

CHALLENGES OF ORGANIZATIONAL MANAGEMENT IN THE PRESENT CONTEXT

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Abstract: *In the current context where technology and digitalization are increasingly putting their mark on life, it is essential to adapt on the go. These challenges are also felt by the management of companies, regardless of their size and the sector in which they operate. The current period we are transiting in the field of organization management is characterized by two major categories of challenges: the new challenges of recent years, which were generated primarily by the pandemic and the crisis in Ukraine - there are multiple challenges that relate to prices, inflation, energy, supply chains, the structure and dynamics of markets, and so on; and the challenges that have been manifesting for several decades, which are fundamental and which mark and will further mark our evolution.*

Keywords: management, organization, planning, suppliers, procurement management.

INTRODUCTION

“Management is the newest of sciences and the oldest of arts” [J. J. Serven Sreiber].

A retrospective look at society allows us to see that management is an old art. The peoples of ancient civilization - the Sumerians, the Egyptians, the Babylonians, the Romans - organized and led various activities, which can confirm the art character of management. History tells us that the Sumerians used written documents to facilitate commercial operations, the Romans ruled the empire using effective communications and centralized control.

Most human activities were in the beginning arts. Over time, they turned to sciences, using methods, developing principles and theories, being able to be transmitted and learned, replacing intuition, vocation, talent. During the accumulation of new knowledge, the theory of specific management means is also developed.

Management as a science involves the development of general working concepts, principles, methods and working techniques, the use of which must ensure the optimal use of human, material, and financial potential in organizations.

Society could not exist in the form we know today, nor could it progress without managers. Every society or culture has various forms of social, political, or economic organizations that require management and managers.

In the past and in the first decades of the 21st century, managerial thinking and practice, their human dimension has steadily increased, the place of unilateral, reductionist, mechanistic approaches being progressively taken by the globalist, integrative ones.

We note that the entire process of the emergence, evolution and maturation of management highlights the presence of a special interest in ensuring the conditions necessary to capitalize the potential of human resources and the foundation and application of a scientific management in this field.

When management uses organized basic knowledge (principles, methods, techniques), it becomes science. *“When this knowledge is applied according to specific conditions, in order to achieve desired results, then it becomes art.”*¹

In a straightforward way of definition, management means achieving goals with the help of employees, within organizations. Specialists say that: *“Studying management processes and relations within organizations, in order to discover the laws and principles that govern them and to design new systems, methods, methods, techniques and management methods are likely to ensure the achievement and increase of competitiveness.”*²

There are a number of contemporary management studies, which establish that the managerial processes are simultaneously conditioned by a series of economic, social, psychological, psycho-social, demographic, legal, political, technological, physical, and geographic, as well as historical factors.

It can be said that management is an extensive process of conception, design, realization and following hierarchical and functional relations within businesses and organizations, established between people and grounded by ideas and concepts in order to discover the principles, laws and legislations that govern them, ensuring the stability and relative balance over time of economic organizations and their management by following their performance.

1 T. Moga, C.V. Rădulescu, Fundamentals of management, ASE Publishing House, 2004, pp 15.

2 Nicolescu, I. Verboncu, Management of the organization, Economica Publishing House, 2007, pp.18.

The existence and functioning of the contemporary economy show us that it is supported by the activity conducted by national, as well as multinational organizations. In the future society, which will be a society of organizations, the organization of tomorrow will have to be capable of constant change. It must be organized for innovation, and innovation is a “creative destruction”. It must be organized for the systematic transformation of what is established, of the traditional, familiar, comfortable, regardless of whether we are referring to products, services, processes, human and social relations, skills or even some organizations themselves.

MANAGEMENT FUNCTIONS. MANAGEMENT AND ORGANIZATION

The essence of management is represented by its functions or attributes. One of the first theoreticians in the field who defined management by its functions was H. Fayol that identifies “five main functions: forecasting, organizing, commanding, coordinating and controlling.” Other authors, such as Longenecket J. and Ch. Pringle (1981) addresses management through “four functions: planning and decision making, organizing for performance, directing and motivating, and controlling results.”³

Our opinion regarding management as a process is that it represents nothing else than the integrated set of provision, organization, coordination, training, and control-regulation actions exercised to establish and achieve the objectives of the organization. We opt for the management process to be divided into five functions:

- forecast
- organization
- coordination
- training
- control-regulation.

The **forecast** assembles the actions by which the organization’s goals are set up (in the short, medium, and long term), the ways of action to achieve them are decided and the necessary resources are structured. The foresight function materializes in strategies, tactics, policies, plans and programs.

