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Consideration Regarding Diagnosis Analyze of Corporate Management

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Abstract
Diagnosis management aims to identify critical situations and positive aspects of corporate management. An effective diagnosis made by a team with the status of independence from the organization's management is for managers a useful feedback necessary to improve performance. The work presented focuses on the methodology to achieve effective diagnosis, considering multitude criteria and variables to be analyzed.

Key words: diagnosis criteria and variables, levels of diagnostic, qualitative and quantitative analysis.

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1. Introduction

The role of diagnostic analysis is to provide a qualitative overview of the overall performance of corporate management and to identify actions for improvement. These actions are aimed at removing the causes that have generated negative aspects. Efficient diagnosis made by a competent team with the status of independence from management activities of the organization, is for managers a useful feedback necessary to improve performance.

The literature review diagnosis was addressed different aspects such as general diagnostic of the organization, business diagnosis, diagnosis of human resources, financial and economic diagnosis, and diagnosis of technical and scientific potential. A diagnosis of managerial work was done by George Bailesteanu in his *Diagnosis and assessment firm*. Also, Ovidiu Nicolescu and Ion Verboncu in his management of the organization and redesigning the organization, address the diagnosis management system, as the steps in professionalism of Corporate Management.

The purpose of this paper is to present a methodology allowing a fair and objective evaluation of business management within the organization. In this regard, the content of the paper will focus on qualitative and quantitative analysis of diagnostic criteria identified.

2. Objectives and diagnosis criteria

Purposes of the diagnosis performance management are: assessment strategies and company policies, organizational structure, decision-information system, methodology and system efficiency achieved in the organization.
In order to conduct a review as objective diagnostic criteria to determine the following:

- Capacity management team to develop competitive strategies and policies;
- Efficiency of the organization activities;
- Quality substantiation decisions;
- Quality information system;
- Using the systems, methods and managerial techniques appropriate profile of activity;
- Social responsibility and business ethics;
- Competence and managerial skills;
- Leadership and management style;
- Efficiency and effectiveness of management.

Each criterion is individualized by specific diagnostic variables or indicators.
Figure 1 shows synthetic scheme of management diagnosis.

