

## **THE IMPORTANCE OF MANAGEMENT FUNCTIONS IN THE TRANSFORMATION PROCESS OF AN ORGANIZATION**

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### **Abstract**

*To transform a company means taking a business model, operational processes, and management of financial resources and to redefine them to attain the new objectives of the organization. The transformation plan designed to establish is based on each step and each intermediate state, on several pillars: market business and customer satisfaction, operational processes, human capital, financial flows. In addition, the plan provides the rate at which the organization is able to assimilate the changes.*

**Keywords:** *management functions, organizational transformation, organizational process, transformational process*

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### **Transformation process of the organization**

Organizations are changing especially in order to survive on the market. A number of factors influence the probability of when an organization is able to initiate a certain of change. The first and most important factor is dissatisfaction. If there is dissatisfaction with the way in which organization is working in now, there will be no motivation to change. Another important ingredient is the equation that is changing the perception, whether there is an alternative that will improve the situation.

Not all of the organizational changes have the same difficulty. If the change is not well managed, the desired result will never be fully attained or if it is touched, it may not operate as expected, due to lack of involvement on the part of those affected by the change. The desired future state of the organization may involve redesign work, new technologies, new relationships, new reward

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systems and even new values and norms of behavior. Even when the transition to a new organizational status seems possible, it is important that the expected earnings following the change to be much larger than expected costs (costs are measured in monetary terms, time, etc.).

The various factors that may be changed in an organization are divided into four major categories. The first category involves redesigning the services carried out by the members of the organization. Some tasks may be added to some people, other tasks may be reduced or may be met by using new methods. The second category relates to the modification of the structure of the organization. Organizational subunits can be created or abolished, lines of authority can be modified, communication and responsibility of taking certain types of decisions can be transmitted to other levels of the organization, others can be added, modified or cancelled. The third type of factors refer to the change of organizations. People can be transferred to other units, promoted in new positions. A final category of change is oriented to amend formal and social relationships that exist in an organization. Actions can be taken to reduce the conflicts within the group, to coherence between large groups and even to change the values and norms of behavior supported by the group.

The organizational transformation is a holistic approach, with an emphasis on the human dimension of the company, which takes into account simultaneously changes in overall goals, structure, culture and organizational strategy that relies on new perceptions, ways of thinking and types of behaviour. Organizational transformation is done on three levels: changes in attitude and behaviour of the company management system, employees as a whole or changing organizational structure, the system of values and beliefs, this last aspect constitutes the basis of the first two.

From the point of organizational change, the content may be constantly or strategic. The first concerns the improvement of the functionality within the organization and coordinates strategic concept. The other concerns the elements of the company and/or of the system or power.

Change can be reactive (it provides solutions to the exogenous events) or anticipatory (when are scheduled according to the predicted environmental developments in the firm) result from these kinds of change in organizational culture and organizational system:

- Harmonization, what improvements were anticipated in the adaptation of upcoming events, improvements made in response to unanticipated external events which can produce alternatives;
- Nature, planned strategies depending on the period and place of production of certain major anticipated events.



*Fig 1. Transformation and change management process (strategy, operating model and people)*

The management processes represent the actions through which it determines the objectives of the organization, work processes and necessary resources to achieve the objectives of the work processes. Through the processes of management, the company integrates and correlates staff work using a complex of methods and techniques to meet objectives as effectively. The management processes that represents the functions of management are: planning and forecasting, organization, coordination, training, control and evaluation. These functions make up the typical management process content that are pursued in all socio-economic systems, including business firms, regardless of their characteristics.



*Fig 2. Business process management*

The typical process of management structure, depending on the way in which its functions are exercised in three phases:

- the preliminary phase characterized by predominance of the forecast and by exercising the other functions of management in a prospective vision, based on the anticipation of ways, methods, motivational and organizational solutions, assessment, evolution of the corresponding default of the organization. Forecast type management focuses on the establishment of objectives for the organization, strategic decisions and tactical decisions are to be given priority, which gives the managers an anticipatory action.
- operational phase (implementation, enforcement) which corresponds to the organization, coordination and the involvement of staff in the achievement of the objectives of daily plans. This phase is a