The **organization** contains the set of actions through which the processes of physical and intellectual work are established and differentiated,

3 E. Crisan, C. A. Zevoianu, C. C. Mitra, R. Stegorean Organizational risk management, an applied procedural approach, Risoprint Publishing House, Cluj-Napoca, 2018, pp.17.

their elements (movements, times, operations, works, tasks, and others), as well as their grouping by positions, work formations, compartments, and their assignment to the personnel to meet the proposed objectives.

Coordination is defined as the set of actions through which the decisions and activities of the organization's personnel and its subsystems are harmonized, in accordance with the forecasts and organizational system established in advance.

The **training** is structured from all the actions by which the organization's personnel are influenced to contribute to the achievement of the established goals, based on the consideration of the factors that motivate them.

Control-regulation incorporates the set of actions by which the performances of the organization, its subsystems and components are evaluated, based on the comparison of the results with the goals and standards initially established, in order to identify deviations and eliminate deficiencies.

The terms "management and organization are so related to each other that we will not understand what management really is without defining and presenting the main milestones of the organization."⁴ The existence of organizations determined the appearance and development of their management. The people who coordinated their activity shared tasks, motivated people, managed things as a whole. They were generically called managers, and their respective discipline, management.

There are numerous definitions given to the organization, we subscribe to the definition given by Chester Barnard: "*Organizations are a system of activities or forces of two or more people, consciously coordinated.*"⁵ We also subscribe to the statement of Mrs. M. Vlăsceanu "*Organizations are an integrated part of the environment in which we live, work and relax.*"⁶

Many organizations/ companies use the modeling of their processes as an integral part of management policies. Thus, the implementation of the best structure is tried in order to have an efficient quality management system. From a managerial point of view, an organization can be approached through several categories of elements, of methodological, decisional, informational, organizational, motivational, psychosociological nature, among which there are relations that give functionality to the (man-

4 C. Voicu, Stefan Prună, Organizational management of the police-theoretical foundations, Bucharest, 2007, pp.18

5 Barnard, Chester, Organization and Management, Cambridge, M.A., Harvard University Press, 1952

6 M.Vlăsceanu, Psychosociology of organizations and management, Paideia Publishing House, Bucharest, 1995, PP.34.

agement) system. Its managerial components refer to: the methodological component; the decision-making component; the informational component; the organizational component.

CHALLENGES OF THE MODERN ORGANIZATION REGARDING PROCUREMENT MANAGEMENT

In order to cope with the pace of galloping economic development, organizations have to adapt to new requirements and challenges, fundamentally different from those faced by traditional organizations. The economy, organization, and management open a new market for business that demands fundamental change.

The organization of the future must ensure in its interior a strong solidarity – group cohesion – and strong interpersonal relationships, be flexible, supple, open to learning as a continuous process, towards continuous redefinition.

Modern management involves several abilities and guidelines, many of which involve skills related to statistics, the use of information technology, accounting, and mathematics. Management focuses on rational problem solving and logical thinking. Given the fact that management necessarily involves people, it is of significant importance to possess interpersonal skills – the ability to work with individuals, but also with working teams.

An essential part of the management activity of the organization is procurement management, the component we will treat in the current context. Procurement management is also called the process from supply to payment. It includes the evaluation, selection, and creation of formal contractual agreements, as well as the management of continuous relations with the company's suppliers. This entire process is also known as procurement management.

The procurement management process includes transactions to purchase goods and services, integrating receivables, to complete the cycle from supply to payment by processing payment invoices for suppliers. Procurement management exceeds the simple act of buying. It is about strategic sourcing of everything necessary for a project. This involves a deeper understanding of the market, the quality of goods and services, as well as the reliability of suppliers. The world of procurement is constantly changing.

Market conditions, technological advances and project changes require procurement management to be dynamic and adaptable. This fluidity requires constant vigilance and flexibility, ensuring that procurement strategies evolve as the company progresses. Purchases are not just a series of

transactions; they are a strategic function. Each document and process step must be carefully managed in order to align with the company's goals for each particular project.

The purchasing process is a multi-step journey:

1. Procurement management planning: This initial phase involves determining what to acquire, when and how. It includes the creation of procurement documents and the development of a procurement strategy.
2. Making acquisitions: At this stage, procurement documents are distributed to potential suppliers. Proposals are received, evaluated and a supplier is selected. This stage often involves negotiations to complete the terms of the contract.
3. Procurement control: This ongoing process involves managing procurement relations, monitoring contract performance, and making necessary changes. It is about ensuring that suppliers meet their contractual obligations and project needs.
4. Closing acquisitions: The final phase of procurement is the one in which the contract is officially concluded. This involves ensuring that all work has been satisfactorily completed and resolving any outstanding issues.

