RELATIONS BETWEEN STRATEGIC MANAGEMENT, OPERATIONS MANAGEMENT AND ENVIRONMENT PROTECTION

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Abstract:
Purpose of research: The paper has been focused on use of operations management as an instrument of achieving strategic management objectives of organizations generally as well as specific objectives in relation to the environment. Strategic management analyzes the major initiatives taken by a company's top management on behalf of owners, involving *resources* and performance in internal and external environments. Operations management is an area of *management* concerned with overseeing, designing, and controlling the process of *production* and redesigning *business operations* in the production of *goods* and/or *services*. It involves the responsibility of ensuring that *business* operations are *efficient* in terms of using as few resources as needed, and *effective* in terms of meeting customer requirements. ISO 14000 is a family of standards related to *environmental management* that exists to help organizations minimize how their operations (processes etc.) negatively affect the environment (i. e. cause adverse changes to air, water, or land), comply with applicable laws, regulations, and other environmentally oriented requirements, and continually improve. As per above in Albania there are some issues to be clarified and to be focused in the near future in terms of strengthening management of companies as well as improving environment protection practices respecting strategic management, operational management and environment protection concepts, tools and standards.
Method and methodology: Defining the issue, gathering information, data and figures mainly from primary resources and from interviews with private companies, organizing data, figure and information, finding common issues on strategic management, operational management and environment protection, writing the discussion, drawing conclusions and from them describing recommendations.
Major findings, results and conclusions: If the organization uses strategic management and operations management tools and practices there is a chance to achieve objectives and goals, achieving competitive advantage, giving a chance for implementing ecological management system, which enables companies to check, control and manage their impact on the environment. For this, certification according to 14001 ISO norm is needed to minimize negative impact of their work on the environment.
Keywords: Strategic-Operations Management, Environment protection, ISO 14001
JEL Classification: JEL: M – Business Administration and Business Economics; Marketing; Accounting
JEL: Q – Agricultural and Natural Resource Economics; Environmental and Ecological Economics

Introduction

Use of operations management as an instrument of achieving strategic management objectives of organizations generally as well as specific objectives of the firm, should be architectures in relation to the environment. Strategic management analyzes the major initiatives taken by a company's top management on behalf of owners, involving *resources* and performance in internal and external environments. Operations management is an area of *management* concerned with overseeing, designing, and controlling the process of *production* and redesigning *business operations* in the production of *goods* and/or *services*. It involves the responsibility of ensuring that *business* operations are *efficient* in terms of using as few resources as needed, and *effective* in terms of meeting customer requirements. ISO 14000 is a family of standards related to *environmental management* that exists to help organizations minimize how their operations (processes etc.) negatively affect the environment (i. e. cause adverse changes to air, water, or land), comply with applicable laws, regulations, and other environmentally oriented requirements, and continually improve. As per above in Albania there are some issues to be clarified and to be focused in the near future in terms of strengthening management of companies as well as improving environment protection practices respecting strategic management, operational management and environment protection concepts, tools and standards.

Main text

Strategic management

Strategic management analyzes the major initiatives taken by a company's top management on behalf of owners, involving *resources* and performance in internal and external environments (19). It entails specifying the *organization*'s *mission*, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programs. A *balanced scorecard* is often used to evaluate the overall performance of the *business* and its progress towards objectives. Recent studies and leading management theorists have advocated that strategy needs to start with stakeholders expectations and use a modified balanced scorecard which includes all stakeholders.

Strategic management is a level of managerial activity below setting goals and above *tactics*. Strategic management provides overall direction to the enterprise and is closely related to the field of *Organization Studies*. In the field of business administration it is useful to talk about "strategic consistency" between the organization and its environment or "strategic consistency. " According to Arieu (2007), "there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context. " Strategic management includes the management team and possibly the Board of Directors and other *stakeholders*.

"Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment. , or a new social, financial, or political environment. " (20). Strategic Management can also be defined as "the identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. "

Concepts/approaches of strategic management

Strategic management can depend upon the size of an organization, and the proclivity to change of its business environment. These points are highlighted below:

- A global/transnational organization may employ a more structured strategic management model, due to its size, scope of operations, and need to encompass stakeholder views and requirements.
- An SME (Small and Medium Enterprise) may employ an entrepreneurial approach. This is due to its comparatively smaller size and scope of operations, as well as possessing fewer resources.
- An SME's CEO (or general top management) may simply outline a mission, and pursue all activities under that mission.

