

Planning, Problem Solving and Decision Making Process - Case Study in Small and Medium Enterprises in Kosovo

Associate Professor Dr. ALBERTA TAHIRI

University of Applied Sciences in Ferizaj, Kosovo
Faculty of Tourism and Environment, Tourism and Hotel Management

Associate Professor Dr. IDRIZ KOVAČI

University of Applied Sciences in Ferizaj, Kosovo
Faculty of Tourism and Environment, Tourism and Hotel Management

PhD. Cand. SENIHATE HASANI SHABANI

Abstract

The purpose of this paper is to provide a framework for research on the importance of management as an essential process in the enterprise, namely to talk about the planning process, the problem solving that companies may encounter during the development of their business and the effectiveness of decision-making in problem solving.

In addition to the theoretical approach in this paper, the practical approach is also presented, i.e., a survey is drawn from a sample of 50 SMEs surveyed in Kosovo.

All this is aimed at clarifying how is regulated the internal functioning of enterprises in Kosovo, so how leaders collaborate with their staff in the process of planning, problem solving and organizational decision-making.

Key words: management, planning, problem solving, effectiveness, decision-making.

INTRODUCTION

Managers are saddled with the responsibility of leading their organizations to achieve objectives and stated goals. This does not only require versatility and prowess, but more adequate knowledge

management with excellent decision-making. The term “knowledge” has been viewed and defined from differing perspectives. According to Davenport and Prusak (1998), knowledge is a blend of contextual information, framed experience, expert’s experience and value that results in innovation and pristine experience. Knowledge is also regarded as organizational culture, skills, reputation, intuition, and codified theory that influences human behavior and thought (Hall & Andriani, 2003).¹

Nowadays’, the environment in work coming to be more and more disorderly thus, managers having responsibility to be good decision maker in order to maintain the existence of the organization’s (Muhammed, 2015). Sometimes, leaders have incomplete and inadequate information and time to make decisions; therefore they should be decisive because delaying decisions can affect the organization negatively. When the managers/ leaders make, they should gather all available information from all levels of the organization as time allows. Also, they be sure that their information sources is trustworthy and accurate, keep in their mind that improper decisions could have improper outcome and consequences, as well they should understand that changing work environment may affect their decisions (Ejimabo, 2015). Also, it is crucial for managers/leaders to take responsibility for the outcomes of decisions and not reprimand others when things be unsuccessful, because pointing the finger at others would only decrease trust and respect (Moss et al., 2007). Leaders are responsible for making decision by establishing an organized process. This process is crucial for all organizations due to its effect in hindering or facilitating goal execution, job satisfaction, and overall effectiveness. Leaders must decide at what level of the organization the decisions should be made, to which extent the employers allow to share or participate in organizational decision-making, and the best approach to making decisions (Van Loveren, 2007).

¹ Abubakar M. A., Elrehail H., Alatailat A. M., Elçi A., Knowledge management, decision-making style and organizational performance, *Journal of Innovation & Knowledge*, Turkey, 2017, page 104.

LITERATURE REVIEW

1. Definition of management

Management is essential in all organized co-operation, as well as at all levels of organization in an enterprise. It is the function performed not only by corporation President and the army general but also of the shop supervisors and the company commander. Managing is equally important in business as well as non business organizations. During the last few decades, Management as a discipline has attracted the attention of academicians and practitioners to a very great extent. The basic reason behind this phenomenon is the growing importance of management in day to day life of the people.²

Management is the process of reaching organizational goals by working with and through people and other organizational resources. A comparison of this definition with the definitions offered by several contemporary management thinkers indicates broad agreement that management encompasses the following three main characteristics:

1. It is a process or series of continuing and related activities.
2. It involves and concentrates on reaching organizational goals.
3. It reaches these goals by working with and through people and other organizational resources.³

The term "management" in many cases equates to the term "administration". Dictionaries treat these two concepts as interrelated. These terms have been used by various authors depending on their needs and goals.⁴

The main functions of management are: planning, organizing, leadership and control. According to Certo, the basic functions of management are: planning, organizing, influencing (consisting of the subfunctions of motivation, leadership, communication) and control.⁵

²Baijumon, P., S., Management Concepts & Business Ethics, University of Calicut, School of Distance Education, Study material, India, 2011, page 5.