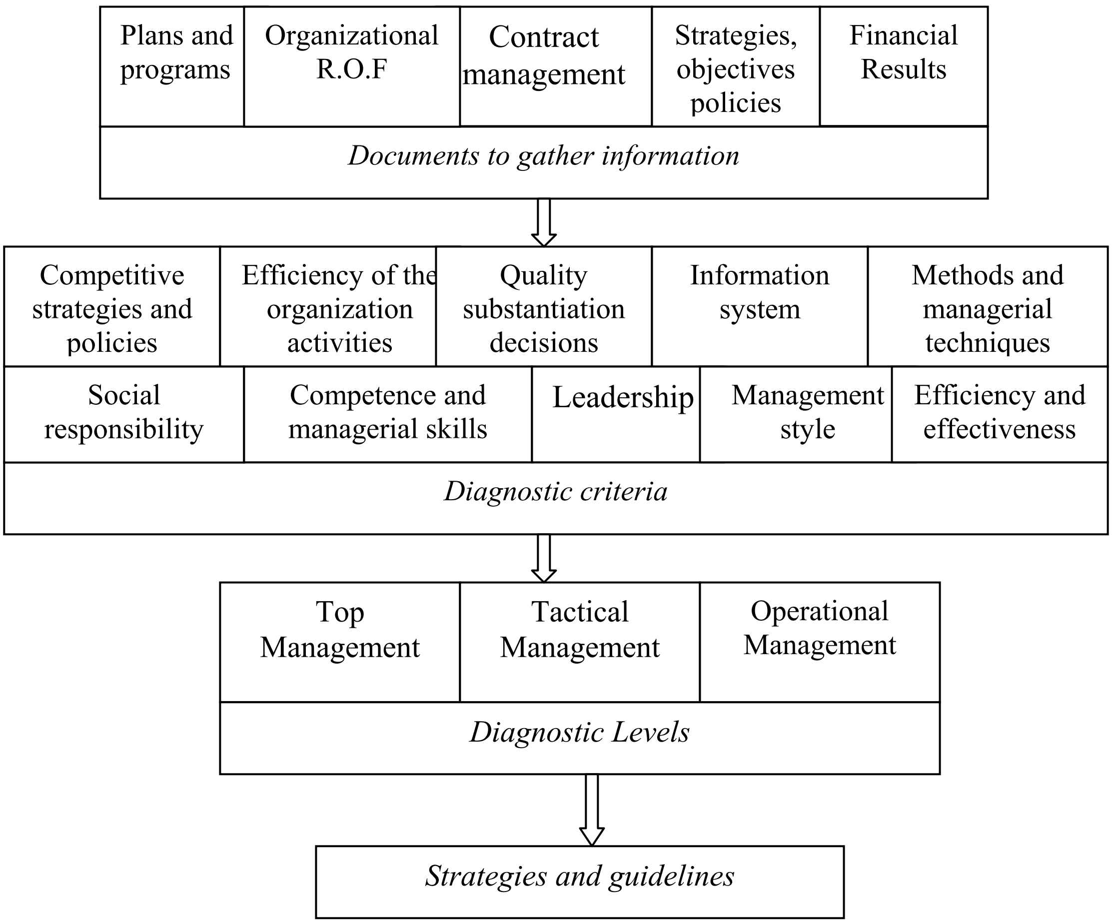

Fig.1. Diagnostic scheme management

To effectively analyze the proposed criteria, the diagnostic team to collect process appropriate information in the following documents:

- Regulation of organization and functioning
- Organizational
- Contract Management
- Strategies, goals and company policies

- Production Programs
- Investment programs (feasibility studies, business plan)
- Plan expenditure
- The expenditure reduction
- Company's financial results

Also, and effective diagnostics should take into account the existence of three levels of management with specific targets: the top management, tactical management and operational management.

Analysis of diagnostic criteria was made taking into account the different approaches to management organization current social and economic conditions.

3. Capacity management team to develop competitive strategies and policies

A proper foundation of strategies and policies makes long-term survival of the organization in terms of a very dynamic environment. In a globalize market, competitive, sometimes affected by strong instability, such as a financial crisis, managers must be able to find viable solutions based on strategic alternatives to reduce costs or restrict activities. With a stable environment, with a trend of increasing strategic alternatives should be focused on developing products, markets and implementation of investment projects.

In this respect, managers should know the principle of navigational change that requires updating the continuous adjustment of the initial plan, depending on changes in environmental conditions.

In term of diagnosis management, analysis of this criterion focuses on practical issues:

- Existence of coherent strategy based on a through *SWOT* analysis and forecasts economic, technological, commercial;
- Existence of company policies in key areas of activity: commercial, research, investment, production, personnel, financial;
- There is a specialized compartment of planning-programming models using prospective research

4. Efficiency of the organization activities

The organization aims to identify, classify and group activities imposed by achieving mission and goals of the organization, to determine the quantity and quality of resources to be used.
However, the organization provides the authority and responsibility to perform the tasks incumbent on the organization's human resources, establish and maintain relationships between them.

Variables analyzed in this criterion are:

- Suitability to the specific business organization chart and the correlation between its content and the actual situation;
- Interaction between compartments;
- Share hierarchical;
- Degree of structuring the tasks, duties, responsibilities and powers stations, offices and departments;

- Updating the rules for organizing and running, the descriptions of functions and positions;
- The degree of organizational flexibility;
- Specific focus on organizational change people's behavior.

5. Quality substantiation decisions

Taking into account the requirements necessary decision in the context of many changes in contemporary economics, may be considered appropriate analysis of this criterion in terms of the following variables:

- Degree of decentralization of decision-making authority which examines in close correlation with firm size and degree of diversification of activities:
- Using modern methods for optimizing decision-making in conditions of certainty, risk and uncertainty, such as simulation methods, linear programming technique, utility theory, game theory;
- Ability foundation of the major decisions concerning the market, investment decisions (feasibility studies) relations with financial and banking organizations.

