

THE DECISION, THE ORGANIZATION'S DECISIONAL SYSTEM IN RISK AND UNCERTAINTY CONDITIONS, FOR A SUSTAINABLE DEVELOPMENT

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*Abstract:*The current society is dominated by uncertainty, every day we need to make choices, make decisions that can influence our future, often in an unexpected way. In the activity of any organization, there may be risks, uncertainties, in any field of activity. The risks that may arise can be economic, political, financial, etc. Adopting the best decisions, in conditions of risk and uncertainty and leading to sustainable development of the organization, is the essence of the activity of each manager, located on any hierarchical level.

The paper presents theoretical aspects of the organization's decision-making system and presents a case study on the adoption of risk and uncertainty decisions for the sustainable development of an enterprise.

Keywords: sustainable development, risk, uncertainty, decision, decisional system

1. INTRODUCTION

The purpose of the decision-making process in any organization is that the organization to thrive. A successful business base on a set of accurate, realistic decisions. Essentially, decisions made under uncertainty conditions. Decisions taken by business executives, as well as by managers in any other field, taken at risk, as all decisions related to people and that influence their future¹.

For making any decision, a process involves choosing the most appropriate option from the set of existing options. In order to choose the best decision, it is necessary carefully determine the positive and negative effects that each decision option generates, taking into account all decisional alternatives. In the decision-making process, the effects of each decision option must anticipated, and, studying all these effects, one can choose the option that is considered to offer the best long-term results, thus being considered the best choice².

Risk is an influence that impacts the strategy, for example, and which is due to uncertainty, conditionality that prevents or delays implementation of the strategy. Risks are present in all organizations, in personal life, etc. Therefore, it is important to know and apply risk management in the company where we work and in our personal lives.³

The uncertainty is generated by the lack of information or incomplete information and creates a state of uncertainty about the future, what is going to happen, the possible results obtained compared to the predicted ones⁴.

The link between risk and uncertainty is that risk is a measurable uncertainty. Sometimes an unmeasurable uncertainty can also mean lack of uncertainty.

¹Drucker, P. F. - Innovation and entrepreneurship, Harper & Row Publishers, New York, 1985, p. 26

² <http://www.businessdictionary.com/definition/decision-making.html>

³ <https://en.wikipedia.org/wiki/Risk>

⁴ <https://ro.wikipedia.org/wiki/Incertitudine>

Sustainable development means growth in the future without compromising future generations. The principles of sustainable development were originally applied to tackle the ecological crisis (due to the industrial exploitation of natural resources, which contributed to the continuous degradation of the environment), to preserve the quality of the environment and for future generations. Today, the concept of sustainable development, its principles have extended to all aspects of social, economic, personal life, etc. We can no longer say sustainable development without associating it with an increase in the quality of life in all its complexity. Sustainable development also means ensuring justice, fairness among the world's states⁵.

2. RISK AND INCERTITUDE CONDITIONS IN THE CURRENT PERIOD

We will continue to present the risks and uncertainties present today in the society we live in.

It can be said that uncertainty, the risks have increased in the last decades⁶.

Legislative uncertainty of the current period affects the business environment, representing a major hindrance to the development of local businesses and to attracting foreign investments in Romania.

Among the issues facing the business environment we have:

- cumbersome administrative procedures;
- high level of bureaucracy;
- frequent changes to business-related regulations.

The high level of corruption remains a major risk to the economy⁷.

At European level, Romania continues to catch up with the other European countries and the EU average.

Labor resources not correlated with the needs of the economy. Economic growth will continue to be affected by negative demographic trends, limited labor mobility and high emigration⁸.

The low performance of the education system leads to graduates without the necessary training for the needs of the labor market, and vocational education is not correlated with the needs of the business environment⁹.

Much of the workforce (women, youth, and rural population) continues to remain outside the labor market, negatively affecting the growth of the national economy.