19 Nag, R. ; Hambrick, D. C. ; Chen, M. -J (2007), *Strategic Management Journal* 28 (9): 935–955. *doi*: *10. 1002/smj. 615*. Retrieved October 22, 2012

20 Lamb, Robert, Boyden Competitive strategic management, Englewood Cliffs, NJ: Prentice-Hall, 1984

Strategy formation

The initial task in strategic management is typically the compilation and dissemination of the vision and the mission statement. This outlines, in essence, the raison d'etre of an organization. Additionally, it specifies the organization's scope of activities and the markets a firm wishes to serve.

Follow-on strategy formation is a combination of three main processes which are as follows:

Performing a *situation analysis*, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental. Concurrent with this assessment, short- and long-term objectives are set. These objectives should include completion dates. Implementation plans then detail how the objectives are to be achieved.

Strategy evaluation and choice

An environmental scan will highlight all pertinent aspects that affect an organization, whether external or sector/industry-based. Such an occurrence will also uncover areas to capitalize on, in addition to areas in which expansion may be unwise. These options, once identified, have to be vetted and screened by an organization. In addition to ascertaining the suitability, feasibility and acceptability of an option, the actual modes of progress have to be determined. These pertain to:

The basis of competition

Companies derive competitive advantage from how an organization produces its products, how it acts within a market relative to its competitors, or other aspects of the business.

Specific approaches may include:

1. Differentiation, in which products compete by offering a unique combination of features.
2. Cost, in which products compete to offer an acceptable list of features at the lowest possible cost.
3. Segmentation, in which products are tailored for the unique needs of a specific market, instead of trying to serve all consumers.
4. Suitability - Suitability deals with the overall rationale of the strategy.

- Does the strategy address the mission?
- Does it reflect the organization's capabilities?
- Does it make economic sense?

5. Evaluation tools include strength, weakness, opportunity, threat (*SWOT*) analysis.
6. Feasibility - Feasibility is concerned with whether the organization has the resources required to implement the strategy. Resources include capital, people, time, market access and expertise. Evaluation tools include: *Cash flow* analysis and *forecasting*, *Break-even* analysis, Resource deployment analysis and this has to be in line with demand forecasting.
7. Acceptability - Acceptability is concerned with the expectations of the identified stakeholders (shareholders, employees and customers, etc.) with the expected financial and non-financial outcomes. Return deals with stakeholder benefits. Risk deals with the probability and consequences of failure. Employees are particularly likely to have concerns about non-financial issues such as working conditions and outsourcing. Evaluation tools include: *What-if analysis*, *Stakeholder* mapping.
8. Implementation - While products and services that fit the strategy may receive additional investment, those that don't must also be addressed, either via consolidation with another product/service, divestment to another firm, immediate retirement or harvesting without further investment.

Additionally, the exact means of implementing a strategy needs to be considered. These points range from:

- Alliances with other firms to fill capability/technology/legal gaps
- Investment in internal development
- Mergers/acquisitions of products or firms to reduce time to market

Strategic implementation and control

Implementing a strategy involves organizing, resourcing and employing change management procedures.

Organizing - Implementing a strategy may require organizational changes, such as creating new units, merging existing ones or even switching from a geographical structure to a functional one or vice versa. Organizing also involves bringing together factors and arranging them in the preferred order and also setting things straight.

Resourcing - Implementation may require significant budget shifts, impacting human resources and capital expenditure.

Change management - Implementing a strategy may have effects that ripple across an organization. Minimizing disruption can reduce costs and save time. One approach is to appoint an individual to champion the changes, address and eventually enlist opponents and proactively identify and mitigate problems.

In 2010 the *Rotterdam School of Management* together with the *Erasmus School of Economics* introduced the S-ray Alignment Scan, which is a visual representation of strategy measured against the level of understanding and implementation of various parts of the organization. In 2011 *Erasmus University of Rotterdam* introduced S-ray Diagnostics, a spin-off of this cooperation, focused on measuring strategic alignment of organizations.

