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## **DECISIONAL ENVIRONMENT ON AN INTERNATIONAL SCALE**

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### **ABSTRACT:**

This paper presents a comparative analysis of the decisional problems against managerial and economic phenomena globalization, between European countries with an “European management model”, the USA management and the Japanese one. In this respect, management specialists are trying to take the notions regarding decision theory beyond a country’s cultural and geographic frontiers and to point out the importance of an efficient evaluation of the problems and opportunities deriving from social, economic, cultural and even political diversity.

### **KEYWORDS:**

decisional environment, decisional process, European management, American management, Japanese management, holonic management

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## **1. INTRODUCTION**

The decisional environment, a key link of management, is the most active and dynamic according to which people can take action. Dynamic and unpredictable the contemporary decisional process meets serious changes, so that the discontinuity of changes and their even more complex characteristic have started to control the environment in which companies of this third millennium run.

In this respect, management specialists are trying to take the notions regarding decision theory beyond a country’s cultural and geographic frontiers and to point out the importance of an efficient evaluation of the problems and opportunities deriving from social, economic, cultural and even political diversity of developed countries which imply, of course, our country, as well.

In this comparative analysis of the decisional problems against managerial and economic phenomena globalization, we can highlight European countries with an “European management model” as an alternative for the USA management and for the Japanese one.

The term “*European management*” has been brought into use in the last couple of decades, together with the promotion of another concept “Unique European Market”, and its more heterogeneous cultural dimension is surprising if compared to relatively homogenous cultures on which the American and Japanese models are based.

European specialists say that managerial and organizational values in Europe are some kind of “mosaic” which has a different meaning according to each country’s language, outlooks and standards and also economic performances.

They draw our attention on the fact that in the great European cultural diversity, a “cultural management model” is not the most appropriate and a more detailed cultural approach is needed to divide the management not into 2 (North and South of Europe) or 4 groups (traditional capitalist countries, Scandinavia, South European countries and ex-communist countries) but into 5 cultural groups according to Gurt Hofstede (English, Northern, Germanic, Latin, South eastern) (2).

On the whole, European management, which is said to be a management of diversity, has the following distinctive features (3): it is based on the cultural, social, economic and political diversity and complexity of the context in which it operates; euro-managers must have a different training, an intercultural education that allows them to work in a heterogonous cultural environment on condition that the European human resource mobility increases; it implies the conception, elaboration and the implementation of several strategies that expand across borders, therefore variables from several European countries should be taken into consideration and companies outside the E.U. should be regarded as main clients; decentralization in “business units” which attenuate and eliminate undesirable influences of a centralized management over management system, in general and especially over the decisional subsystem; it creates an identity based upon economic and social values for the European organizations; it trains specialists to manage modern enterprises at European standards.

## 2. THE ANALYSES

Trying to define European management K. Thurley and H. Wirdenius say that it is a notion referring to problem solving and decision making for every organization and it “uncovers” the identity of European strategies as well as planning, implementation and evaluation of changes (4).

We can conclude that the decisional subsystem of European companies is the same as far as methods and decision techniques are concerned.

In Germany, companies are based on social relation codetermination and run according to the “German solidarity” principle, which implies a feeling of trust between managers and employees.

Future strategic decisions that have an influence upon employees are tackled through adequate active decision structures and through labor councils (Betriebsrat), which are formed in production departments and supervising councils (Aufsichtsrat), within a company. Supervising councils have been enacted by the Law of enterprises (1952) completed in 1972-1976, which recommends that these councils should consist of both representatives of the shareholders and of the employees. The board of directors (Vorstand) is made up of five managers at the most, who share decisional competence, as well as managerial responsibility. This characteristic is mainly found in German companies.

In order to analyze *the British management type* we must have in view their main features: conservatism, responsibility, honest, self-control, a.s.o. This behavior mixture has a great “effect on the decisional process, mainly on the manager-employee relationship, as well as on individualism in the decisional process” (7).

