The Management Systems in the Modern Business Environment

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ABSTRACT

This paper demonstrates the effect of new technologies on management in the 21st century. Modern management systems become more dependent on computer software and management automation application. Nowadays modern organizations require from their managers to fully understand how to use of new technologies in their management activities, traditional management procedures require to update in all type of business. The purpose of this paper is to identify the elements of modern management systems and what are the new tools that help managers to execute administration activities more accurately with higher efficiency. The study also helps managers to change their vision on the way of doing daily management activities within their organization.

Key words: Management system, MBO: Management by Objectives, Modern management, Management elements, Business environment.

Introduction

Management in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization or effort for the purpose of accomplishing a particular goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources.

Because organizations can be viewed as systems composed of different elements, the management also is composed of elements but is related to human action, moreover the management including design, to facilitate the production of useful outcomes from a system [2].

A management system is a proven framework for managing and continually improving organization's policies, procedures and processes.

Before less than 20 years ago most of management activities was made manually and without automation support. After the rapid development of the computer applications and internet the concept of management acquired new methods and techniques, management becomes more dependent on modern technologies and computer application.

The vision of management become different and managers in the 21st century should have more experience on information system in order to manage their departments within the organization.

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Modern Management by Objectives:

There are basically traditional three basic management objectives. One objective is ensuring organizational goals and targets are met - with least cost and minimum waste. The second objective is looking after health and welfare, and safety of staff and workforce. The third objective is protecting the machinery and resources of the organization, including the human resources.

Nowadays many organizations renew a management concept that was presented by Peter Drucker in his 1954 book 'The Practice of Management', it is called Management by Objectives (MBO) which is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization. [2].

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee’s actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

In its briefest form the system of management by objective contains the following basic elements [3].

1. Establish an objective before begining;
2. Collect and organize all of the pertinent facts;
3. Identify the problem and its causes;
4. Work out a solution and some options;
5. Screen options through some decision criteria;
6. Establish some security actions to enhance the probable success of the solution;
7. Gain acceptance of the decision;
8. Implement the decision; and
9. Measure the results.

According to George S. Odiorne, the system of management by objectives can be described as a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.

The basic principle behind Management by Objectives (MBO) is for employees to have a clear understanding of the roles and responsibilities expected of them. They can then understand how their activities relate to the achievement of the organization's goal. MBO also places importance on fulfilling the personal goals of each employee [4].

Some of the important features and advantages of MBO are:

1. Motivation-Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.
2. Better communication and Coordination-Frequent reviews and interactions between superiors and subordinates help to maintain harmonious relationships within the organization and also to solve many problems.
3. Clarity of goals
4. Subordinates tend to have a higher commitment to objectives they set for themselves than those imposed on them by another person.
5. Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

According to Odiorne, the first step in sound decision-making and systematic problem-solving is to define an objective. Why? In support of this first step, I would offer the following evidence. In my contacts with the agribusiness industry I meet with many disgruntled managers who feel they are not being properly rewarded for their efforts. Cooperative managers, for example, claim their Board of Directors do not truly appreciate managerial performance. In many such cases, the manager, himself, is most to blame because of his failure to set an objective prior to taking action. Lacking the existence of an objective, the Board of Directors has no basis upon which to judge a manager's effectiveness as good or bad.

Objectives are statements of expected outputs; they should be defined before inputs are released, and they should be used by management to determine what inputs are to be used. Once established, an objective becomes a convenient measuring stick for judging (and then rewarding) managerial proficiency. Superior performance should no longer go without reward [5].

Odiorne performs a modest taxonomy on this initial step by classifying and rating objectives as (1) Regular or routine, (2) Problem-solving, and (3) Innovative or improvement.

The regular or routine objectives are those described as relating to day-to-day chores which are necessary for the firm's survival and stability. In the agribusiness industry, for example, a regular or routine objective may be to obtain a monthly inventory report, file a yearly tax statement, or conduct weekly maintenance checks on all plant equipment.

