MANAGEMENT AND ORGANIZATIONAL CHANGE IN BUSINESS ORGANIZATIONS

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Abstract

This article aims to understand how modern business organizations, especially large ones, and the global economic framework mutually influence each other, and how these interactions generate current economic developments. In this context, the paths for improving the management of large business organizations are identified through aligning their economic, financial, and social responsibilities.

Keywords: organizations, management, business, globalization, regionalization

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Introduction

Despite assertions made by some experts regarding international trade and the importance of competitive advantages for the economies of nations, reality unequivocally demonstrates that it is not the states that engage in international trade, but rather the companies. Companies are the actors that decide when, what, how much, and especially where to produce, and they also determine when, what, how much, and from where to purchase. Statistics show that approximately half of the volume of international trade flows is attributed to transactions conducted within firms, among their divisions, sectors, and branches scattered across the globe. The managers of multinational corporations are the ones who define global strategies for international trade, and through lobbying efforts on governments, they officially impose these guidelines, transforming them into public policies.

In other words, the interests and plans of multinational corporations are the factors that set the vectors of economic activity on a global scale. Governments merely institutionalize these orientations, and the resulting framework is considered to be the "regime or global economic order" that has been intensely discussed in recent times (Jansson, 2013). Of course, not all countries, through their governments, have enough power to shape this regime. Only the governments of countries where significant concentrations of companies holding strong positions in global markets are located can efficiently and operationally exert such influences. This brings us back to the point from which we started – multinational corporations. What happens within them, the performance objectives they pursue, and the market strategies they follow are the engines that propel not only national economies but also the global economy as a whole (Cao and Clarke and Lehaney, 2003).

Undoubtedly, the overall landscape of international business operations also matters. Here, we should not overlook the fact that economic globalization, despite being omnipresent in its manifestations, remains extremely unevenly distributed, with a dominance of Western countries, followed by a privileged economy undergoing rapid expansion. However, despite the concentration of core competencies in the home countries of major multinational corporations, their residual activity is quite geographically dispersed. This means that multinational firms operate in different regions and at different levels. They are not uniform in terms of the geographic spread of their assets and operations outside their home country, nor in the ways their activities have been internationalized.

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However, the underlying idea of any business internationalization strategy is that large companies persist in identifying and exploring opportunities offered by local configurations of production, logistics, finance, and distribution that can enhance their competitiveness on a global scale (Bordia and Hobman and Jones and Gallois and Callan, 2004).

The promotion of techno-globalism has been supported by several other significant changes that have also unfolded on a global scale. Firstly, we consider the internationalization of financial markets, which has led to a diversification of the geographic areas of origin for the capital used to finance major corporations. Secondly, the practice of actively including foreign managers has expanded not only in middle management but also at the levels corresponding to top management. Finally, the goals, orientation, and content of the market strategy of major companies have acquired a pronounced multi-zonal, interregional, and global character (Jalagat, 2016).

It follows that the very meaning of the idea of a "successful business" has undergone radical transformations. A successful business no longer solely means a product of quality or exceptional technologies, as the business world had become accustomed to in the 1950s-1980s. Success in the globalized economy increasingly relies on an entirely different competency – the ability to assemble/reassemble, on a global scale, functional and efficient systems for creating economic value, formed by dozens or even hundreds of units of different sizes and various specializations, located hundreds or perhaps thousands of kilometres apart from each other.

The ability to project, synchronize, and coordinate business mechanisms characterized by remarkable structural and operational diversity has become an essential skill in the context of the global economy. However, the capacity to integrate and steer such complex mechanisms cannot fully realize its potential without another type of competency – communication skills. This is because the integration and harmonization of disparate elements are not possible without establishing a common mission and shared meanings among all participants.

In their role as organizations or mega-organizations, major multinational companies encompass and exhibit absolutely all the characteristics of human communities – individual and group organizational behaviours, as well as cognitive-psychological phenomena, including organizational culture, leadership, the formation of internal hierarchies, standard cooperation schemes among members, work ethics, conflicts, pressures in favour of change, as well as resistance to change, power dynamics, organizational learning, etc. However, the meta- phenomenon that envelops and permeates them all is communication. Wherever multiple people gather, communication is inevitable (Helms-Mills and Dye and Mills, 2008).

