

DAFT'S MODEL - MANAGERIAL MODEL SUCCESSFULLY APPLIED IN ECONOMIC ORGANIZATIONS FROM ROMANIA

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ABSTRACT

Strategic management applicable to organizations in Romania is influenced by the peculiarities of the historical period that crosses the Romanian economy and society, meaning that the overall system of gradual transition to market economies. To fulfill certain requirements is absolutely necessary that the positive effects resulting from the use of managerial modeling to occur. This paper aims to highlight the main features of the managerial model proposed by Daft in order to improve the management in the economic organizations.

By applying this management model that fits perfectly to any type of organization in Romania, significantly decreases the risk of failure due to extensive analysis of internal and external factors.

KEYWORDS: *managerial model, strategy, economic organization, SWOT analysis.*

JEL CLASSIFICATION: *M19*

1. INTRODUCTION

The strategic management has made the "official" entry in the world of management specialists in 1973, during the first international strategic management conference organized by I. Ansoff at Vanderbilt University. Until now, the strategic management concept was not accepted because the lack of a precise meaning universally accepted (Guerras- Martin & Ronda- Pupo, 2013). As a source of organization development, the strategic management is, as defined by I. Ansoff, *an enriching of the concept of strategic planning in several respects.*

Modeling strategic decisions in Romania is still in an early stage. A number of increasingly more managers realize the need - sometimes vital - on dialing constantly in the process of strategic management, to best suited decision models to its purpose, as well as characteristics of the organization (Tanț ău, 2011).

Modeling is a method of operating on objectives, phenomena or processes by which an ancillary system is studied, artificial or natural, and not directly the subject that interests us, but wherewith is a certain correlation objective. In certain stages of knowledge, this system is capable of replacing it (Andreica & Stoica & Săndulescu, 1989). In the figure below is exemplified the relationship between the model and the modeled object:

There are defined four principles of mathematical modeling of economic processes (Andreica & Stoica & Luban, 1998), namely:

1. Any model is based on a previously established economic theory to explain the modeled process and operating parameters are economic categories or sides thereof;

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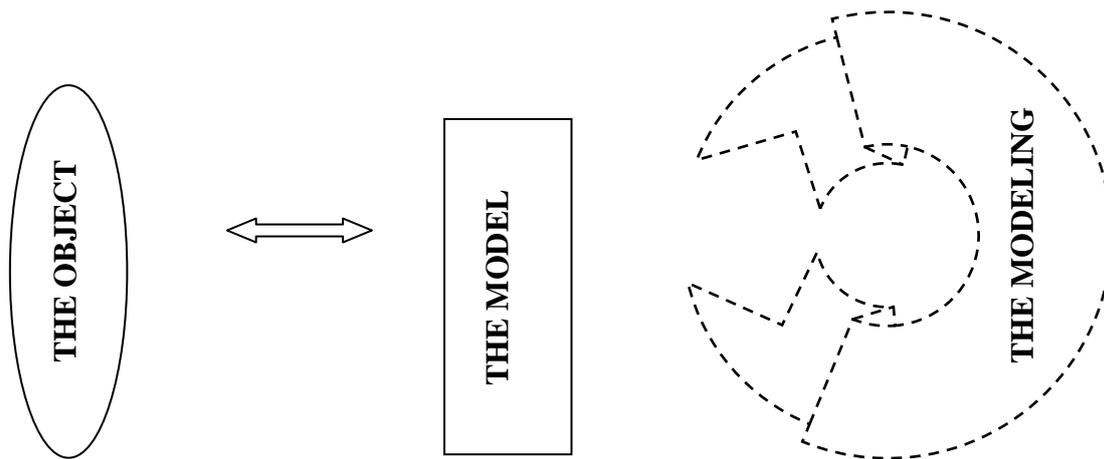


Figure 1 - The relationship between the model and the modeled object

Source: Andreica, Stoica, Luban (1998)

2. The models disregard a number of sides and peculiarities of the reflected process, but maintaining its cognitive role. The isomorphism is an absolutely necessary condition for an object to be another object's;
3. The model expresses the similarity not only of an economic isolated process, but of a whole class of such processes, so that any model is a generalization, a summary of some degree. The higher the area of the represented processes through model is higher, the degree of generalization and its executive summary is more important.
4. A model can not be built without resorting to a system of symbols that can represent economic categories.

A representative of management models approach is highlighted by Amedeo Istocescu in his work entitled *Strategy and Strategic Management of the Organization*. It presents some of the most known and used models of strategic management, significantly adapted to the economy and administration in Romania, in the belief that they can provide useful management tools for leaders of organizations.

