

MODERN MANAGEMENT METHODS AND PROCESS ORGANIZATION IN A GLOBAL ENTERPRISE

Jerzy WĄCHOL

AGH University of Science and Technology, Kraków; jwachol@zarz.agh.edu.pl,
ORCID: 0000-0003-0296-0585

Abstract: The study presents the evolution of process organization and process management, as well as the process approach, along with classic, contemporary and modern management concepts that build the value of a global enterprise. The present paper introduces to the reader aspects of contemporary global economy, modern technologies and information technologies in particular, and customer demands, which in the 21st century necessitate changes in management. Based on the collected statistical data, observations and literature, we formulated conclusions concerning the application of process management to the creation of value in global enterprise, including its sustainability. The advantages and disadvantages of this organizational form are also outlined. The aim of the present study is to introduce to the reader, the importance of various methods and forms of management, and process management in particular, for building the value of a global enterprise.

Keywords: Process organizations, modern management methods, global economy, corporate governance, sustainable development.

1. Introduction

Within the framework of the contemporary global economy, seeking and applying more efficient forms of organization and management fosters an increase in competitiveness of enterprises. This includes process organizations that focus on processes and can aggregate many modern technologies and management concepts.

The aim of the present study is to introduce the importance of methods and forms of management, and process management, in particular, for building the value of a global enterprise. The advantages and disadvantages of process management have been both highlighted. The economic, social and ecological values were also emphasized in the framework of sustainable development.

With aid of statistical methods and data, surveys, literature analysis and our own observations, the economic contrasts in various states and regions throughout the world, were also presented with use of the so-called modern technologies, forms of organization, methods and management techniques. The present study is summarized in the conclusions.

2. Modern management methods, and the process management

Process management can increase the growth of the enterprise and increase its value in a competitive market. However, it is a more complex, and typically more expensive approach, than the traditional functional organization, with its cookie-cutter structure. Nevertheless, it can both meet the challenges imposed by the 21st century globalization, and the demands and expectations of the company's clients.

Nowadays, the prerequisite for correct application of process management is the use of modern technologies and management methods and techniques, with their appropriate synthesis and handling customer demands in a competitive global market. This must take in the aspects of CSR (*Corporate Social Responsibility*), environmental responsibility, and the economic and social role of large corporations and their supervision (corporate governance). One should also consider all the pros and cons, when selecting managerial methods, applicable technologies, and managerial forms and techniques, as part of a situational approach, which could lead both to a better development of value in the global enterprise market, and the wealth of states and societies.

It proves impossible today to apply all the forms of organization, and the plentiful and ever growing number of management concepts, methods and techniques. One has to pick from dozens or hundreds of methods and management techniques to gain success and increase the corporate, achievable targets. It is certainly challenging, as it requires experience, an analytical approach, getting to know the basic management concepts, methods and techniques, and their detailed variants as practiced in different companies. Using synthesis, the management must be able to skillfully select these for their own needs, applying them jointly. The ultimate success of the enterprise or its failure and declining value in the global environment will depend on it.

Management methods and techniques are instruments and tools that enable problem solving. These are defined as implementation or perfection procedures for a specific management area or process and can be a road map to success (Czekaj, 2009).

We can list the following, better known and currently significant forms of management organization, concepts, techniques, as well as other elements thereof: outsourcing, which is now frequently used in companies and for remote financial, IT, insurance, legal, business plans, project, statistical analysis, and similar services in global corporations and local enterprises, process organization, virtual organization, TQM, benchmarking, reengineering, (Brilman,

2002), network organization, just in time, SMART, kaizen, project management, change management, knowledge management and the learning organization. Brainstorming, statistical and financial methods follow in their wake (McNeil et al., 2015; Kapferer, 2012), further supported by the ABC method, controlling, Ishikawa and Pareto diagram, lean manufacturing, lean management, quality house, BCG matrix, marketing mix, production life cycle method, five Porter forces, six sigma, strategic scorecard, SWOT, zero defects. Time management and attitudes related to this (Clayton, 2011). As do computer simulation and decision-making methods (Goodwin and Wright, 2011) in conditions of certainty, risk and uncertainty, etc. Moreover, the organization can develop positively with use of the following IT technologies: MRP, ERP, CIM, SPC, automation and communication technologies, multimedia, as well as Big Data (Kwiatkowska, 2007), knowledge management, based on data, information, knowledge and wisdom (Abramowicz, 2008), as part of the knowledge pyramid (Jashapara, 2004).

