

MANAGERIAL METHODOLOGIZATION AND ITS IMPACT ON THE MANAGERIAL EFFICIENCY AND EFFECTIVENESS

Ion VERBONCU

Academy of Economic Studies from Bucharest, Romania

Faculty of Management

iverboncu@yahoo.com

Abstract

Management methodologization is one of the most important solutions of organizational efficientization and is materialized in promotion and use of modern management tools (systems, methods, techniques) and rigorous methodological elements of engineering/reengineering and maintenance of management operation (methodologies, procedures, standards etc.).

Its implications are found in the managers' work scientization, but also, to the extent that it is manifested in excess, in limiting the decisional and operational freedom of the managers and executives.

Keywords: methodologization, managerial tools, managerial methodologies, performances, professionalization.

JEL Classification: B₄₁, M₁₀.

1. The coordinates of the managerial methodologization

This important step towards excellence implies:

- promoting and using modern, developed, complex and sophisticated managerial tools, adapted to the construction and functional characteristics of the enterprise and its management;
- promoting and using managerial analysis, design and redesign methodologies to provide managers with the necessary „steps” towards making their work and the departments they lead more efficient.

A special status in the operationalization of this option is held by the first dimension of methodological management, centred upon the tools employed in the application of the managerial processes.

The managerial methodologization does not resumes only to promoting and using the systems, methods and management techniques, as well as the methodologies referring to engineering/reengineering of the management and its components/subsystems.

Apart from these aspects – determinant in imprinting of a truly scientific behaviour to the managers – there are, and manifest, sometimes with consistent intensities, also other elements of methodological nature, whose consideration is compulsory: **methodological norms, procedures, standards, normative** etc., promoted through the help of normative acts (laws, government decisions, emergency ordinances, simple ordinances, ministers orders, decisions with internal character) or taken as **European principles, standards, directives** that we need to align to, as EU member state.

In such way, there are many questions about the **freedom of decision and action of managers and executants from a certain organization**. Have not it suddenly went from empiricism to excess in this area? Or is it merely a supposition, a „surface” appreciation of a neutral observer, located outside of it?

Empiricism in management translates in a management solely based on experience, talent, flair and intuition of those who exercise it; in other words, on valorification of the managerial skills and not on science. Such an approach „works” in the context in which the organization has a stable situation from all points of view and the national and international environment is a static one.

Without a realistic projection of the organization’s future (by strategy), without taking in consideration the peculiarities of each function of the management processes, without a scientific approach to decisional solving of the problems it faces, obviously it cannot give satisfaction in the conditions of a competitive economy.

In consequence, the empiricism in management should be considered as belonging to the past.

The managerial normality condition is ensured by professional managers, „gifted” with knowledge, managerial qualities and skills in varying proportions, depending on their hierarchical position within the organization who really „know” how to lead and manage the human and patrimonial capital.

There is a realistic future in the form of strategy and policy – there are used, depending on the necessities, managerial tools and other methodological elements provided by science, the management processes are exercised in a scientific manner and the results come quickly.

The excess in the managerial methodologization involves „abundance” of managerial tools (even if not all of them are useful), methodologies, procedures, standards etc., the managers turning into **robots**. They must meet some predetermined scenarios, even if they „do not match” the existing situations in that organization, they do not have the right of

initiative, their freedom of decision is reduced or simply eliminated. The effects are immediate: bureaucracy is amplified, decisions are taken late, the discontent is growing and, overall, the situation is deteriorating.

2. What is managerial methodologization?

As the management's **methodological component** is the most active, the most dynamic and facilitates the scientization of the work of managers from the three organizational levels of organization, we will try to give a favourable answer to the question HOW DO WE LEAD? By evidencing the valences of the most representative managerial tools recommended to the Romanian organizations.

The starting point in such an initiative is represented, in our opinion, by specifying the roles that the management systems, methods and techniques, meaning the managerial tools, are playing in the economy of the managers' work (Verboncu, I., Purcaru, I., 2010).

- **Role of disciplining the managers and executives;**
- **Role of responsabilization** (of the managers and executives);
- **Role of stamping** of some characteristics of **order and rigourity;**
- **Role of facilitating** the normal functioning of the **other managerial components** – decisional, informational and organizational;
- **Role of efficientizing the lead field**, in the sense of creating and maintaining some favourable conditions for achieving the objectives;
- **Role of facilitating the managerial functions exercisation;**
- **Role of facilitating the running of** processual components – activities, functions;
- **Role of management professionalization;**
- **Role of facilitating the managerial competency manifestation**, approached in double hypostasis – of official authority and of personal authority;
- Obtaining competitive advantage is given also by the **competency of the Romanian organizations managers**, concretized first of all in the possessed managerial knowledge;
- It is ensured the **genuine promotion of the competency**, the managers that „know” management take over the place of the ones who lead „by ear”.

