

ESSENTIAL CONSIDERATIONS IN ENSURING MANAGEMENT EFFICIENCY IN A MULTINATIONAL ORGANIZATION

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ABSTRACT

Against the background of market economy, there is a strong rivalry within any multinational organization, determined by a fierce competition which gives out an ever less number of winners when compared with the total quantum of challengers. This is the result of a competition that has as its main cause the managerial errors that lay at its base.

In order to evade the premises that lead to such outcomes, organizational management is increasingly faced with rethinking and applying those strategies which are meant to ensure and maintain efficiency. This is, in its turn, a core condition to obtain profitability of the multinational organization, in general, and of its financial activities, in particular.

Therefore, this text approaches several theoretical principles pertaining to the concepts of economic, organizational or managerial efficiency. We have also taken it upon ourselves to analyze some concrete aspects of understanding management efficiency, based on first-hand survey data collection.

With this goal in view, we have highlighted scientific standpoints of several Romanian and foreign authors debating on the topic of economic efficiency; research in a banking company has also been conducted. The results that were cropped from the analysis of theoretical approaches, as well as the conclusions which were drawn in the wake of the on-site research, underline the fact that management efficiency is a complex concept and reality, of paramount importance for a multinational banking corporation, both condition and driving force for increasing proficiency.

KEYWORDS: *organization efficiency , economic efficiency, management efficiency, multinational organization*

JEL CLASSIFICATION: *D61, F23,*

1. INTRODUCTION

A defining feature of this has and will be the ever the looming presence of globalization in all aspects of life, among which the banking and finance field has its well-established place.

Unfortunately, the consequences of the challenges that our society faces, especially the emergence and manifestation of a new crisis, have not been met with timely solutions for cutback and eradication, considering the fact that its debut affected the banking and finance area as well.

At a time, when banking and finance has been playing an increasingly important part all over the world, it is paramount to ensure management efficiency of the organizations in this field of activity, especially when multinational.

This is why the preoccupation of a banking and financial company management should aim at channelizing efforts in the direction of using specific resources to grow efficiency of management processes. This very role of management – that of stimulating and sustaining efficiency of a multinational banking and finance organization – is the leading principle of this essay.

The effectiveness of a multinational organization management must consider its new potential in

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the context of the international financial flow which determines its important role among the factors that make organizations put a stress on finding and implementing solutions in order to increase efficiency.

In this sense the present essay aims to underline ideas that are specific to theoretical approaches towards ensuring and increasing management efficiency of a multinational corporation, as well as to highlight empiric aspects as observed in a survey conducted in a multinational bank.

2. LITERATURE REVIEW

Recent years have been marked by a great variety of processes which will certainly be intensified in the coming period, – processes that will trigger reactions pointing at the overall social progress and the sustained improvement of living standards. For this purpose, the best solutions are sought for and selected for implementation, in order to successfully attain the progress-generating indicators, in general, and those of economic development, in particular. Against this background, economic efficiency is increasingly present in theoretical analysis and practical undertakings which aim at revitalizing the factors that determine and sustain economic growth in general and business profitability in particular; both at macro- and microeconomic level, bearing in mind that efficiency analysis has become the key element in modern microeconomic theory (Niculescu et al., 2003).

Thus, any business activity has economic efficiency at its core both as a premise and as a result. Accepting economic efficiency as a performance indicator, as an objective element, is bound to lead us to its development, even if it might fail at changing opinions with regard to its essence and profile (www.biblioteca-digitala.ase.ro).

Economy is efficient as long as it is organized to offer the consumers the goods and services they expect, using in-place resources and technology. Efficiency thus defined is also known as the “Pareto efficiency or Pareto optimality” after the name of the Italian economist Vilfredo Pareto (1848-1923) who first used this concept (Oprean and others, 2004).