Furthermore, we can also distinguish the intelligent organization, innovation management, risk management, trust management, creating adaptive abilities, as well as information security and mobile communication and knowledge acquisition tools (Pawłoszek-Korek, 2009), and many other managerial methods, plentiful and ever growing and adaptable for the specific needs of the enterprise.

However, process organization stands out from the crowd, as it can incorporate both the frequently applied elements of the classic functional structure, and many contemporary management methods and techniques, within the framework of existing process needs of the organization. The choice and emphasis on modern management methods and organizational forms can be justified by the fact of technological and IT changes occurring at the turn of the 20th and 21st centuries. With the networking of the market, but also the possibility of remote work and automated manufacturing processes, as well as long-distance trading, wider applicability of cost-effective automated and IT technologies, and savings sought in leaner organizations and limited number of employees, with concurrent raising of the goal bar, corporate value and profits, the business world has changed.

Process organization can combine management functions in the classical system, as defined by the forerunners of scientific management, as well as diverse processes occurring in the organization. A contemporary global enterprise can experience the evolution of traditional functional structures towards process structures within the framework of existing requirements (Wąchol, 2017).

Process management is defined as a systematic application of appropriate concepts, methods and tools of interaction at the stages of identification, modeling, controlling, implementation and improvement of processes. It is implemented in accordance with the strategic plan, covering the entire organization in terms of its financial, social, IT structure and knowledge (Bitkowska, 2013).

What is essential in the framework of process structure, is the competent selection by management, of different concepts, processes, technologies and other elements and managerial principles applicable to the specific position. The synthesis of all this may result in greater effects and efficiency within the organization. The use of synthetically selected forms, concepts and technology usually has better effects, also in terms in raising the value and resources of the enterprise.

Starting from the functional organization, through the functional organization with the identified processes and the process organization with the functional division maintained, we can arrive at process organization, where the process owners become the management leaders of the enterprise, and financial plans include the respective budgets for each process. The process approach creates better cooperation between the client and the enterprise in shaping common values.

Technologies, as adapted to the changing environment, and the client and its requirements, which always stand at the beginning and the end of each process, are the basis of the process approach (Suszyński, 2007). Nevertheless, the excessive use of different managerial forms, and their related management concepts (Bitkowska, Weiss, 2015), can lead to situations that are undesirable from economic or social point of view.

3. Pros and cons of process management, as well as test results

The use of process management has many advantages: increased efficiency and effectiveness, better description of the entire organization, increased flexibility (Grajewski, 2007), and in some situations, also the reduction of operating costs.

Still, Harrington (Harrington, 1991) draws attention to the advantages of process orientation, which include, but are not limited to: focusing on the client and his needs, increased control over changes and competitiveness of the enterprise, through better use of resources, ensuring the ability to manage external relations, and providing comprehensive business model and limiting the level of errors.

Surveys of organizations confirm the positive impact of process management (Bitkowska, 2013), with the organization resources also growing, and forming the measure of process management effectiveness (Nadolna, and Skowronek-Mielczrek, 2014). Other studies demonstrate that following the application BPM (Business Process Management) concept in 1/3 out of 150 surveyed companies, there was a drop in costs by more than 10% (Gregorczyk, Ogonek, 2007).

On the other hand, the 2013-2014 research by B. Kalinowski (Kalinowski, 2015) verified the positive relationship between process maturity (understood as the level of advancement of

the organization in the field of process management) and the effectiveness in terms of individual processes, as well as the whole organization.

Interesting research results can also be found in the BPM report (Harmon, and Wolf, 2014) wherein an analysis of survey results originating from over 300 respondents from different countries over the years 2011 and 2013 indicates a gradual increase in BPM expenditures, which may suggest the effectiveness of the process concept and will of its further development.

