THE ROLE OF MANAGEMENT PRACTICES IN ENSURING ORGANIZATIONAL PERFORMANCE

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ABSTRACT

Against the background of an increasingly dynamic and uncertain environment, the role played by the effectiveness and efficiency of the management system in terms of company performance and functionality is becoming ever more significant. The analysis of an organization's management system starts from the assumption that it largely determines the potential for a continual improvement of the organizational performance. At the same time, we can infer that the performance of a company's management system is a prerequisite of organizational performance, respectively that it enables highlighting the best practices in the field and the relevant modes in which it can be influenced. Pragmatically, the research topic aimed to assess and to analyse the effectiveness of management practices and their influence over organisational performance within a multinational company from the Romanian IT&C industry. The study approaches a model for the assessment and analysis of the management system, which is based on the following components represented by statistical variables: the effectiveness of strategic and operational management practices, respectively organisational performance. One of the study's main aspects consists of highlighting the role which the effectiveness of the strategic and operational management practices has in ensuring organizational performance within the analysed company. As a general conclusion which can be drawn after conducting the research, we can state that the studied variables directly impact organizational performance, representing strong predictors for it, ensuring a dynamic balance within the analysed company and thus enabling the fulfilment of objectives and the implementation of changes, when such are required.

KEYWORDS: *management practices effectiveness, operational management, organizational performance, strategic management*

1. INTRODUCTION

The company's management system contains the information, the information flows and the decisions as a whole. It is a rigorous and complex managerial decision, which is materialized in well-defined rules, regulations and procedures ensuring the fulfilment of the mission, of the organization's strategic and operational objectives (McShane & Von Glinow, 2018; Robbins & Coulter, 2018; Robbins, DeCenzo & Coulter, 2013).

Effective management requires performance in all the company's fields, which requires the integration of all management systems by areas of activity (strategic management, operational management, services, costs, quality, sales, human resources, financial etc.), based on a system of values shared by all its members, ensuring a climate of trust, firm and capable leadership, adequate and effective management practices, as well as the continual improvement of organizational performance (Armstrong, 2009).

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Starting from the role and importance of management within an organization, P. Drucker defines management as a sum of only a few, but important principles which are people-centred, culture-related, and which ensure that all its members commit to the fulfilment of the organizational objectives.

Against a background characterized by an increasingly dynamic and uncertain environment, the role of the management system's efficacy and effectiveness over performance is becoming ever more significant (Machado & Davim, 2018; Williams, 2016).

The study starts from the premise that an organization's management system determines, to a great extent, the potential for the improvement of organizational performance (De Waal & Van Der Heijden, 2015). At the same time, we can see that the effectiveness of a company's management system, as a condition for improving performance, is influenced by a series of factors, among which the effectiveness of management practices plays a major role. At the same time, the strong orientation towards performance entails the assumption of responsibility by all the company's members, from managers to employees, with regard to results and high performance levels.

The design, performance and operationalization of a company's management system needs to take into account the specific nature of the activity, of the organizational objectives, along with the organization's distinctive features, the quality of its structure and resources. An effective management system ensures a dynamic balance within the company, which means ensuring continuity, stability and flexibility, thus facilitating the fulfilment of objectives and the performance of changes, when such are in order (Kinicki & Brian, 2018).

To the purpose of conducting an analysis in which the effectiveness of the company's management practices influences organizational performance, viewed both as internal performance, and as external performance, the study of literature aimed to identify the opinions of theoreticians and/or practitioners, as well as the results of several studies conducted in the field regarding the effectiveness of the company's management practices, seen as individual practices, and also as a system of management practices (Robbins, & Coulter, 2018).

Starting from the objectives of the study, we identified the type of information, the mode in which the data was collected and analysed, in view of identifying best practices in the field of strategic and operational management, as well as the impact over the company's performance.

