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CHANGES IN MANAGEMENT SYSTEMS OF JEOPARDIZED ORGANIZATIONS

Summary: One of the reasons for destabilization of equilibrium in economic organizations is the neglect of internal dangers resulting from the inefficiency of company management systems. Basing on the presentation of a management system concept, we postulate changes in the architecture of such systems that may effectively eliminate or limit the impact of internal dangers, resulting in an increased positive potential of the organization.

Keywords: organizational threats, organizational equilibrium, organizational change.

1. Introduction

The increased dynamics of modern organization environment as well as the inefficiency of organizational mechanisms of adaptation pose dangers which cannot be readily and effectively faced or counteracted. Those dangers are usually perceived in negative terms, as factors contributing to the destabilization of the current state of equilibrium in an organization that faces them. However, they can be also perceived from a different perspective, as opportunities for strategic renewal. For this approach to be valid, it is necessary to introduce changes in all the elements that constitute the management system of the organization. The principal aim of this paper is to present changes that are necessary for the management system not only in order to defuse the present dangers, but also to turn the unfavorable conditions into opportunities for success. Perceiving the problems of company strategic renewal in the context of changes in the individual components of the company management system offers the chance not only for an accurate identification of causes of the dangers faced, but also for an indication of new ways to increase the organizational potential of the company in terms of development and growth. In the practice of management, the impact of individual elements of the management system with respect to forecasting and elimination of dangers is often underestimated or directly neglected. This trend results from the unawareness of the structure of the company management system in general, as well as the lack of knowledge of the properties of the individual elements of the system and their impact on both the organizational equilibrium and the strategic situation of the organization. Another important purpose of this paper is

to demonstrate the significance of individual elements of the company management system as the factors that may generate new dangers or offer potential for proper and effective counteracting of the existing problems.

2. Dangers as natural phenomena of the company operating environment

In the most universal approach, danger is a phenomenon that contributes to a decrease or elimination of the sense of security. Danger may affect both the organization as a whole and the individual participants of the organization. In the case of crisis phenomena, the feeling of insecurity among individual participants derives from the insecurity of the organization as a whole. However, the sense of insecurity among individual members may also be observed in organizations of good strategic standing, namely those that are in the process of introducing changes of adaptive or anticipative nature, aimed not only at satisfying the environmental requirements, but also improving the level of internal equilibrium. Organizational dangers are typically a result of human actions, but can also be generated by natural forces. Organizations, as artificial systems, are predominantly exposed to dangers caused by human actions, either of regulative or real quality. Dangers may apply to various aspects of organization functioning or condition. Typically, they are destructive in nature, but they may also be perceived as factors of positive impact upon company defensive mechanisms. In the latter case, they become impulses for radical changes – the ones that would never stand a chance of implementation were it not for the danger involved. Consequently, dangers may play an important role in the process of company strategic renewal. From the viewpoint of managing the companies under renewal, one of the fundamental aspects is danger identification. Dangers may develop in the organizational environment, either the immediate or the competitive one, and their substance affects process trends and occurrences of negative influence upon company results. Any element of the macroeconomic environment may be a source of dangers: economic, political, legal, socio-cultural, demographic, technical or international. A common denominator of such dangers is the fact that they are generated outside the area of immediate influence of the economic entity. The analysis of management behaviors of companies affected by crisis phenomena shows that the majority of the organizations perceives dangers as external negative phenomena, the ones that cannot be effectively addressed by the danger-affected company. This observation is confirmed by Rafał Krupski [2008, p. 15]; according to the author's research results, companies are more likely to perceive external dangers, as opposed to internal ones, deemed by the author as subjective. The results also indicate the dominant role of external dangers generated in the market environment of the affected organization. These involve such phenomena as the decrease of customer base, escalation of aggressive behavior on the part of the competition, as well as the failure to meet the commitments on the part of the

purchaser. Another alarming conclusion is that many organizations fail to perceive positive aspects of dangers, namely their potential for mobilizing the defensive mechanisms of the company against the negative effects of such dangers. Companies not always approach dangers as opportunities for company renewal. Internal dangers, on the other hand, are in clear contrast to the external ones, in terms of their origin. Internal dangers are always a consequence of inefficiencies or malfunctions of the company management system. As a result, the analysis of internal dangers should be conducted in the context of the individual elements of the management system, as underlying causes of the dangers faced by the organization.

