

TWO POSSIBLE MANAGERIAL CRISIS SOLUTIONS: RESTRUCTURING AND/OR MANAGERIAL REENGINEERING

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Abstract

The difficult period we are going through, created and maintained by the Covid-19 pandemic, is marked by an economic crisis affecting the world, without any discrimination. Specialists and politicians come up with solutions, feasible or less feasible, but they all require financial resources. For companies, especially private ones, financing possibilities are diminishing due to their worsening financial situation: lack of liquidity, high costs, declining revenues, lost markets and also declining image. There are several ways to overcome the crisis or mitigate its adverse effects, the most frequently invoked being restructuring, seen as a real "safety belt" for both insolvent companies (to avoid bankruptcy) and those that register, over a period of time, an economic and financial decline. Such a rescue solution, considered miraculous, has begun to be re-evaluated in terms of its necessity, opportunity, content and implications, in the context in which little or no purely managerial solutions are used, which include structural changes or important procedural. One of these is managerial reengineering, by far the most important and complex way of managerial and organizational change known and applied quite timidly in Romania as well. We will focus on these two possible managerial solutions in our paper.

Keywords: *economic crisis, management, restructuring, business process reengineering, managerial reengineering*

1. Introduction

1.1. About the economic crisis in Romania

The resolution of a crisis, especially of the economic crisis, requires the adoption and application of appropriate measures to ensure the transition from one state to another, from an unfavorable to a favorable situation. The starting point in this approach is given by the phrase: *change causes a crisis, and can only come out of the crisis by change!*

The economic crisis that characterizes Romania starting with the middle of 2020 differs a lot from the previous economic crises, both by causes and by the forms of manifestation. Although it is widespread in the world economy, the current economic crisis in our country can be individualized mainly by the causes that generated it, presented briefly below:

- *The health crisis* generated by the pandemic with Covid-19 is, indisputably, the most important cause of the onset and manifestation of the current economic crisis, with dimensions not only national, but even global. Most companies were closed and, subsequently, with online activities, public institutions adapted their services to the demand of citizens, businesses and local communities by trying to digitize the interface with them, schools and universities promoted, for the most part, online

education, etc. Moreover, the health crisis has generated at least five other crises: *economic*, whose manifestations are beginning to worsen, *political*, the government's inability to properly manage the pandemic, *social*, in *education*, and in *agriculture*.

- *The managerial crisis* is an important cause of the economic crisis in the sense that in almost all organizational levels of society and economy (parliament, government, ministries, central and local authorities), in key decision-making positions, there are deficient figures in terms of knowledge, qualities and managerial skills. Unfortunately, the exaggerated interference of politics in management is felt not only at the level of public institutions, but also at the level of public enterprises under central or local public authority, incompetence generating managerial and economic instability of the organization, bureaucracy and corruption.
- *The social crisis*, found in the many social problems created in times of crisis, such as: the threat of job loss, worsening quality of life, declining living standards, technical unemployment, permanent unemployment, the emergence of additional expenditures for the population (procurement of health materials whose use is mandatory), rising prices for consumer goods, fear of disease and its consequences, the emergence of social tensions caused by measures taken by the authorities to reduce the spread of the pandemic, fear among the population, etc. In other words, there is a psychological component of the crisis, fueled by social isolation and fear of the consequences of the pandemic.
- One of the causes of the managerial crisis and, indirectly, of the economic crisis, is the crisis in *education*, explained by the asynchrony between the needs of the labor market and the educational offer of Romanian education, remained, in many respects, in some outdated patterns, far from the progress made in this field worldwide. The mechanisms for recruiting, selecting and hiring managers are dominated by bureaucracy, formalism and have a pronounced political flavor, a situation that justifies the presence in many management positions in public organizations of incompetents.
- *The political crisis*, triggered with the appearance of the first symptoms of the health crisis, is based on the traditional disputes between power and opposition. The inability of the government team to decisively solve the most important problems related to the proper functioning of pandemic hospital units and the social measures adopted that have restricted certain fundamental freedoms of the individual.
- *Corruption* at the top of society, encountered in the midst of a health crisis in unprecedented situations, generated both by the public procurement system and by the provision of basic health products (masks, jumpsuits, disinfectants, etc.).
- *The bureaucracy*, who manifests itself as a corollary of the previous causes, accentuated the health crisis and, ultimately, the economic crisis, through the multitude of papers (documents) whose completion and transmission created more harm than good, created chaos!

At the organizational level, it is unanimous to appreciate that the current economic crisis is, in fact, a deep *liquidity crisis*, manifested by difficulties in ensuring the continuity of business

processes. Going through this period, sometimes of rupture, is difficult without the involvement of truly professional managers. Management during the crisis - which is not limited to a few months, but can last for years - is the decisive factor in achieving economic and social efficiency. The reference to the management sages of the last century, *Peter Drucker* or *Richard Farmer*, in whose view "there are no efficient and inefficient enterprises, but well or poorly run enterprises", is not accidental.