The research regarding the strategic and operational aspects of a company's management identifies a series of factors determining organizational performance, and the most significant among these are (Al-Tit, 2017):

- measuring performance using non-financial indicators, to the purpose of attaining the organization's objectives;
- identifying the relevant factors having a significant impact over the organization's performance;
- the managerial practices regarding the strategies and the policies in the strategic and operational area;
- the involvement and support of the relevant stakeholders;
- the design and structure of the organizations;
- human resources management practices and performance management, organizational culture etc.
- customer orientation.

Al-Tit (2017) suggests that performance-assessment systems provide adequate financial and non-financial information, allowing for the identification of the strategies and policies having the highest potential in reaching the company's objectives, by aligning management processes with the decision-making process, to the purpose of fulfilling the strategic and operational objectives.

We can find studies based on the influence (impact) of management best practices upon organizational performance in range series of studies in the literature (Machado & Davim, 2018; McShane & Von Glinow, 2018; Al-Tit, 2017; Williams, 2016; De Waal & Van Der Heijden, 2015; Armstrong, 2009).

2. RESEARCH METHODOLOGY

Our study aims to present a series of results and conclusions reached as a result of conducting a research which had in view the identification and implementation of management best practices within a company from the IT&C industry, both as individual practices, and as a system of management practices, by drawing up a model for the assessment and analysis of their effectiveness and of their influence over organizational performance, within a Romanian company activating in the IT&C industry.

The results of the study are based on quantitative data analysis methods, using the questionnaire as a tool, respectively on qualitative methods, using the interview as an instrument, to the purpose of assessing the respondents' perception of the factors influencing the effectiveness of management practices and their influence over organizational performance. The direct observation method within the analysed company is added to these.

The questionnaire is made up of adequate items, represented by primary variables, having as object strategic and operational management practices, respectively practices aimed at an employee-oriented approach and at the effectiveness of the services provided to the customers, which were assessed on a Likert-type scale, from 1 to 5 (1 - Strongly Disagree; 2 - Disagree; 3 - Undecided; 4 - Agree; 5 - Strongly Agree).

Taking into account the respondents' demographic particularities (position, age, gender and seniority), the research was based on a sample made up of 247 employees (managers and employees without managerial positions) which is representative at the level of the analysed company, having in view the respondents' structure. The validated questionnaires were analysed using the STATA software, version 15.0.

To elaborate the model for the measurement and analysis of management practices effectiveness, as well as of organizational performance, the following construct was used:

I. Management practices:

i. ***Strategic Management (SMG)*** - is a process involving the managers in determining the strategic objectives, in formulating and implementing strategies. It represents a set of managerial decisions and actions, which helps determine the long-term performance of an organization, it includes the analysis of the external and internal environment, the formulation, implementation and assessment of the strategy (Wheelen, Hoffman, Hunger & Charles, 2018; Robbins & Coulter, 2018; Fred & Forest, 2017; Robbins, DeCenzo & Coulter, 2013). The aggregated variable *SMG* includes factors, respectively items, among which the most relevant ones are represented by the following elements:

- the mode in which the company's vision is known and shared;
- the mode in which the company's strategies and policies are reviewed, updated and improved;
- the company's strategic plan;
- the strategic planning process;
- the mode in which the company's management identifies and exploits the key success factors;
- the involvement of the managers in the provision of the necessary support, in view of attaining the company's strategic objectives.

ii. ***Operational Management (OMG)*** - represents the management of intercorrelated systems or processes, which provide goods and/or services (Jacobs & Chase, 2018). It is an activity entailing the management of organizational resources, intended to provide products and services according to the customers' requirements and expectations. The specific character of various operations is rendered by the processes wherein resources are transformed, respectively by the performance and improvement of processes. It is a mix of material, technological and informational resources (Jacobs & Chase, 2018; Slack, Chambers & Johnston, 2010). The aggregated variable *OMG* includes factors, respectively items, among which the most relevant ones are:

• the mode in which the company's management sees to the continual assessment and improvement of operational performance;
• the extent to which the policies and the programs facilitate the fulfilment of operational objectives;
• the extent to which the intercorrelated processes within the company are dynamically designed and managed;
• the extent to which the process control system within the company is adequate and effective;
• assessing the results of the operational management processes within the company.