Although most of the western management models are based on taking responsibility and they are focused on the individual, the British are different from other European countries. After WW2 conservatism and traditionalism have affected Great Britain’s economic development, which was reconstructed by Margaret Thatcher. In British companies only its president takes major decisions. The Board of Directors and Labour Committees are controlled by the president.

*The Dutch management type* is, for many specialists, still a mystery, which proves that corporate management draws its forces from political decisions with social support, from social and economic decisions based on professional expertise and from decisions within participatory management in vertical and horizontal organizations (7).

The main purpose of corporate management structures characteristic for the Netherlands has proved to be the correlation between wages and productivity, although decision implementation, strategic decision implementation, to be more exact, has various effects.

Scandinavian countries (Norway, Sweden and Denmark) represent a special case, and management is defined by specialists as a utopian one in which the Board of Directors consult Trade union representatives, as well as representatives of the employees before coming to a decision.

In the case of the Swedish participatory management, when it comes to sharing out the power of decision, the best-suited hierarchical representatives are elected in order not to create an organizational and decisional blockage by trusting the decisional competence of the employees.

Unlike Scandinavia, Germany, Great Britain and the Netherlands, in South European countries like France, Spain, Portugal, Italy and Greece, the *decisional process* is characterized by high level of centralization. Even though they aim the same thing, centralization is different.

Thus, in Greek family companies the hierarchical order is followed; the organizational structure of Italian companies is divided in order to be able to follow decisional levels; in Spain and Portugal employees have less power of decision.

The French management model is characterized by two important variables: individualism and authority. Although it is very much like the Scandinavian model as far as authority is concerned, it hasn't been attenuated by some participatory management organizations, a fact which enables us to compare the centralization from ex-socialist countries in Eastern Europe, where the General Manager plays an important part, as he makes most of the decisions.

No matter what the structure of the "future European power" might be it will surely impose European management as an alternative for Asian models, which investigate the miracle of the Japanese economy or for the successful American models (4).

It would be better if Europe could harmonize the differences that appear in the diversity management, the Eastern European values thus, being integrated in the western model and if it could reach an agreement when making a decision and show concern for quality just like in the case of Japanese management, as well as be competitive and prompt like the Americans.

*American management (6)* and Anglo-Saxon management have very much in common. However, the American model has influenced the evolution of management in most countries in the world. Therefore it is the most frequently implemented model and it comprises more methods, management techniques and case studies, which have preoccupied specialists in the field (8).

The characteristics of the decisional subsystem originate stemmed from the Taylor's model, characterized by a dichotomy between management and execution. Therefore, decisions are made by managers only. Although employees are allowed to make decision in a limited number of cases regarding their job, participatory management forms task -forces and "business associates" teams. In big American companies, a decentralization of the decisional process is wanted and

they also have in view the amplification of the power of decision of supervisors or managers.

Another *type of management is the Japanese one*, which is influenced, on the one hand, by economic-social particularities and on the other hand, by cultural characteristics of this country. In order to understand the Japanese cultural elements we must remember two key -words: IE, a method through which managers try to make employees carry out certain objectives and MURA, which organizes a social unit, a group of people whose target is common prosperity (3).

In conclusion, Japanese companies are dominated by the so-called paternalism or groupism, for which the relationship between employees and managers is very important. Thus, the Japanese behavior is characterized by “a desire to get work done very well” and loyalty towards the group to which we may add a consensual culture (5) that has the following features: ability to speak freely and reach a decision without conflicts a national sense of duty.

The current system of relationship in a Japanese company- also considered a family- dates back in the '50s and it is the result of a series of events: historic heritage, social and cultural environment, the experience of the war, borders, natural resource scarcity and an unpredictable geopolitical environment, which brought about the need for harmonization. The system also advises /grants “security before everything” to the detriment of opportunities (1).

The Japanese management is based on a consensus at the company level. People in the West are fascinated by the unofficial process of consulting the employees before making a decision and by the fact that it encourages group decisions.