Whittington's perspectives

Whittington outlined three other approaches to strategic management thinking. They have in common responsiveness to factors other than the profit maximization and market position goals of the classic approach.

Processual - With the advent of *stagflation* in the 1970s, rising *trade union* actions in some countries, wide-scale regional conflicts, rising oil prices, etc. , strategy development began to explicitly consider stakeholders other than the firm's executives. Objections by other stakeholders could obstruct or even prevent implementation. Processual strategic management incorporates steps to manage/resolve such conflicts via negotiation and compromise. Processual strategic management also emphasized negotiation since business environments became enriched with disagreement, conflict and contention. In this context, a rational approach (as per the classical school) could not be implemented without acknowledgment and incorporation of different and disparate viewpoints.

Evolutionary - Evolutionary strategic management attempts to accelerate strategy development by breaking it into multiple smaller changes, with ongoing review enabling more rapid adjustments to the original plan. A major facet of evolutionary strategic management is a population ecology model, in which firms in an industry are seen akin to a population of animals. For some firms, the business environment including technology, finance and regulation change too quickly and unpredictably for multi-year planning processes to address effectively. Evolutionary approaches, while not optimal for a particular environment, allowed the organization greater flexibility to adapt to unexpected change.

The evolutionary school became prominent in the 1980s, coupled with the emergence of *Information and Communications Technology* into mainstream business operations and society at large, and global events such as the end of the Cold War. Due to the rise of a more complex business environment, firms could not afford to plan rationally, but "adapt or die" in an almost Darwinian sense. The school is termed 'evolutionary' with respect to its resemblance to classical Darwinian theory, and the application of zoologically-derived population ecology models to business environments.

Systemic - Systemic strategy views the organization as an open system, taking inputs from society as well as impacting it. The systemic approach involves explicitly considering social forces beyond the organization and its markets and competitors. The systemic school rests on greater consumer awareness, and greater applications of consumer power. It also stresses that a rational approach cannot

always be followed, given increases in consumer power, awareness and expectations. Contemporary aspects such as *Corporate Social Responsibility* rest on this strategic paradigm.
Whittington's perspectives are founded on altering environmental factors and circumstances, which impact on how managers can devise strategic paths for their organizations. These points are crucial, as an organization can only make strategy pertinent to its given context and needs. It must thus appraise the best method available to co-ordinate its activities and produce value in its given situation, accounting for its internal and external environment. The afore cited perspectives also highlight how the business environment has morphed over several decades, from a simple/static environment in the 1950s/60s to a complex and highly changing model at the turn of the century.

General approaches
The two main approaches are opposite but complement each other. The Industrial Organizational approach is based on *economic theory* and deals with issues such as competition, *resource allocation* and *economies of scale*. It assumes rationality and targets profit maximization. The Sociological Approach deals primarily with human interactions and assumes bounded rationality, satisfying behaviour and lower profits. An example of the second approach is *Google*. Strategic management can be viewed as bottom-up, top-down, or collaborative. In the bottom-up approach, employees submit proposals to their managers who funnel the best ideas up the ladder. This is often part of a capital budgeting process. Proposals are assessed using financial criteria such as *return on investment* or *cost-benefit analysis*. Incorrect estimates of costs and benefits are common errors. Approved proposals implicitly form the substance of the strategy without a strategic design or architect.
The top-down approach is the most common by far. In it, the CEO and the Board of Directors, decides on the overall direction the company should take. The strategy flows down through the organization as each unit adapts to the new approach. Some organizations employ collaborative techniques that surface new ideas in the process leveraging advances in information technology. It is felt that *knowledge management* systems should be used to share information and create common goals. Strategic divisions are thought to hamper this process. This notion of strategy has been captured under the rubric of dynamic strategy, popularized by Carpenter and Sanders (21). This work builds on that of Brown and Eisenhart as well as Christensen and portrays strategic management as the seamless integration of strategy formulation and implementation. Simulation gaming is a tool for thinking through the ramifications of a particular strategy. Generalized games allow employees to experiment with an unfamiliar environment and try out ways to make decisions in accord with the strategy. Functional games create problematic situations and enable employees to explore ways to address them (22).
<u>The strategy hierarchy</u>
Most corporations have multiple levels of management. Strategic management can occur at corporate, business, functional and operational levels.
Corporate strategy answers the questions, "which businesses should we be in?" and "how does being in these businesses create synergy and/or add to the competitive advantage of the corporation as a whole?" Business strategy is the corporate strategy of single firm or a strategic business unit (SBU) in a diversified corporation. Functional strategies are specific to a functional area, such as *marketing*, product development, human resources, finance, legal, supply-chain and information technology. The emphasis is on short and medium term plans. Functional strategies are derived from and must comply with broader corporate strategies. Defining an operational strategy was encouraged by *Peter Drucker*. It deals with operational activities such as scheduling criteria.