In the category of the managerial tools unavailable for the managers of the Romanian organizations – firms and public institutions – we mention:

- profit centres based management (for companies) or management by objectives (for public institutions);
- management by projects (for any kind of organizations);

- management by exceptions (for any kind of organizations);
- diagnostics (for any kind of organizations);
- delegation (for any kind of organizations);
- scoreboard (for any kind of organizations).

We will start our plea for a truly scientific and performance management by presenting the defining theoretical-methodological and pragmatic aspects of the profit centres based management.

The profit centres based management is a complex and sophisticated management system, which allows the achievement of company's, administration centres and individual objectives with the help of various tools (Verboncu, I., Zalman, M., 2005).

a. Promoting and using methodology

The methodological scenario of promoting and using the profit centers based management comprises more steps, whose follow up is compulsory for ensuring the success of this managerial tool.

- **setting up the fundamental objectives**

A first step is destined to determination of the company's fundamental objectives, of whose achievement depend both its present and especially its future

- **setting up the other objectives categories**

The degree of laying out of the fundamental objectives leads to the hypostasis of the profit centres based management:

- profit centres based management „focused on team”, characterized by the laying out of the objectives system up to the level of specific objectives;
- profit centres based management, „focused on individual”, in which the objectives are set up to the level of job, respectively of individual objectives.

- **fundamentation of the components – support for the achieving the objectives**

It is the case of the actions programs, terms calendars, instructions and, especially of the **budgets**, on whose elaboration, launching, execution and follow-up is involved the budgets management, conceived and used in an evolved version.

- **fundamentation and elaboration of the company's general budget**

The budget is, with no doubt, the most important managerial tool in the economy of the profit centres based management.

The company's general budget comprises an objectives (fundamental and derived) chapter, an expenses chapter, an income chapter and another chapter of financial results.

- **delimitation and dimensioning the administrative centres (costs and profit)**

The administration centre is a procedural or structural component of the company, with high decisional and operational autonomy, which has its own budget.

- **fundamentation and elaboration of the budgets at administration centre level;**
- **launching the budgets;**
- **budgetary execution; coordination and following up of the objectives achievement;**
- **evaluation and analysis of results;**
- **motivating the personnel** depending on the degree of achieving the individual objectives, the degree of achieving the administration centres and the degree of achieving the company's objectives.

b. Novelties in promoting and using the profit centres based management

The experience accumulated in the past years in using this managerial tool in some Romanian companies, as well as the research in this field, allowed us to evidence more novelty aspects presented hereunder (Verboncu, I., 2007).

- amplification of the „areas” of promoting and using it, from medium, large and very large sized companies to public institutions with professional bureaucracy (superior learning institutes, hospitals etc.);
- optimization of the reports between centralization and decentralization inside the organization, depending on: economical power of the company, market position, opportunities and threats of the national and international environment, organizational structure type, predominant management styles, organizational culture;
- increase of the individual and group responsabilization degree, given by: amplification of the decisional and operational autonomy of the administration centres; setting up realistic and mobilizing objectives for all the „actors” of the work processes; transformation of the costs centres in profit centres by dimensioning the contribution to achieving the company's profit; reconsideration of the auxiliary and functional compartments, such as carrying out of managerial, economical, technical consultancy services etc. for the organizational subdivisions which generate economical substance; concluding management contracts between the company manager and the administration centres managers or contracts of carrying out services between various administration centres;
- promoting the **management contract** inside the organization, which uses the profit centres based management, as **juridical tool for responsabilizing the general manager and the administration centre manager**, the first one - regarding the ensurance of the needed conditions for achieving the objectives, the second one – regarding the obtained results vis-à-vis the planned results;

• promoting and using the **carrying out services contracts** between the technical services performers (maintaining and repairing the production equipments, supplying utilities), commercial services (ensuring and administrating the material resources, sales, marketing etc.), economical-financial services (book-keeping) on one side and the beneficiaries of these services, respectively the administration centres from the production area. It is thus set up a system of links of managerial and economic nature, with unfavourable impact to the order, discipline and stringency, required by the promotion of the profit centres based management;

- reconsideration of the managerial accountancy;
- ensuring a high procedural and structural-organizational mobility, inclusively by enriching and enlarging the jobs – effective modalities of diminishing or eliminating the „silo effect” specific to the bureaucratic organizations of mechanistic type;
- creating opportunities for managerial methodologization, global informatization of the company and outsourcing of services carrying out activities;
- ameliorating the organizational climate and, in general, the organizational culture from the perspective of obtaining operational excellence at the administration centres from the production area level and, implicitly, of managerial and economic performances;
- promoting motivational mechanisms cantered on performances;
- imprinting of disciplinary order characteristics, rigurocity, which to facilitate the extension of the decisional and operational autonomy of the administrative centres, responsabilization of the managers and executants and obtaining performances;
- promoting a new concept and a new management practice: business format.

