



WORLD EXPERIENCES OF ASSESSING THE EFFECTIVENESS OF STRATEGIC MANAGEMENT OF BUSINESS ENTITIES

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<p>Received: 24th December 2023 Accepted: 20th January 2024 Published: 26th February 2024</p>	<p>Analysis of the category of efficiency, its determining factors, the content and results of management work allows us to conclude that groups of indicators correspond to the content and forms of the manifestation of efficiency, which can serve as efficiency criteria. about the purpose of the organization and its working conditions. Each option of the control system corresponds to a certain value of the efficiency criterion, and the task of control is to find the control option for which the corresponding criterion takes the optimal value.</p>

Keywords:

INTRODUCTION

Analysis of the category of efficiency, its determining factors, the content and results of management work allows us to conclude that groups of indicators correspond to the content and forms of the manifestation of efficiency, which can serve as efficiency criteria. about the purpose of the organization and its working conditions. Each option of the control system corresponds to a certain value of the efficiency criterion, and the task of control is to find the control option for which the corresponding criterion takes the optimal value.

The following conditions must be met in order to adequately assess the effectiveness of the organization's management:

- clear understanding of the final goal;
- a clear understanding of the resources needed to optimally achieve this goal;
- availability of clear criteria for performance evaluation.

As mentioned above, since the management process cannot be completely reduced to a quantitative description, two aspects of performance evaluation can be distinguished: objective and subjective. Objectively, efficiency is expressed through indicators of organizational activity and the effectiveness of management decisions. The subjective aspect is expressed in the perception of the results of the efforts of the manager, his subordinates and other interested parties in achieving goals and tasks.

LITERATURE ANALYSIS

The history of Japanese management efficiency and success has been identified in many comparative studies in the 1970s and 1980s (Negandhi, Yuen, and Eshghi, 1987).¹ However, in recent days, the traditional Japanese management style has faced efficiency problems in the context of the "happy worker" hypothesis, and many imperial studies show that Japanese corporations are facing human resource management problems both internally (in Japan) and in their own economy. International subsidiaries (Negandhi, Yuen and Eshghi, 1987). Since the 1980s, the Japanese management system has been transferred to many countries and many evidences have been discovered.

Japanese companies have faced human resource problems in both Western and Asian regions in imposing traditional Japanese management on their subsidiaries (Ohmae, 1985; Sethi, 1974).²

In many types of research, it shows that Japanese corporations also face problems in transferring their management systems in Asian countries (Fukuda, 1983), and many recent studies have shown that many Japanese corporations' subsidiaries in Asia who did not follow the same management style as their parent company³. In Japan. (Kobayashi, 1985; Putri and Chang, 1984; Sim, 1977). From 1968 to 1985 (Negandhi, Yuen & Eshghi, 1987) conducted many studies on the effectiveness of Japanese HRM, such as

¹ Negandhi, Yuen and Eshghi (1987), Localisation of Japanese Subsidiaries in Southeast Asia, Asia Pacific Journal of Management Vol. 5 No. 1, Kluwer Academic Publishing/Business

² Ohmae, (1985) Triad Power, The Free Press.

³ Fukuda, K. (1983), "Transfer of Management: Japanese Practices for the Orientals?", Management Decision, Vol. 21 No. 4, pp. 17-26. <https://doi.org/10.1108/eb001324>



the problems of overseas localization of Japanese subsidiaries in a comparative analysis of Southeast Asian countries.⁴

Australia, Singapore, Brazil, Peru, India, Malaysia, Thailand and USA. (Negandhi, Yuen, and Eshgi, 1987). According to data found in subsidiaries of a Japanese corporation in the southeastern region (Negandhi, Yuen, & Eshghi, 1987), senior management appointments are made to those selected from the parent company to relocate to that company. the subsidiary company and local people holding top management positions are very limited. Local managers are unlikely to achieve higher organizational positions (Negandhi, Yuen, & Eshgi, 1987). (Negandhi, Yuen, and Eshghi, 1987) identified two factors for such changes in management systems between a Japanese parent company and its Southeast Asian subsidiaries.

