Diagnostic Assessment of Management Processes: A Study on Iranian Industries

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Abstract

Management as Gary Hamel (2007) argued is the capacity to achieve desired results in any social system. Despite the long history of the practice of management, it was almost a century ago when a root-and-branch package of management was invented by a few scientists and also by certain pioneering companies. This invention which can be called modern management has since become a global phenomenon and is suspected to form an ideology that despite all the improvements it offered to human beings, it may now constrains the performance of organizations in the 21st century. To go beyond modern management and to establish a new version of management, modern management needs to be treated as a paradigm. To uncover this management paradigm, it is essential to study the practice of management. These studies should be conducted to unearth the central principles and questions of the prevailing model of management and evaluate it diagnostically. Then only we might have hoped to build management models that do not entail the limitations and inadequacies of the so called modern management.

This study intends to analyze managerial processes in organizations to understand the principles upon which the way the work of management is being carried out is based. Management as Hamel proposed is realized through certain processes which are called management processes. Three management processes were selected to attain what this research is conducted to obtain, namely strategic planning, employee assessment and project management. In order to achieve the objective of the study, sequential steps of data collection
and analysis (processing and interpretation) were used and analytical tools were employed in the procedure. In addition to descriptive statistics, cross tabulation have been applied to the gathered and classified data in order to understand the possible correlations between different aspects of the practice of management.

The results of this study revealed that the modern paradigm of management seems to dominate the industries and the central issues, which in this study are called management principles are control, prediction, planning, order, analysis, formalization, standardization, and centralization. It has also been demonstrated that certain managerial questions which

are considered to be management challenges, correspond to each and every one of the mentioned principles and other managerial challenges such as learning, resilience and innovation might not be addressed on the basis of dominant management principles. Certain mental associations of the managers were disclosed and a gap between management theory and practice was also discovered and discussed.

Conducting this research in public sectors is highly recommended as replicating it through in-depth qualitative studies and a discourse analysis while trying to understand different perceptions of the practice of management and to establish a relationship between different interpretations would be conducted.

Keywords: Management; Management Processes; Management Principles; Strategic Planning,; Employee Assessment; Project Management

LITERATURE REVIEW

Definition of Management
Management is anything that can help a society to achieve better results. A classic definition of management is accepted as the art, craft or science of accomplishing goals through people. Managers are supposed to make sure that,goals such as productivity are followed and attained.

Koontz and Weihrich (1990) defined management broadly as the practice of creating and sustaining a setting in which people who work there collectively can achieve desired productive ends. This fundamental definition denotes several things. Management is firstly relevant in any organization or social entity. Secondly, management pertains to managerial positions and functions in all the organizations levels. Finally, management deals with goals and results, how to design them and how to achieve them.

Management as Combination of Processes
The practice of management has traditionally and better to say classically includes planning, organizing, leading, and controlling (Richard Daft, 1997). The description of the work of management that has derived certain arguments but that is also generally and globally accepted.

Gary Hamel in his book "The Future of Management" defined management processes as the gears through which the work of management is being carried out. He argued that every management process corresponds to a managerial function. Hamel then identified nine managerial processes to be the main levers of the work of management which includes:
1. Strategic Planning2. Knowledge Management3. Project Management4. Recruitment and Promotion 5. Training and Development6. Employee Assessment and Compensation7. Periodic Business Review8. Capital Budgeting 9. Internal Relationships
Then Hamel argues that all these processes shape an organization's management model which determines the performance of the organization.

Strategic Planning
Strategic planning is a management process that is globally accepted by managers as one of the most important management approaches and methods. Strategic planning is adopted by managers in business and government to decide what goals an organization should pursue and how resources must be allocated to achieve certain performance. A study conducted by

Bain and Co. (2003) reveals that eighty nine per cent of the sampled companies in USA and Europe use strategic planning as an established management process.

Strategic planning is utilized by organizations for different purposes and in different ways. But as Grant (2003) proposed, strategic planning has essentially promised to help organizations:

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2. React to changes in the environment
3. Identify certainties and uncertainties in the context of activities
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Development of strategy as an independent and single process as White and, Chakravarthy (2002) argued has led to this process becoming an element of managerial context institutionalized by the management in the organization.

Employee Assessment

Performance appraisal has been traditionally thought of as one of the most important aspects of managing human resources. Indeed, there is a general belief that assessing employees is a critical task for human resource management and naturally it is perceived to be necessary for decision on hiring and selection, training and promotion, layoff and firing and also for compensation.

Employee assessment plays the role of a basis and a framework upon which many managerial decisions are made. More importantly, the way employees are evaluated seems to be influencing their motivation and subsequently their performance level and as a result the outcomes of their efforts.

Accurate appraisal of the performance of employees has long been regarded as a key to organizational success (Judge and Ferris, 1993).