The end result of achieving the regular objective is that the firm maintains the status quo, i.e., no expansion or improvement.
Management Systems Functions:

There are mainly three functions of management system, namely; planning, organizing, staffing, leading, and controlling.

Planning involves selecting missions and objectives and the actions to achieve them. It requires decision-making - i.e., choosing future courses of action from among alternatives. Plans range from overall purposes and objectives to the most detailed actions to be taken. No real plan exists until a decision.

Modern management uses the problem identification, analysis and the implementation of remedies to managerial problems. Second, administration involves following laid down procedures (although procedures or rules should not be seen as ends in themselves) for the execution, control, communication, delegation and crisis management. Third, human resource management should be based on strategic integration of human resource, assessment of workers, and exchange of ideas between shareholders and workers. Finally, organizational leadership should be developed along lines of interpersonal relationship, teamwork, self-motivation to perform, emotional strength and maturity to handle situations, personal integrity, and general management skills [7].

Nowadays Managers are charged with the responsibility of taking actions that will make it possible for individuals to make their best contributions to group objectives.

Thus, management applies to small and large organizations, to profit and not-for-profit enterprises, to manufacturing as well as service industries. However, a given situation may differ considerably among various levels in an organization or various types of enterprises. The scope of authority held may vary and the types of problems dealt with may be considerably different. All managers obtain results by establishing an environment for effective group endeavor.

Practicing Management System in the Modern Business Environment:

Managing, like all other practices - whether medicine, music composition, engineering, accountancy, or even baseball - is an art; it is know-how. It is doing things in the light of the realities of a situation.

Yet managers can work better by using the organized knowledge and modern management systems equipped with latest technologies. It is this knowledge that constitutes science and technology. However, the science and technology underlying managing is fairly crude and inexact. This is true because the many variables with which managers deal are extremely complex. Nevertheless, such management knowledge can certainly improve managerial practice.

Managers who attempt to manage without management scientific techniques must put their trust to luck, intuition, or what they did in the past.

In managing, as in any other field, unless practitioners are to learn by trial and error, there is no place they can turn for meaningful guidance other than the accumulated knowledge underlying their practice; this accumulated knowledge is theory.

For practical purposes, all managers must develop three sets of skills, namely; conceptual, technical, and human.

Conceptual skills allow the manager to develop relationships between factors that other people may not see.

Managers who have well-developed conceptual skills are able to apply different management theories to the same situation. For a manager to be technical, it implies that he or she should act professionally.

Professionalism demands that the manager performs his or her duties within established procedures, rules and regulations.

Any behavior that compromises the manager's professional etiquette is certainly bound to interfere adversely with the organization's productivity. Lastly, a manager should be able to see members of the organization as human beings who have needs and psychological feelings and emotions.

These needs and feelings must be positively harnessed for the good of the organization; motivation of the employees, therefore, becomes a critical factor in increasing productivity [6].

Instructional needs at different management levels in modern business environment

According to Lawrence S. Kleiman, the skills mentioned below are needed at different managerial levels.

First-Level Managers:

- Basic supervision.
- Motivation.
- Career planning.
- Performance feedback.

Middle-Level Managers:

- Designing and implementing effective group and intergroup work and information systems.
- Defining and monitoring group-level performance indicators.
- Diagnosing and resolving problems within and among work groups.
- Designing and implementing reward systems that support cooperative behavior.
Top-Level Managers:

- Broadening their understanding of how factors such as competition, world economies, politics, and social trends influence the effectiveness of the organization.

The Modern Vision of Management:

Initially in businesses and other organizations, internal management activities were made manually and only periodically, as a by-product of the accounting system and with some additional statistic(s), and gave limited and delayed information on management performance.

In the past century data had to be separated individually by the people as per the requirement and necessity of the organization. Later, data was distinguished from information, and so instead of the collection of mass of data, important and to the point data that is needed by the organization was stored.

Earlier, business computers were mostly used for relatively simple operations such as tracking sales or payroll data, often without much detail. Over time, these applications became more complex and began to store increasing amount of information while also interlinking with previously separate information systems. As more and more data was stored and linked man began to analyze this information into further detail, creating entire management reports from the raw, stored data. Following years the a new term what is called management information system (MIS) begin to emerge and change entirely the way of doing successful management in modern organizations.