Effort is never reduced solely to human effort (seen as number of people and number of production hours), since in this case the real effort is not taken into consideration, whereas the *Encyclopedia of social science* shows that notions such as „*efficiens*” (i.e. *which produces a palpable effect*) have been around since ancient times; „*efficax*” (i.e. *which produces the desired effect*); „*efficere*” (i.e. *to produce undoubtful effects*), - terms which converge to define efficiency as the capacity of consumed (spent) resources to produce useful effects (results) (*Encyclopedia of social science*, New Castle University, 1994).

Efficiency represents reaching a level of activity with the minimum consumption of resources (Burlaud and Simon, 1999; Morris et al., 2001). This is an expression of the inner working of the company. Most often, the efficiency is expressed as a ratio of the type “input-output ratio” (Ostroff and Schmitt, 1993).

It is, in this context, that we will approach the topic of efficiency at microeconomic level in terms of the rise in the efficiency of a multinational banking and finance organization.

The last decades have witnessed in fact great recognition of the fact that management science and practice represent a driving force of efficiency boost for economic organizations in general.

Thus, the main function of both management science and scientific management is the increase in the competitiveness of the firm, by directing its financial effort in order to render managerial processes more efficient (Niculescu and Buda, 2000).

Nowadays, the economic efficiency has become a complex category with large implications in all aspects of social and business life. Synthetically, it is defined as the correlation between the results of the economic activity (social and economic effect) and the efforts that were spent in order to obtain those results, namely the expenses covering the factors of production (Capanu and Anghelache, 2000).

The last decades have in fact witnessed large acknowledgement of the fact that *science and practice of scientific governing represent a core condition of economic growth*.

In this sense the last decade's standpoints, especially regarding the considerable contribution of management efficiency to economic growth, reflect a diminishing social and economic activity in terms of used energy and raw materials in favor of an intellectual amplification (Nicolescu and Verboncu, 1999).

According to the same literary source, *the efficiency of corporate management can be approached at two levels* which differ in terms of the range of elements considered as intellectual (Nicolescu and Verboncu, 1999).

The first perspective is represented by the *narrow approach towards management efficiency*, describing the unmitigated efforts involved in the activity and improvement of management system and the direct effects at its own level. By comparing the two terms one obtains an evaluation of management efficiency which is limited solely to its direct and immediate consequences.

Such an approach is more easily and thoroughly applied when arguing about different subsystems of organizational management.

A second perspective takes into account *the management efficiency in a broad sense*, ruled by efforts and results mustered by the organizational activity as a whole. The premise that lies at the basis of this approach resides in considering management not in itself but as an essential means, if not the most important, of a company's functioning and profitability.

Consequently, the methodological elements used to evaluate the economic unit's efficiency are applicable to its management as well.

We underline that the two perspectives do not rule each other out; on the contrary, they are complementary. Every scientific endeavor to evaluate management efficiency in a banking and finance multinational organization is compelled to involve both principles.

In respect to these two perspectives, it can be considered that managerial efficiency (Nicolescu, 2011) represents efficiency generated by management, reflecting the relationship between the useful social and economic effect of collective or individual managerial activity within an organization and the correlated social and economic effort. The greater the useful effect by a unit of effort or the smaller the effort – i.e. the social work expenditure in order to generate a certain useful effect -, the higher the managerial efficiency. The level of managerial efficiency can be determined directly by conversing useful effect to spent effort, or indirectly by considering the spent effort in its rapport with the useful effect.

In this respect, we consider that both theory and practice to solve the specific business implementation and evaluation of managerial effectiveness is a difficult step, in which you must take into account technical factors, economic, social, psychological, environmental, political and legislative. We believe that some of these difficulties can be reduced and even eliminated only by using a system of objective indicators specific managerial efficiency, of which you should not miss the following: the allocation and use of resources, organization, coordination and control of production processes, maximize economic performance the finance organization and the objectives that it has set, integrating them profitable in the organization;

Thus, these indicators can be regarded as significant milestones for conducting any scientific endeavor or praxiological for knowledge management and increasing the efficiency of an organization.

Given this need, we conducted a study in which we sought to identify and analyze these indicators in a multinational banking and financial organizations.