³Certo S. & Certo T., Modern Management, Pearson Education Inc., USA, 2016, page 5.

⁴Tahiri, A. and Kovaçi, I., Management in Tourism, Theoretical Managerial Approache, Research Center, Peja, 2017, page 27.

⁵Zeqiri, I., Management, Concepts, Practices, Skill Development, Tringa Design, Tetovo, 2006, page 8.

1.2. What is planning and why do managers need to plan?

Planning is often called the primary management function because it establishes the basis for all the other things managers do as they organize, lead, and control. What is meant by the term planning? Planning encompasses defining the organization's objectives or goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities. It's concerned with ends (what is to be done) as well as with means (how it's to be done).

Planning can be further defined in terms of whether it's formal or informal. All managers plan, even if it's only informally. In informal planning, very little, if anything, is written down. What is to be accomplished is in the heads of one or a few people. Furthermore, the organization's goals are rarely verbalized. Informal planning generally describes the planning that takes place in many smaller businesses. The owner-manager has an idea of where he or she wants to go and how he or she expects to get there. The planning is general and lacks continuity. Of course, you'll see informal planning in some large organizations, while some small businesses will have sophisticated formal plans.

When we use the term planning, we're referring to formal planning. In formal planning, specific goals covering a specific time period are defined. These goals are written down and made available to organization members. Using these goals, managers develop specific plans that clearly define the path the organization will take to get from where it is to where it wants to be.⁶

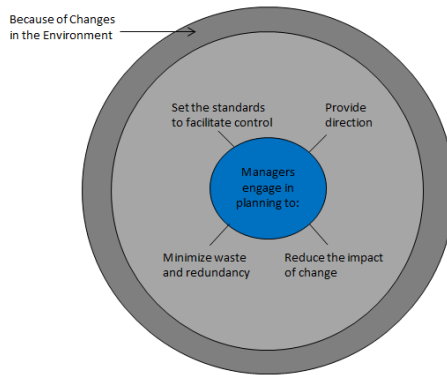
Planning is the first function of management that includes forecasting and decision making as other important parts.

Forecasting is that part of planning that relies on the tendency to measure the uncertainty of future events, those that can and cannot be controlled, and which may affect the realization of the goals of the organization.⁷

⁶Robbins S., DeCenzo D. & Coulter M., *Fundamentals of Management, Essential Concepts and Applications*, Eighth Edition, Pearson Education Inc., New Jersey, USA, 2013, page 106.

⁷Ramosaj B., *Management, Fundamentals of Management*, University of Prishtina, Prishtina, 2013, page 40.

Figure 1. Reasons for planning



Source: Robbins S., DeCenzo D. & Coulter M., *Fundamentals of Management, Essential Concepts and Applications, Eighth Edition*, Pearson Education Inc., New Jersey, USA, 2013, page 107.

1.3. Conflict in the enterprise

Conflict represents a situation in which intentions, attitudes, emotions, or behaviors lead to disagreement or contradiction between two or more parties. Conflict is of high emotional content which can direct the individual involved in stress. Studies have shown that managers spend 21% of their time dealing with conflicts, equivalent to one working day each week. Managers' conflict management skills are the key determinant of their managerial success. The type of conflict that individuals can enter into depends, to some extent, on how they determine or frame the situation in which disputes exist. Conflict is a prevalent phenomenon in organizational environments. The causes of the conflict can be innumerable and if we try to compile a list it would be really long.⁸

1.4. Types of problems and their solution

Problem is a discrepancy between the desired condition of affairs and their actual condition.⁹

Problems are divided into two groups:

1. Structured problems - A straightforward, familiar, and easily defined problem.

⁸Kasimati, M., and Manxhari, M., *Organizational Behavior*, University of Tirana, Tirana, Reprint (First Edition in 2002), page 295-296.

⁹Robbins, P., S., DeCenzo, A., D. and Moon H., *Fundamentals of Management, Essential Concepts and Applications*, Sixth Edition, UET Press, Tirana, 2011, page 167.