Today, the term (MIS) is used broadly in a number of contexts and includes (but is not limited to): decision support systems, resource and people management applications, Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Customer Relationship Management (CRM), project management and database retrieval applications.

The latest evolution of Information Systems is cloud computing a recent development, cloud computing lets users access data stored on a server, where they can not only see the data but also edit, save, download or upload. This along with high speed networks has lead to a much more mobile view of MIS. In cloud computing the manager does not have to be at a desk to see what their employees are working on but instead can be on a laptop, tablet pc, or even smart phone. The whole management process changed or faced huge development in its core principles [10].

The Elements of Modern Management System:

Systems management is the combination of four key elements:

1. Processes
2. Data
3. Tools
4. Organization

The above four element are all needed to manage a system efficiently and effectively.

Processes deal with how to perform the task. Data refers to the information required to perform the process. Tools are the equipment needed to perform the processes. Organization refers to the people that support the process and how they are set up to do so.

If manager let even one of these go by the wayside, the systems management could suffer. Read on to see how important each element is in the success of organization’s system management efforts, and to see what points it will need to consider before deploying organization systems management infrastructure. Below are some examples of implementations that lacked one or more of these elements.

- Process Element Ignored:

Many help desks have no escalation procedures. Obviously, this leads to many complaints by users (and their management) when they don’t receive appropriate attention and support. To add insult to injury, in many cases, IT management becomes aware of these problems only when users complain.

- Data Element Ignored:

Often, help desks fail to adequately identify the data they need to gather from users. Nobody quite knew what information to request, and there was no standard form for recording details. Whenever the caller’s problem was passed to technical support, the support person usually had to call the user again for more information. This delayed problem resolution. Productivity suffered, and users were dissatisfied. Eventually, users decided that calling the centralized help desk was a waste of time and began calling support specialists directly.

- Tools Element Ignored:

This is the most common systems management mistake a modern organizations make. For example some organization had no computerized means of recording and tracking calls; they were simply using a paper-based logbook. When management asked for weekly reports, the help desk staff needed a whole day simply to sort and filter their call records. Adding staff simply led to more paper shuffling, and even more lost call information.
Many modern organizations seem to think that they can have an effective help desk simply by seating people in front of a phone to answer user calls. They fail to recognize that it’s also important to organize the people making up the help desk. Organizing a help desk includes identifying the appropriate staffing and skills requirements, creating clear reporting lines within the help desk organization, and distributing responsibilities efficiently amongst the help desk staff. Without the right people and the proper organizational structure, there’s little chance that calls will be handled properly, and there may be little cooperation among the help desk staff. Calls will most likely pass from one person to another without ever getting resolved adequately.

The New Vision of Management System:

The best businesses work as complete units with a shared vision. This may encompass information sharing, benchmarking, team working and working to the highest quality and environmental principles. (Kotter, John P. & Dan S. Cohen. ,2002, page 122). A management system helps organizations to achieve these goals through a number of strategies, including process optimization, management focus and disciplined management thinking.

Management operating in the 21st century face many significant challenges, including:

- Profitability
- Competitiveness
- Globalizations
- Speed of change
- Adaptability
- Growth
- Technology

Balancing these and other business requirements can be a difficult and daunting process. That’s where management systems can help, by unlocking the potential in organization.

Implementing an effective management system will help the organization to:

- Manage its social, environmental and financial risks
- Improve operational effectiveness
- Reduce costs
- Increase customer and stakeholder satisfaction
- Protect organization brand and reputation
- Achieve continual improvement
- Promote innovation
- Remove barriers to trade
- Bring clarity to the marketplace

Organizations using a proven management system will enable the organization to continually renew its mission, strategies, operations and service levels.

The Systems Management Requirements:

Assuring best optimal systems management infrastructure, organizations must first thoroughly understand the system that intended to manage. Knowing the technical aspects of the management system is not enough. Organizations must design a cost-effective, practical systems modern management infrastructure, therefore must consider the following points [10].