II. Organizational performance (OP) as an aggregated variable includes variables related to employee-orientation as a dimension of internal performance, respectively the effectiveness of the services provided to the customers as a dimension of external performance (Kinicki, & Williams, 2018; Robbins & Coulter, 2018; Robbins, DeCenzo & Coulter, 2013). Among these, the most relevant refer to:
• the mode in which the company's managers ensure the fulfilment of the human resources function and perform analyses regarding the fulfilment of objectives in this field;
• the modes in which the company's management measures the performance related to the assessment of employee satisfaction;
• approaching human resources from a strategic viewpoint;
• ensuring effective employee-manager communication policies and practices;
• ensuring an organizational climate which stimulates the effective engagement of the employees and the improvement of their performance;
• compensation policies and practices and the recognition of employees' merits;
• the modes in which the managers provide for the effective management of the employees, at all the organization's hierarchical levels;
• customer relation practices;
• customer orientation;
• the criteria and the modalities for the assessment of customer satisfaction;
• the extent to which the company's relation with the customer relies on the knowledge of the customers' needs;
• the effectiveness of the policies and practices regarding customer relation;
• the relevance of performance indicators in assessing customer satisfaction.

3. RESULTS

If we start by analysing the reliability of the aggregated variables included in the construct, we can hold that the *Strategic Management* (*SMG*) variable is made up of 14 items which analyse the effectiveness of the company's strategies and policies. To this end, we can indicate that the *SMG* variable is characterized by a very high internal consistency (Cronbach's $\alpha = 0.9171$), which indicates that the items making up this variable are positively correlated to one another, as well as to the global score of the variable (table 1 and 2). All these stand as proof for the fact that the structure of the *SMG* variable is accurately constructed and that it is relevant for the conducted analysis.

Table 1. Test scale SMG

Average interitem covariance:	.2720119
Number of items in the scale:	14
Scale reliability coefficient:	0.9171

Table 2. Test scale SMG

Item	Obs	Sign	item-test correlation	item-rest correlation	average interitem correlation	alpha
SMG1	247	+	0.6371	0.5696	0.4489	0.9137
SMG2	247	+	0.6557	0.5907	0.4465	0.9130
SMG3	247	+	0.7567	0.7072	0.4340	0.9088
SMG4	247	+	0.7977	0.7552	0.4289	0.9071
SMG5	247	+	0.7047	0.6468	0.4404	0.9110
SMG6	247	+	0.7543	0.7043	0.4343	0.9089
SMG7	247	+	0.5928	0.5196	0.4544	0.9154
SMG8	247	+	0.7171	0.6611	0.4389	0.9105
SMG9	247	+	0.6207	0.5511	0.4509	0.9144
SMG10	247	+	0.7340	0.6807	0.4368	0.9098
SMG11	247	+	0.7325	0.6789	0.4370	0.9098
SMG12	247	+	0.7223	0.6672	0.4382	0.9102
SMG13	247	+	0.7266	0.6721	0.4377	0.9101
SMG14	247	+	0.5640	0.4875	0.4580	0.9166
Test scale					0.4418	0.9172

The data within tables 3 and 4 indicates that the *Operational Management (OMG)* variable is also characterized by a very high internal consistency (Cronbach's $\alpha = 0.9491$).

Table 3. Test scale OMG

Average interitem covariance:	.2653197
Number of items in the scale:	26
Scale reliability coefficient:	0.9491

As far as the *Organizational Performance (OP)* variable is concerned, it is made up of two aggregated variables, which synthesize the orientation towards the employees as a dimension of internal performance, respectively the effectiveness of the services provided to the customers as a dimension of external performance. The reliability analysis regarding the *OP* variable can be seen in table 5, which indicates that its structure has very good internal consistency (Cronbach's $\alpha = 0.9522$).

As a result, we can state that all aggregated variables included in the constructs of this study are relevant, and that they are characterized by a very good internal consistency, respectively the applied analysis model is correct.