1.2. Economic characteristics of the crisis period

- Restricting the volume of production, sales, supply, service activities, etc.
- Worsening of the economic and financial situation of the organization: dramatic decrease in liquidity (bills can no longer be paid, but not collected), reduced turnover, losses, wages, rising debts to the state and suppliers, etc.
- The growth rate of the economy, which we have become accustomed to in recent years (until 2020), has diminished and the outlook for the coming years is pessimistic. Such a situation will affect the scale and pace of investment at the enterprise level.
- Quite a large public debt, generated by the contracted loans, with non-transparent destination, generating new taxes and duties for the economic agents.
- High budget deficit, given that the level agreed by the European Union has been resized, with a tendency to increase in 2021 to over 7%, with an unfavorable impact on salaries and other motivational elements granted at the organizational level.
- Loss of markets or alarming reduction of sales on traditional markets, a situation generated by the predominant manufacturing character of the Romanian economy; this state of affairs translates into a dramatic reduction in exports, as well as an increase in imports, which means a growing trade deficit.
- Loss of a significant number of jobs, especially in the area of main activities and support (auxiliary). Such a situation has led to the bankruptcy of many SMEs or to the insolvency of other companies, which have already resorted to restructuring, as a rescue solution.
- The occurrence of unemployment through temporary or permanent dismissals.

1.3. Managerial characteristics of the crisis period

The difficulties manifested in economic, social, technical and technological plan cause mutations, sometimes profound, in the manner of exercising the management processes, as well as in the functioning of each component of the management system.

a. Particularities of exercising the management processes

The exercise of management processes is the exclusive prerogative of managers, individual and group, from public and private organizations and is materialized in the substantiation and adoption of managerial decisions that support the establishment and achievement of assumed objectives. The performance of managers targets five "areas of interest" delimited within the management processes, each of them having, during the crisis, certain characteristics.

Forecasting - involves making decisions about setting goals, how to achieve them, sizing the necessary resources and specifying deadlines for meeting goals. In the midst of the economic crisis, the exercise of forecasting is focused on making decisions for the survival of the enterprise, i.e. decisions by which the material and, especially, financial resources necessary for the achievement of the already established objectives, the provision of liquidity for the payment of salaries and the current maintenance of the company's operation are ensured. As such, decisions are primarily tactical and current.

Organization - is the function exercised with a much higher intensity than the normal period because the immediate decisions, but also future ones (next 2-3 years) refer to the procedural organization, structural organization and restoration of organizational documents that include these changes organizational nature. The most significant decision-making interventions should have as object *the procedural and structural-organizational reconsideration of the organization* and, in this context, the restoration of some organizational documents.

Coordination - approached from the position of harmonizing the decisions and actions of subordinate staff or subordinate compartments, is the function intensely exercised. The support of the exercise of coordination is communication. Coordination and, implicitly, bilateral communication, aimed at explaining the economic situation of the enterprise, the need and opportunity to take tough decisions, with unfavorable human impact, must become a reality. These are, ultimately, ways to improve the work climate, the cultural environment in which managers and executors act to keep jobs alive, the enterprise. The psychological preparation of employees for a future that is not at all favorable, but not apocalyptic, is more than necessary.

Training - is the function performed with great difficulty during the crisis, on the one hand, due to the depletion to exhaustion of financial resources for the payment of salaries and other monetary rights and, on the other hand, due to the limitation of solutions to determine individuals to participate, to get involved in the development of work processes, in achieving objectives. The training is marked by the exclusivity of current and tactical decisions, materialized in the reduction of salaries or even the frequent postponement of their payment, individual or collective dismissals, elimination of bonuses, allowances or non-financial elements of motivation, postponement of due rates on bank loans or debt payments. These are decisions that must be taken by chance to ensure a minimum of conditions required for the survival of the company, to avoid going into insolvency or bankruptcy. The most painful of these decisions - are those related to job loss, as the consequences are manifested in the chain: unemployment, impoverishment of the population, the emergence of conflict and so on.

Control-evaluation - function that focuses mainly on the results recorded in the field of production, supply and sales, costs, profit, productivity, wages, liquidity and dynamics of debts to banks, the state budget, employees, suppliers and other creditors, so more on evaluation (specialists rightly invoke the need for an *economic, financial and fiscal audit, through diagnosis*, as a starting point in addressing the crisis). Based on this information, some immediate solutions are ensured to ensure the survival of the company in a hostile economic environment and, at the same time, the premises are created for the adoption of complex, long-term solutions that allow the recovery and development of the company.

b. Dimensional and functional characteristics of the managerial components

The methodological component, consisting of managerial tools and methodologies for designing / redesigning, functioning and maintaining the functioning of management, is considered the most active, most dynamic component, with an important role in scientificizing the performance of managers. The crisis period brings significant changes in this level of managerial concerns, in the sense that the emphasis must be focused *on management by objectives* (applied in a simplified methodological formula), *on management based on profit centers*, *on project management*, *diagnosis*, *meeting and procedures*, adapted to the objectives pursued in order to mitigate the adverse effects and, in this way, to put the organization back on the waterline. Let's not forget that *the lack of methodology leads to empiricism in management, and the excess of methodology leads to bureaucracy!* A balanced approach ensures the scientific performance of managers.

The decision-making subsystem, which contains the managerial decisions and the mechanisms for substantiation, adoption and application, specific to each decision-maker, located in a certain position in the hierarchy of the company, has some peculiarities, in the sense that along with those in the financial-banking field; decisions to survive, avoid insolvency or bankruptcy sound it the most common and important; in terms of time horizon and impact on the company, tactical and current decisions are a priority, and the nature of the variables involved highlights the increased role of uncertain and risky decisions. But decision-making requires managerial competence. A competent manager knows management, *he knows what he is doing and he is doing the right thing!* We are not wrong in saying that, in most cases, *competence makes the difference* in management. In times of crisis, this can be the key factor in the successful selection and operationalization of the most appropriate rescue solution.