2. DAFT'S MODEL

This managerial model is central to redefine the organization's mission and its goals based on identifying strengths, weaknesses, threats and opportunities coming from internal and external environment, SWOT analysis being a consequence of the existence and current assessment of the organization through the mission, previous goals and strategies (Istocescu, 2005). The new mission and new goals contribute to the formulation by senior management of the three types of strategies:

- overall organizational strategy;
- strategy of areas of activity (organizational subdivision);
- functional strategy.

The model concludes with the stage of implementation that requires, in order: leadership, structure, human resources, systematic monitoring, technologies, informational system.

This method has as an advantage knowing the economic - financial and managerial situation of the organization as a result of the review. In this way it is possible to predict changes to be made through the next strategy from the one shown, due to endogenous and exogenous environmental influences (Popa, 2004). Another advantage is the concomitant formulation of the overall strategy, strategy of areas of activity and functional strategies, which ensure certainly the need of their correlation (Ciubotaru, 2015).

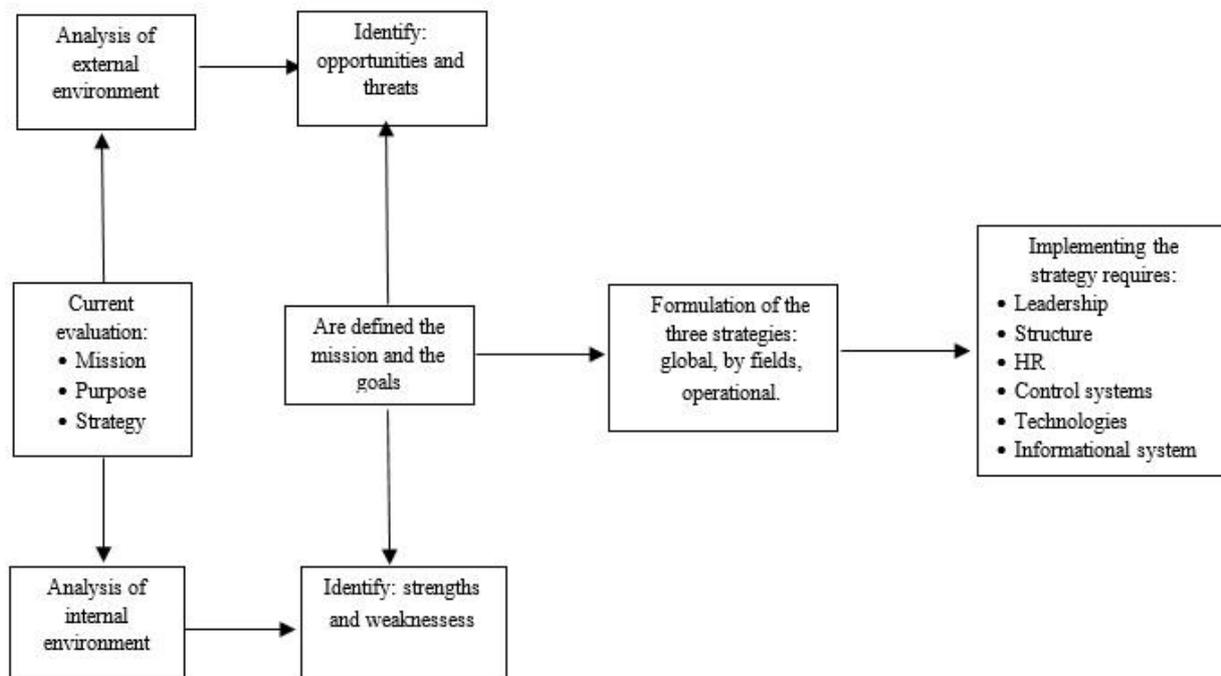


Figure 2 - Daft's Managerial Model
 Source: adapted from Istocescu (2005, p. 65)

3. APPLICABILITY OF THE MODEL IN ROMANIA

The popularity of this model comes from the fact that it can be applied to all organizations from Romania, regardless of their size. Knowing more and more business information it can be seen an increase in the number of enterprises.

Thus, if we were to analyze the market of the last 20 years, we can say that in Romania, in early 1996 they worked about 388 180 enterprises. At the end of 2014, there were registered and were still active a number of 135.866 new enterprises, excluding agricultural enterprises and observing well as an increase over the previous year. The 35.0% rate of creation recorded in 2014 is higher by 6.9 percentage points to the rate of creation of 2013 (28.1%).