Murphy and Cleveland (1995) looked at the vitality of employee assessment from a different point of view. They considered individual and group differences as a logic that necessitates existence of employee assessment process. They argue that evaluating the performance of every individual in the organization seems to be necessary to achieve the motivation level required since every individual has his/her own level of influence on the organization and simply because people differ in who they are and what they have to offer and also in what they actually provide.

Project Management

A project is a time-bound combination of efforts made for predefined purposes and goals. Taking this very basic definition of project into account, it is obvious that there are many projects in any organization. A project may be developing a new product, initiating an advertisement campaign, creating a marketing plan, and many other sets of activities in the context of the organization. All the projects regardless of the specific goals they follow are carried out to create value and wealth in one way or another. Disnomer et. al argued that the difference between a project and a normal activity is in the project's temporary character. A normal organizational activity is recurring and everlasting; as it is the case with manufacturing activities or administrative processes. This disparity in nature that distinguishes project from non-project, leads to the need to manage project differently and to new set of requirements, such as skills and knowledge. This is true because the project is a system which is not similar to the regular, repetitive organizational system.

Two main goals are proposed by scholars such as Ireland (2006) and Philips (2003) as the fundamental requirement of managing a project:

1. Achieving the project goals
2. Appreciating the fixed project constraints.

Typical constraints are scope, time, and budget. The secondary—and more ambitious—challenge is to optimize the allocation and integration of inputs necessary to meet pre-defined objectives.

Research framework

In this study, three management processes are examined and then are tested against the desired practice of management to understand the inadequacies and shortcomings of the practice of management.
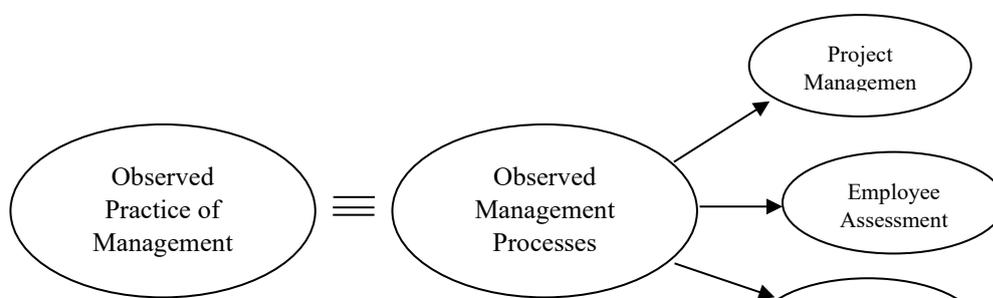
FIGURE: Research Framework

Data Collection Method

Primary research is defined as the methods used to obtain first hand data from original sources of information for instance interview, observation, and questionnaires, whereby there is originality of information and such data content obtained from above mentioned cannot be found in common sources such as books and articles. Primary research will lead to the discovery of new information and ideas, thus enabling new findings on a particular field to be proposed and uncovered. The method of primary research used in this research is questionnaires.

In this research, questionnaires are used to obtain managerial principles and assumptions behind the actual practice of management in the targeted organizations. Using questionnaires enables the researcher to gather more accurate information although it takes time to analyze. Questionnaires were distributed among the managers in the companies selected for the study to be conducted.

Secondary research is a technique of doing research by using second hand information. Secondary research is usually done before conducting primary research. Secondary research comprises information that is gathered from written sources such as newspapers, books, journals, articles, magazines and the Internet, whereby there is no originality in terms of ideas and content, and the information obtained is based on work that has been previously produced by other people. In this research, the data is collected from the Internet, books, electronic databases, articles and journals. The survey of literature is focused on how management processes, namely strategic planning, employee assessment, project management.

Sampling

The unit of study in this research is the social unit in manufacturing companies working in for-profit sector. Therefore, the unit is either an organization or the department. This study was designed to be conducted in Iran. 320 companies are members of Iran Managers' Association from which 46 were selected randomly. From the total of 46 potential respondents, 37 questionnaires were collected and the analysis will be based on the collected data which is presented in Chapter 4.

The reliability of analysis is an important aspect of this research. This is because analyzing the gathered data plays a major role in contributing to the results of research. The quantitative data collected from the respondents was analyzed using the Statistical Package for Social Science (SPSS) Version 17.0 software in order to obtain a more comprehensive analysis for this research. Descriptive statistics are generated using the same SPSS software.

4. Inferential Statistics

The following questions were raised and statistically tested:

1. Is there a relationship between size of the company and occurrence of strategic planning?
2. Is there a relationship between size of the company and employee assessment?
3. Is there a relationship between size of the company and project management?
4. Is there a relationship between formalizing strategic planning and employee assessment?
5. Is there a relationship between centralized responsibility of strategic planning and employee assessment?
6. Is there a relationship between the need to have a plan and the need to forecast future strategy?
7. Is there a relationship between receiving help from consultants and the amount of analysis perceived to be done?
8. Is there a relationship between assessing based on observation and the amount of analysis perceived to be done?
9. Is there a relationship between the need to precisely forecast time and the parity of actual time and planned time in the project management process?