The information subsystem, approached through data, information, flows, circuits and information procedures, together with the means of information processing, focuses, during the crisis, on the detection, adoption and application of information simplification, computerization and digitization solutions that allow reducing the number of positions and, implicitly, the staff and ensuring the interface with its own employees, with internal and external stakeholders (in this category, suppliers, customers and banks are the most important), in better conditions. Telework urgently needs successful IT solutions.

The organizational component, called to ensure the procedural and structural-organizational conditions adequate to achieve the objectives, will undergo multiple changes. It is the most vulnerable managerial area and, at the same time, the most attractive in terms of the ease of substantiation and the adoption of solutions to the crisis. The emphasis will be on eliminating unnecessary processes or consuming large resources, so with high costs, remodeling the activities strictly necessary for the production and marketing of products remaining in the manufacturing portfolio, as well as simplifying the organizational structure.

Human resources management, the managerial component that ensures the viability of the management as a whole, through specific activities to determine the necessary staff, recruitment, selection and staffing, evaluation, motivation, promotion, training and protection of employees, has the status of the most visible and affected managerial component in the crisis period. Why? Because, the decrease or lack of liquidity and the solutions of procedural

and structural-organizational nature create real difficulties for the management of the enterprise in terms of numerical maintenance of the human factor (individual and / or collective redundancies occur), in maintaining and even paying salaries, managing conflicts and even social conflicts.

Choosing the best solutions to overcome the crisis and reduce the adverse effects on the company requires the active, effective and responsible involvement of management. It, through the top level managers, proposes, and the owner approves such solutions, and the *managers from the middle and lower echelons*, together with the *executors*, apply.

The defining characteristic of the involvement is a *proactive* one, of anticipation and prevention of some phenomena that can cause disturbances in the functioning of the enterprise.

Why have legal consulting firms proliferated in recent decades, required to solve insolvency or bankruptcy problems of some companies, to the detriment of some management consulting companies that offer viable solutions to save those companies? This is a question that we are trying to answer by presenting ways to mitigate the unfavorable influences of the crisis, avoid insolvency and, implicitly, bankruptcy.

The portfolio of possible solutions, from which managers will choose the ones that best meet the dimensional and functional characteristics of the company and its management, but especially the objectives set by the resized strategic scenario, includes: *restructuring, redesign of business processes (business process reengineering), redesign of the management system, sale of assets or procedural and / or structural-organizational outsourcing*.

2. Degree of investigation of the problem currently, and purpose of research

The issue of functioning of enterprises and other types of organizations in times of crisis has been the subject of concern of specialists in economics and management both during the crisis of 2008-2010, and especially in the last 2 years, marked by the Covid-19 pandemic and the manifestation deep crises - economic, health, social, etc. - at the planetary level. Scientific research in Romania abounds in highlighting solutions to mitigate the effects of the crisis and even exit the crisis such as restructuring, sale of assets, outsourcing without deepening, from a methodological point of view, any of them. The medium- and long-term implications of such modalities on the business environment are also not sufficiently rigorously addressed. For publicly subordinated public enterprises (companies or national corporations) the regulations are specified by the European Union which, after accepting the restructuring plan, bears a significant part of its cost. Most of the information is collected from specialized works in the country or abroad, published in the last two decades, but also from the results of such approaches carried out at the level of representative enterprises in Romania.

The main objective of our article is to find and argue the most feasible managerial solutions for economic recovery of Romanian enterprises in crisis, from a fairly generous portfolio of such solutions.

3. Applied methods and materials

In making the article we have used the studies carried out and published in the Romanian literature on the behavior of Romanian enterprises during the crisis period. To those mentioned shall be add:

- The own research carried out in the last years at the level of organizations in various industries (construction of machinery, construction, wood processing, etc.), through diagnostic studies of managerial and economic viability, development of strategies, management redesign
- Books and articles published by the undersigned and his colleagues in the management department of the Academy of Economic studies in Bucharest;
- The innovations drawn from the French and American literature in the field of enterprise restructuring, the redesign of business processes and, in general, the improvement of management of companies in crisis.

4. Results obtained and discussions

Two possible crisis management solutions

4.1. Restructuring

If we approach the restructuring semantically, the notion can be explained, logically, by *changing the structure* in certain reference areas of the organization from the perspective of improving its performance. We refer to:

- *production structure* (remodeling of the assortment structure by giving up the manufacture of unprofitable or low-profit products, increasing the share of products with lower material and labor consumption, without affecting their quality, etc.)
- *the structure of the business environment, property insurance and sales markets* (revision of product policies in certain markets through changes in suppliers and customers in relation to structural changes in production and, of course, profitability at production and production)
- *the structure of business processes*, involved in obtaining and marketing products (elimination of some processes / operations, resource-intensive activities, redesign of others without affecting quality and profitability and in close connection with structural changes in production)
- *the organizational structure* of the enterprise, as a result of the structural changes operated in the business processes (structural-organizational redesign according to the work processes, with emphasis on positions, compartments, hierarchical levels and weights, organizational relations); mergers, outsourcing, etc. can take place in companies operating on profit centers (business formats).
- *staff structure*, in the sense of quantitative and structural changes in staffing requirements (usually, through restructuring, staff redundancies occur), required by the functioning of the redesigned organizational structure).