The results of the aforesaid studies preliminarily confirm the hypothesis stating that there is a relationship between the degree of implementation of the process approach and the assessment of its benefits for the enterprise, especially in the following areas: systematization and organization of the enterprise structure, improving the effectiveness and efficiency of the processes, image, improved customer service, making the employees aware of the goals of the organization, facilitation of external communication, unification of work standards and increasing the trust vested by third parties in the enterprise. Nevertheless, fewer are admitting benefits concerning increased corporate profits, elimination of errors, improved timeliness of services, and shortened process times.

Currently and to a large extent, information and electronic technologies, as well as adaptation to changing environment and customer demands, form the underlying foundations for the process approach and its practical application. Used as a management tool, the process approach promises greater transparency of the organization and the aggregation of other modern management concepts. Furthermore, the quality of products and the cooperation between the client and the company in the development of common objectives and values, is enhanced. Own surveys involving 40 employees in the SME (Small and Middle Enterprises) sector in Krakow indicate the practicalities of utilizing process management (Table 1).

Table 1.

Opinions expressed on the usefulness and application of selected management techniques

	Number of responses/element management	Weighted average rating the suitability of selected elements in the management ↓ scale 1-5	Number of ratings, scale of 1-5 for the suitability of the selected items in the management, (1 min, 5 max)					The using of these elements in the organization, where respondents work, by their reviews	
			1	2	3	4	5	Yes	No
1	Marketing	4,425	0	0	4	15	21	33	7
2	Financial management	4,300	0	3	2	15	20	31	9
3	Profit and the value of the company	4,275	0	1	3	20	16	35	5
4	Business plan	4,150	1	3	4	13	19	35	5
5	HR	4,050	1	4	7	8	20	31	9
6	IT	3,975	1	1	11	12	15	32	8
7	Knowledge management	3,900	2	0	6	24	8	28	12
8	Process management	3,875	0	2	9	21	8	26	14
9	Outsourcing	3,675	2	0	12	21	5	30	10
10	Lean Management	3,675	1	1	14	18	6	21	19
11	Ecology	3,525	2	4	11	17	6	20	20

Cont. table 1.

12	Virtual organization	3,500	2	4	13	14	7	22	18
13	Restructuring	3,450	0	4	17	16	3	30	10
14	Benchmarking	3,275	1	7	13	18	1	18	22

Source: own surveys September 2019 in SME sector, Malopolska and Krakow.

The usefulness of process management has been well evaluated as the weighted average rating is 3,875 scale 1-5, ranked No. 8, (21 answers to 4 – good and 8 responses 5 – very good, 72,5%). Application of process management is good too (26 responses to yes 65% and 14 to no 35%). In first place we find marketing, financial management, profit and the value of the company. However, virtual organization, restructuring and benchmarking hold last place, by the weighted scores. This is not surprising, because similar trends are seen in other previous studies. Herein, again process management, is in the middle of the table. Of note, ecology has a weighted assessment of 3,525, position 11, with 50% of use in surveyed enterprises, where respondents work.

4. Contemporary global economy, and corporate governance

Today, large corporations play an important role in the global market. This is the result of the fact that they frequently own greater resources (economic, technological, material, staff, organizational, marketing, etc.) than many of the smaller nation states. What is important in corporate governance is the role of not only corporate owners, shareholders, but also the role of stakeholders who are not the owners of the company but have vital interests in its functioning. Large corporations possess large assets, they penetrate nation states, exercising an indirect influence on governments of these countries, through media influence on society and its economic decisions. They can indirectly induce local development or crises by investing or not in specific regions of the world. They may remain under or be free of state control, including corporate supervision regulations and important employee rights (Postuła, 2013).

The vast majority of concepts, methods and forms of management were invented in the Far East, especially in Japan, but also in the USA and Europe. They were perfected to fit global demands and to being applied world-wide, of course not without local variations. Hence, there are differences in many countries as part of globalization. Table 2 presents the socioeconomic data for the selected countries worldwide.

As the data in Table 2, indicate, GDP growth is still the highest in China, it is also the largest economy in the world, when real GDP is considered. What is disturbing, however, is the indebtedness of Western countries and the USA, as well as their small currency and gold reserves, in comparison with China.

