

THE ROLE AND IMPORTANCE OF MANAGERIAL GAMES IN IMPROVING THE COMPANY'S MANAGEMENT

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Managerial games were created in order to test the abilities, the decision capacity and the degree of reaction under risk conditions of those who took part in such activities. By means of these simulations the managers or the managerial teams subject to test, get in touch with a real working environment, based on all the data, reports and working situations of two or more firms situated on competitive positions. After learning the rules of the game, each participant has to put into practice all the strategies he knows in order to place the firm he manages on the first place of the managerial top.

Key words (strategy, simulation, knowledge)

The transition to the market economy, as well as the changes at the macroeconomic level, generated by Romania's accession to the European Union have led to certain transformations of the competitive environment and, implicitly to the adaptation of the organizational management to the new requirements. Thus, most of the Romanian organizations, in order to meet the external and internal market demands, either adopted a series of international managerial strategies, reported to the internal economic environment and activity profile, or they chose an internal reorganization and the change of management, style and vision.

The creation and development of international organizations for different market shares in Romania have influenced the competitive environment emphasizing thus the need to elaborate a global economic strategy that should envisage a mission adapted to the future type of economy, a clear definition of the fundamental economic objectives leading to a balance of the macroeconomic indicators' evolution, GDP, productivity, inflation rate, budgetary deficit, unemployment rate, technological development as well as a constant economic-fiscal policy that should ensure internal resources, borrowed or brought, necessary for the development.

The emphasized international tendency of globalization has led to the change of vision and to the reorientation of internal resources of national and international firms, a stronger emphasis being on the development and improvement of the human resource, transforming thus knowledge in competitive advantage, being supported at the same time by technological progress and innovation. Organizations functioning on the competitive market and coming with their own strategy, either for a new market share, for the promotion of a new product or a price policy eventually tend to overlap which leads to the long-term reorientation of set managerial objectives.

At present, in order to be an honest competitor on the market you need to be strongly balanced, know and correctly assess the micro and macro evolution of the environment where you develop your activity and to have all financial resources necessary to meet your objectives.

Managerial simulation is a procedure that allows, on the one hand, the testing, assessment and manipulation of a real system, without a direct action on it and, on the other hand it has a great number of models describing the existent relations between the system components offering the possibility to change parameters and study the effects produced on data. The most important characteristic of simulation is the time compression so that the manager can observe in a short period of time the long-term effect of the taken decisions. The managerial simulation is used only for typical managerial situations that are produced repeatedly, being a model created out of the implied variables that reproduce the decisional mechanism afferent to the respective situation.

For the elaboration of a managerial game one should start from the delimitation of the typical decisional situation, stage realized by the collection and analysis of all the necessary information, the identification and evaluation of the implied variables, which can be managerial, economic, technical, necessary for the

setting of the decisional model afferent to the managerial situation, the decisive role being the elaboration and testing of the information programs that allow the operationalization of the chosen model.

The efforts for the projection and use of managerial games had as a purpose the training and specialization of managers of different field of activity. The larger the applicability area of managerial games is, fusing with other fields of present interest, the greater the managers' performance will be. I consider that it is absolutely necessary that any manager who wants to develop his activity in accordance with demands of the competitive market, being flexible to the changes of the business environment, to improve his knowledge, skills level, testing by means of the managerial simulation the possibility of meeting the set objectives.

The advantages of simulation or managerial games can be synthesized as follows:

The development of managerial and professional skills and knowledge

- a) **The consolidation of training** – tendency accomplished by the fact that, within simulations, participants have to apply theoretical knowledge previously acquired.
- b) **The development of some integrated functional perspectives** – this objective is strongly connected with the first one and represents a transition to the applied of the theoretical concepts on the functional organization.
- c) **The improvement of the decision capacity** - the period from information to the decision-taking is for simulations longer than in real life. Therefore, the participants will carefully analyze the typical situations they are placed in, knowing in the future similar situations how to act. Trying the simulation of the real environment, the games introduce a random element, characteristic for daily life, element that the competitors should take into account when taking their decision.

Improving the professional and managerial behavioral skills

This objective was introduced by the tradition of social sciences and had a great impact on the managerial training. The solving of the following problems is viewed: the fact that most individuals are aware of their image in the eyes of the others and do not notice the social-psychological and not intellectual character of the skills which are necessary for team work.

The motivation of participants and team work

The satisfactions resulted from this process are generally psychological. In many cases the specifications for well-known games are not of the type "it is viewed for the participants to learn X, but it is rather viewed for the participants to feel good working together.

The tendencies that can be mentioned regarding the simulations development within the present context are generally the consequence of the learning methods evolution, of the new educations. We mention some of the main defiance of the surrounding environment at the beginning of the third millennium:

- the transition from penury to the richness of supply ;
- the increase of the market role in the economic development of companies and national economies;
- the acceleration of technological changes;
- the general growth of productivity.

Approaching the problem of the real environment evolution closer to the economic model, there can be noticed the exponential increase of the number of variables explaining the phenomena that appear

Taking into account these tendencies, simulations, as a training method, are more and more used in academic environments, registering some tendencies in their development:

- the emphasis of the realist character
- the extension of computer games;
- the proliferation of interactive, complex, participative simulations

- The diversification of the game range depending on the target-participants. ⁴⁴

Within this sustainable development, we will retain as an important element the transition to computer games and its consequences. In an internet article, Fox McManus⁴⁵ from Texas describes two major advantages of the use of internet in the training programme:

- in this environment the advantages of all communication channels can be combined (writing, sound, video) and resources can be shared between different users;
- The immense stocking activity can lead to the creation of large information resources. Internet is by far that greatest information basis, easily accessible and usable for different purposes.