The main challenges of organizations are the implementation of IT solutions, the internationalization of businesses and the growth of start-up businesses.

Although business considers infrastructure investment to be an essential element of economic development, Romania continues to have one of the weakest road, rail and naval infrastructure in the EU. Continuing public efforts to counteract corruption has limited effects in the context of last year's changes, which affects Romania's credibility for international investors, thus posing a risk to the growth of the national economy.

⁵ https://ro.wikipedia.org/wiki/Dezvoltare_durabil%C4%83

⁶ Charpentier, P., Deroy, X., Uzan, O., Marciniak, R., Luong, S., Benoist Du Sablon, G. – Organizarea și gestiunea întreprinderii, Editura Economică, București, 2002, p. 142

⁷ *** Comisia Europeană, Raportul de țară din 2018 privind România
<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-romania-ro.pdf>

⁸ *** Comisia Europeană, Raportul de țară din 2018 privind România
<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-romania-ro.pdf>

⁹ *** Comisia Europeană, Raportul de țară din 2018 privind România
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Investments expected to increase, but there are still uncertainties. Estimates suggest that public investment will start to recover as result of resuming the implementation of EU funded projects¹⁰. Poverty remains at a high level. In 2016, the risks of poverty and social exclusion increased, with 38.8% of the population affected.

The quality of public investment still marked by management weaknesses, frequent changes in priorities and difficulties in absorbing EU funds, and private investments are affect by the persistence of legal uncertainty and bureaucracy.

3. THE ORGANIZATION'S DECISION-MAKING SYSTEM FOR SUSTAINABLE DEVELOPMENT

The decision is the essence of management, its most active, dynamic expression, through which it exercises its functions¹¹.

For sustainable development, environmental protection and long-term economic growth considered complementary and mutually dependent¹².

The quality of the decisions taken in a company depends on many variables, ranging from the level training of the managers to the structure of the organization's authority¹³.

The managerial decision has several definitions in the economic literature:

- act through which a certain line of conduct is adopted, in order to achieve an objective;
- choosing a course of action;
- the specific form of employing the organization's resources in an action.

Good, fair decisions can, sometimes be denied by the future evolution of economic activity. The decision-making system, the decision itself, cannot called into question, the correctness of the decision-making process remains valid, which results from the fact that the right decisions cannot and does not eliminate the risks, but only reduce the possibility of the risk of their non-implementation with success and consequences of implementation¹⁴.

The external factors that lead to the necessity of making a decision are legal restrictions of a functional or structural nature, etc., economic factors and political aspects of the applied measures.

The personal factors that influencing the decision-making system are the particularities of the manager's logical thinking; manager personality; the degree of understanding of the situations; degree of manager independence; management style. Other important factors influencing the decision-making process: the qualities, the manager's spiritual values, the risks, the uncertainties that can occur both in the decision-making process and during their implementation, the time and the changes in the environment, the informational barriers (not always possible to have all the information), lack of information, distorted or costly information.

¹⁰ *** Comisia Europeană, Raportul de țară din 2018 privind România

<https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-romania-ro.pdf>

¹¹ Niculescu, O., Verboncu, I. - Fundamentele managementului organizațional – cururi în format digital, accesat în data de 04.09.2018 la adresa:

<http://www.biblioteca-digitala.ase.ro/biblioteca/carte2.asp?id=60&idb=7>

¹² *** Strategia Națională pentru Dezvoltare Durabilă a României Orizonturi 2013-2020-2030

¹³ Popa, I. - Management general, cururi în format digital, accesat în data de 04.09.2018 la adresa: <http://www.biblioteca-digitala.ase.ro/biblioteca/carte2.asp?id=471&idb=7>

¹⁴ Cocioc, P. - Fundamente ale științei economice, Editura RISOPRINT, Cluj-Napoca, 2001, p. 169

Unforeseen, undesirable consequences may arise from the implementation of decisions taken, for example: to improve quality (decision taken), if growth is necessary, this increase influences the increase in the sales price, which inevitably leads to the loss of those customers who cannot pay the new price higher than the initial one.