Consequently, *restructuring is a way of mitigating the impact of internal and external variables, materialized in modifying and adapting the dimensional and functional parameters of the enterprise and its management (people, assets, money, etc.) to the requirements of the*

internal and external environment, the prospect of improving the viability, efficiency and effectiveness of the business, maintaining and strengthening the competitive advantage.

The determinants of the restructuring are:

- *the life cycle phase* of the enterprise (start-up, growth, development, stagnation, decline);
- *complex and turbulent business environment* specific to the enterprise;
- *economic crises, regardless of the causes of their appearance and manifestation*;
- *its economic and financial condition*, highlighted by efficiency indicators (profit, costs, liquidity, income, productivity, etc.);
- *its management system and operating mechanisms*.

The purpose of a restructuring project / plan is to *improve the conditions for survival, recovery and consolidation* of the business. This results in the *objectives* of the restructuring, namely:

- *reducing costs and improving their structure* by detecting and eliminating processes (activities) that generate economic losses;
- *optimization of profit and liquidity generating processes (activities) by redesigning them*;
- *repositioning the company in the specific business environment*;
- *ensuring a simplified structural-organizational configuration, with positions, compartments, levels and resized hierarchical weights*;
- *improving the commercial image of the company*, by getting out of insolvency and saving from bankruptcy, increasing sales in a certain market, improving the quality of the products offered, etc.

In conclusion, it is observed that the objectives of the restructuring fall into four main categories: *economic-financial, managerial, commercial and socio-human*.

Causes

The main causes underlying the restructuring are, in essence, of an economic and financial, managerial, cultural-organizational nature.

- *the accentuated economic and financial decline of the company*, highlighted by the dramatic decrease of the level of some specific indicators: incomes, profit, liquidities, etc. ;
- *reaching the critical threshold regarding the possibilities of paying salaries*; the specific indicators of work and wages are no longer observed (the dynamics of wages exceeds the dynamics of the wage fund and the number of staff, and the dynamics of labor productivity is below the dynamics of the average wage);
- in the event of a global economic crisis, loans can no longer be paid and debts can no longer be collected; *we are witnessing an extensive economic and financial deadlock*;
- *the commercial environment and, in general, the company's business environment becomes totally unfriendly to it* (supply and sales markets are declining dramatically);

- *the decrease of the market share*, “fueled” by the managerial and economic inefficiency, but also by the moral wear and tear of the products and services, the inadequate quality of the products and / or services sold;
- *major difficulties in securing the financial resources* necessary for medium and long-term development (poor relations with banks and other important stakeholders);
- *organizational structure inadequate for the enterprise, with vaguely defined roles of individuals* (see totally inappropriate job descriptions);
- *the option for another organizational formula*, resulting from the merger, absorption, privatization, sale of assets, outsourcing or internalization, the establishment of joint ventures, etc .;
- *a failed, poorly developed and catastrophically applied strategy*;
- *outdated organizational culture*;
- *poor management, dominated by incompetence, lack of strategic and tactical vision, stiff in outdated patterns, with an outdated organizational culture, with oversizing management and execution positions and, implicitly, staff*;
- *etc.*

Typology of studies / restructuring plans

And in the field of restructuring there are several types of studies or projects / plans, delimited according to several criteria:

a. Scope

- *global restructuring* of the enterprise as a whole, recommended in the conditions of today's economic crisis in Romania;
- *partial restructuring*, at the level of procedural components (activities or functions) or structural (compartments or groups of compartments), recommended for the adaptation to the challenges and opportunities of the business environment.

b. The nature of the approach delimits the partial restructuring projects into:

- *managerial restructuring* (includes organizational and information restructuring);
- *commercial restructuring*;
- *financial restructuring*;
- *staff restructuring* (consequence of the previous three types).

c. Purpose of the restructuring [2, p. 253], [3, p. 14]:

- *"crisis" or defensive restructuring* triggered to avoid bankruptcy and mitigate the impact of the crisis on the company (specific to the period 1930-1980 and, in our opinion, during this period);
- *"competitive" or offensive restructuring* aimed at increasing the competitiveness of the business and consolidating its competitive advantage (encountered in the period after 1990).

d. Approach to the restructuring:

- *reactive restructuring*, which tries to recover the business, after or in the context of a crisis period;

- *proactive restructuring*, focused on finding the appropriate solutions to prevent the occurrence and manifestation of elements of managerial, economic, commercial discomfort, etc. and ensuring an upward trend in the competitiveness of the business (enterprise).

As far as we are concerned, we consider that the **methodology** for carrying out a study / organizational restructuring plan must be structured in several specific stages, as follows:

- Preparation for restructuring;
- The actual restructuring by:
 - Diagnosis of the internal and external environment;
 - Elaboration of the main strategic and tactical landmarks;
 - Elaboration and communication of the organizational restructuring plan / study;
 - Implementation and monitoring of the organizational restructuring plan;
 - Evaluation of the results of organizational restructuring.

