

CONTEMPORARY MANAGEMENT ASPECTS OF THE COMPANIES WITH INTERNATIONAL ACTIVITY

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Abstract:

The activity of the national and international companies is determined by the manner in which their management is implemented. Obviously, the management must be structured starting from each company's particularities in accordance with the economic environment where the respective organization develops its activity. In the contemporary times, the rigorous organization, the planning on a short-term, medium-term and long-term, the human capital quality as well as the control represent elements that differentiate companies.

It is an essential condition to differentiate the companies in the competition and functional market economy, and the profit obtained represents the source of a future attraction of investors and the possibility of developing the company, in the situation when its own resources are insufficient.

Keywords: planning, company's objectives, human resources, decisions

JEL Classification: F23, M16

INTRODUCTION

Presently, any economic, social, political activity represents a judicious and efficient coordination process, which reaches the proposed objectives in an economical manner with maximum results.

A superior qualitative management corresponding to the present requirements could lead to the achievement of this goal.

In the present paper we have outlined some management, manager and international management-related definitions offered by a series of economists, presented in specialty papers. The understanding of these concepts is completed by the main elements necessary for the company management. They are presented as concepts, stages, figures, schemes and examples within the international companies.

THE PAPER CONTENT

The international management is sometimes identified with the management of multinational companies.

In Al. Puiu's point of view, the management of international economic affairs represents "*the totality of the concepts, methods and instruments needed to identify the opportunity, promotion, and negotiation, contracting and developing of the economic transactions between the partners who belong to different countries*". (Puiu, 2003)

H. Koontz and C. O'Donnell consider that the international management is an activity necessary "*to the functioning of the companies in the hosting countries*". (Koontz and O'Donnell, 1992)

Ed. Miller believes that international management "*deals with the management and the activities of the international companies*". (Nicolescu, 1997)

In this sense, the managers' role is that of managing their organizations in order to reach the objectives. The managers and their management methods make them responsible to combine and use the organizational resources so that the organizations reach their objectives.

In what the purpose and the objectives are regarded, Robert Albanese said: „*there isn't a more important management idea than the objectives. The management is insignificant without its objectives*”.(Albanese, 1998)

Thus, Rank Xerox Company decided that the quality represents its main objective, while Kodak oriented its strategy to the imagistic-related methods. In this sense, they set up a special department which deals with the informational marketing.

Polaroid uses its inventions in the field of polarized light and oriented to a single line of activities.

James Lincon, the manager of Lincon Electric, considers that the organizational objective is to create “*better and better products that will be sold at smaller and smaller prices*”.

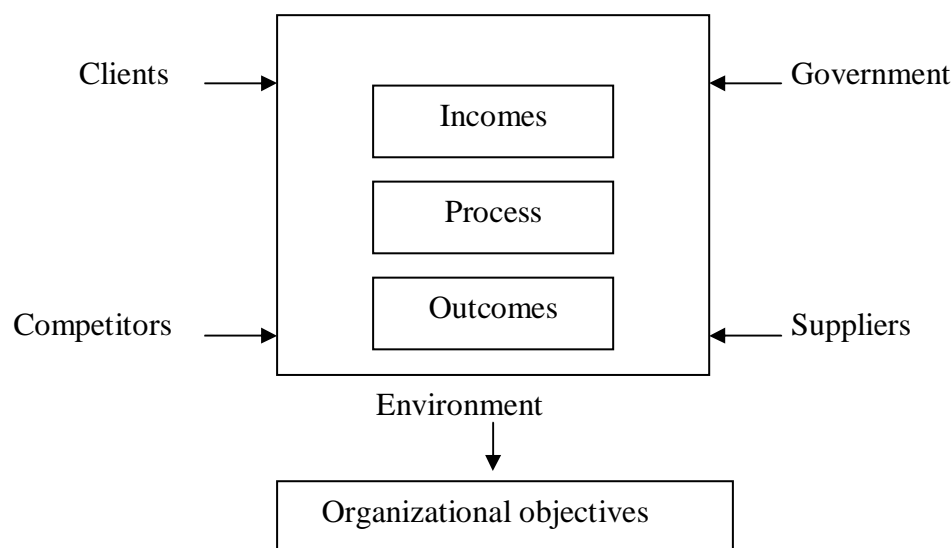


Figure 1. The way in which an open management system works in order to reach the organizational objectives

Source: Samuel Certo – Modern Management, Prentice Hall, 2000

We may say that the company's objectives may be synthesized into three principles (figure 1):

1. the profit is the force that motivates the managers;
2. serving the clients with goods and services justifies the company's existence;
3. the managers have social responsibilities in accordance with the ethical and social codes where the company acts.