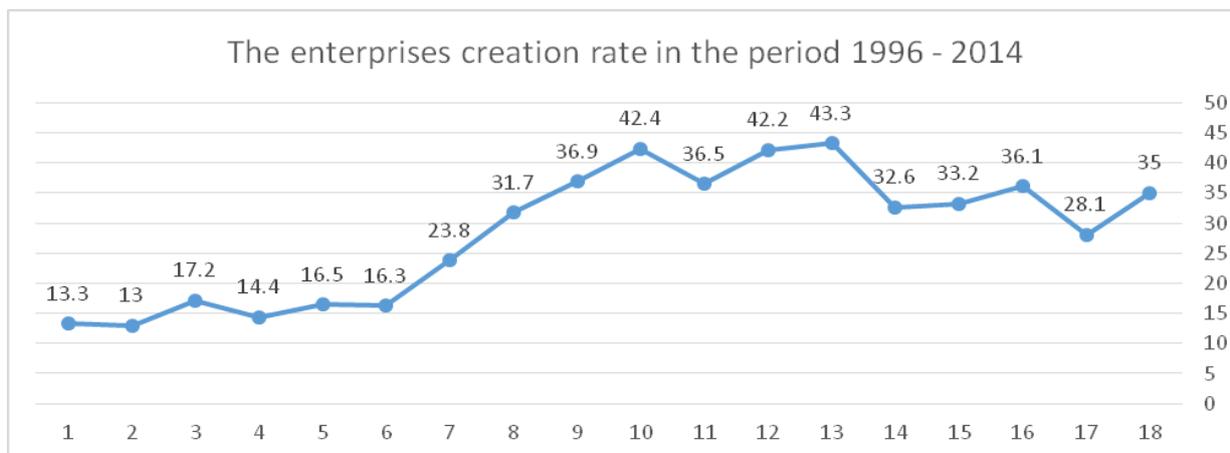


Figure 3 - The enterprises creation rate in the period 1996 - 2014

Source: National Institute of Statistics - New enterprises and the profile of entrepreneurs from Romania, Retrieved from https://statistici.insse.ro/shop/?page=publD&lang=ro&publ_id=134

The creation rate ranges between 13-17% annually until 2001, after having a significant increase correlated with improvement of legislation on the creation of small and medium enterprises. In 2010 and 2011 there has been a significant decrease due to economic conditions.

4. STUDY REGARDING COMPANIES THAT WILL APPLY DAFT'S MODEL IN THEIR MANAGEMENT

Following the successful implementation of this managerial model that involves a detailed study of the external environment where the enterprise intend to operate, it is noted that compared to previous year the proportion of new enterprises that have no difficulties in obtaining contracts recorded an increase in 2014. The most common reasons for difficulties related to offer remain "lack of resources", "no customer or late payment by customers" and "limited access to credits" and the most common reasons for the difficulties related to the request are "high competition" and "customers with limited funds".

The rate of active enterprises after one year from record remained at around two thirds since 1996 until 2008. In 2014, the survival rate of enterprises to one year is over 70%. The proportion of those who have closed the activity is 10.1% and the share of enterprises still inactive to a year after setting up stands around 15.8%.

Given this assumption, it was developed a questionnaire that was applied to a total of 10 SMEs in the county of Sibiu, in order to notice the availability of the management to apply a managerial model for increasing the efficiency of the activity.

The main objectives which formed the basis of this research were:

- Analysis of managers' opinion on the results obtained of a firm that has implement the Daft model;
- Determination of the managers to implement the Daft's model in their organization;
- Analysis of attitudes and opinions of managers and employees regarding the implementation of this managerial model in their organization.

The general assumptions upon which was projected the quantitative research can be summarized as follows:

- Most of the managers appreciates the Daft's method as an easy and cheap method to maintain the control among the external environment ;
- Most of the managers consider that the actions to implement this method are effective;
- Most managers appreciate that the annual fees charged by private consultancy firms are very high according to their profit;
- Only a few managers consider that the strategic management is very diversified and can be applied in many manners in order to increase the efficiency.

4.1. The researched population and its size:

The sampling frame to which the research is represented by managers of ten private SME's in Romania, which were subject to the quantitative research, was used a predetermined proportional stratified sampling, which consisted in creating the sample by extracting the components of each layer in proportion to the relative size of the population in total population investigated.

4.2. Summary of the results of the quantitative research:

Sample survey results showed that most managers (8 of 10 subjects) considers that the main advantage of implementing the Daft's method is the timely forecasting of the firm's future in order to take the necessary measures (Figure 4):

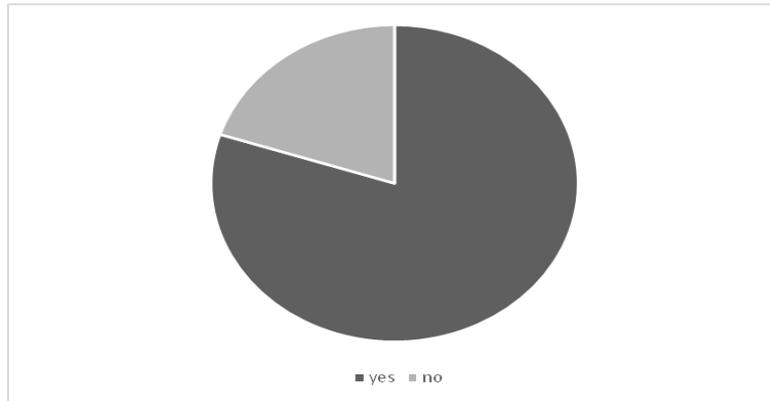


Figure 4 - Percentage of managers who consider that Daft's model is an advantageously managerial method