The preparation of this approach requires the specification of some **coordinates of the organizational restructuring**:

- *Appointment of an interim manager* in place of the general manager of the enterprise to be restructured
- *Plan developer* (team of specialists led by the interim manager of the enterprise)
- *The period of realization* of the restructuring plan
- *Type of restructuring*
- *The costs* of elaborating the restructuring plan
- Expected / anticipated *results* from its application (estimation of some performance indicators levels that will be achieved at the end of the restructuring operationalization).

The methodology itself includes:

- a. Global or partial diagnosis of the internal and external environment of the enterprise, highlighting the positive and negative symptoms, strengths and weaknesses, as well as the generating causes, opportunities and threats, the potential of internal and external viability and strategic recommendations tactics for enhancing viability potential.** A diagnostic study, coupled with the SWOT analysis, performed professionally, is, especially through *recommendations, the starting point in any organizational or managerial change*.
- b. Elaboration of the main strategic and tactical benchmarks**, specific for the crisis and post-crisis period; where there is an overall corporate strategy, it is necessary to substantiate and develop a *partial restructuring strategy* with the same strategic components.
 - *Strategic objectives* (fundamental)
 - *Strategic options* (restructuring arrangements, often referred to as 'methods')
 - *Resources* (financial, human, material, informational and knowledge)
 - *Deadlines*, intermediate and final
 - *Ways to maintain or obtain a competitive advantage* in specific markets.

c. Elaboration and communication of the organizational restructuring plan

- *The need and timeliness of the restructuring*, in whole or in part
- *The purpose and objectives of organizational restructuring*
- *Content of the restructuring* (main organizational restructuring modalities: production restructuring, restructuring of main processes, procedural, structural-organizational or informational outsourcing, reduction of the number of posts, compartments and hierarchical levels, dismissal of part of the staff, restructuring of suppliers and customers, new organizational formulas resulting from absorption, merger, division, outsourcing, etc., ways of economic recovery through investments, promotion of a new business model, etc.)
- *Communicating the restructuring plan* to all those involved, directly or indirectly, in ensuring the functionality of the enterprise: employees, managers, shareholders, unions, customers and suppliers, banks, employers' associations, etc.

d. Application / implementation of the restructuring plan

- The psychological preparation of the employees for the following changes, generated by the restructuring
- Adopt decisions and initiate actions for the operationalization of restructuring and economic recovery modalities (improperly entitled "action plan")
- Monitoring the operation of the redesigned company and making adjustments, corrections, etc. to the solutions included in the restructuring plan, if the situation on the "ground" requires it.

e. Evaluating the results / determining the efficiency and effectiveness of the restructuring

- *Assessment of economic, financial and other results*, expressed by indicators and indices, at the end of the period covered by the restructuring plan
- *Compare them with the objectives undertaken by the restructuring* by the makers of the plan and the management of the undertaking concerned and *determine the effectiveness of the restructuring*
- *Determining the effectiveness of the restructuring*, through the period necessary to meet the assumed objectives and the manner of compliance with the pre-established conditions agreed with the consultant.

If for the first four stages the main actor is the *developer* of the restructuring plan (the team of specialists led by the interim manager), the last two require the permanent and competent presence of the *management* of the restructured enterprise (upper and middle level). Saving the company from insolvency and / or bankruptcy and ensuring the conditions for consolidation and business development are possible if the managers - from the general manager to the foreman or the head of the office - have adequate knowledge, qualities and managerial and professional skills, as such they are professionals. Otherwise, the restructuring remains at the planning stage, filed and archived like many other improvement, modernization or rationalization studies.

[see a totally different point of view on one of the greatest French restructuring specialists 2, pp. 253-260; we also recommend to those advised to consult the bibliographic sources recommended by 1, pp. 109-122].

4.2. Managerial reengineering

Managerial reengineering or managerial redesign can therefore be approached either as a way of independent managerial and organizational change, or as a fundamental strategic option.

In 2008, *a new model of managerial reengineering was conceived*, methodologically finalized and published, closer to the logic of the succession of managerial approaches involved in setting and achieving objectives; it was focused on a rigorous scenario, structured in several distinct sequences [12, pp. 226-272] which, in recent years, have gained shape and consistency, as follows: *diagnosis - objectives - processes - structures - people - decisions and actions - methods - information - assembly - application and monitoring - evaluation*. The content of these sequences is detailed below.

- The first sequence is *the elaboration of the diagnostic study*, consequence of a rigorous methodological approach, following which “are obtained”: the strengths and causes that generate them, the weak points and the causes of their production, the potential of managerial and economic viability and tactical-strategic recommendations to amplify this potential. In order to identify the opportunities and threats (vulnerabilities) of the environment, national and international, either external diagnosis is used, as a distinct stage of diagnosis, or SWOT analysis which offers the advantage of using the SWOT matrix [10, pp. 31-77].
- Diagnosis, coupled with SWOT analysis, is, along with the marketing study, ecological study or national and / or sectorial strategy, an important foundation of the organization's *strategy*. It includes the mission of the organization, strategic objectives, how to achieve the objectives or strategic options, the resources to be employed, and the intermediate and final deadlines for achieving the objectives and how to achieve them and how to gain a competitive advantage. From the draft strategy, the developer of the managerial redesign study will take over the *objectives*, as we specify below.
- *Objectives* - refers to the goals of the new management system and takes the form of a system of objectives, resulting from the development of global and partial strategies and policies. The substantiation and elaboration of fundamental, derived, specific and individual objectives, consequence of the promotion of realistic strategies and policies implies a radical change of attitude of the organization and its management towards its present and future, approached through the prism of performances.
- *Processes* - adequate work processes with different degrees of aggregation are required to achieve the objectives. Their delimitation and sizing - from a *procedural* point of view (it is not a play on words, but expresses the content of an activity given by attributions, of an attribution, given by e tasks), *organizational structure, informational and human* - in (main) business processes, support processes and management processes are determined by the complexity of the objectives in the achievement of which it participates directly.
- *Structures* - The work processes, regardless of the degree of aggregation, must have an adequate structural-organizational support, ie an organizational structure conducive to the achievement of objectives. That is why, the third step in

