terms of behaviours and expectations necessary in the development of the professional activity. The definition of these behaviors provides a solid base for the differentiation between employees performing more or less effective. Competences should also be defined to reflect the different levels of responsibility, complexity and difficulty what characterizes the positions within the organization. The advantages of defining these in terms of behavioral performance standards are: to help employees understand what is expected from them and to ensure the general standards that managers may apply in the assessment of employees, increasing the degree of transparency and fairness of the assessment system.

It is important that employees perceive this performance management system as one properly. Using the set of standards applied to evaluating all positions of the organization, it must be done through an explanation for each level, in the form of specific objectives for each area of competence. It is self understood that the use of performance standards is an effective tool because without them it would be difficult to calibrate evaluations made by different managers, with different scales of values. For example, if an organization uses a scale that measures if an employee "is rising to the challenge" to clarify what

exactly are these expectations, inevitably some managers will interpret the subjective level, which will lead to inconsistency in measuring performance.

#### **4. Facing Business Challenges in Romania – Foreign Companies**

According to Forbes (January 2016), the three major challenges facing foreign companies present on the market in Romania are changing the frequency of legislation (54%), obtain appropriate support from the State (51 %) and implementation of legislative requirements (49 %), shows a study by TMF Group Romania. Because of this context, companies are willing to outsource tax assistance services (67 %) and accounting, payroll and human resources management (40 %) and legal administration (17 %), to focus on their core activities.

Beyond these major challenges, the most difficult aspects of business of foreign companies present on the market in Romania are considered to be adapted to the needs of the corporate policies of local laws (41 %), finding competent employees and implementing standardized processes according to the various jurisdictions (36 %) and transposition of financial reports and specific reports in an affordable way of management (26 %). In terms of improvements from last year, foreign companies active in Romania appreciate the ease with which found suitable offices and suppliers (29 %), compliance with labour laws and wages of employees based on market mechanism (26 %). How about the local business environment, foreign companies have a negative perception regarding the level of the fees and the law (62%), in collaboration with the authorities (38%) and in finding work (33 %).

Moreover, the appearance of which was aggravated most intensely from last year is finding well trained labour force, 33 % of respondents saying that face

difficulties in this respect. In spite of these obstacles, approximately 85 % of the respondents reported that revenue from them have increased during this year: 31 % of managers reported an increase of between 5 % and 10 %, 26 %, an increase of up to 5 % and 14 %, increases between 10 and 15 % and over 20 %. Furthermore, foreign companies present in Romania have a good opinion about the employee's protection (36 %), the competitiveness of the business environment (28 %), labor (21 %) and about the legal protection on it to ensure the employer (15 %).

In 2014, a third of managers consult TMF Group supported that finding adequate work force represents a challenge. The fact that their number has increased significantly in 2015 can be interpreted as a signal of alarm concerning the difficulties encountered to reach the right candidates. Precisely for this reason, many companies solve this problem using the outsourcing for they intended originally to work with us. Foreign-owned companies in Romania consider that they would benefit from the outsourcing of accounting, human resources and payroll, having more time to focus on their core activities (64 %). The majority of the managers who participated in the survey consider that companies run by her in need of specialized services in terms of tax assistance (40 %), payroll and human resources administration (37 %) and accounting and financial reporting (30 %).

#### **5. Conclusion**

To be the leader of an organisation represents a significant responsibility. All interested parties will depend on the managers decisions. Investors seeking a return, employees satisfaction at work and career development opportunities, and to feel proud and confident in the workplace; customers and partners are seeking services and solutions which meet their requirements and deliver real value.

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