According to the *holistic approach*, the whole values more than the total of individuals, and even though each individual is perfect, the whole might not be as perfect. Therefore, this type of management focuses on creating and defining a philosophy of the company, and the halonic management system is made up of: holons, sets of holons and the relation among the sets of holons (9).

Consensual decisions (*ringisei*) characterize the Japanese method of management implementation. Because of the importance paid to collectivity, decisions are rarely made by one person, the manager, and this “top-down” method appears only in the case of small companies.

The process of making a decision starts with a written suggestion (*ringi*) of a “middle” manager, which is submitted to different sectors and departments for approval. The ones who read it may bring changes to the initial suggestion in case they agree with it, and then they forward it to other people. On principle, a suggestion is passed around executive managers (superior level - SL) and junior managers (inferior level - IL) by medium level managers (ML)(3).

The efficiency and promptness of the Japanese decision process is also based on the *Nemawashi* system, which is compared to “the action of digging around the roots of tree in order to engraft” and is defined by specialists as a technique for eliminating conflicts and reaching an agreement. It is important that everyone should be informed about the decision that is about to be made before the board meeting, because this way conflicts can be avoided.

Although for Americans and Europeans this technique represents “a ceremony to acknowledge the decision already made behind closed doors”, it works successfully in Japanese companies, because as soon as the decision is accepted it can be quickly implemented as everyone is familiar with it and has approved it.

In this respect, a very good example is Toyota Company that implemented between 1960-1970 a new management system based on three coordinates: the

cultural component, i.e. the total of social values, high productivity in exchange for low wages, and specific management implementation methods. The number of annual suggestions coming from employees is increasing and the rate of their acceptance has risen from 39% in 1965 to 94% in 1990. The number of suggestion per year per employee has increased from 1-2.5 between 1965-1970 to 18.7 suggestion in 1990.

Paradoxically, specialists assert that the way people make decisions in the West is not opposing to the Japanese method because there's no clear delimitation between them and neither of the two methods is real. There are some Japanese companies in which decisions are made by only one person, and western negotiators are surprised at the promptness of Japanese decisions.

### 3. CONCLUSIONS

In conclusion, each culture and history is unique and they influence all social and economic organizations. Antagonistic relations between the government and business, between trade unions and management in the Western World are steeped in tradition and philosophy, completely opposite to the Asian tradition.

A comparative analysis of the decision theory in the three cases presented above shows that there are major differences between the Japanese type, on the one hand and the American and European model, on the other hand.

Differences can also be found among European companies because of the different points of view when it comes to involving employees in the decision process. France is characterized by an intensified centralization, as executive managers have the power of decision, whereas in countries like Sweden and Germany, employees are allowed to take initiative in activities that concern them personally.

TABLE 1. Comparative analysis of the decisional characteristics of Japanese, American and European types of management

Decisional characteristics	The Japanese model	The American model	The European model
Decisional process	Consensual decisions	Decisions made by managers and passed on to executors	Decisions made by managers and passed on to executors
Decisional authority	Reaching an agreement by characteristic methods	The manager has the power of decision	Centralization (France, Italy), codetermination (Germany)
The period of time	Long term	Short term	Varying from one country to another
Prevailing types of decision	Strategic decisions	Current decisions	Varying from one country to another

Vertical hierarchies, in which decisions go from the top down the "chain of command", were considered highly efficient and this type of management was characteristic for enterprises of the industrial era (10). At present, it is losing its efficiency because decision factors face various decisions, which make the decision task very difficult if not impossible for top managers (11). That's why, participatory management and the involvement of employees in the decision process by grouping people into teams, whose members are equal, cooperate and trust each

other, is not only a trend of the Third Wave, but it is a certainty of the current company.

This type of team management has the advantages of high levels of autonomy and flexibility, including the democratic characteristic of the decision process; a tendency to “flake off” multiple management levels and concentrate decision factors in each team.

In the future, the Fourth Wave Company will be structured according to future strategic orientation of globalization and will arrive at decisions based on collective estimations, principles and values shared by the community.

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