The Imperative of Recognizing Certain Objective Limits of Management

Management must provide consistency and coherence to organizational reality to make it more efficient. One of the defining traits of modern reality is its immense complexity. Mastering and leveraging the complexity of managed phenomena – that is the true challenge of contemporary management! In our times, the intertwining of seemingly simple causal relationships can create unimaginable complexity and hypercomplexity. Its fundamental characteristic is heightened uncertainty. We must be acutely aware that hypercomplexity does not tolerate well-calculated and precisely articulated solutions. Modern business organizations represent hypercomplex systems, and managing hypercomplex systems involves managing instability, ruptures, and crises. Hypercomplexity dislikes linearity and predictability; instead, it thrives on leaps, catastrophes, and the unpredictable.

It has been observed that hypercomplex systems, including socio-economic ones, possess special properties: their shock absorption, reorganization, and recovery capacities – in a word, their self-organization – are significantly superior to those of simple systems (Dumitrașcu, 2010). The evolution of hypercomplex systems is a perpetual fluctuation between disorder and order, and their long-term behaviours cannot be optimized simply because they can never achieve a stable equilibrium state. Increased complexity is simultaneously a prolific generator of vulnerabilities and a prodigious source of competitiveness. Playing at these two extremes represents the great passion of the hypercomplex (Goksoy and Ozsoy and Vayvay, 2012).

The author argues that managing hypercomplexity is the art of deliberately inducing turbulence in system dynamics to redirect the released energy towards opportunities for reorganization into more efficient forms than before. Communication, learning, and the accumulation of organizational knowledge are crucial factors that confer advantages.

Additionally, efficiently managing complexity requires abandoning reductionist thinking and cultivating a nuanced, rich, and multi-referential mode of reflection. The emphasis on analysis and deduction needs to be replaced with a preference for synthesis and induction. In essence, the core of the issue lies in endowing the business organization with the level of internal and external complexity that can be best managed, avoiding both the underutilization of organizational potential and its excessive forcing.

A fundamental idea is that managing hypercomplex systems involves the development of self-organizing skills rather than resorting to directive-voluntarist adjustments, often disguised as so-called "rational decisions." Diversity and uncertainty cannot be rigorously controlled solely in a rationalist and centralized manner. The capacity for self-organization is essential because hypercomplex systems exhibit a pronounced tendency toward chaos: their behaviours can undergo significant changes caused by insignificant variations in initial conditions. Nevertheless, chaos does not necessarily mean only disorder, reassures the author. Chaos is, in fact, a disorder that conceals a subtle order. Therefore, so-called chaotic behaviours are not entirely devoid of meaning and purpose but unfold according to extremely winding patterns (Westover, 2010).

The forces that compel hypercomplex systems to adhere to a certain trajectory in the long term, even if highly intricate, are called attractors. Understanding and utilizing attractors are fundamental in managing hypercomplex systems. The organization's strategy itself should be viewed as a process of abandoning old attractors and propelling the organization into the influence zone of new attractors. This assertion expresses one of the most profound paradigm shifts in strategic management (Sikdar and Payyazhi, 2014).

The deficit of self-organizing skills is, indeed, the main cause of economic systems entering into crisis. This is because self-organization is the property that provides the system with the energy and dynamism necessary to cope with external and internal shocks. Its inadequacy means weakening the viability of the system and drawing it into an extremely dangerous evolutionary zone where anything is possible. Hypercomplex systems are highly sensitive and capable of experiencing considerable fluctuations in behaviour caused by minor changes in conditions. The heightened sensitivity makes a crisis a state almost normal, as the system hesitates to settle into a specific behaviour, attempting numerous behavioural variations at short intervals. Real solutions to emerge from a crisis are based on communication, learning, and knowledge processing. Together, these elements generate the capacity for self-organization.

Chaos is not untamed, and this aspect is undeniable. Certainly, any chaotic situation contains certain elements of order—an order hidden beneath the appearance of disorder. Therefore, we believe that understanding this order is the key to managing hypercomplex systems (Wijethilake and Upadhaya and Lama, 2023).

Management and Organizational Change

Regarding management and organizational change, the priorities of a business organization should focus on the following issues (Vlăsceanu, 2005):

- Creating strategic economic processes with considerable potential to drive the entire business.
- Consolidating economic, financial, commercial, and human balances by promoting a multi-referential and complex perspective on efficiency.
- Dedication to social responsibility and business ethics.
- Ensuring the efficiency and quality of its products and services.