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21 Lamb, Robert, Boyden Competitive strategic management, Englewood Cliffs, NJ: Prentice-Hall, 1984
22 Deacon, Amos R. L. Simulation and Gaming a Symposium. New York, 1961. Print.

Operations management

The operations management is now one of the most asked disciplines in various organizations. These dynamic days, methods and procedures of this approach react appropriately to every change occurring both in the external and internal environment of the organization and thus they foster the reaching of required strategic **objectives** of business enterprise, which is the maximization of market value, competitiveness maintaining or increasing, profitability, or, possibly, just a simple survival of the organization. The use of the operations management includes a lot of heterogeneous activities, which must be achieved not only effectively but also efficiently. At the same moment must not be damaged and distressed the environment. How demanding is the environmental protection attached to such complex activity as operations management certainly is, very precisely describes the description of substantiality and methods of operations management (23).

The main field which operations management is concentrated on is managing the sources directly taking share in product manufacturing or providing a service by the organization, achieving the strategic goals of the organizations. Sources are usually represented by people, materials, technologies and information. They are combined together by a number of processes in order to be used for acquiring an organization primary service or a product. Operations management can be then understood as a transformation process in which inputs (resources) are by means of this process transformed into outputs (products or services). There are two categories of inputs. Resources such as information and materials, the state of which changes as a consequence of the process of conversion are called transformed resources. On the contrary, inputs such as employees, equipment and buildings that help the transformation process but their state does not change as a consequence of the conversion process are called transforming resources. The process of transformation includes a draft of operations system, planning and control, and improvement activities that are necessary for production and providing of goods and services to customers. Products and services are outputs the purpose of which is to satisfy customers' requirements and operation, and to achieve strategic business objectives so that the organization would be continuously able to compete on the market. Operations managers deal with two basic fields of activities. The first range of tasks to be solved is a design of operations system, the second one is then planning and control of operations. The first field of operations management, the field of design of operations system includes in itself a large number of tasks and activities. One of the very important decisions that are part of organization's strategy and whose wrong implementation can influence its competitiveness, costs, sales and profit is a decision on facility location for manufacturing or services. Factors influencing the decision on facility location are of three types. The first type are market-related factors - demand and competition location, the second are tangible cost factors - transport, utilities, labor force, taxes, local costs, costs of building. The third type are intangible factors - the local attitude to industry, town planning division and legal regulations, space for growth, climate, schools, hospitals, recreation facilities. Management making decisions on the facility location has to pay a considerable attention to all these factors because they are rather difficult to modify, and the decision on a change will entail high costs. At making decisions on the location it is possible to use such methods as e. g. a cost-profit-volume analysis, point rating, linear programming and computer simulation.

The subsequent task in the field of operations system design is a decision on facility layout and operation process layout. Different operations, various conditions and objectives call for alternative ways of process layout. In dependency on volume/variation there are five generally spread types of process layout: job/project, batch, flow/mass production, group technology, and continuous process.

23 Petra Horváthová, Marcela Davidová, Operations Management as Practice of Organizations' Strategic Management in Relation to the Environment, 2011 International Conference on Financial Management and Economics, IPEDR vol. 11 (2011) © (2011) IACSIT Press, Singapore