managerial redesign is the structural redesign, materialized in the resizing of the necessary positions and functions, management and execution, functional and operational compartments, while "arranging" them in a predefined configuration through hierarchical levels, hierarchical weights and organizational relations. It is also necessary to design the convenient organizational formula, depending on the dimensional and functional characteristics of the remodeled processes and contextual influences - a much more flattened structure, a holonic type structure, in which holons can be business formats delimited mainly procedurally or structural-organizational. The tendency towards holacracy is obvious [11, pp. 101-105, 357].

- *People* - The next step is crucial in ensuring a high viability of the organization as it aims to "equip" management and execution positions with people who have the necessary competence. Compatibility of people with jobs is achieved through competence and is the key element; the personal authority given by the managerial and professional knowledge, qualities and skills, must satisfy the official authority, respectively the rights to decide, with which the managerial positions are invested.
- *Decisions and actions* - Quality human resources ensure the professionalization of management, as:
 - *managers* are directly involved in substantiating and adopting decisions and in monitoring their operationalization in the managed environment; for this, it uses the managerial tools and pertinent information, transmitted on rationalized ascending information channels;
 - *the executors* initiate actions necessary for the application of the decisions, capitalizing on information transmitted, mainly, on descending routes.

That is why the quality of decisions and actions is dependent not only on the manner and modalities of decisional redesign, but also on the methodological-managerial and informational redesign solutions [see 12, pp. 409-410].

- ***Methods*** - Since without a judiciously outlined methodological-managerial component it is not possible to scientifically manage managers, special attention must be paid to the redesign of the *methodological subsystem*, by promoting a modern managerial tool - with emphasis on management by objectives or its evolved version, the basis of profit centers - and of rigorous general or specific methodologies.
- ***Information*** - In turn, *information redesign* involves the redesign and redesign of each component of the information system from the perspective of computerization and digitization of the organization.
- ***Assembling in a new management system*** - The operationalization of substantive changes, sometimes radical, in the area of processes, requires adequate changes in the structural-organizational configuration, in the sense of restoring the organizational structure and promoting specific managerial tools - job description, rules of organization and operation, organization chart - with a dynamic content.
- ***Application and monitoring of the operation of the new management system*** - sequence that requires the decisional and actional intervention of managers and executors; it is very important to support the top management in the successful operationalization of the new management system, which implies a permanent monitoring and an effective, active and responsible involvement whenever

deviations from the configuration and functionality of the management system and its components designed and redesigned by specialists.

- ***Evaluation of results / performances*** - The management redesigned according to this methodological and operationalized scenario generates results that, normally, should acquire the meaning of managerial performances, which, in turn, generate economic performances.

4.3. Organizational restructuring vs. managerial reengineering

A comparative approach of the two ways of change, the most complex, highlights both similarities and differences. In terms of *similarities*, we point out:

- The obligation of diagnosis, coupled with SWOT analysis, as a support for any way of organizational or managerial change, regardless of its magnitude. Through them are argued the transformations to be operated in managerial, economic or commercial, as well as their intensity;
- Both restructuring, organizational and managerial redesign require teams of specialists, inside or outside the organization subject to change, to think and actually carry out the restructuring / redesign study. For each of them, specific roles and objectives must be established to make them responsible;
- The most requested restructurings / redesigns are the global ones, which refer to the organization as a whole. In this way, the impression is created that nothing is left out of change, and the chances of success are much higher;
- Both are especially needed in times of crisis, in the phase of economic and commercial decline of the organization;
- Both tend to be widely used, not only in companies with majority or wholly state capital, but also in private companies and public institutions.
- Restructuring and managerial redesign must be treated as *major strategic options*; as such they must be included in the economic operator's strategy. These can be treated independently, as a restructuring strategy or managerial redesign strategy;
- Both are important ways of organizational and managerial change.