3. METHODOLOGY OF RESEARCH

In order to identify the essential factors in ensuring management efficiency in a multinational organization, in the financial-banking field, we conducted a study named: *Ensuring management efficiency at Citi Bank – Romania*. Bearing in mind the specific requirements of achieving our scientific endeavor, we set the following goals:

General goal

Highlighting the fundamental aspects which ensure management efficiency of a multinational corporation in banking and finance sector.

Specific goals

- Highlighting the main contributions of managerial subsystems in ensuring management efficiency;
- Identifying the main factors that lead to achieving management efficiency;
- Underlining the role of moral and professional set of values in reaching management efficiency;
- Determining the contribution of Human Resources activity to ensuring management efficiency.

The starting point of our investigation was the assumption that management efficiency in a financial multinational organization is unswervingly influenced by the quality and performance of its activity.

In order to turn this assumption operational, we came up with the following working hypotheses:

- The more properly the specific actions of the managerial subsystems are understood and applied, the higher the management efficiency will grow;
- A deep understanding and implementation of the patterns that influence management efficiency lead to performance of organizational management;
- Organizational management efficiency is directly determined by the moral and professional profile of the managers;
- The more the requirements of a scientific management of Human Resources is known and applied, the higher the management efficiency will grow.

Method and tools of research

Since the investigation has as its goal to review opinions and attitudes towards labeling the essential aspects in ensuring management efficiency in a multinational organization, we deemed suitable to use the survey as a method of research and the questionnaire as an instrument for our investigation.

Sampling

The research was conducted on a representative sample, the respondents were chosen bearing in mind stratified sampling, being grouped in accordance with their sex, status and age, as shown in table 1 and figure 1:

Table 1. Sample graph at Citi Bank Romania

Status	Citi Bank Romania			
	Subordinates		Managers	
Sex	Female	Male	Female	Male
Number of people	11	14	5	7

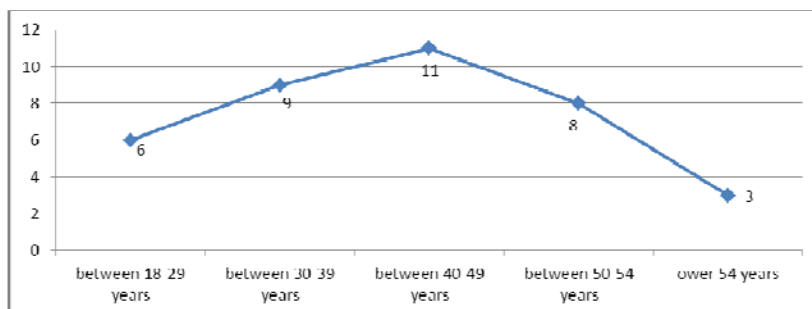


Figure 1. Sample structure by age

4. MAIN FINDINGS AND ANALYSIS

Following the address of the questionnaire and subsequent data analysis, a series of answers were collected of which some will be hereby presented. In this manner, we posed a series of questions and thus we identified respondents' opinions regarding essential aspects in ensuring management efficiency in multinational organizations and their preoccupation for quality improvement, by formulating some of the questions that will be presented henceforth, together with data interpretation.

Knowing the express values that are subscribed to the managerial system of the organization and the elements of ensuring management efficiency, we considered best appropriate to address the first two questions exclusively to managers:

The first question was:

What is the influence of the following organizational subsystems on ensuring and increasing efficiency? Assign a value from 1 to 5 (1 being very little and 5 very big)

Variable	
a) methodological managerial subsystem	d) decisional subsystem
b) administrative subsystem	e) Human Resources management subsystem
c) informational subsystem	f) Others. Which?.....