Consequently, the objectives have a major force and must be realistically established, easily achieved by the employees.

The planning is the next function that a performing management should have. The purpose is that of increasing the organizational management.

Table 1. M. Porter's SWOT Matrix

Internal factors External factors	Strengths (S)	Weaknesses (W)
Opportunities (O)	SO strategy Maxi-Maxi Uses the strengths of the company in order to take advantage of the environment opportunity	WO strategy Mini-Maxi Tries to eliminate the weaknesses in order to use the opportunities
Threats (T)	ST strategy Maxi-Mini Uses the strengths in order to eliminate the environment threats	WT strategy Mini-Mini Eliminates the weaknesses through liquidations, founding companies etc.

Source: I. Popa, R. Filip – International management, Economica, Bucharest, 1999

Within the various types of planning, the strategic planning holds the main role. This type of planning implies a SWOT analysis that should underline the weak points and the strong points of the company. According to them, the company plans the action strategy. In the analysis of the opportunities and the threats, one may use M. Porter's model (table 1).

The SWOT matrix analyzes the situation of the company, accentuating the external environment. Presently, the multinational companies use an elaborated planning process divided into stages meant to reach the objectives with maximum efficiency.

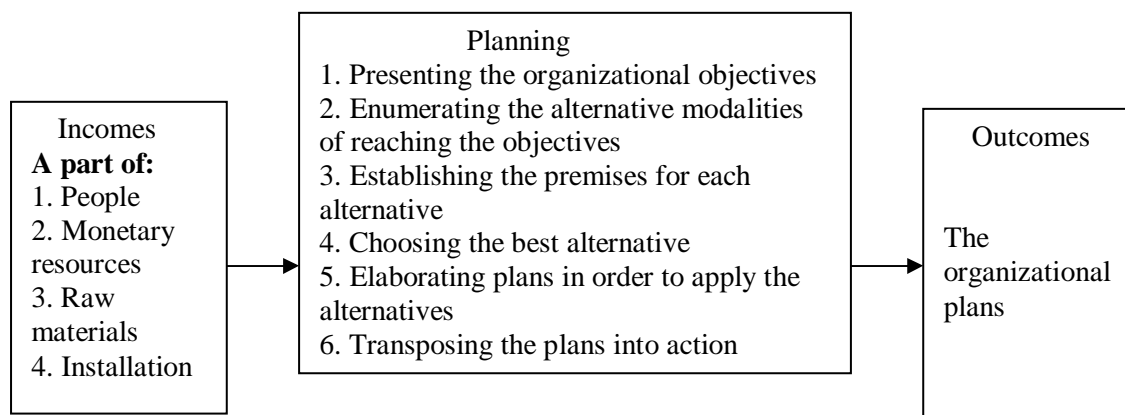


Figure 2. The planning process in multinational companies

Source: Samuel Certo – Modern Management, Prentice Hall, 2000

The planning of such companies as Du Pont, Sun Oil, Quaker Oats, and Continental Airlines are made with such a process (figure 2).

Today, a largely used instrument is represented by the business plan. As compared to the usual planning, this instrument has the role to guide the company's activity and to promote the business to the possible investors.

Organizing and human resources are two functions without which the management activity could not reach its objectives.

Organizing is a process that establishes the way in which the resources of the organization are used.

A judicious organization made possible the success of Lucent Technologies which detached from AT&T. Richard McGinn, the general manager of the company realized that the five stages of the organizational process will make him successful (figure 3).