The first factor is environmental factors related to the state of local staffing, training, legal affairs, interpersonal skills of the local manager in relation to managers in the parent company, and the level of satisfaction with local managers. The second factor is the relationship between the parent company and subsidiaries, the administrative control of headquarters over subsidiaries, such as operational structure, decision-making, and personnel policies (Negandhi, Yuen, & Eshghi, 1987). In his comparative study, Smith (1984) examined the effectiveness and productivity of Japanese management systems and showed that significant differences can be identified between Japanese management and their overseas subsidiaries, and these differences are not easily conceptualized in the context of Western models. management styles (Smith 1984). Smith (1984) also found that a Japanese corporation followed some management systems in its subsidiaries as the parent company, but researchers in the field failed to distinguish between the interpretation of the cultural situation and the actual change in behavior.⁵

Smith (1984) mentions the effective management system in Japan and its subsidiaries can only be justified if the similarities and differences can be recognized. Smith (1984). Another study by Honga and Snell (2015)

dealt with the challenges faced by Japanese overseas subsidiaries in leveraging organizational capabilities as parent corporations.⁶ Honga and Snellb's (2015) study was based on the concept of "boundary and boundary crossing" and identified two boundaries that prevent a subsidiary in China from using local resources to help with a parent Japanese corporation (Honga and Snellb, 2015).

These boundaries are defined as pragmatic boundaries and cultural knowledge boundaries. Japanese firms have been criticized for lagging behind in localizing their overseas subsidiaries compared to Western countries (Itagaki 2009). A Chinese case study shows that the reasons for this situation are the work style and production method problems that can be seen in the Chinese subsidiaries of Japanese corporations (Itagaki 2009).⁷ Another study was published on how HR complementarity affects subsidiary performance of Japanese corporations and considered the host country environment as a method of analysis (Ando, 2014). Research data showed that localization did not improve the performance of subsidiaries of Japanese corporations in emerging markets, and also found that the impact of localization weakened and the organizational distance between subsidiaries and the parent company increased (Ando, 2014).⁸

In Germany, the famous German scientist, sociologist and economist Max Weber and his book "Theories of Social and Economic Organizations" published in 1924 greatly influenced the formation of the national management model.

METHODOLOGY

The classical management model consists of four elements - planning, organizing, directing and controlling. The content of these elements and their interaction reflect the characteristics of governance in a particular country.

Planning in German companies, as in other companies in the world, involves solving two main tasks - to develop the strategic and operational goals of the organization and to determine the resources to achieve them.

⁴ Kobayashi, N., (1985), "The Patterns of Management Style Developing in Japanese Multinationals in the 1980s," in S. Takamlya and K. Thurley (eds.) Japan's Emerging Multinationals, Tokyo: University of Tokyo Press.

⁵ Smith (1984), The effectiveness of Japanese styles of management: A review and critique, *Journal of Occupational Psychology*, 57, 121-136. Printed in Great Britain.

⁶ Honga and Snellb (2015), Boundary-crossing and the localization of capabilities in a Japanese multinational firm, *Asia Pacific Business Review*, Vol. 21, No. 3, 364–382

⁷ Itagaki, (2009), Competitiveness, localization and Japanese companies in China: realities and alternate approaches, *Asia Pacific Business Review* Vol. 15, No. 3, July 2009, 451–462

⁸ Ando (2014), The effect of localization on subsidiary performance in Japanese multinational corporations, *The International Journal of Human Resource Management*, 2014, Vol. 25, No. 14



At the same time, planning in German companies has its own characteristics:

- in the process of planning, Germans strictly adhere to the principle of striving for order (German: Ordnung), which is characteristic of the German mentality, i.e. They are sure that only well-studied and developed target planning indicators will contribute to the prosperity of the company;

- the planning process necessarily includes the creation of the most detailed picture of the future state of the company, as well as the development of various hypotheses about the problems that the company may face during the implementation of plans;

- the most important priority of planning - obtaining the maximum effect for the final consumer as a result of achieving the planned indicators;

- strategic and operational plans are formed within the counter-planning procedure, i.e. First, general plans are made at the top level of the company and gradually descend to the lower levels of the organizational hierarchy, carried out step by step. If, for some reason, the subordinate units of the company recognize the received planned indicators as unrealistic, they make counter-proposals for clarifying the plan and send them to the upper echelons of the company's management. This procedure can be repeated many times until a planned decision is made that is compatible with all levels of the company's management.