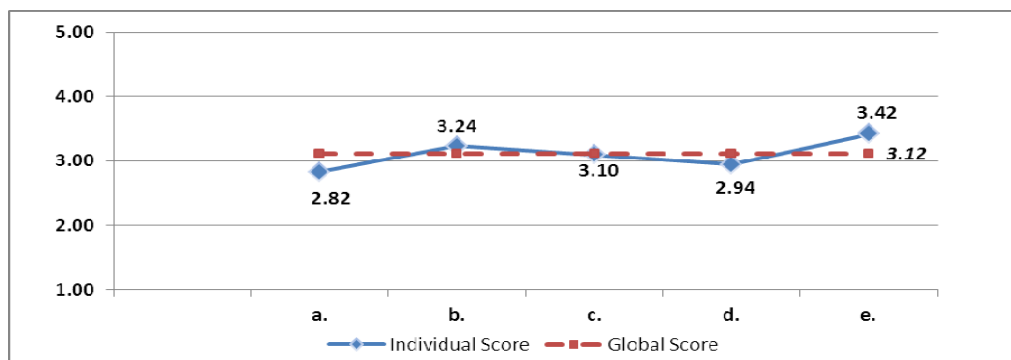


Figure 2. Data interpretation of question 1 in the questionnaire

According to the above figure, one can notice that managers tend to assign a greater importance to the subsystem of Human Resources management (an individual score of 3.42, whereas the overall score is 3.12). This emphasizes the major role that Human Resources play in ensuring the bank's management efficiency. In the second place, there is the administrative subsystem which is directly involved in meeting wider organizational forecast targets, representing an essential means to achievements.

The next subsystem in terms of importance, as pointed by managers, is the informational subsystem which, which highlights both the place and the role of quality and quantity of information to be communicated, and the need for technical support for the transmission of their reception. Putting subsystem and the methodological decision managerial job last show, whether at the time of our investigation did not show these subsystems importance to managers or employees that the relative independence of the bank down in importance, responsibility for decisions by each member thereof.

The second question that was addressed to the managers was formulated in the following manner:

Please list the next indicators in the order of their influence on the efficiency of organizational management within your company:

- a. distribution and use of resources;

- b. administration, coordination and control of banking processes;
- c. maximizing financial performance of banking activity;
- d. profitable adjustment of the company to banking environment;
- e. proper speculation of bank's business opportunities.

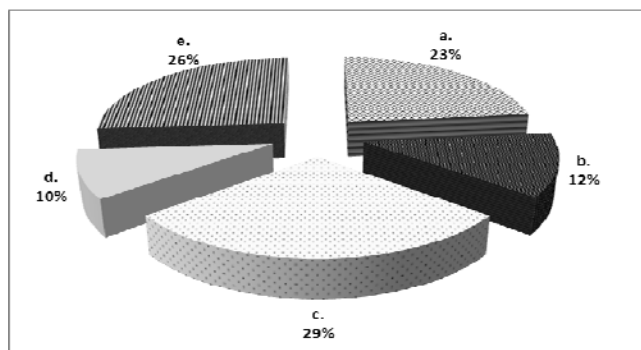


Figure 3. Data interpretation of question 2 in the questionnaire

The data recorded and presented in the above figure capture the importance that managers put on maximizing financial performance of banking activity in particular, since 29% of the respondents placed this indicator on the first place when it comes to ensuring management efficiency. The next one in the order of importance is the proper speculation of bank's business opportunities, making up 26% of the answers.

In order to find out the opinions of both managers and their subordinates, the next set of questions were addressed to the two categories of respondents. Thus, the first question was:

How do you rate the influence that the following Human Resources management activities have on attaining the managerial efficiency of your organization? Assign a value from 1 to 5 (1 being very little and 5 very big):

Variable
a) planning of Human Resources
b) recruitment and selection of human resources
c) training and certification of human resources
d) performance evaluation of human resources
e) motivating human resources
f) promoting human resources