6. Quality information system

From the perspective of its criteria, the diagnostic team should consider the following:

- Use of information technology within the firm and creating specialized IT department;
- Ensure functionality for management information system;
- The implementation and use of decision support system, consisting of: database company, a user database and all data processing computer applications;
- The database company;
- Knowledge of the company on national and international developments;
- The ability to communicate information flows with other firms.

7. Using the systems, methods and management techniques

Management methods and techniques used within the organization to ensure efficient work. For large and medium organizations it examines the application of modern management systems such as management of projects, management by exception. Diagnostic team also will examine to what extent they used a series of management techniques currently applied by performing companies, such as: business plan, SWOT analysis, business games and management simulation.

8. Social responsibility

Areas of social responsibility have a very wide area of coverage, aimed at environmental issues, consumers, employees, society as a whole. Managers need to take social responsibility activities as required by law and a series of voluntary actions that could have long term positive effect. It is necessary to strike a balance between the objectives of productivity and profitability on the one hand, and needs, the whishes of employees on the other hand. Clearly, managers need to assume social obligation to all business partners (Table 1). The partners are all those persons or groups who are directly or indirectly affected by decisions taken within an organization.

Table1. Social obligations of managers towards business partners

Partners	**Social obligations to Partners**
Shareholders/Owners of the company	Increase business value
Suppliers of raw materials	He development of fair business
Banks and other lenders	Credit refund under commitment
State Institutions	The rule of law state institutions
Employees and unions	Providing safe working conditions and fair negotiations with union representatives
Consumers	Providing safe products, approved and certified
Competitors	Fair competition and compliance with trade restrictions
Local communities and society as a whole	Avoiding business practices that harm the environment

9. Management style

Management style is a key factor influencing the organizational communication and employee motivation. In this regard, the literature emphasizes that the following management styles:

- *Authoritarian style I*, characterized by the top decision- making organization with no any communication with employees;
- *Authoritarian style II*, the manager requests information from subordinates but takes he decision alone, subordinates may or may not be informed about the situation;
- *Advisory style I*, characterized by consulting members of the decision-making in solving problems, but ultimately, decisions are taken by managers without considering the views of subordinates.
- *Advisory style II*, the manager and subordinates meet in groups to analyze problems but the decision is taken by the manager.
- *Participatory style* in which managers and subordinates as a group problem-solving approach, with evaluating alternatives and establishing decisions by consensus.

Obviously such an approach remains purely theoretical, practical experience demonstrating the need to address contextual style of management (and management process), taking into account the characteristics of subordinates. For example, if a decision must be taken within a very short time, the most effective style is authoritarian.

Modern management theory and practice have proven efficiency of a participatory management style mainly because employees become more productive if participants are considered not only the objectives but also to establish their determination.

Analysis of management in terms of this criterion can be a highly subjective and is vulnerable to environmental changes. Testing employees on the basis of a questionnaire and statistical processing of responses could provide a solution for assessing the degree to which management style applied to different levels of the organization's leadership is strength or a weakness for analysis.

10. Competence and managerial skills

It is increasingly evident that, under current conditions, a good manager must not only have adequate professional knowledge but also the ability to take risks, capacity for analysis and synthesis, intuition, imagination, ability to communicate and establish relationships business partners, the ability to listen and guide.

Also, each level of management requires specific skills. At top management level prevailing *conceptual skills* that requires the ability to perceive the organization as a whole to understand how different business functions interact and complement each other, how the environment result in changes in the organization.

At the tactical management, *human skills* prevail, focusing on attitudes, communications, and development of relations between people. Operational management needs mainly *technical skills*, the ability to apply expertise in enforcement techniques and procedures work.

11. Efficiency and effectiveness of management

Management efficiency is resulting from how the organization's total resources are used to obtain as high productivity. Managerial efficiency is measured by a series of financial indicators such as: economic profitability of sales, cost, and return on assets.