Procurement management, although crucial in the work of the organization, is full of various risks and challenges. These can come from a number of factors, from market dynamics to inefficiency of internal processes. In the following we will analyze some of the common risks and challenges faced by managing multi-level procurement:

a) Market related risks

- Supplier risks: Supplier risks may include financial instability of a supplier, quality problems or failure to deliver on time. These risks can disrupt the supply chain and affect project deadlines and budgets.
- Price volatility: Fluctuating prices of goods and services, often driven by market forces such as supply and demand imbalances, can present significant risks. This volatility can make budgeting and cost estimation difficult.
- Geopolitical factors: Global procurement activities may be affected by geopolitical events, trade disputes or regulatory changes, leading to supply chain disruptions.

b) Process and relational challenges:

- Inefficient procurement processes: Inadequate procurement pro-

cesses can lead to delays, errors, and increased costs. This includes poor documentation, lack of standardized procedures or inadequate technology systems.

- Contract management issues: Challenges in contract management, such as unclear conditions, improper enforcement or lack of flexibility can lead to disputes and tense relations with suppliers.
- Stakeholder misalignment: Misalignment between project goals and procurement objectives or a lack of coordination between stakeholders can hinder procurement effectiveness.

c) Quality and compliance risks:

- Failures of quality control: Risks related to the quality of purchased materials or services may have an impact on the overall outcome of the project. This includes non-compliance with standards or specifications.
- Compliance risks: Failure to comply with legal, regulatory, or ethical standards in procurement can lead to legal consequences and damage the reputation of an organization.

d) Strategies for risk reduction

- To mitigate these risks, organizations can adopt various strategies:
- Thorough assessment of the supplier: Conducting detailed assessments of the suppliers' capabilities, financial stability and history can help select reliable partners.
- Supplier diversification: Reducing reliance on a single supplier and diversifying the supplier base can mitigate risks related to supplier failures or market volatility.
- Robust contract management: Clear contractual terms, effective monitoring and flexibility can help manage contract-related challenges.
- Integrated risk management: Incorporating risk management into the procurement process, including regular risk assessments, and developing contingency plans.
- Involvement of interested parties: Ensure alignment between all stakeholders, including suppliers, on project goals and procurement strategies.
- Quality assurance processes: Implementing rigorous quality control checks and compliance audits to ensure that standards are met.
- Use of technology: Using procurement software for process automation, better documentation, and real-time monitoring.

Managing risks and challenges in procurement is essential to ensure

the success of the organization. By identifying potential risks and implementing effective strategies to mitigate them, organizations can navigate the complex procurement management landscape more effectively. This requires a proactive approach, with a focus on continuous improvement and adaptation to changing conditions. Successful procurement management not only addresses the immediate needs of organizations, but also contributes to the resilience and long-term sustainability of the organization's supply chain operations.

Effective risk management in procurement is a multifaceted endeavor. It involves a combination of strategic planning, operational excellence, strong supplier relations and robust compliance mechanisms. By prioritizing these issues, organizations can not only overcome the challenges inherent in procurement, but also turn these challenges into opportunities for growth and competitive advantage.

The goal is to create a procurement ecosystem that is resilient, efficient, and aligned with the broader goals of the organization and its projects.

Whether it is centralized or decentralized, integrated in the operational, financial, supply chain or marketing department, today procurement management stands for an indispensable binder for any organization of a certain caliber. In general, the role of procurement is to closely follow the company's business strategy, minimize risks, save time and money, identify possibilities for revenue growth, and, ensure a transparent and controlled process, improve supplier performance, ensure compliance with applicable legal requirements and ISO standards, and to deliver services that ultimately make a difference, in short, to generate returns.

The content of activities specific to procurement management refers to identifying and describing a business need, planning, research in order to identify suitable suppliers, organizing tenders and evaluating offers, selection of suppliers, conclusion of contracts, placing orders based on concluded contracts, reception of goods/ services, processing invoices for payment, contract development and management, monitoring and evaluating supplier performance.

CONCLUSIONS

For the long-term success of an organization, it is important for its leaders to be aware of the dynamics of professional relations and the challenges of an increasingly competitive work environment. However, there are effective methods in which modern management can cope with these

challenges, strengthening an organization's market position.

The study of this topic contributes to the formation and development of useful skills in the management of the organization, in the current context; and in procurement management in particular, responds to a number of issues encountered in the organizational environment, with application in procurement management, leading to new initiatives, methods and tools necessary for the business of the future. At the same time, we do not believe that we have exhausted all aspects of the solution, so that the topic being addressed can improve its content and form of approach.

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