Much more consistent, however, are the *differences* between organizational restructuring and managerial redesign, highlighted by:

- Managerial redesign targets management processes and the management system, while restructuring focuses primarily on structural changes (production structure, supply and sales market structure, cost structure, business process structure, organizational structure, etc.);
- Managerial redesign emphasizes the decisive role of management in streamlining the organization, while restructuring is based on its economic and financial revitalization, mainly by reducing jobs and, consequently, the number of staff, reducing costs and obtaining liquidity to ensure the survival and continuity of the company's activities;
- Restructuring knowingly omits those who lead and manage the organization and its subsystems, cultural-organizational, methodological, decision-making aspects, etc.; managerial redesign emphasizes the professionalization of managers and

management and the improvement of organizational culture, as prerequisites for the success of this approach;

- Restructuring ignores some managerial means with an impact on the efficiency of the organization, while managerial redesign considers them essential; for example, the management by profit centers, which allows the managerial and economic decentralization within the company, is one of the most effective ways to make the procedural and structural organization more flexible, and the management centers ensure the development of the competitive spirit at the company level;
- Methodologically, managerial redesign is much more complex, much more elaborate; restructuring seems to be a way of change more accessible to managers and specialists, proof of its perpetual nature, with questionable purpose;
- The substantiation degree of some restructuring modalities is much lower compared to the substantiation of the solutions adopted in a redesign study. There are frequent situations in which individual or collective dismissal is adopted once the signs of a serious economic and financial depreciation appear, manifested by the decrease or lack of liquidity. Perhaps this is also why insolvency is quickly reached, those who lead and manage the business not being able to analyze the situation created and design more elaborate solutions [details in].

5. Conclusions

The presentation of the theoretical and, especially, methodological elements of restructuring and reengineering - in the two hypostases - highlighted the advantages and limitations of each, the difficulties of operationalization and the conditions that must be met for success. We are aware that all this is not enough. Only by applying them can you opt for one or the other. But, here too, the specialists do not have common points of view, but rather divergent ones. For example, French restructuring specialists are not at all optimistic about improving the economic and financial performance of the companies that use it, the Americans are exalted by the spectacular leaps of performance indicators through business process reengineering (BPR) and so on. The truth is somewhere in the middle. We must neither neglect nor absolutize the role of these ways of change on performance indicators, but, depending on the constructive and functional features of restructured or reengineering managerial business, treat objectively the favorable or unfavorable implications and, where possible, try to quantify them.

The conclusions that emerge from our elaboration are underlined below:

- Each way out of the crisis begins with an analysis of the existing situation, made through a diagnostic study [see details in 10].
- Any of the three ways is operationalized with the help of a team of specialists in the field, experts recruited from the company's specialized staff or from outside it (these are management consultants).
- The “object of study” of the three solutions for change is different, a situation that generates appreciable differences in complexity and difficulty. Thus: BPR operates with business processes, it is true, the most consistent, large consumers of resources but also the only generators of added value for customers; Organizational

restructuring focuses primarily on the organizational structure, knowing that any structural component the size of posts and compartments has a human dimension. As the redundancy of staff is the surest way to simplify the organizational structure, with or without outsourcing processes, it is clear that restructuring is often equated with a reduction in the number of employees and, consequently, a reduction in the running costs of the enterprise; Instead, managerial reengineering aims at the management of the systemically approached enterprise, which is the redesign and redesign in a certain logic of each of its components - organizational, human (human resources management), decisional, methodological-managerial and informational. The purpose of managerial reengineering is not directly to reduce staff - although this effect occurs - but to provide superior managerial conditions for achieving objectives. We must not forget a fundamental aspect related to management: this is the most important factor to increase the efficiency and effectiveness of the enterprise, to achieve performance. In other words, you can't achieve business excellence if you don't achieve management excellence!

- Managerial redesign includes business process reengineering and restructuring. Procedural remodeling means rethinking and redesigning business processes, and structural-organizational redesign, specific to restructuring, is a distinct methodological stage of overall management reengineering. But in many ways, restructuring is not the same as redesign! Restructuring means simplifying the organizational structure, reducing its constructive parameters, while redesign involves a redesign and, subsequently, a redesign of the structural configuration, ensuring a much higher functionality. Then why is organizational restructuring the most common and agreed way of change, by shareholders and managers? Our answer is very simple: because restructuring quickly solves the surface problems faced by enterprises in difficulty. From a signature, the staff is dismissed individually or collectively (as needed), a part of the enterprise is outsourced procedurally or structurally-organizationally, thus reducing expenses and it is possible for it to solve its liquidity problem (at the moment) and acquire the eligibility potential needed to obtain credit. The restructuring has become perpetual for Romanian companies as it does not offer sustainable solutions, but only stage economic and financial recovery. Whether it is "crisis" or "performance", the restructuring does not reach the degree of depth; detail required by the problems facing the enterprise and, perhaps, therefore, is repetitive. Unfortunately, no one is thinking about the long-term human consequences of restructuring - the destruction of groups that have coagulated over the years, the promotion of fear, fear of losing their jobs, reduced incomes of those turned overnight into unemployed. There are no alternative social assistance programs, as there are no resilience programs or plans in times of pandemic.
- All the ways of change approached have a neuralgic point of great human load: organizational culture. Although it causes appreciable dimensional changes in the company's staff, obviously, in the sense of reduction, the impact on it is quite timidly analyzed. Terms such as communication, stress, fear, emotion, disintegration, destruction, psychosocial risks, corporate culture, psychological training are frequently encountered in periods of profound changes triggered by restructuring or

managerial redesign but, unfortunately, not integrated into coherent cultural improvement actions. "Culture is the common thread that connects the trio: strategy, structure, the human factor. It is the breeding ground on which the company will develop and, consequently, its image with customers. However, this corporate culture is directly affected during any organizational, strategic or human change" [see also 6].