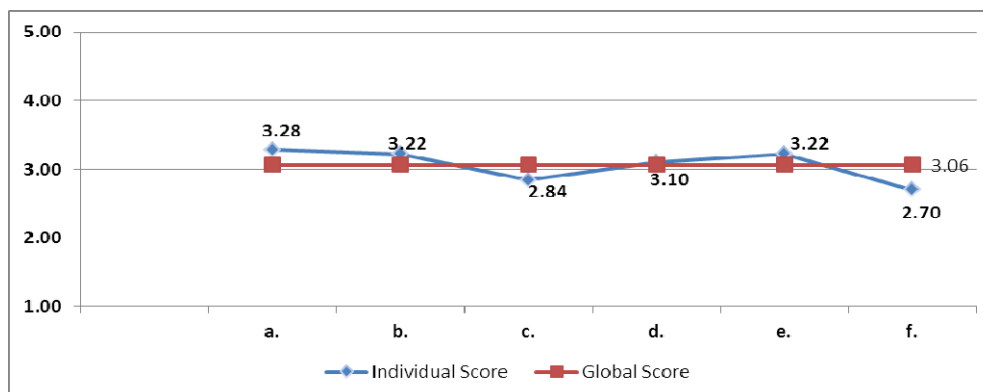


Figure 4. Data interpretation of question 3 in the questionnaire (managers' perspective)

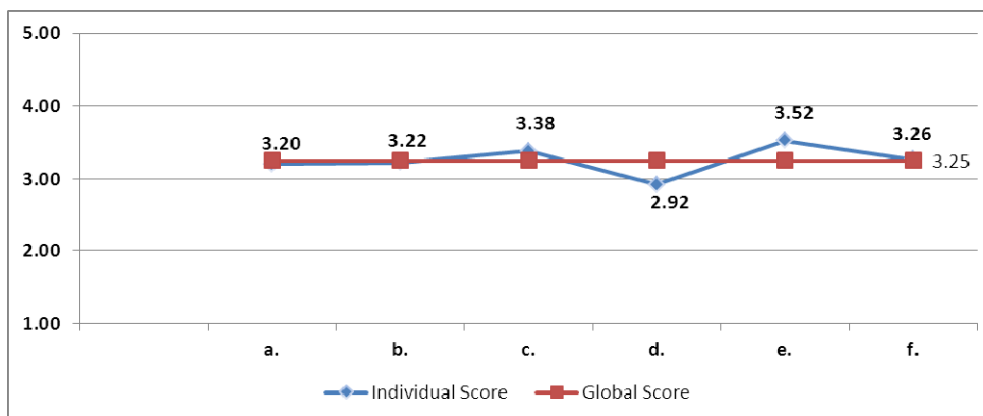


Figure 5. Data interpretation of question 3 in the questionnaire (subordinates' perspective)

The managers' answers diagram reveals the fact that, within the human resource management frame, they consider Human Resource planning as the first factor in ensuring management efficiency, with a score of 3.28. This is the strategic activity which has as its purpose to guarantee the flow of personnel for middle and long term, according to operational or strategic forecasts. In managerial opinion, the second place is held at a tie by recruitment, selection and promoting human resources, with a score of 3.22.

Responses indicate concern and responsibility of ensuring that managers attach permanent resource for the operation and development of the bank.

Subordinates on the other hand responded to the same question by placing motivating human resources in pole position, with a score of 3.52. This reaffirms the opinion of a number of authors according to which the bond between motivational theory and managerial practice is vital for management efficiency and business success, as well as for the coordination and guidance of a management team towards a common goal (Drucker, 1990; Burciu, 2008). Moreover we consequently understand that it is an important and necessary condition for an organization to motivate employees through a *quantifiable* component (stable salary, bonuses, etc.), but also through elements that pertain to a *non-quantifiable* set of values (general context) including an equal treatment of employees, guaranteed chances for promotion, good work conditions, relationships with superiors, etc.

The second position in terms of subordinates' response to this question is held by training and certification of human resources, with a score of 3.38.

There is also the presence of the needs generated either by the complexity and difficulty of the activities being carried out by employees or that the promotion policy of the bank require professional performance standards that require continuous improvement of its preparation.

Therefore, training and certifying employees is a point that this organization has to address. In this sense, it is necessary for Human Resource management to consider certain factors that influence the activity of training and development of human resource, namely: the great number of changes in external and internal environment; the existence of proper skills and qualifications within the ranks of the available workforce and its degree of adaptability; the way in which management considers training as a motivational factor at work; the way in which the organization fosters the idea of career development at an internal level; the dimension of management's commitment towards the idea that instruction represents a key element for economic success.