The organization includes the distribution of tasks, resources, responsibilities and powers among the company's departments and employees, based on the strategic goals established at the planning stage. In Germany, much attention is paid to the regulation of this element of the management model, and the formation of organizational structures takes a special place.

When designing organizational structures, German companies (except for the need to solve strategic problems) are based on the type of activity, their size, the characteristics of the product line, the service area and the market situation. The desired organizational structure is the result of a combination of elements of rigid structures (linear, functional, personnel) and flexible structures (matrix and project).

As a result, German companies often use the following structures:

- linear - functional structure - a strict vertical linear hierarchy by functions (production, marketing, finance, etc.),

- divisional structure - strict vertical linear hierarchy by products, customer groups, geographical regions;

- functional - matrix structure - a flexible grid structure consisting of vertical linear-functional management and horizontal project management;

- matrix-staff structure — a flexible grid structure consisting of vertical line-functional management, horizontal project management, and a headquarters that coordinates and provides information to vertical and horizontal elements of the structure.

DISCUSSION

The formed organizational structure is filled with strict rules and a detailed description of the tasks, functions and processes that must be performed by company departments and individual employees within the framework of strictly defined powers.

Management - this element of the management model is designed to provide an environment of well-selected, trained and motivated employees in the company who fully share the company's mission and goals, who actively strive to fulfill the tasks and functions assigned to them.

The main criteria for hiring employees in German companies is the availability of special knowledge and professional skills, as well as the ability to work in a team. The candidate's compliance with the selection criteria is determined by the test.

It is important for the candidate to provide good references from previous employers and a well-structured autobiography that serves as an employment record in Germany.

Information about the completed projects or other results of the candidate's previous work, as well as the average score in the educational diploma, are of great importance when entering a job.

The candidate must demonstrate excellent communication skills, willingness to take initiative and self-development, and the ability to self-motivate even when the level of extrinsic motivation decreases.

Personnel training in Germany is based on the following approaches:

❖ continuity and continuity of professional training of employees during their work in a particular company;

❖ special attention to technical and engineering training,

❖ adapting employees to work with new technologies and equipment, emphasizing the practicality and uniqueness of the knowledge gained during training;

❖ active use of coaching institute and internal production education system;

❖ comprehensively encourage employees to improve their professional skills.



Employee incentive systems of German companies, on the one hand, create conditions that give employees a sense of financial security, and on the other hand, encourage them to work more efficiently. The motivational model in Germany is the result of a harmonious combination of wage systems and social guarantees.

The minimum wage level for workers is determined in Germany based on industrial and regional collective agreements concluded between trade unions and employers.

The level of the employee's basic tariff rate is determined based on the assessment of his workplace. Three main factors are taken into account: the level of responsibility, working conditions and intensity. The increase of the basic tariff rate is influenced by the professional skills of the employee and the increase in the length of service in the enterprise.

In addition to the basic salary rate, the employee can receive incentive bonuses, the amount and frequency of payment of which depends on the achievement of important results for the company.

The social security system, which forms the basis of German social policy, provides employees and former employees with health insurance, pension insurance, sickness insurance, unemployment insurance, accident insurance, housing subsidies and various types of social assistance. provides.

In German companies, organizational culture, which is a set of norms, values and beliefs that determine the behavior of organizational members in the work process, is characterized by:

- comfortable environment, friendly relations of colleagues, stable relations between managers and employees;
- orderliness, accuracy, conscientiousness, accuracy, thriftiness, high self-discipline of the members of the organization.

DISCUSSION

Management decision-making in German companies includes classic basic problems such as the diagnosis and analysis of a specific problem, the generation of several alternative options for solving this problem, and the best option for decision-making.

The distinctive features of decision-making in German companies are the wide participation of employees in this process; decisions are made only after a consensus has been reached between the workforce and company management; the workforce also takes responsibility for the nature of the strategic decisions made.

The ideal German manager is an experienced and highly qualified specialist with a degree and a thorough

knowledge of the production process, which is carried out even in the narrowest areas of the company.

Control is the final element of the management model designed to reliably ensure that the results of the activities of the company, its separate divisions or employees are in accordance with the goals set at the planning stage.

The peculiarity of control in German companies is that the basis of control activity here is a detailed comparison of the planned and actual indicators of the company's strategy. If deviations are detected, they are analyzed in depth, and then measures are developed to prevent deviations from strategic goals in the future.

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