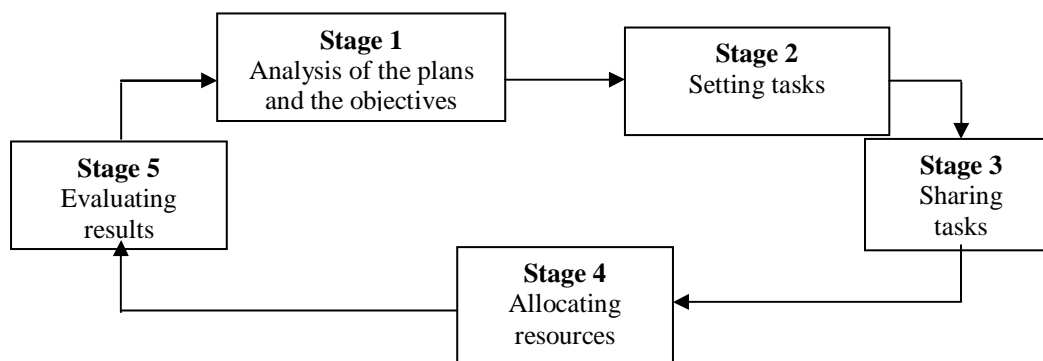


Figure 3. Stages of the organizational process

Source: Saul Gellerman – In Organizations, as in Architecture, Form Follows, Org. Dynamics, 18/1990

An efficient organization implies an adequate structure which permits the usage of every resource individually and collectively while the management system tries to reach its objectives.

The organigram is used as an instrument for organization and it implies a good dimension of the hierarchical structures and neither it lets neither uncovered certain positions or attributions nor creates a supra population.

In what human resources are regarded, they make reference to those people in the organization who bring an important contribution to reach the objectives of the management system.

The productivity in all the organizations is influenced by the way in which people interact, *"human resources are combined in order to use the other resources of the management system"*. (Paik, 1998)

A series of factors such as training, age, experience, act upon the compatibility between a person and the organization.

The American company named Northwestern Mutual Life, with assets exceeding 63 billion dollars faced various personnel problems, which affected its performance. Presently, due to the reform in the personnel recruitment process on the Internet, the company stopped the decline of the human resources.

The specialists consider there are 4 stages necessary so that the company could have well-trained employees: recruitment, selection, training and performance evaluation.

The recruitment deals with the attraction and the initial selection of the human resources offer available for a certain position.

The selection is the stage in which they choose the person to be employed from the number of recruits. It is very important to make the right recruitment selection and choose a person who best corresponds to the job. An adequate selection of the employees made the company Compaq Computer record, in 1994, sales of 10.9 billion dollars as compared to 7.2 billion dollars in 1993.

The traits of the human resources are developed through training, which allows them become more productive.[8]

The performance evaluation is the last stage, within it they analyze the contributions brought by the human resources to reach the objectives of the management system.

The decision represents a fundamental stage of the management process. The decision is a choice made by two or more alternatives. The managers make everyday decisions which influence their organization and which they communicate to its members.

Regarding the decisions typology, they may be planned or non-planned (table 2). The planned decisions are routine, repetitive decisions which require specific methods to be administered. The non-planned decisions are unique, non-repetitive and less structured than the planned decisions. Such a decision was made by Ron Glaber, the owner of Real Network, when he was supposed to choose between becoming the competitor of Microsoft or selling his company to the former.

Table 2. Techniques in making decisions

Types of decisions	Traditional	Modern
Planned -routine, repetitive decisions -the organization creates specific processes to administer them	1. Customs 2. Routines –standard procedures 3. Structure of the organization	1. Operational research through mathematical analysis 2. Electronic processing of the information 3. Heuristic techniques of resolution
Non-planned -unique, poorly structured decisions -administration through the general process of resolution	4. Judgment, intuition, motivation 5. Empirical methods in selecting and training the managers	

Source: Samuel Certo – Modern Management, Prentice Hall, 2000

The conditions in which decisions can be made are [9]:

- a. Conditions of certitude when the person who makes the decision knows all the possible alternatives and the consequences associated to them;
- b. Conditions of risk – the person who makes the decision knows the alternatives, but the consequences are probabilistic;
- c. Conditions of incertitude – according to the person who makes the decision does not know the alternatives and cannot establish the possible consequences.

In a large, international company, the decisional level is very important. In this sense, the decisions can be centralized or decentralized.