3. Structure of the organization management system and its role in the generation of internal dangers

Professional literature defines the nature of the management system in a variety of ways. The author postulates an integrated approach to management system, perceived as a uniform conglomerate of values and goals, regulations and structures, management methods and adaptation mechanisms that shape the relationship between all the aforementioned elements [Skalik and Belz 2007].

Values and goals, in the author's approach, are a product of fundamental assumptions and aspirations of both the company founders and its stakeholders. Organizational values are a set of features that distinguish the organization from the other actors operating in the sector, and as such they form the basis for its functioning. They define the framework of behaviors of the organization participants and directly influence the remaining elements of the organization management system. Certain universal values, such as quality, innovation, effectiveness, efficiency and propensity to change are of fundamental significance for any modern organization. Neglect for values in the practice of management may be a major source of internal dangers in an organization – this element is not deterministic and can easily be addressed by elimination of unsound decisions and flawed behaviors of the organization participants. The dangers generated in this area are primarily of social and ethical (moral) character. The former are typically generated by the lack of employee's loyalty or effective motivation, persistent conflicts and discrepancies between organizational culture, on the one hand, and the strategic goals and current tasks on the other. A classic example of compound internal dangers generated in the social sphere is the persistence of acute wage bargaining accompanied by strikes. Dangers may also result from inflated or misapprehended formalism within the organization. Another source of dangers to the organization is the overt disrespect for ethical and moral principles of the society, as manifested in the acts of misappropriation, fraudulence, graft, employee persecution, sabotage and manipulation. Internal dangers in business organizations can be also generated by an improper approach to company goal formulation or by focusing on inappropriate goals. In this case, the dangers result from the lack of vision, mission or clear long-term goals, taking on

an incorrect strategy of development, misguided planning or autonomization of the company.

Dangers in organizations can also result from inefficiency of some other elements of the management structure, namely: structures and regulations, management methods and mechanisms of adaptation. Structures and regulations form a framework for management processes, define hierarchies, set up decision-making powers, range of duties, operating procedures and organizational ties. They are responsible for maintaining the flexibility of the organization and its capability to absorb and create knowledge. Methods and practices of management define the perception and practical implementation of such functions as planning, organizing, motivating and controlling. Structures and regulations, together with the associated methods and practices of management may be the source of internal dangers of organizational, managerial and informational character. Their occurrence is a result of an improper selection of organizational structures and styles of management, as well as excessive reliance on conservative management practices and techniques.

Concentration of severe external and internal dangers results in general imbalance of the organization, symptomatic of crisis phenomena. Further escalation of dangers may effectively slow down the development processes or even result in a collapse. Hence, the importance of adaptation mechanisms, another element of the management system, which serves to adjust the conditions of organizational balance, implement adaptive changes and diffuse new knowledge. The driving force of adaptation mechanisms lies in those elements of positive potential of the organization which stem from positive organizational culture and positive climate of relations within the organization [Stankiewicz 2010, p. 47]. Positive organizational culture is a set of dominant organizational values and norms of behavior that support the processes of growth and development. The most valuable elements of positive organizational potential, warranting effective response to dangers, are propensity to change and innovate as well as flexibility. As shown in the preceding discussion, the structure of organization management system can be viewed as both a source of potential dangers and a source of controlling them. Consequently, the process of shaping the management system should take into account the aforementioned duality and formulate the content of its individual elements in such a way as to eliminate potential for internal dangers and, at the same time, provide the ability to forecast and eliminate external dangers in the most effective and timely manner.

4. Postulated changes in the management systems of jeopardized organizations

Jeopardized organizations may approach the elimination of dangers in a provisional or anticipative manner. The former consists of internal changes introduced in response to existing dangers and can be viewed as indicative of low dynamics of the adaptation mechanisms. The responses of the company management are in this