The next challenge was formulated as follows:

Among the main factors that ensure management efficiency are those connected to managers' professional qualities. Identify at least five of these factors.

The answers to this were: *experience in the field, desire for personal development, initiative, professional qualifications fitting the position, innovative spirit, computer literacy, knowledge of at least one foreign language, ease of communication, organizational character.*

The features listed, rated as necessary professional quality managers can be grouped by size narrower specialization station manager (*experience in the field, desire for personal development, initiative, professional qualifications fitting the position*) and that the name of the size range of quality managers (*innovative spirit, ease of communication, organizational character*) covering general features required of any manager. They are appreciated and two traits (*computer literacy, knowledge of at least one foreign language*) that actually configures the international nature of banking activity. By choosing these features is an increase proper professional quality performance manager that configures personality.

The last question in the questionnaire we present in this article was:

Considering the peculiarities that characterize banking activities the role of moral qualities proves significant in reaching and improving management efficiency. Identify at least five of these qualities.

The following answers were recorded: *loyalty, sociability, honesty, supportiveness, respect, correctness, responsibility, team-worker character, perseverance, firmness, consideration for bank's assets.*

The presence of the first places of traits that define first attitude to the bank and employees and then those that shape attitudes towards themselves, followed by the attitude of bank assets is understanding the need to adopt the manager of that conduct must prove that it is moral models representative of the bank and all its employees.

The analysis of the answers provided both by managers and subordinates reveals that organizational management efficiency is a constant concern of their activity. Peculiar aspects are acknowledged and appreciated from the point of view of the status and part they play within the multinational banking company.

5. CONCLUSIONS

Against the current background of repaving pathways to ensure the efficiency of a multinational banking and finance organization, creating an efficient managerial system has become top-priority. Within this functional frame, the goals of management efficiency improvement aim at generating, organizing, implementing and evaluating a set of indicators with special relevance to the manner in which organizational management contributes to the optimal use of material, financial, informational or human resources at its disposal. The level of management efficiency is strictly related to the amount and quality of both the resources and the results. To put it differently: it entrenches the articulation between the volume and the quality of efforts, as generators of effects and results.

Under the current conditions of consolidating the activity of multinational banking and finance organizations, the endeavors of their managerial boards are viable and competitive as long as they reflect high efficiency; in other words, as long as they ensure greater results when correlated with distributed or consumed resources.

The approach of management efficiency from a scientific perspective, corroborated with opinion poll results proves that management harbors great potential both in ensuring the efficiency of its own activity and that of a multinational banking and finance organization.

In this respect, the presence of the first places of traits that define first attitude to the bank and employees and then those that shape attitudes towards themselves, followed by the attitude of bank assets is understanding the need to adopt the manager of that conduct must prove that it is moral models representative of the bank and all its employees.

Analysis of the responses of respondents surveyed in the Citi Bank Romania shows, first, that the efficiency of management is both a visible presence in the overall activity of the bank, management

strategies, roles performed by managers and staff attitude executing specific tasks. Respondents' assessments regarding bank management specific subsystems reveal a hierarchy of human resource management characterized by placing first and in the choice of its activities as a priority human resource planning and motivation of human resources. This finding shows on the one hand to substantiate the availability of human resources management strategy in the medium and long term, on the other hand need to recognize and stimulate individual performance.

As a separate requirement to achieve management efficiency is considered professionalism bank managers, supported by some professional and moral qualities that shape the model of a training manager with a highly specialized and dedicated supporter of bank interests with devotion promote collegial relations principles.

We estimate that the standpoints of different authors and the answers provided by the respondents of the questionnaire underline the presence of the two constituents of management efficiency: an essentially economic direction on one hand and a social perspective on the other, of equal importance if not prevalent. This observation only reiterates the stress on the complexity and concordance of the two types of management efficiency.

It turns out that ensuring management efficiency, as based on theory and practice of scientific management, represents a driving force for increasing the present and future efficiency of a multinational organization in a specific field of activity as is the case with banking and finance.

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