2. Unstructured problems - A problem that is new or unusual for which information is ambiguous or incomplete.¹⁰

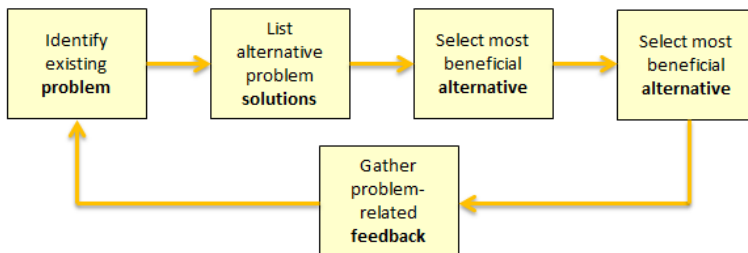
Undoubtedly, as problems arise in the enterprise, managers have to look for solutions and thus be involved in the decision making process to result in effective problem solving.

1.5. The decision-making process

The dynamics of organizing require a deep understanding of decision making. As organizations grow and become more complex, decision making becomes a central activity. Managers are expected to make choices among alternatives that are often uncertain and to choose wisely in order to benefit both the organization and its key stakeholders. This has prompted researchers to study decision processes to find ways in which decisions can be improved. The study of decision making has spanned a number of levels of analysis, which range from individual cognition to the cultural characteristics of nation states.¹¹

Decision-making process means choosing the best alternative for accomplishing goals with finite resources.¹²

Figure 2. Model of the decision-making process



Source: Certo S. & Certo T., *Modern Management*, Pearson Education Inc., USA, 2016, page 137.

¹⁰Robbins S., DeCenzo D. & Coulter M., *Fundamentals of Management, Essential Concepts and Applications*, Eighth Edition, Pearson Education Inc., New Jersey, USA, 2013, page 81.

¹¹Nutt, C., P. and Wilson C., D., *Handbook of Decision Making*, Baskerville by Aptara Inc., New Delhi, India, 2010, pg. 3.

¹²Wang, C., *Managerial Decision-Making and Leadership*, The Essential Pocket Strategy Book, John Wiley and Sons, Singapore, Asia, 2010, page 2.

2. PLANNING, PROBLEM SOLVING AND DECISION MAKING IN SMALL AND MEDIUM ENTERPRISES IN KOSOVO

This paper is based on the results of the planning process, the problems affecting small and medium-sized enterprises in Kosovo, their solution and effectivity of decision-making.

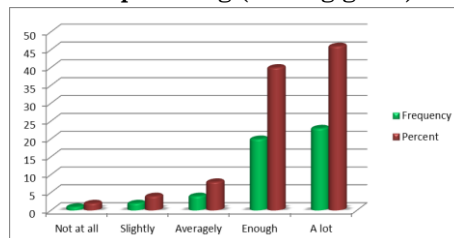
The instrument used for collecting primary data in this paper is a structured questionnaire addressed to the owners or managers of the surveyed enterprises. Questionnaire questions are simple and straightforward to get accurate and relevant answers. The questions are closed, so respondents have to choose one or more of the alternatives presented that refer to the Likert scale, depending on the type of question. In general, using this form of questionnaire has been the most effective way to collect the data needed for our study.

The questionnaire interview was conducted in 50 small and medium enterprises in Kosovo. The survey was conducted face-to-face with the owners or top managers of these enterprises.

Table 1. The process of planning (setting goals) in SMEs in Kosovo

In the process of planning (setting goals) of the enterprise, how much do you take into account employees' opinions?				
Alternatives/options	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	1	2%	2%	2%
Slightly	2	4%	4%	6%
Averagely	4	8%	8%	14%
Enough	20	40%	40%	54%
A lot	23	46%	46%	100%
Total	50	100%	100%	

Graph 1. The process of planning (setting goals) in SMEs in Kosovo



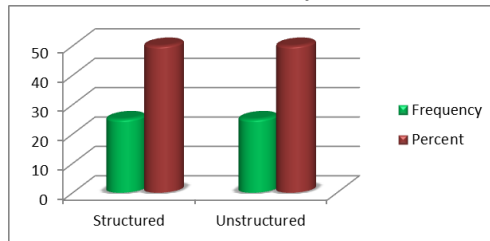
We mentioned that the planning process is the first function of management and implies defining organizational goals. Related to

this, for SMEs in Kosovo, based on research done, it turns out that a large part of enterprise leaders when planning or defining organizational goals, they consider and consult with their employees. We realized this after drawing the results from the questionnaire where we asked the leaders: in the process of planning (setting goals) of the enterprise, how much do you take into account the employees' opinions?