case delayed and apply to all the elements of the management systems. The content and methods of setting company goals are changed to adjust the organization to the new requirements of the environment in which they operate. The scope of such changes is, in this case, a result of a compromise between former expectations of the management cadres and the present potential of meeting them. In extreme situations, this may lead to a conflict between new goals and previous long-term development goals of the organization. Some of the jeopardized organizations strive to “defend” the economic and financial dimension of their original goals through increased diversification of activities, with the purpose of safeguarding their market participation. Others may choose to limit the scope and level of their former activities. Recently, on account of the intensified symptoms of economic decline, changes within company management system has been made under strong pressure of cost reduction. Consequently, organizations favor flexible and “lean” organization structures that offer reduction in manpower. Dynamic growth of different forms of outsourcing ensues, with considerable reduction of costs at the price of increased dependence on external actors. Another aspect of this approach is the interest in modern management methods, particularly those that stimulate market participation. As the provisional (reactive) approach to dangers induces management changes that are considerably delayed, the practice of management should give precedence to anticipative approach, as it offers consistency in meeting the strategic goals while retaining the potential for effective counteracting of dangers. In the anticipative approach, changes to the management system apply mainly to organizational structures and regulations, management methods and practices, as well as adaptation mechanisms. With respect to organizational structures, the postulated changes should strive to augment the flexibility through management decentralization and preference for those structural forms that stimulate diversification of activities and offer potential for continuous adaptation to the changes in company environment. Organizations exposed to frequent dangers of a high intensity should consider using modular-type structures and solutions that allow for forming organic internal relations. This type of structure is characterized by flexible division of work, variable role distribution and multi-dimensional communication. The choice of suitable structures is wide, but always determined by the individual position (standing) of the affected organization. Some companies will respond well to divisional or matrix-type structures, others will find it necessary to introduce project-based or network structures. The aforementioned structural recommendations apply to large organizations. More universal changes can be postulated with respect to methods and practices of management, namely those relating to the anticipative approach to changes and solutions characteristic of crisis management. In this case, dangers should be perceived as a constant element of the operating environment. As such, they should be anticipated in a timely manner. Organizations should provide conditions for eliminating or limiting their negative effects prior to their inevitable occurrence. It seems that one of the useful solutions in this respect is the procedure of anticipative approach to danger in

organization [Skalik 2009, p. 77], with its postulated methods for early identification and forecasting of dangers, danger evaluation and implementation of adequate adjustment measures. This requires not only constant monitoring of the organizational environment and prompt responses to the weakest signals sent by the environment, but also a careful observation of internal processes and events that may potentially disturb the organizational equilibrium. Prompt responses to negative signals from the environment and internal dangers may effectively contain the development of crisis phenomena in the organization.

The postulated approach to changes in mechanisms of adaptation in the management systems of jeopardized organizations are closely related to long-term processes of shaping organizational culture and stimulation of innovations. The changes should be oriented towards development of pro-innovation culture, promoting such key values as: innovation, creativity, change, propensity to risk, involvement and informal communication. Thus defined, the organizational culture activates and motivates the participants of jeopardized organizations and contributes to the increase in their positive potential.

5. Conclusions

As demonstrated in the practice of management, many organizations fail to effectively oppose the internal and external dangers that they face. This inability is, to a large extent, related to the adaptive approach to crisis management and the lack of systemic perception of regulative processes in companies. Many organizations focus on clear and present dangers, with no regard for future dangers. In some cases, sudden and unexpected dangers may hinder the effective response, which may result in grave consequences or even collapse. The anticipative approach to dangers, based on early detection and efficient counter-action, helps not only contain the dangers faced, but also (in favorable conditions) transform the potential danger into an opportunity and profit. It may also stimulate the introduction of unpopular changes which would stand no chance of implementation, were it not for the danger that promoted them. Another source of inefficiency in this respect is the selective approach to changes in the management system, accentuating changes to strategic goals or structures, while disregarding or neglecting the remaining elements of company management. The postulated, decidedly more effective, approach to the management in jeopardized organizations requires simultaneous modifications to all the elements of the system that regulates the functions of the organization. It is also necessary to address internal and external dangers as equivalent factors. More attention should be paid not only to the process of monitoring signals from the company environment, but also to the current analysis of phenomena that occur in the organizational space of the company, which helps to identify internal dangers on early stages and to implement suitable changes in the management system to increase the positive potential of the organization.

References

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ZMIANY W SYSTEMIE ZARZĄDZANIA ZAGROŻONYMI ORGANIZACJAMI

Streszczenie: Często przyczyną zachwiania równowagi wielu organizacji gospodarczych jest ignorowanie wewnętrznych zagrożeń, które wynikają z niesprawności funkcjonujących w nich systemów zarządzania. Na podstawie przedstawionej koncepcji systemu zarządzania przedsiębiorstwem zaproponowano zmiany w jego architekturze, których urzeczywistnienie pozwoli na eliminację lub ograniczenie wewnętrznych zagrożeń i wzmocnienie pozytywnego potencjału organizacji.