For the solution of problems connected with the facility layout are often used heuristic programs such as CRAFT, ALDEP, CORELAP and PREP. Important and integral part of operations system is technology. Its application in consistency with human handling can become an organization's competitive advantage. Also in the field of services there are efforts to provide customers with better services and to increase competitiveness of organizations. By computer processed information and office work automation have considerably improved conducting clerical operations. No less important task in the field of operations system design is work design, which includes not only its careful laying out but also a consideration of needs of both employees performing a certain job and organization' needs. The last field of operations system design is work measurement, which means the determination of standard time - the time that a qualified employee working at a normal speed needs in order to fulfill a given task. The second sphere of operations management is an important management activity - planning and controlling operations. It is a generally accepted fact that it is sufficient when people are continuously busy with their tasks. If the plan is bad then even if it is perfectly and effectively performed it cannot lead to fulfilling the organizations objectives. It is important for people to be lead by the plan that will reach required short term as well as long term objectives of the organization. Another important element is planning of manufacturing operations. First, it is necessary to develop a plan ensuring sufficient capacities and only then the organization can arrange for supplies because capacity is less flexible than material supplies (24).

Also material management is very important in the process of planning and operations control. Therefore even the smallest organization has to know how to manage its supply chain if it wants to be successful. It means to control supplies of material flow starting their purchase and internal check through planning and manufacturing process control up to the storage and distribution of end product. Effective material management should result in having the right things at the right time there where they are needed. This can be reached in two ways, either to have surplus of things that are needed or by the synchronization of material flow from suppliers to customers with no unjustified delays or costs. More effective is the second variant since the organization does not need to pay for surplus inventory. This can be helped, for example, by the effective system of storage, just-in-time manufacturing, by the right decision whether it is more advantageous to produce material or to ask for its supply. The following step is management of independent-demand inventories. These are actually end products in stock that are important for many firms because they help react quickly to customers requirements. At keeping inventories it is essential to determinate what their size should be and how high the costs of storage are optimum. Increase in inventories raises certain costs but decreases others, and further stocks can remain unchanged. That is why it is necessary to determine the right size and frequency of supplies, which will maintain inventories at the optimum level. Very important is also management of dependent-demand inventories. It concerns the items to be further processed or put together or, as the case maybe, they become an inventory independent on demand. The scope of demand can be determined if the company finds out how many end products is required and according to this it will determine how many particular dependent items will be needed. Some items can be managed in the same way as independent-demand inventory because they are constantly used up in manufacturing. Others must be managed with the help of material requirements planning system (MRP system, Closed Loop MRP, MRP II). In operations management the effective use of resources to provide required inventories in the required overall time depends on the way of how the production is scheduled and controlled. Many organizations have two main objectives, to meet customer's requirement for the time of delivery, or the times of inventories replenishment so that the same level of customer service will be

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maintained. At the same time the used resources should not exceed the scope of reasonable costs. There are three types of factories, in which scheduling and control differ from each other, repetitive, batch, and job shop factory type.

Just-in-time manufacturing or also manufacturing excellence became a standard for many organizations already a number of years ago. It helps them in the current very competitive environment. Such manufacturing consists of three main components that are known as a productivity triad. It concerns people involvement, total quality control, and JIT - just-in-time flow. As regards people, potential and talent of employees, suppliers, subcontractors, and others who are involved in the growth of the organization should be fully employed. Total quality control simply means that it is necessary for every department and every employee in the organization to have their share in reaching the quality and its improvement. The main goal of JIT is to have things in the right place at the right time or, possibly, to purchase or produce only a short time before the product is in demand. Consequently, inventories for manufacturing are maintained at a low level. The basic part of operations management is project management. It differs from general management in the business sphere by several facts. Project team is aimed at achieving the set objective and after that it is cancelled. It is very unusual in the sphere of business to perform one task and then to cease to exist. This follows from the fact that a project has its life cycle, its organization, coordinator, project team. Project can be managed by several techniques such as PERT (program evaluation and review technique) or by CPM (critical path method).

Also total quality management can become a very efficient weapon against the rivals. Quality must be a key objective not only in the operating department of the organization but in every its part. It is important for the customers to recognize a high quality already from the first contact with the organization up to the delivery of products or services to the customer and, furthermore, also during the subsequent possible contact between both parties. Every customer can perceive quality in a different way and that is why it is not firmly given because it continuously changes and it must be improved all the time. This causes growing costs of quality (prevention costs, appraisal costs, internal and external failure costs). At present, the quality is a crucial element in the struggle with competition and absolutely the whole organization must focus on it if it is to remain successful in the future.