Size of the company and strategic planning

H0: There is no relationship between size of the company and occurrence of strategic planning.
H1: There is a relationship between size of the company and occurrence of strategic planning.

Using the statistical software to find the answer, this table is resulted:

No_Employees * Q1 Crosstabulation

Count

		Q1		
		Yes	No	Total
No_Employees	0-50	7	2	9
	50-150	12	1	13
	150-500	7	0	7
	500-1000	5	0	5
	More than 1000	3	0	3
Total		34	3	37

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.733[a]	4	.443
Likelihood Ratio	4.238	4	.375
Linear-by-Linear Association	2.701	1	.100
N of Valid Cases	37		

These results indicated that there is no statistically significant relationship between size of the organizations and occurrence of strategic planning (p = 0.443).

Size of the company and employee assessment

H0: There is no relationship between size of the company and occurrence of employee assessment.

H1: There is a relationship between size of the company and occurrence of employee assessment.

No_Employees * Q14 Cross tabulation

Count

		Q14		Total
		Yes	No	
No_Employees	0-50	9	0	9
	50-150	12	1	13
	150-500	7	0	7
	500-1000	5	0	5
	More than 1000	3	0	3
Total		36	1	37

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.897[a]	4	.755
Likelihood Ratio	2.144	4	.709
Linear-by-Linear Association	.142	1	.707
N of Valid Cases	37		

These results indicated that there is no statistically significant relationship between size of the organizations and occurrence of employee assessment ($p = 0.755$).

Size of the company and project management

H0: There is no relationship between size of the company and occurrence of project management.

H1: There is a relationship between size of the company and occurrence of project management.

No_Employees * Q29 Crosstabulation

Count

		Q29		
		Yes	No	Total
No_Employees	0-50	7	2	9
	50-150	9	4	13
	150-500	5	2	7
	500-1000	5	0	5
	More than 1000	3	0	3
Total		29	8	37

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.050[a]	4	.549
Likelihood Ratio	4.675	4	.322
Linear-by-Linear Association	1.406	1	.236
N of Valid Cases	37		

These results indicated that there is no statistically significant relationship between size of the organizations and occurrence of employee assessment (p = 0.549).

Formalizing strategic planning and employee assessment
H0: There is no relationship between formalizing strategic planning and formalizing employee assessment.
H1: There is a relationship between formalizing strategic planning and formalizing employee assessment.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.036[a]	1	.014		
Continuity Correction[b]	4.429	1	.035		
Likelihood Ratio	6.210	1	.013		
Fisher's Exact Test				.032	.017
Linear-by-Linear Association	5.873	1	.015		
N of Valid Cases	37				

The result of test shows that the null hypothesis must be rejected and it is concluded that there is a statistically significant relationship between formalizing strategic planning and employee assessment (p = 0.017).

Centralization of management processes
It was suspected that there might be a relationship between the inclinations of companies to centralize the responsibility of management processes in top of their managerial structure. Therefore, the statistical test was performed to examine this relationship.

Centralized responsibility of strategic planning and employee assessment

H0: There is no relationship between corresponding the responsibilities of strategic planning and employee assessment to the top management.

H1: There is a relationship between corresponding the responsibilities of strategic planning and employee assessment to the top management.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.768[a]	3	.123
Likelihood Ratio	6.071	3	.108
Linear-by-Linear Association	.055	1	.814
N of Valid Cases	34		

The result of test shows that the null hypothesis cannot be rejected and it is concluded that there is no statistically significant relationship between corresponding the responsibilities of strategic planning and employee assessment to the top management. (p = 0.123).

H0: There is no relationship between corresponding the responsibility of strategic planning to top management and the responsibility of employee assessment to direct supervisor.
H1: There is a relationship between corresponding the responsibility of strategic planning to top management and the responsibility of employee assessment to direct supervisor.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.048[a]	1	.014		
Continuity Correction[b]	3.800	1	.051		
Likelihood Ratio	5.384	1	.020		
Fisher's Exact Test				.031	.031
Linear-by-Linear Association	5.870	1	.015		
N of Valid Cases	34				

The result of test shows that the null hypothesis must be rejected and it is concluded that there is a statistically significant relationship between corresponding the responsibility of strategic planning to the top management and the responsibility of employee assessment to direct supervisor (p = 0.014).