- Impact on performance indicators. The objectives pursued by restructuring, BPR or managerial redesign refer first of all to the improvement of some indicators of economic and financial performance: labor productivity, production costs, profit, revenues, etc. Given the depth of the changes promoted, appreciable favorable differences are expected from the levels recorded in the "current state", which would ensure a rapid transition to the "ideal state" in conditions of creditworthiness and financial eligibility seriously improved. In reality, this is not the case at all. Controversies are also encountered in the practice of these changes. So:
 - *Restructuring*, "destroyer" of organizational structures (eliminating unprofitable, cumbersome, unnecessary processes and, implicitly, their organizational structural support, outsourcing some structural components, flattening structures by reducing the number of hierarchical levels and eliminating many management and execution positions) can bring the enterprise afloat in terms of liquidity, as markets continue to absorb its products. Staff reductions mean the reduction of labor costs and, implicitly, of total costs, being, from this point of view, a vector of acquiring financial creditworthiness [see 7 and 8, pp. 13-24]. The other performance indicators show only modest increases of up to 2%, with the exception of labor productivity, in the situation where the restructuring does not change at the selling prices of the products. In our opinion, restructuring is necessary as a solution, with priority in times of crisis to avoid insolvency and, worse, bankruptcy and in conditions where mergers, alliances, etc. are needed to increase the company's performance as a result of these processes. The division of restructuring into "*crisis restructuring*" and "performance restructuring" seems to us very useful in explaining its necessity and opportunity, but also its short-term or long-term effects.
 - *Business Process Reengineering*, with a limited scope in business processes (mainly in production), has, in the opinion of American specialists (where it appeared and applied) spectacular effects [4], but they are also questioned of the propaganda that accompanied in the first years of operationalization this solution of change [see 5 and 9].
 - Finally, managerial reengineering, embodied in the radical change of the enterprises management system, has quantified effects - difficult to estimate - but especially qualitative, non-quantifiable: superior quality of management decisions, superior quality of information provided, adequate quality of managerial tools and methodologies, the quality of the human factor, ensured by the professionalization of managers and management, the quality of organizational structures, the high degree of managerial decentralization, the accountability of managers and executors generated by the allocation of objectives, etc. The "cascade" of objectives to the job level, the focus of motivation on the trinomial "objectives - results - rewards / sanctions" or the increasing methodology of enterprise management are essential

elements that promote the management of profit centers. In terms of quantifiable economic effects, they are assessed at least at the level of those triggered by the restructuring and reengineering of business processes, together.

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Rezumat

Perioada dificilă pe care o traversăm, creată și întreținută de pandemia de Covid-19, este marcată de o criză economică ce afectează mapamondul, fără nicio discriminare. Specialiștii și politicienii vin cu soluții, fezabile sau mai puțin fezabile, dar toate cer resurse financiare. Pentru întreprinderi, mai ales cele private, posibilitățile de finanțare se diminuează din cauza înrăutățirii situației financiare a acestora: lipsă lichidități, costuri mari, venituri în continuă scădere, piețe pierdute, imagine de asemenea în scădere. Sunt vehiculate mai multe modalități de depășire a crizei sau de atenuare a efectelor nefavorabile ale acesteia, cea mai frecvent invocată fiind restructurarea, văzută ca veritabil colac de salvare atât pentru firmele intrate în insolvență (pentru evitarea falimentului), cât și pentru cele care înregistrează, într-un anumit interval de timp, un declin economic și financiar. O asemenea soluție de salvare, considerată miraculoasă, a început să fie reevaluată în ceea ce privește necesitatea, oportunitatea, conținutul și implicațiile sale, în contextul în care se apelează foarte puțin sau deloc la soluții de natură pur managerială, care includ și modificări structurale ori procesuale importante. Una din acestea este reproiectarea managerială, de departe cea mai importantă și complexă modalitate de schimbare managerială și organizațională cunoscută și aplicată destul de timid și în România. Asupra acestor două posibile soluții manageriale ne vom concentra în lucrarea noastră.

Cuvinte-cheie: *criză economică, management, restructurare, reengineeringul proceselor de afaceri, reengineering managerial*

Аннотация

Трудный период, который мы переживаем, вызванный и поддерживаемый пандемией Covid-19, отмечен экономическим кризисом, который без какой-либо дискриминации влияет на мир. Специалисты и политики предлагают выполнимые или менее осуществимые решения, но все они требуют финансовых ресурсов. Для компаний, особенно частных, возможности финансирования сокращаются из-за ухудшения финансового положения: нехватки ликвидности, высоких затрат, снижения доходов, потери рынков, а также ухудшения имиджа. Существует несколько способов преодоления кризиса или смягчения его негативных последствий, наиболее часто применяемым является реструктуризация, рассматриваемая как реальный спасательный круг как для неплатёжеспособных компаний (во избежание банкротства), так и для тех, которые регистрируют в течение определенного периода времени экономические и финансовые спады. Такое спасательное решение, считающееся чудесным, начало подвергаться переоценке с точки зрения его необходимости, возможностей, содержания и последствий в контексте, в котором используются мало или вовсе не используются чисто управленческие решения, которые также включают структурные изменения или важные процедурные аспекты. Одним из них является изменение структуры управления, безусловно, не самый важный и сложный способ управленческих и организационных изменений, известный и довольно робко применяемый в Румынии. В нашей статье мы сосредоточимся на этих двух возможных управленческих решениях.

Ключевые слова: *экономический кризис, менеджмент, реструктуризация, реинжиниринг бизнес-процессов, реинжиниринг управления*

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