In table 6, we can note the main descriptive statistical indicators for the analysed variables, respectively for the strategic and operational management practices, as well as for operational performance. Thus, the *SMG* variable has a very good average of 4.0135, which certifies a very good involvement of the managers in determining the strategic objectives, respectively in drawing up and implementing the strategies supported by an effective system of strategic management practices within the analysed company.

The *OMG* variable registers a very good 3.9834 average, indicating a good level of effectiveness of the operational management practices within the analysed company, which relies on an adequate mix of material, technological and informational resources.
The *OP* variable has a good 4.0526 average and it indicates the fact that, within the analysed company, there is good customer-orientation, as a dimension of internal performance, respectively the existence of effective practices in the provision of services to the customers is proven as a dimension of external performance.

Table 4. Test scale OMG

Item	Obs	Sign	item-test correlation	item-rest correlation	average interitem correlation	alpha
OMG1	247	+	0.6542	0.6192	0.4221	0.9481
OMG2	247	+	0.7236	0.6943	0.4181	0.9473
OMG3	247	+	0.7244	0.6951	0.4181	0.9473
OMG4	247	+	0.7181	0.6883	0.4184	0.9473
OMG5	247	+	0.5619	0.5204	0.4275	0.9491
OMG6	247	+	0.4912	0.4455	0.4315	0.9499
OMG7	247	+	0.6090	0.5707	0.4247	0.9486
OMG8	247	+	0.7409	0.7131	0.4171	0.9471
OMG9	247	+	0.7167	0.6868	0.4185	0.9473
OMG10	247	+	0.5549	0.5130	0.4279	0.9492
OMG11	247	+	0.6784	0.6454	0.4207	0.9478
OMG12	247	+	0.6065	0.5680	0.4249	0.9486
OMG13	247	+	0.6801	0.6472	0.4206	0.9478
OMG14	247	+	0.6490	0.6136	0.4224	0.9481
OMG15	247	+	0.6583	0.6236	0.4219	0.9480
OMG16	247	+	0.6493	0.6139	0.4224	0.9481
OMG17	247	+	0.7219	0.6924	0.4182	0.9473
OMG18	247	+	0.7923	0.7693	0.4142	0.9464
OMG19	247	+	0.7057	0.6749	0.4192	0.9475
OMG20	247	+	0.7128	0.6826	0.4187	0.9474
OMG21	247	+	0.6656	0.6315	0.4215	0.9480
OMG22	247	+	0.8294	0.8100	0.4120	0.9460
OMG23	247	+	0.6209	0.5835	0.4240	0.9485
OMG24	247	+	0.6474	0.6119	0.4225	0.9482
OMG25	247	+	0.6378	0.6015	0.4231	0.9483
OMG26	247	+	0.5683	0.5272	0.4271	0.9491
Test scale					0.4214	0.9498

Table 5. Test scale OP

Number of items in the scale:	2
Average interitem covariance:	.2243661
Average interitem correlation:	0.9088
Scale reliability coefficient:	0.9522

Table 6. Descriptive statistics

variable	N	mean	sd	se(mean)	cv
SMG	247	4.013563	.5446833	.0346574	.1357107
OMG	247	3.983482	.5287706	.0336449	.1327408
OP	247	4.052689	.4833246	.0307532	.1192602

In table 7, we can note the matrix of correlations between the analysed aggregated variables; thus, we can note the existence of significant and very strong correlation coefficients among the studied variables. To this end, we can see the existence of very positive and very strong correlations, between the variables synthesizing management practices (r = 0.8481), as well as between these and the variables synthesizing organizational performance (*OP*). Thus, we ascertain the existence of very strong correlations between strategic management practices and organizational performance (r = 0.9092), and also between operational management practices and organizational performance (r = 0.9558).

The synthesis of these two results demonstrates the existence of a very strong dependency between management practices and organizational performance, which highlights the need for ongoing concerns regarding their improvement, as management practices significantly influence organizational performance.