The arguments in favour of this selection are as clear and conclusive as possible:
Firstly, it is well-known that stable business growth is not possible outside the structured business model/value chain consisting of activities and operations for which the organization possesses strong competencies and adequate resources (Supriharyanti and Sukoco, 2023). Creating "competence nuclei" within the organization, by promoting strategic processes where the organization has strong competitive advantages, seems to be the premise for balanced and sustained economic development of the business (Husain, 2013).

Secondly, prolonged control solely over the main economic and financial balances is simply not possible if there is no critical mass of individuals and groups at the level of the organization's primary activity structures whose activities are characterized by involvement, creative responsibility, discipline, which subsequently translates into a high level of labour productivity (calculated on the created added value) and profitability. The social and human weaknesses of the organization, if left unaddressed, will continually exert serious pressures towards the destabilization of economic and financial aspects. Once the organization manages to ensure its main economic and financial balances, normalizing internal organizational behaviours becomes necessary (Errida and Lotfi, 2021).

Thirdly, we all know that companies use society's resources to create economic wealth. These resources come only partially from investors/shareholders, with many other areas of society contributing to the functioning of businesses. Therefore, it is natural for companies to have responsibilities not only towards the owners/providers of financial capital but also towards other contributing parties – employees, the community, partners, etc. Corporate social responsibility is one of the main means of improving the economic climate. Perhaps, this conclusion is the main lesson taught to us by any economic crisis, including the post-pandemic one (Shani and Noumair, 2021).

Ultimately, business growth and a healthy internal climate are not possible without delivering products/services to the market that are appreciated by consumers and society at large. In this context, streamlining processes and product delivery systems is a crucial aspect. The reorganization of the organization-customer relationship is indispensable. Complete abandonment of a narrow understanding of the role of the business organization in favour of interdependence and cooperation between the organization and its customers should, in our opinion, be the main vector for continuing the organizational management reorganization effort (Phillips, 1983).

Viewed as a whole, these priorities outline a very broad field of action that encompasses the main decision-making areas of management (Marković, 2008). The close interdependence between the four priority aspects calls for complex solutions. The strategy and functional policies will need to be developed as responses to a set of issues that the organization is forced to address, rather than solutions for specific, individual, or simple problems (Nadler, 1993). Looking at things broadly and deeply at the same time will be a great challenge for an organization that seeks to reinvent itself.

Among the actions aimed at efficiently supporting the stated priorities, we will mention only those which, in our opinion, have a relevant and significant impact on the quality of the managerial act:

- Shifting the focus from administrative-coercive mechanisms to economic-financial and psychosociological ones in addressing fundamental issues that arise within the organization.
- Actively implementing the concept of "project-based management" at the organizational management level.

- Introducing multi-year business budgeting practices based on forecasts, impact studies, and feasibility studies.
- Continuous and systematic evaluation of management performance through cost-benefit and input-output analyses.
- Implementing an appropriate and transparent policy for allocating organizational resources.
- Increasing the organization's capitalization and investment capacity, especially based on earned profit and reserves.
- Improving the mechanisms of corporate governance within the organization.
- Expanding the practices of "coordinated interdependence," including internal organization solutions that involve decentralization and delegation of authority and responsibility or other forms of job enrichment/widening.
- Encouraging employee creativity and discipline – the two essential sources of business development.

Expanding e-management solutions so that numerous decisions currently made at the hierarchical top of the organization are replaced by decisions made "at the grassroots." These interrelated objectives represent an integrated system. Therefore, pursuing them simultaneously is presented as a mandatory condition for the success of business organizational management (Senior and Fleming, 2006).

Below, I intend to review some of the measures for reforming the organizational management subsystem, as without flexible and functionally efficient management, the organization will not be able to promote and support adjustment processes in the other subsystems – operational, financial, commercial, human, etc. (Waterman, 2013). But before doing so, I plan to present the fundamental ideas that should underlie the "new" organizational management:

- Management must have an entrepreneurial character and continuously improve the quality of decisions and measures adopted.
- Management must collaborate with the execution staff to achieve established economic and financial objectives.
- Management must assess its performance based on measurable results.
- Management must enhance its accountability to all groups involved in the organization's activities, which should be understood not only in terms of legal requirements but also the community of values.
- Management must provide an opportunity for expression for all groups interested in the proper functioning of the organization.
- Management must anticipate and resolve issues.