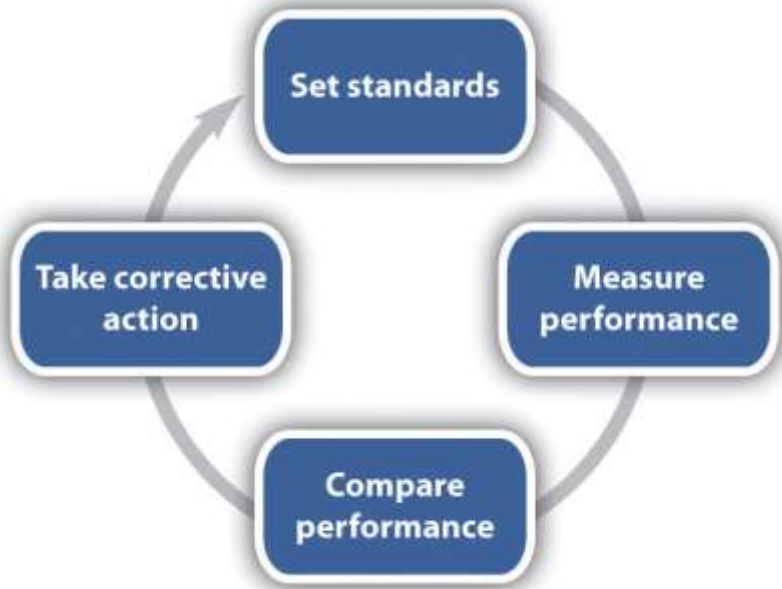
characteristic of the operative management, with accentuated character on the adoption and implementation of decisions, the majority relating to production activity.

- measurement phase and interpretation of the obtained results obtained (also called post-operational phase). In this phase the predominant control function exercises and evaluates how the planned objectives have been achieved in the first phase. The three phases are in a tight interdependence, making it difficult to separate them, due to the complexity of the process of unity and leadership.

Analyzing the management functions:

- *Forecasting and planning function* consists in carrying out all work processes by which we determine the main objectives of the company, as well as resources for their realization: predicted results are divided depending on the time horizon, the degree of detail and in its entirety in the forecasts, plans and programs; forecasts covers a time horizon of at least 10 years; the plans include periods between 5 years and 1 month and refers to the fundamental objectives of the company and the main resources needed to be mobilized. It has been observed an increase in the volume of forecasting and an increasing interdependence in the forecast exercise at all levels of economic and social life and the need for the development and generalization of statistical thinking.
- The *function of organization* assigns management processes as a whole through setting and underlines the processes of intellectual and physical work and their components. Includes both organization overview of commercial companies, and organization of its main components. Via this function, it is necessary for the resources to harmonize in good conditions especially in times of downturns and establishes the optimum ratios between objectives and resources. In the current conditions it is necessary to increase the interdependence of organizational leadership at all levels as well as the development and generalization of systemic thinking.

- The *function of coordination* consists in carrying out all work processes by which harmonizes the decisions and actions of the personnel of the company and its subsystems within forecasts and organizational system being basically a dynamic organization. In order to ensure effective coordination, the existence of an appropriate communication at all levels of company management is required.
  
- The *function of training* incorporated into ensemble work processes which determine the staff to contribute to setting and achieving goals. The purpose of the training function is operational, and it represents the foundation of or motivation, that is, the correlation between the satisfaction of the needs and interests of the staff with the achievement of the objectives and tasks.
  
- *Controlling function* evaluation is defined as the ensemble of processes through which the performance of the firm, its components and subsystems are measured and compared with the objectives set initially in order to eliminate differences and deviations noted positive integration. Control self-assessment process includes the measurement of achievements, comparing them with the level set, the determination of the causes generating deviations and making corrections as necessary. This function must have a preventive and corrective nature.



*Fig 3. Controlling function of the management process*

An especially important role in organizing a firm's overall organization of work processes physical and intellectual components, is analyzing them to their regrouping levels, objectives of uniformity and/or complementarity, the level of training of the staff and specificity of methods, techniques and instruments used in order to achieve the objectives in terms of efficiency. Taking into account that the organization constitutes the means by which it achieves objectives, content and manner or expression are determined by the objectives of the company. Each period of operation of a firm is characterized by certain fundamental objectives that can be assessed from an economic point of view.

