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## Business (re) Engineering: management of the risk induced constraints

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### Abstract

Past research and present day challenges circle around the issue of adopting and adapting rationally sound organization structures to optimizing business efficiency. Within these structures, the implicit requirements of material and financial resources have to meet the imperative of adequate intellectual capital, human resource, - allocation. Neglecting the positive effect of profound SWOT analysis in risks' long-term interaction with consonant efforts' allocation, led to bankruptcy of individual businesses and local economies. Engineering the organizations is a way of redesigning the constitutive structures according to the dynamics of the business' environment and looking to improve the market value for the firms involved in the general functioning of the economic and financial mechanisms. The means used in businesses' re-engineering makes a creative use of the advantages of the new IT&C when implemented in computer networks.

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### 1. Introduction: organizational engineering and the business environment

Both in the past, but especially in the present time, one of the essential problems concerning business efficiency and implicitly the functioning of companies lies in the adoption and adaptation of rational organizational structures, which include productive use requirements of material and financial resources consistent with the imperatives of appropriate use of intellectual capital, of human resources. Undoubtedly, the failure of certain companies and even of certain regional economies are mostly due to the neglect of the beneficial effects of certain deep SWOT-like economic and financial analyses, concerning the strengths, weaknesses, opportunities and threats faced by companies, evaluating their interactions on a medium and long term basis.

Within the organization and reorganization of trading companies, organizational engineering (Oprean and Oprean, 2005), distinguishes itself as a method of (re) designing organizational structures, in accordance with the demands of the dynamics of the business environment and the enhancement of the market values of the companies involved in the functioning of the economic and financial mechanisms. The main goal of organizational engineering is to satisfy adequately the demands of clients, making the enterprise profitable, by way of correlating the internal structures with those established through the management of business relations with third parties, using the advantages of new Information and Communication Technologies, implemented within the computer networks. By

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way of the steps taken, organizational engineering, as a component of modern management, could be defined as a creative method of rethinking structures, through:

- a. - (Re) sizing organizational structures in order to create flexible structures, that can easily be adapted to changes occurring within the business environment as well as implementing new components according to the principles of system reengineering and use of efficient technologies;
- b. - Critical analysis of circuits and real value flows, and of that of information and decision-making flows bearing in mind the introduced mutations within the organization by way of the integration process of new technologies;
- c. - Reflection and creation/creativity regarding possible structures bearing in mind operation costs and potential revenues, as well as the needs and possibilities of the company;
- d. - Selection and decision-making regarding the alternative organizational structure and internal rules and regulations, suitable for the actual existence and functioning of the firm and the requirements of the organization's objectives that need to be met on a medium and long term basis.

In the future, organizational engineering – based on knowledge management and on the accomplishments of economic informatics regarding the “smart/intelligent business” (Oprean and Oprean, 2011) – can create the necessary operational framework of virtual companies in which the company management and administration can ensure the harmonization of its own interests with that of its partners' while also satisfying profitability requirements. Any company or institution must be designed and reconsidered in such a way as to relate in a timely fashion its organization, administration and management to the demands of the market, depending on the factors involved and of the policies of competing firms, by adopting inventive strategies and tactics, in order to achieve competitive advantages and an ever-increasing performance. Within this process, accounting information structures can play a vital role, as well as other particular methods, techniques, processes and instruments that can contribute to business efficiency.

The current socio-economic environment disrupted by crises and distortions of the internationalization processes of economic and financial relations, is increasingly exposed to risks, which affect the actions of organizational engineering through some major implications of certain weaknesses of the enterprise and threats to those entrepreneurs who are engaged within the business. A better knowledge of risks and ways to prevent and / or diminish their consequences can be beneficial to any organization eager to maintain and improve its market position. If we accept the definition of management provided by H. Fayol, according to which to lead is “to forecast and plan, to organize, co-ordinate and to control” (Oprean et al., 2007), then we can consider all these verbs, defined as functions or attributes of leadership, need to be adapted and applied to risk management in companies and other socio-economic organizations.

## **2. Risk management concepts and requirements**

According to decision theory, risk is considered an uncertain element of an action, event or process that may have harmful effects, which are also often irreversible. We define risk as an exposure to possible loss or damage, while insurance companies consider this element as that of chance or the possibility of loss. In statistics, it is considered that risks reflect the variations of the distribution of possible outcomes, probability and their subjective values, while risks are associated with probability theory, in which random, incidental factors make the results to be unpredictable, not being able to be determined with certainty; while changing the context may generate results that are harder to anticipate or intuit.

Despite the desire of the human factor to prevent harm causing risks, nonetheless, risk is an active component of life (Iliescu, 2003). It becomes also a cost element of business that can be known and managed. For companies and other socio-economic entities, management and risk management are “sword and shield”, but also increasingly important components of the organizational culture. In other words, not only managers should be concerned with anticipating and preventing the negative effects of certain interfering factors within the course of actions, but also the employees are called upon to act as one for the proper functioning of the economic, financial and social

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