Planning and the Future
H0: There is no relationship between the need to have a plan and the need to forecast future.
H1: There is a relationship between need to have a plan and the need to forecast future.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	29.958[a]	6	.000
Likelihood Ratio	33.270	6	.000
Linear-by-Linear Association	10.850	1	.001
N of Valid Cases	34		

The result of Chi-Square test indicates that the null hypothesis must be rejected and there seems to be a relationship between the need to have a plan and the need to forecast future.

Strategy consultant and Strategic Analysis

H0: There is no relationship between receiving help from consultants and the amount of analysis perceived to be done.
H1: There is a relationship between receiving help from consultants and the amount of analysis perceived to be done.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.004[a]	6	.003
Likelihood Ratio	20.942	6	.002
Linear-by-Linear Association	3.839	1	.050
N of Valid Cases	34		

Sesults demonstrated in the Chi-square table above signifies that the null hypothesis must be rejected and it is concluded that there is a relationship between receiving help from consultant in the strategic planning process and the amount of analysis perceived to be done (p=0.03).

Observation and analysis in the employee assessment process
H0: There is no relationship between assessing based on observation and the amount of analysis perceived to be done.
H1: There is a relationship between receiving help from consultants and the amount of analysis perceived to be done.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	37.547[a]	9	.000
Likelihood Ratio	10.055	9	.346
Linear-by-Linear Association	.086	1	.770
N of Valid Cases	37		

The results reveal that the null hypothesis is rejected and it is concluded that there is a relationship between receiving help from consultants and the amount of analysis perceived to be done.

The need to and the possibility of time forecast
H0: There is no relationship between the need to precisely forecast time and the parity of actual time and planned time in the project management process.
H1: There is a relationship between the need to precisely forecast time and the parity of actual time and planned time in the project management process.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.904[a]	8	.768
Likelihood Ratio	5.389	8	.715
Linear-by-Linear Association	.040	1	.842
N of Valid Cases	29		

The results of the chi-square test indicated that the null hypothesis cannot be rejected and it is concluded that there is no relationship between the need to precisely forecast time and the parity of actual time and planned time in the project management process.

DESCUSSION AND CONCLUSION

Taking the results of analysis into account, it is obvious despite the term "strategic planning" implies different things to different people, managers attempt psychologically and cognitively to correspond that they do to that term. Going through the open-ended question that asks them how strategic planning is practiced in their organization reveals that some may assume their mental processes as strategic planning, some corresponding managerial meetings about the future decisions to strategic planning, and some may match the information systems, analytical processes and even daily reflections on the issues as strategic planning.
The need to discuss and to illuminate the term "strategic planning" and all its possible connotations and implications seem to be inevitable.
In spite of the fact that 91 percent of the managers see their companies practicing strategic planning, only 43 percent of them have attempted to formalize the strategic planning process or processes. Considering the general and dominant analytical implications of strategic planning and with respect to the answers managers provide to the question of analysis in the strategic planning process, a contradiction appears to be in place. While most managers regard their organizations as a unit in which adequate amount of analysis is done, less than half of them believe strategic planning is a defined formal managerial process.
Surprisingly, 40 percent among the studied organizations have a special department, unit, group or committee responsible for the work of strategy and particularly strategic planning.
Majority of the companies studied, see strategic planning as a process with the time horizon of either three or five years. It is not surprising since the classic approach to strategy recommends and reinforces this view to the strategic planning. Despite being in different industries, 88 percent of the organizations share this approach to strategic planning.
Dominance of the classic approach to management which considers managers and particularly top managers as strategic managers or people in the organizations still can be easily recognized. Most of the respondents find strategy as the responsibility of top management and others in the organization do not share the same responsibility
According to what management science along with the conventional practices and principles of management teaches us, planning is an essential part of management. Indeed, managers seem to emphasize the need to have a plan for themselves and for their organizations rather

than focusing on the need to have a strategy.

Analyzing and interpreting the results of this part of study reveals that there is a strong correlation in the minds of managers between strategy and forecasting and also between strategy and long-term.

Organizations assume strategic planning as a formal and analytical process. Again this is one of the results of the dominant strategy schools of thought that have made people believe that to have a strategy means to analyze and to do it formally. Not only organizations assume strategic planning as a managerial analytical process, they also practice strategic planning or whatever that they consider strategic planning mainly through management meetings. Whether these meetings are really analytical or not, the intention is to become and to be analytical.

Most managers of the selected companies perceive that the performance of employees is assessed in their organizations. In fact, only one of them does not believe so. It seems that managers prefer to believe that people are evaluated in their companies or units. Regardless of the way things are done in the employee assessment process and also the quality of it, employee assessment is supposed to be something that must be done in organizations. One reason might be that managers think if employees are not assessed, they do not have control over people and also over the operation. The second reason appears to be the vitality that managers attach to employee assessment as a managerial responsibility and the fear that if employees are not evaluated in their organizations, the very managerial performance of them is under question.

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