Thus, the enterprise can be defined as a homogeneous ensemble of activities and/or complementary activities with certain specialized personnel through the use of specific methods and techniques in order to achieve the derived objectives. As a basic component in the context of the work, the work can be

defined as an ensemble specialized in personal competencies with a certain specialized knowledge in a particular field to achieve the derived objectives.

The process of transformation is one of the management dimensions according to which we can classify organizational change and relates to the modalities and the progression of events in the changing organization. The process of change may rank according to its duration or the resources (human and material) to be used in implementing the change. Change unit may be a single entity-an individual or an organization-or interaction between people or relationships within an organization. The manner of change, on the other hand, describe what exactly determines the sequence of events.

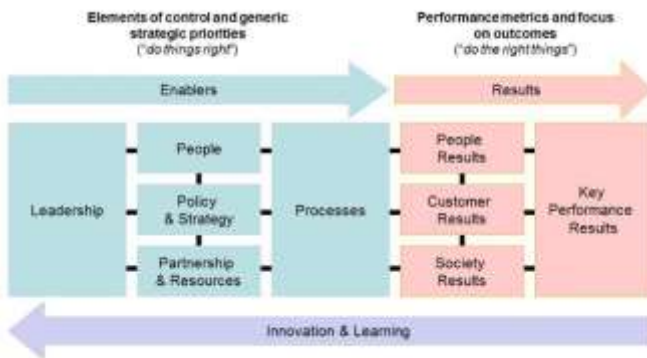
Organizational changes are, in their majority, changes planned or intentional, introduced by management for various reasons (which may vary in response to domestic pressures or from the up to changes in order to develop strategic organization). The organizational changes are more conspicuous, taking place in a more orderly and better structured and incomparably lower than social change. Also the changes that are taking place at the organizational level are carried out, often within a period less than the macro-level. Another difference lies in identifying the agent of change, due to the characteristics of change, it (or they) can be identified with relative ease. Another significant difference is that, in the event of organizational changes, the systemic paradigm holds supremacy; example most used in the OD (organizational development) for measuring the effects of changes: measures a set of characteristics of the system both before and after the change, the effect of the intervention.

Taking control as a separate function, managers can establish a control strategy of the management system. The purpose of the design and implementation of a strategy of control management system and implementation of the system is monitoring, in real time, of the corrective measures for the achievement of specific and general objectives.

Internal control policies and procedures as a whole represents a designed and implemented strategy by the management and staff of the organization, in order to provide a reasonable insurance for: achieving goals in an efficient and effective manner; compliance with external rules and policies and management rules; protection of assets and information; prevention and detection of fraud and mistakes; quality documents and producing timely,



reliable information relating to the management system. Internal control standards represents a minimum of management rules, meant to create a uniform and coherent model of managerial control. In addition, standards constitute a system of reference against which managers evaluate internal control systems, to identify areas and directions of change while the internal audit is independent and objective, who gives the organization an assurance with regard to the degree of control over operations, a guide to improve its operations and contributing to the addition of an extra value. Internal control is a management tool used to provide reasonable assurance that the objectives of the organization are achieved. Internal control is present on all levels and throughout all organizational entity functions. Information obtained through control are essential for the completion of the planning function and to commence a new management cycle (planning, organizing, leading, controlling). Exercise control function also involves strategy development control, in order to avoid risks that may cause undesirable deviations from policies and objectives. The strategy is aimed at, mainly, integration and control in structural components, process organization organizational entity. Proper control will lead to: the reliability and integrity of information; compliance with policies, plans, procedures, laws and regulations in force; protection of assets; the use of economic, efficient and effective management of resources; achieving specific and general objectives; establishment of control types that are to be applied; establishment of control activities.



*Fig 4. Control management system*

## **Conclusion**

At the level of the organization, the manager should be able to communicate a correct, efficient and effective information, both vertically and horizontally in order to achieve optimal internal and external claims and in concordance with managerial and organizational objectives. This is where the management functions interfere, helping managers to understand how to achieve a competitive advantage in the market using coordinates in setting objectives.

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