Analysis of these indicators can be both *dynamic*, monitoring changes over a longer period of time and also *compared* with competitors, to indicate the position in relation to them and guide development strategy.

Also, contract management may determine the annual values of managerial performance criteria expressed by the following indicators:

- Rate of profit;
- Profitability measures;
- Recovery time;
- Period short-term debt repayment;
- Stock rotation;
- Labor-productivity;
- Share of wages in production costs;
- Potential growth / development company

Managerial effectiveness refers to using its resources to achieve objectives. From this perspective, assess the following indicators: the degree of realization of investment program, the degree of achievement of planned production, employment costs to the amount planned the implementation of cost reduction program.

12. Evaluation of diagnostic criteria

Evaluation of diagnostic criteria may be both *qualitatively* and *quantitatively.*

Qualitative assessment is done by classification criteria / diagnostic variables under the positive or negative, resulting matrix strengths-weaknesses of Corporate Management.

Table 2. Example of matrix strengths-weaknesses of Corporate Management

Strengths	Weaknesses
1. Rates of profit recorded a growth trend 2. The major decisions on market simulation techniques used in business and games 3. In the company there is a department with responsibilities in developing strategies.	1.Relations between compartments are "broken". 2. There is no test of managerial skills on the three levels of management. 3. The investment program has achieved 80%. 4. There are tensions in relations with unions 5. Implementation of tactical and operational decisions is "cumbersome".

Qualitative assessment can be extended by analyzing the cause-effect. Each strength or weakness is the result of the action of a sum of factors coming from internal or external environment of the organization

Such analysis is useful in so far as the factors that have generated strong points can be extrapolated into the future and the causes for the weaknesses can be removed. For example, an increase in the rate of profit can result from implementing a cost reduction program.

Quantitative assessment is done by awarding scores on a scale of 1 to 5 according to the degree of fulfillment of criteria (table 3).

Table 3. Assign scores to the degree of fulfillment of criteria

The degree of fulfillment of criteria	**Score P_i**
Very poor	1
Weak	2
Average	3
Well	4
Very well	5

Each variable or diagnostic indicator to rank with a weighted K_i, which determined by comparing successive two diagnostic criteria, associating the matrix $\|A\| = \|a_{nm}\|$. The values of this matrix are 0, 1, 2 and 4 in corresponding with the situation presented:
– 1, if the criterion is as important as other;
– 2, if the criterion is more important than the other;
– 4, if the criterion is more important than the other;
– 0 in all other cases.
In according with these values *weighting coefficient K_i* is calculated with relation 1.

$$K_i = \frac{\sum_n a_{nm}}{\sum_n \sum_m a_{nm}} \qquad (1)$$

Scores awarded for each criterion is weighted by the coefficient Ki, by summing up resulting in an overall point *Pg* (relation2).

$$P_g = \sum K_i \cdot P_i \qquad (2)$$

Overall score obtained can be interpreted as follows:

- $P_g \leq 2$ reflects a critical situation management
- $2<P_g\leq 3,5$ reflects a critical situation with the prospect of recovery by taking corrective actions
- $3,5<P_g\leq 4,5$ -good situation
- $P_g > 4,5$ -situation very well (performance management)

13. Conclusion

Increased profitability and sustainability of organizations, regardless of the profile of activity, are determined by the ability of managers to adapt to national and international realities in the contemporary world. Establishment of competitive strategies and policies, quality of decision making, access to information, social responsibility and work style are the defining elements for the practice of management, under frequent changes in the external environment of organizations.

This paper aimed to establish a methodology to allow the fullest development of a diagnostic management. In addition, the methodology we presented practical methods of analysis for each diagnostic criterion. It is clear that changes in management theory and practice will determine the future reconsideration of diagnostic criteria and variables.

Furthermore, quantitative analysis provides managers the opportunity to self-assess their own work in relation to a reference level and to determine distances to be covered up to the level of performance management.

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