R. Hodgetts and F. Luthans identify a series of factors which act upon the decisional level (figure 4).

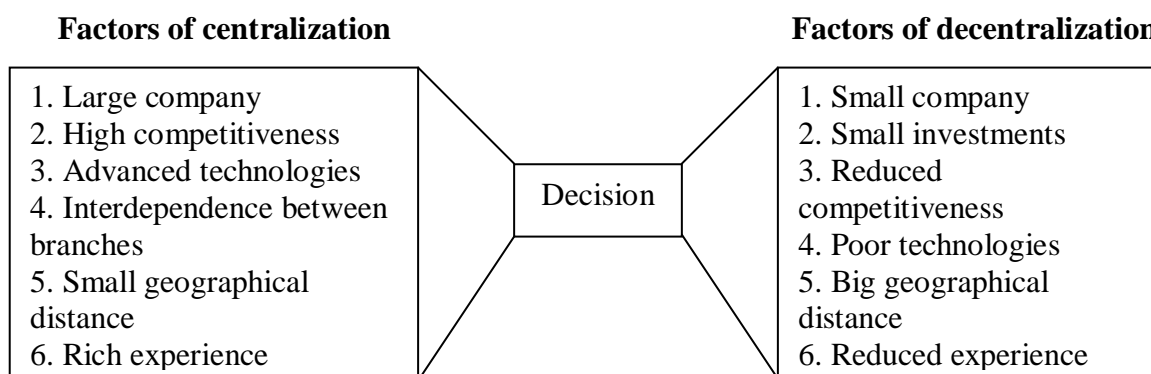


Figure 4. Factors influencing the decisional level

Source : R. Hodgetts, F. Luthans – International Management, McGraw Hill, 1997

The last stage of the management process is the control. It allows verifying the way in which the planned objectives were carried out.

Planning and control are two virtually inseparable functions.

An efficient management follows the next stages in the control process (figure 5).

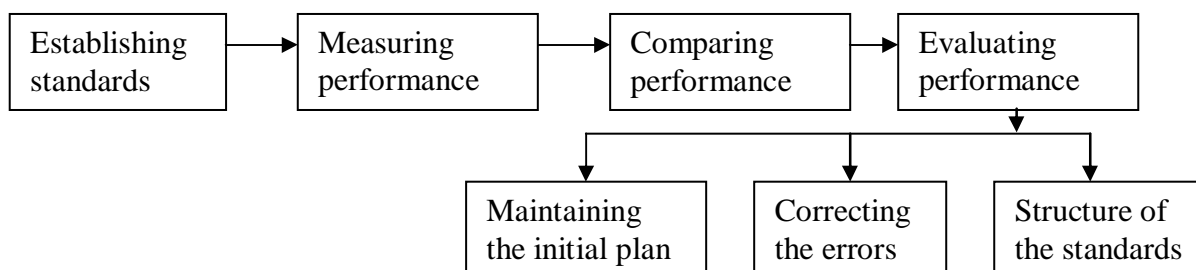


Figure 5. The stages in the control process

Source : I. Popa, D. Filip – International management, Economica, Bucharest, 1999

As types of control, we may have direct control through personal, indirect control, through reports, to anticipate preventively the possible problems, and currently to interfere with problem solving, verification, after an activity has been perfectly carried out.

An application of this scheme is at the Marriott Hotels through the standard imposed by the program “The first 10 minutes” regarding the rapid accommodation of the clients. In evaluating the performance we observe that the standard is respected and the degree of customer satisfaction has increased.

CONCLUSIONS

Presenting these elements we notice that the importance granted to all of them to finalize the decisional process in optimum conditions. The Romanian managers must understand the importance of each stage for the managerial process, as a company’s performance improvement

starts with the objectives established in accordance with the resources of the enterprise on a long-term strategic planning. The good organization at all levels, the careful choice of the human resources, the decisional process and, not lastly, the control are various aspects that should be applied in any form.

Presenting these elements and offering various examples within the international companies are achievable; the weight is represented by the successful implementation of a type of management that leads the company to the best results. We consider being difficult to excel a company either Romanian, or international at all these levels, but also the continuous improvement of its management represents a necessary requirement if they want to resist in the competition and functional market economy.

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