Decisions adopted by an organization are interdependent; the quality of current decisions also depends on the decisions taken previously.

Adopting the decision is a complex process involving:

- a) perceiving the necessity and the opportunity to decide;
- b) determining the problem to be solved;
- c) determining the objectives to be achieved;
- d) collection, selection and processing of information;
- e) formulation of possible directions of action;
- f) establishing alternatives;
- g) using appropriate methods to detect as many possible variants as possible;
- h) quantification of economic and social knowledge for each variant;
- i) assessing the benefits of each line of action.

Once the decision adopted, it is implemented, and then the results followed.

The concept of sustainable development is the result of an integrated approach of factors: policy and decision-making. For a sustainable development of the organization, it is necessary as decisions, although taken in risk and uncertainty conditions, to assure promote of production and consumption sustainable patterns.

4. CASE STUDY

SC ILIANA SRL has the object of manufacturing wooden layered products, CAEN code 2020 - Manufacture of wooden products: plywood, panel, veneer, chipboard, etc.

The enterprise is a medium-sized enterprise with 120 employees, of which over half are women. The headquarters are located in Târgu-Jiu, Gorj County. The qualified personnel is 70%, having the following specializations: economist-engineer, economist, engineer, carpenter, electrician, mechanical locksmith, auto mechanic. Workers account for 98% of the total staff of the enterprise. SC ILIANA SRL is equipped with advanced machines used in the production of laminated wood windows and doors (numerical control centers, grinding machines, multiple circulars, etc.). The products are of the highest quality and have a great design. Most customers (over 90%) are external customers (Germany, Austria).

In order to cope with the risks and uncertainties of the current period, SC ILIANA SRL must take the timely decisions in order to ensure its sustainable development. Thus, the company has faced more than a year with a constant shortage of workforce.

The company has posted employment announcements to the County Employment Agency of its locality where it has its headquarters, local media, television.

During the last year, SC ILIANA SRL has been employed staff, who have left the enterprise for the most part within the first month of employment.

At the time we refer, the company does not yet have the number of employees it needs to honor all the orders sent by its customers. As decisional variants, for an evolution, sustainable development, the enterprise are:

- require employees to carry out overtime frequently;
- continue to attract new employees;

- seek new ways of motivating employees, hoping that they will bring other employees to be attracted to the new offers;
- reduces the work shifts to ensure the need for personnel.

By designing in time and establishing the effects of implementing each decision variant, in order to ensure sustainable development of the company in the future, the manager of SC ILIANA SRL chose the decisional option with the lowest cost and lowest risks of implementation - reduces the work shifts to ensure the need for personnel. This is a decision that protects SC ILIANA SRL ay:

- the risk of not finding the new employees he needs;
- the risk of no longer recruiting staff from the already employed to make overtime;
- the risk of additional expenses needed to motivate employees, to loyalty and to attract new employees.

5. CONCLUSIONS

In order, to ensure balance and linking between the economic, ecological and socio-cultural components of sustainable development, the European Union Strategy sets out the following guiding principles: promoting and protecting fundamental human rights, solidarity between generations, the cultivation of an open and democratic society. Other principles are involving citizens in the decision-making process; use of modern knowledge to ensure economic and investment efficiency; application of the precautionary principle in the case of uncertain scientific information; applying the "polluter pays" principle.

Considering the principles of sustainable development, the manager of SC ILIANA SRL, in order to ensure the sustainable development of the enterprise, under the conditions of risk and uncertainty of the current period, as a solution to overcome the shortage of personnel crisis, decided to choose the decision with the least risk in implementation. The chosen one is reduction the work shifts to ensure the need for personnel, in order to honor the orders received from clients, mostly foreign, from Germany, Austria, etc.

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