When asked about how they judge the level of failure directly related to the lack of using a strategic management, the subjects indicated the "high" rate of 67% respectively "no low / no high "rate of 33% (Figure 5):

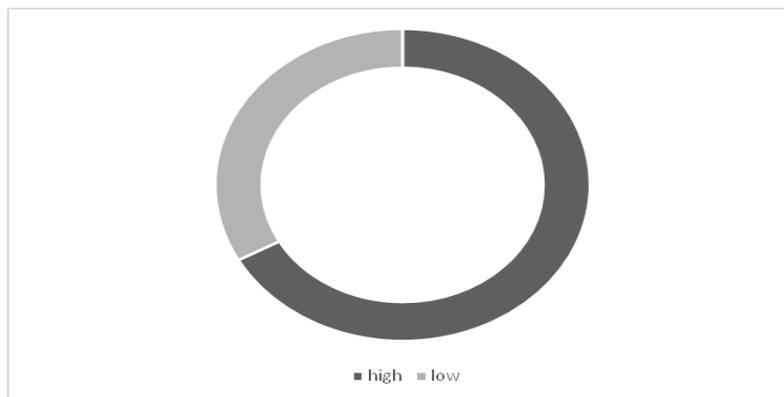


Figure 5 - The way in which the respondents appreciate the level of failure directly related to the lack of using a strategic management

The research results also shows that a proportion of 90% of respondents think that the annual fees charged by private consultancy firms are very high according to their profit; (Figure 6)

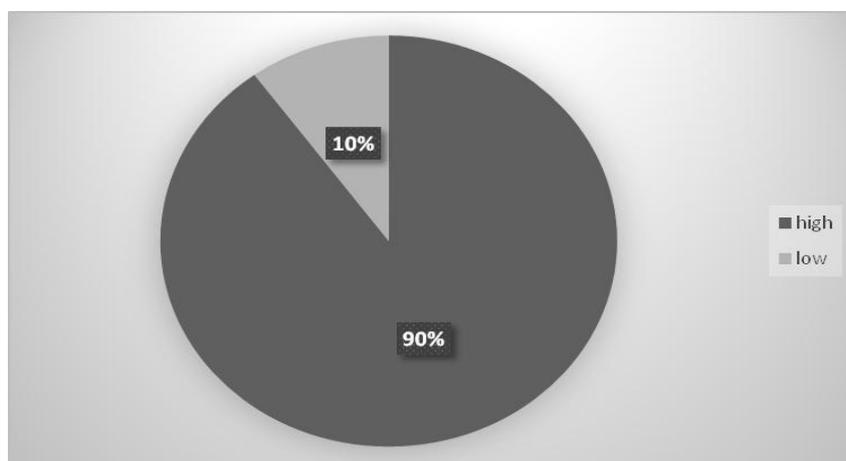


Figure 6 - Percentage of subjects who think that the annual fees charged by private consultancy firms are very high

The analysis of managers' opinions regarding the diversified way the strategic management can be applied in order to increase the efficiency shows that only a few managers know that this fact (25%) which shows that the situation is worrying about the education of managers in the field.

In my opinion, there should be organized periodic campaigns for the entrepreneurs by the companies specialized in the field, on the options they have in order to improve their business.

5. CONCLUSIONS

In conclusion, we can say that the majority of respondents are open to implementing new ideas, agreeing with the experimental implementation of the managerial model of Daft (90%), only one (10%) disagreeing. He says his own way to lead the company is the best.

Also, most managers do not consider a solution resorting to external consultancy services, because the not very big profit in the last period.

Another aspect to remember is that most are not educated in knowing the variety of management methods that are available to everyone and can be put into practice using minimal costs of financial, human and time resources.

On the other hand, in Romania, strategic management gained in recent years an increasingly important role in the success of big economic organizations, being an essential condition to adapt to the increasing changes that characterize the national environment. Knowing the theoretical and methodological fundamentals, the importance of functions of the organization, encouraging a style of management and leadership appropriate are some elements which should be taken into account in developing a strategy that will anticipate achieving long-term objectives which it proposes the organization.

Another aspect that should be taken into account is the creation of an environment favorable to the practice of strategic management, given the fact that the formulation of a realistic strategy, consistent and explicit acquires today, more than ever, a paramount importance for the organization in order to pre-figurate the future and reducing the uncertainty.

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