- How Critical the System Is to the Business:

  Consider how much of the business will be affected if the system is not available, in terms of lost productivity, increased expenses, lost business opportunities, and erosion of customer satisfaction.

- Size of the System to Manage:

  Size can be gauged in terms of the amount of resources (hardware, software, people, etc.) being utilized, the amount of data being processed, or the number of users being served.

- Complexity of the System:

  A system can be complex because multiple operating systems are in use or because many types of users (customers, suppliers, managers, and staff) are sharing the same set of applications. When multiple components are shared, organization run a greater risk of dysfunction or reduced performance due to competition for scarce resources.

- Distribution of System Components Across Different Locations:

  Increasingly, components are distributed across servers and workstations in different buildings, cities, or even countries.

- Ownership of Resources:

  It’s harder to coordinate systems if many different owners have the final say as to what is done, simply because organization have to get permission from many different people and coordinate all their decisions and actions. In a highly distributed computing environment, it’s common to have different owners for the workstations, servers, communication facilities (often owned by a telecommunications company or service provider), and so on.
• New Technologies:

The organization must keep eyes peeled for forthcoming technologies and be familiar with its organization’s long-term goals so the systems management infrastructure they design won’t be made obsolete by rapid change.

• Environmental Dependencies:

It may be difficult or impossible to control the external environment in which the organization’s systems operate, but organizations can limit the impact of changes in the external environment on the operations of their systems. For example, if the power supplied to organizations’ equipment is prone to outages, they can deploy backup power generation facilities and establish procedures for switching to them.

• Standards:

Organizations cannot deploy the right tools without considering corporate hardware and software standardization policies. Also consider company operations rules, such as security guidelines and employee management standards.

Conclusion:

Concentrating on the four key elements of management system while considering the points indicated above, will path the way for designing a cost-effective, practical systems management infrastructure.

Organizations in most of times implement some of these elements which lead to management going wrong, according to that the management team should consider implementing all of them together in order to achieve the desired goals of the organization.

Modern management systems have brought huge advantages for organization mainly reducing the human efforts and saving time. Nowadays managers can achieve their management activities using high tech management approaches using developed computer software and obtain the desired organization’s goals in less time and human resources.

Modern management system is the process of designing and maintaining an environment for the purpose of efficiently accomplishing selected goals of the organization using the latest technologies and methodologies. Managers carry out the functions of planning, organizing, staffing, leading, and controlling. Management system is an essential activity at all organizational levels.

The goal of all management systems is to create a surplus and to be productive by achieving a favorable output/input ration within a specific time period with due consideration for quality. Productivity implies effectiveness and achieving of objectives and efficiency using the least amount of resources and the best technology.

The development of management theory in the 21st involves the development of concepts, principles, and techniques. Modern management have a different new vision and new ways that save time and cost. There are many theories about management, and each contributes something to our knowledge of what managers do. Each approach or theory has its own characteristics and advantages as well as limitations. The operational, or management process, approach draws on each "school" and systematically integrates them.

Recommendations:

For better management in the modern business environment, the following recommended activities should be implement in any management department:

1. Ensure that all employees working in any management department to be well educated about the latest technologies and modern management approaches that utilize computer applications.
2. Provide intensive training courses for all managers within the organization to be educated with the latest modern management approaches that use technologies and automated management procedures.
3. Create a sense of urgency based on the company’s financial performance, competitive situation, market position, technological trends – create a burning platform: What will happen if we don’t react now? Management need to be able to tell a compelling change story that motivate employees.
4. Communicate the goals/targets in a simple way – a surprisingly simple image can express more ideas than a thousand complex words. For goals/targets to be meaningful and effective in motivating employees, they must be tied to larger organizational ambitions.
5. Advise the head management and CEOs to adopt the new management approaches and abandon the traditional management techniques.
6. Install new equipment and new software every certain period of item and ensure frequent update to the systems dedicated for the management department.
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