Table 7. Correlations matrix

	SMG	OMG	OP
SMG	1.0000		
OMG	0.8481	1.0000	
OP	0.9092	0.9558	1.0000

In view of conducting an in-depth study of the statistical relations between the analysed variables, econometric models adequate for measuring the impact of the variables representing strategic (*SMG*) and operational management practices (*OMG*) as independent variables, over organizational performance (*OP*) as a dependent variable were used.

To this end, we can note, in table 8, the analysis of the *SMG* variable's impact over the *OP* variable. One can note that the regression model is statistically relevant (Prob > F = 0.0000), consequently we can interpret the results of the model as follows: first of all we can see that the variation of the *SMG* variable explains, to a rate of 82.67% (R-squared = 0.8267) the variation of the *OP* variable, respectively, secondly, we can see that the *SMG* variable has a significant impact upon the *OP* variable having the value of 0.8068 (P>|t| < 0.05). This means that a one-unit improvement of strategic management practices results in the improvement of organizational performance by 0.8068 units. We make note of the fact that the impact or the influence of strategic management practices over performance is major.

In terms of the impact of operational management practices over organizational performance, we can see in table 9, the analysis of the impact the *OMG* variable has upon the *OP* variable. One can note that the regression model is also statistically relevant (Prob > F = 0.0000), consequently we can interpret the results of the model as follows: first of all we can see that the variation of the *OMG* variable explains, to a rate of 91.35% (R-squared = 0.9135) the variation of the *OP* variable, respectively, we can ascertain that the *OMG* variable has a significant impact upon the *OP* variable having the value of 0.8736 (P>|t| < 0.05). This means that a one-unit improvement of operational management practices results in the improvement of organizational performance by 0.8736 units.

We make note of the fact that the impact or the influence of operational management practices over performance is also major.

Table 8. The impact of SMG on OP

Linear regression		Number of obs	=	247	
		F(1, 245)	=	1006.98	
		Prob > F	=	0.0000	
		R-squared	=	0.8267	
		Root MSE	=	.2016	
OP	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf. Interval]
SMG	.8068159	.0254252	31.73	0.000	.7567359 .8568958
_cons	.8144824	.1051052	7.75	0.000	.6074573 1.021508

Table 9. The impact of OMG on OP

Linear regression		Number of obs	=	247	
		F(1, 245)	=	2898.42	
		Prob > F	=	0.0000	
		R-squared	=	0.9135	
		Root MSE	=	.14242	
OP	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf. Interval]
OMG	.8736363	.0162275	53.84	0.000	.8416732 .9055994
_cons	.5725742	.0690635	8.29	0.000	.4365402 .7086082

4. CONCLUSIONS

Our study aims to present a series of results and conclusions reached as a result of conducting a research which had in view the identification and implementation of management best practices within a company from the IT&C industry, both as individual practices, and as a system of management practices, by drawing up a model for the assessment and analysis of their effectiveness and of their influence over organizational performance, within a Romanian company activating in the IT&C industry.

To this end, the construct includes the strategic and operational management practices, as well as the organizational performance, reflected by two aggregated variables, which synthesize the orientation towards the employees as a dimension of internal performance, respectively the effectiveness of the services provided to the customers as a dimension of external performance.

Looking at the results of the analysis, we can ascertain the existence of an important and significant impact of the effectiveness of strategic and operational management practices over organizational performance, with the highest impact being registered in the effectiveness of operational

management practices (0.8736), followed by the impact of the effectiveness of strategic management practices (0.8068).

The results of the research highlight the fact that the effectiveness of strategic and operational management practices represents a good predictor in ensuring operational performance, which is also supported by the company's vision and mission, known and shared by all the members of the company.

At the same time, the analysis of these variables' structure distinguishes the realism of the company's strategies and policies as a strength, as well as the fact that they are reviewed, updated, improved and analysed by the company's leadership, being considered key success factors. Also, we can see that the company's management has good results in terms of employee-orientation, as well as in terms of providing services to the customers.

To conclude, we can point out that this study emphasizes the fact that management practices, regarded as a strategic and operational dimension, have a strong influence over the performance of the analysed company.

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