Management by projects – management system used in organizations with an evident innovative dimension and, in general, in organizations for solving of some complex problems, of strategic nature and with a pronounced innovative character, called **projects** – is one of the most effective solutions to the multiple challenges of the integration in the European Union, linked to the valorification of the structural funds.

a. Methodologically, the promotion and using the management by projects is run on basis of a rigorous methodological scenario, based on the following sequels (Verboncu, I., 2005):

- **general defining of the project;**
- **managerial defining of the project:**
 - nominating the project manager;
 - setting up the project team (collective) configuration;

○ choosing the organizational variant of projects management (with facilitation, with individual responsibility, with major-state, mixed).

- **economic defining of the project:**

- elaborating the project budget.

- **ensuring the cultural-organizational nature conditions:**

- working climate.

- **precising the control modalities:**

- of quality;

- budgetary (economical);

- regarding the intermediary and final terms.

- **realization of the project:**

- resource allocation;

- obtaining the results;

- running the analysis, harmonizing and creativity meeting.

- **finalizing the project.**

- b. Novelties in promoting and using the management by projects**

- extension of the use of this management system from industrial companies to public organizations (public institution, decentralized, ministries, national authorities or agencies etc.) involved in proportion initiatives, financed from within the country or by various organisms from the European Union;

- promoting and using the projects management in the university scientific research management (see the excellence research financed by the Romanian Government or the research contracts obtained through competition at CNCSIS level) where, the most spread organizational formula is represented by „projects management with facilitation”, variant which does not „disturb” too much the organizational structure of the institutions involved in the realization of such projects;

- amplifying the responsabilization degree of the managers and executants involved in realization of the projects and, naturally, in valorification of some consistent financial funds destined to them;

- flexibilization of the structural configurations of the organizations oriented to projects by the appearance and development of „adhocratic” structures – in the situation of sporadic use of projects management for solving of complex, strategic, innovative predominant problems – or by matrix-type structures – in the case of the organizations that have more projects at the same time.

3. Influences on the managerial efficiency and effectiveness

a. Influences on the management processes effectiveness

- amplifies the previsionsal dimension of the management, by shaping realistic strategies and policies (i.e. the methodology of promoting and using the strategic management);
- the objectives become the benchmark of the managers and executives work and, thus, the most important modality of individual, group and organizational empowerment (management based on profit centres, management by objectives);
- ensuring the organizational support needed to achieving the objectives, procedural and structural-organizational discipline of work (ROF, organization chart, function description and job description – as managerial tools);
- facilitating active, effective and responsible participation of the personnel in setting-up and achieving the objectives (inclusively by negotiating them), as premise of differentiated motivation (delegation, methods of creativity, management based on profit centres, management by objectives);
- correct causal evaluation of the obtained results vs. objectives (diagnostication, SWOT);
- ensuring of quality management decisions – as result of exercising each management function: scientifically fundament, „empowered”, opportune, integrated in the organization’s ensemble of decisions, comprehensible (decisional methods, management based on profit centres, management by objectives).

b. Influences on the effectiveness of the management system components

- ensures the managerial and economic decentralization within the organization (management based on profit centres, management by objectives, management by budgets);
- allows the rigorous determinations, follow-up and control of the production costs (the cost-hour-production system, other evaluated cost management methods);
- ensures a proper dimensioning of the procedural, structural-organizational components, as well as the staffing, by total and structure (methodology of managerial reengineering);
- facilitates the operative transmission of the information on the vertical of the management system (management by exceptions, scoreboard) and, implicitly, the scientific fundamentation of the adopted decisions;
- stimulates the organizational culture, both at components level, as well as its functions are concerned, transforming it in an important modality of obtaining performances

(methodology of managerial reengineering and methodology of organizational transformation);

- last but not least, it ensures the professionalization of the managers and management.

References

1. Verboncu, I., (2005), *Știm să conducem?*, Editura Economică, București
2. Verboncu, I., Zalman, M., (2005), *Management și performanțe*, Editura Universitară, București
3. Verboncu, I., (2007), *Managerial - Methodological Novelties (I)*, in: Review of International Comparative Management, nr. 8, vol. 3
4. Verboncu, I., Purcaru, I., (2010), *The Steps to Managerial Excellence*, in: Review of Comparative International Management, vol. 11, no. 3