Table 2.*Socioeconomics data in the selected countries of the world*

State/ Region	Unemp- loyment	GDP growth		GDP (real)		GDP per capita (PPP)		Foreign exchange reserves and gold
	2017	2017	2015	2017	2015	2017	2015	2017
	↓ %	%	%	mld \$	mld \$	tys. \$	tys. \$	mld \$
China	4,0	6,8	6,9	23.120,0	19.510,0	16,6	14,3	3.194,0
Czechia	2,8	3,5	4,2	372,6	332,5	35,2	31,6	-
EU	9,4	1,9	1,9	19.970,0	19.180,0	39,2	37,8	740,9
France	9,5	1,6	1,1	2.826,0	2.647,0	43,6	41,4	146,8
Germany	3,8	2,1	1,5	4.150,0	3.842,0	50,2	47,4	185,3
Hungary	4,4	3,2	2,9	283,6	258,4	28,9	26,2	117,3
India	8,8	6,7	7,1	9.447,0	8.265,0	7,2	6,4	407,2
Japan	2,9	1,5	0,5	5.405,0	4.658,0	42,7	38,2	1.217,0
Poland	4,8	3,8	3,6	1.111,0	1.003,0	29,3	26,4	115,0
Russia	5,5	1,8	-3,7	4.000,0	3.417,0	27,9	23,7	418,5
Slovakia	8,1	3,3	3,6	178,7	161,0	32,9	29,7	3,2
UK	4,4	1,7	2,2	2.880,0	2.660,0	43,6	41,2	27,0
USA	4,4	2,2	2,4	19.360,0	17.970,0	59,5	56,3	135,0

Source: own research based on Eurostat and World Factbook CIA USA 2016-2018.

This may cause further economic crises, political conflicts, problems with currencies in selected regions or states, throughout the world. Another world crisis is also possible. Poland has a good GDP growth rate of 3.8% for 2017, the reserves of foreign currencies and gold are almost at the US levels, which may be worrying for the US economy, as it is a far bigger country than Poland. The unemployment in Poland is also relatively modest, with just 4.8%, compared to the mean of over 9% for France and the western parts of the European Union.

5. Conclusion

Contemporary management methods and techniques, coupled with innovative technologies, allow for an increase of effectiveness and value of enterprises, but also point out the need of modern global enterprises to redefine economic processes, and apply process management, including the process structure.

In order to increase the value and competitiveness of enterprises in the conditions of globalization, it is necessary to source and apply more effective forms of organization, managerial concepts and methods, including process organization. These focus on processes and can aggregate many modern technologies and management concepts. This solution is far more complex than the traditional functional organization, yet it can stand the test of contemporary globalization and satisfy the demands and expectations of customers. It can also increase value of enterprise and foster its development in a competitive market. Generally,

the positive impact of process management on enterprises is confirmed by the exemplary research presented in this study. In business management, the process approach is most frequently applied to quality management, restructuring, strategic and operations management, human resources management, IT, project management, finances and in manufacturing and customer services managements, as well as in other areas.

The use of modern and tested technologies, coupled with managerial concepts and appropriate synthesis of the customer demand on the global competitive market form the basis for process management. However, all the pros and cons should be considered in the framework of specific position and opportunities, when selecting the managerial technologies, forms, methods and techniques. This can then be translated into a higher growth in the global enterprise market.

The advantages of process orientation include: potential reduction of operating costs, efficiency and effectiveness gains, better description of organizational activities, increased flexibility, focus on customers and their needs, increased change control, more efficient use of resources, aggregation of different managerial concepts, etc. By contrast the disadvantages of process orientation include issues related to its implementation and relatively high initial costs. Regardless of its complication, after its proper implementation, it grants greater transparency.

The organizations of the future will probably follow the needs of humanity and technological and material changes, applying modern management methods and techniques, and the development of enterprise should be a sustainable and lasting one. Contemporary economy poses new challenges for enterprises and corporations, related to the changing environment, and to the speeding up of the processes of globalization (Borowiecki, 2010).

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