Given this core of foundational ideas, we consider it necessary to consolidate and systematize the following organizational management practices:

Reintroducing flexible and indicative strategic planning. Strategic planning focuses on improving managerial decision processes rather than creating excessive documentation, long- term environmental trend analysis, and establishing general directions for organizational development. Public strategic planning should be reintroduced at all levels of management.

Assimilating total quality management practices by organizational management. This practice can also be referred to as "organizational quality management," constituting a management philosophy, a set of principles, and a series of techniques aimed at continuously improving and, if necessary, redesigning processes within organizations from top to bottom so that customers are fully satisfied with the services, performance, procedures, and employees of the respective organization.

Systematizing human resources management elements within the organization. Recruitment, selection, placement, training, and promotion practices should be oriented towards the goal of enhancing the performance of the business organization.

Developing policies for the systematic evaluation and management of the organization's intangible assets is essential for its competitiveness. A model of this kind will create extensive synergies between approaches and efforts undertaken at different hierarchical levels, between the overall dynamics of the organization and the local micro dynamics within it.

To configure such a model, we need to critically examine the following factors (Sthale, 2021):

- *Market capital*: Who are the organization's partners? How wealthy, solvent, and commercially stable are they? Are the relationships with them fruitful, lasting, ascending, or declining?
- *Human capital*: What is the level of education and qualification of employees, the internal social climate, etc.?
- *Organizational capital*: What is the level of completeness of various organizational components? What is the quality of processes, standards, and policies based on which the organization operates? What is the reliability of economic management mechanisms and gears?
- *Knowledge capital*: What is the quality of the research, development, and innovation system? How are the research results absorbed and incorporated into the practices and products of the organization?
- *Informational systems*: What is the number of computers/digital applications per employee? What are the computer skills of employees? What is the level of internet access? What is the reliability of the information solutions used by the organization?
- *Supplier capital*: What is the quality of partnerships related to imports and financing, the robustness of these partnerships, and the fallback solutions in case of difficulties or force majeure?
- *Management*: Are the processes of substantiating, adopting, implementing, and controlling decisions reliable? Are employees satisfied with managerial practices and the quality of decisions made?
- *Brand image*: How is the organization known by its external audiences?
- *Ecological capital*: What is the organization's level of concern for the protection of the biophysical environment?

The management team must always focus on the following aspects:

- Facilities that management needs to provide to make the organization a more attractive workplace for employees.
- Ways to stimulate and attract innovative ideas.
- Methods to intensify and motivate internal entrepreneurial spirit.
- Organizational structures necessary for the efficient utilization of resources and entrepreneurial spirit.
- Changes that need to be undertaken to prepare the organization for confronting new commercial, social, technological, and cultural developments.

In practice, an unequivocal clarification of each of the mentioned areas will lead to the outline of the developmental model that any high-performing business organization needs. The "piloting subsystem" scenario compels organizational management to have a profound and professional reflection on the place the organization will have in today's intensely competitive market. An inspired, coherent, clear, and appealing vision can provide the organization with the energy to fit into a trajectory characterized by dynamism and competitiveness.

Conclusions

One of the fundamental traits of the global economy at the turn of the new millennium is the undergoing of a new evolutionary process of structural, qualitative, and quantitative transformations stemming from the very dynamics of economic processes taking place on a global scale. The debate on globalization generally focuses on the becoming of national entities: national economies, national socio-economic systems, and nation-states. The increasing interdependence among economic entities is the result of evolutionary changes in technology and techniques applied at micro and macro levels, leading to the growth of production volume and the need for its dissemination beyond the limits of national markets. Consequently, international trade began to grow more rapidly than national production, at around 5.3% per year. To put it into perspective, in 1980-1990, the growth rate was 1.9% per year.

The shift of the global economy towards a new stage based on the massive use of information as a determinant factor for growth has generated a modification of its main characteristics. This implies the transition to a new global economic order in which globalization and transnationalization, complemented and symbiotic with regionalization, have become key terms to describe phenomena and processes of economic, political, social, and military nature. These processes are intended to ensure overall development and growth and address new challenges faced by humanity at the beginning of this millennium. At the beginning of the 20th century, the integration of the global economy progressed in two seemingly contradictory ways: globalization and regionalization.

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