Managerial games are those products requiring the participants to face situations where they have to apply different management functions. According to the definition given by Henry Fayol the management process is an exercise of the functions of “prevision, planning, organization, command, coordination, and control”. The framework created by this definition is a large one

The framework created by the definition is a large one, the category of computer games comprising a diversity of games. Company games can be seen as a subclass of management games; the restriction being imposed here refers to the environment. Company games are games in which participants practice management functions, but within a simulated company. This supposes the contact with an informational material typical to that a company’s management has access to, depending on its hierarchical level. The games for the companies with Anglo-Saxon accounting systems deal with balance sheets and profit and loss accounts. The decisions specific to this type of game have a high quantitative character, related to elements such as: price, quality, advertisement, distribution.

Historically speaking, company games have been used as didactic tool before the boom in the PC industry. In 1965, in the American universities there was circulating a totally manual simulation called The Small Business Management Exercise. Within this type of simulation the participants took decisions for the company’s management and the manager decided what happened according to some charts and some simple arithmetical correlations. In the specialists’ opinion, the game accomplished successfully its mission: that of showing the participants what real management meant.⁴⁶ The practicing of this game was not at hand for anybody but it supposed a previous reading of the game instruction book, an economically-oriented thinking and some preliminary adaptation rounds. One of the strengths of this game is transparency. The manager can justify his decisions by commentaries like “There has been a disparity between your product’s quality and the required price. In this situation, the benefits of publicity are reduced as you do not promote a credible product.”⁴⁷

A game similar to that described previously and that is still used within the Academy of Economic Studies of Bucharest is CORAV (mini game of a company’s activities correlation). CORAV is a market game where the participants, 3-6 enterprises compete on two generic markets: internal and external. The elements of the game refer only to the processes of the exporting products, not taking into account the production for the internal market.

Computer company games are nowadays used as didactic tools. Their development is due the modern technology, to the spread of PCs and to their important role in the current processes in any field of activity. Any computer game is based on numbers and rules, which represent the basis of the electronic computer; as a result, problems have to be formulated specifically in order to be programmed. The essence of any computer simulation is the mathematical model; in the case of company games we will approach the mathematic-economic model as way of transposing the economic realities in programmable mathematic equations. Most of the times, in order to accurately present the economic reality, the complexity of models is so high that participants cannot completely comprehend all viewed relations. As a result, company games face a certain resistance from the public to whom they address.

⁴⁴ Nicolescu, Ovidiu, Radu Ioan,- SIMACO - Cartea jucătorului – Editura Economică, București, 2007

⁴⁵ <http://ccwf.cc.utexas.edu/~mciTianus/wbi.html>

⁴⁶ Elgood, Chris – Computer – Controlled Business Simulations – Training Officer Magazine, martie 1998, vol.34, nr. 2;

⁴⁷ Elgood, Chris – Handbook of Management Games and Simulations, 6th Edition, ed Gower Publishing Limited, UK, 1998, p.21.

The main reasons of resistance are:

- their tendency to bring forward quantitative elements on accounting and which seem sterile to the participants;
- their complexity makes the learning process they facilitate not very transparent to the participants; many times there are involved decisional variables whose causal connection is not easy to foresee;
- the results generated by the computer for the support of participants make them no longer concerned with additional checking.
- the equipments are either not always available, or not easy to handle.

Alternative uses of a company computer game can be:

- the use for the team development;
- the use for the introduction and familiarization of certain technologies;
- the use connected to prestige, that is the people faced with a complex simulation, not to solve it but to show that they are considered able of this attempt;
- the use related to insecurity conditions;
- the use associated to the acknowledgement of future possibilities.

After a research process in the business simulations field on the internet, there has been determined that there are two major types of offers in this field, the first offering simulations on demand, dedicated soft and the latter under the form of prefabricated.

Those offering simulations on demand are generally managerial consultancy firms whose services have in view the staff training with the modern management principles. Given the diversity of domains, of the necessary knowledge, of the objectives to meet by means of the created soft, the consultants go to the subject's company in order to investigate the situation. The projected programs are tailored on what already exists in the company according to the direction of evolution. In the case of prefabricated there are games already created and destined for universities.

Computer company general systems are used in economic universities. Management faculties are their main beneficiaries as the declared objective generally aims an introduction in the field and a familiarization with the main decisional variables and the correlations between them. Companies' employees requiring training have already gone beyond the global vision and prefer a more specialized training.

In Romania, the well-known universities rarely use managerial simulations. The management is interested in purchasing this type of products, but the supply is reduced. The games should imply more the use of computers as an analysis tool and even of the internet. Only this way there can be realized simulations between geographically distributed teams, similar to the competitions between universities.

As they need to specialize their staff Romanian companies appeal most of the times to the foreign consultants concerned with the conception of simulations from an economic point of view, so that they can meet the set objectives. As a consequence, the development of simulations can be a good opportunity on the Romanian market. They address mainly to the academic environment and aim the acquirement of basic knowledge on the market influencing means.

Among the internationally and nationally representative managerial games there are "SIMACO", "Prelem XXI 2003", "S.S.A.F.", "S.P.A.F." and "The Simulation of the distribution chain management". At present there isn't any simulation of the financial organization management, this economic field being somehow avoided because of the complexity of the developed activity, of the restrictions imposed by the access to information and to the continuous changes in the competition field. Therefore, the more inviting to approach and to simulate the managerial process of these organizations is, the more expanding they are.

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