Table 2. Problems faced by SMEs in Kosovo

What types of problems are most current in your enterprise?				
Alternatives/options	Frequency	Percent	Valid Percent	Cumulative Percent
Structured	25	50%	50%	50%
Unstructured	25	50%	50%	100%
Total	50	100%	100%	

Chart 2. Problems faced by SMEs in Kosovo

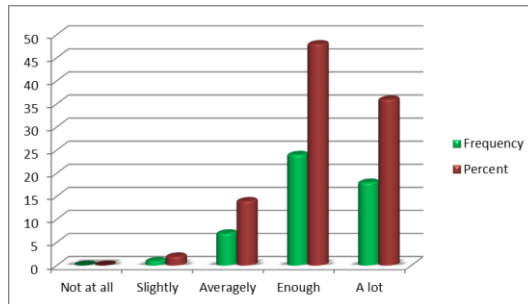


In any enterprise during business can be problems of different nature depending on the activity of the enterprise. In our research we have focused on the kind of problems that SME leaders in Kosovo encounter. An equal percentage resulted in the sample investigated. Thus, there are both structured (known) and unstructured (unknown) problems in Kosovo's SMEs.

Table 3. Effectiveness of decision making in problem solving

How much do your decisions result in effective problem solving?				
Alternatives/options	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all	0	0%	0%	0%
Slightly	1	2%	2%	2%
Averagely	7	14%	14%	16%
Enough	24	48%	48%	64%
A lot	18	36%	36%	100%
Total	50	100%	100%	

Graph 3. Effectiveness of decision making in problem solving



Another focus throughout this paper was on the effectiveness of decision making. And after researching the sample, it has turned out that in most enterprises the effectiveness of decision-making reaches high levels. Thus, i.e. that the decisions that are made bring about the effective resolution of the problems that arise during the business of the enterprise.

CONCLUSIONS AND RECOMMENDATIONS

From the above elaboration of the paper, we can conclude that:

- Management is a process that involves the key functions of enterprises. Without the presence of these managerial functions, enterprise leadership would be irregular and meaningless.
- The first function of management is planning, from which it begins to determine what will be done and how the work will be accomplished until the organizational goals are effectively achieved.
- Knowing that employees as part of enterprise staff play an important role in the business of the enterprise, taking into account their opinions and their commitment to define and achieve organizational goals is a key element in the successful performance of business activities that develop the enterprises.
- We noticed that SMEs in Kosovo had a high level of employee participation in the planning process and this is a very important point for being successful and effective in the labor market.

- Knowing that taking the initiative to start a new business carries some amount of risk means that even when developing a business, there are risks that can present problems for managers and employees in the enterprise. Thus, relying on the division of problems as structured and unstructured, it is characteristic for SMEs in Kosovo to present these two types of problems in equal proportions, which means that the market itself presents problems that are known and enterprise management knows how to solve them, as well as problems that are unknown to management earlier. So flexibility should be one of the objectives of management to solve the problems presented.
- Every problem has a cause. The causes must be found with market research. And decisions need to be made to result in effective problem solving. Based on this from the research sample we came to the conclusion that the effectiveness of decision making in SMEs in Kosovo reaches high levels (except for a small number of enterprises that have no effectiveness in decision-making).

From all that said, the recommendations are addressed to those enterprises which were small in number and which did not allow employees to participate in the planning process, so as a general recommendation we say:

- In any enterprise, to be successful and effective in today's ever-changing market, management needs to collaborate with employees and have a liberal approach to them to the extent that they give them freedom of expression on defining organizational goals and how to achieve them. Here we mean that employees should not be at the workplace only as an insignificant part of staff, simply to do their job, but that they are part of the core processes related to organizational effectiveness.

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