Quality is really important and that is why it is necessary to control it in some way. And it is just statistical quality control that gives the organization powerful instruments to be applied in the process of control and improvement. Most often three types of control are used, process control, acceptance sampling, and traditional techniques. In case of a good feedback and knowledge of quality of own products or services, the organization can build by continuous improvement its stronger and more stable position on the market. Certainly the whole transformation process must be achieved with regard to the environment (25).

Quality management

Quality has been analyzed as a factor in the management process since the 1930s, but it was not until after the Second World War that it became important. North American managers brought in to advise Japanese companies on restructuring after the war devised new concepts of quality which began to be accepted as being of universal application. The important pioneers in this field were W. Edwards Deming, Joseph M. Juran and Kaoru Ishikawa. A universally agreed definition of quality still does not exist. Juran suggested that quality should be seen as "fitness for use". Another short definition from Crosby views quality as "conformance to requirements" rather than "goodness, or luxury, or shininess, or weight". These definitions from the management literature make it clear that quality cannot just be

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defined in relation to some abstract concept of "excellence", but should be seen in relation to the demands of the user of the final product. In the management context, quality processes can be applied to any product and / or service (26).

The development of the quality concept in industry has created a requirement for an organizational structure which can include quality concepts at every stage in the planning and delivery of a product or service. The process is called Total Quality Management (TQM) with the essence on:

- Focus on customers
- Base decisions on facts
- Focus on processes
- Improve continuously
- Let everybody be committed
- Etc

The important insight is that quality becomes a continuous process.

Other issues related to management and environment

Firm's strategy, globalization and challenges in management

Marketing planning

The marketing planning process involves forging a plan for a firm's marketing activities. A marketing plan can also pertain to a specific product, as well as to an organization's overall *marketing strategy*. Generally speaking, an organization's marketing planning process is derived from its overall *business strategy*. Thus, when top management are devising the firm's strategic direction or mission, the intended marketing activities are incorporated into this plan. There are several levels of *marketing objectives* within an organization. The senior management of a firm would formulate a general business strategy for a firm. However, this general business strategy would be interpreted and implemented in different contexts throughout the firm, environment protection included.

Marketing strategy

The field of marketing strategy considers the total marketing environment and its impacts on a company or product or service and as well as at nearby environment of the firm and in environment generally. The emphasis is on "an in depth understanding of the market environment, particularly the competitors and customers" (27). A given firm may offer numerous products or services to a marketplace, spanning numerous and sometimes wholly unrelated industries. Accordingly, a plan is required in order to effectively manage such products. Evidently, a company needs to weigh up and ascertain how to utilize its finite resources. Moreover, a product may be reaching the end of its life-cycle. Thus, the issue of divest, or a ceasing of production, may be made. Each scenario requires a unique marketing strategy. Listed below are some prominent marketing strategy models. A marketing strategy differs from a marketing tactic in that a strategy looks at the longer term view of the products, goods, or services being marketed. A tactic refers to a shorter term view. Therefore, the mailing of a postcard or sales letter would be a tactic, but a campaign of several postcards, sales letters, or telephone calls would be a strategy, involving natural resources use. Marketing Promotion strategies, buying behaviour, use of technologies, etc require resources, from which energy, paper, water, etc are most required.

Globalization

26 Ceko Enriko. Total Quality Management. Lectures for students. 2009

27 Developing Business Strategies, David A. Acker, John Wiley and Sons, 1988

Globalization is the process of international integration arising from the interchange of *world views*, products, ideas, and other aspects of *culture* (28) and processes by which the peoples of the world are incorporated into a single world society, it is the international integration of intercultural ideas, perspectives, products/services, culture and technology (29), which refers to processes that promote world-wide exchanges of national and cultural resources. Advances in *transportation* and *telecommunications* infrastructure, including the rise of the *Internet*, are major factors in globalization, generating further *interdependence* of economic and cultural activities (30)

The *International Monetary Fund* (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge (31), where environment issues are arising recently. Globalizing processes affect and are affected by business and work organization, economics, socio-cultural resources, and the natural environment. Globalization is composed of five dimensions: economic, political, cultural, ecological, and ideological.

Global business organization

International business includes all commercial transactions (*private sales*, *investments*, *logistics*, and *transportation*) that take place between two or more *regions*, *countries* and *nations* beyond their political boundary. Usually, private companies undertake such *transactions* for *profit*. Such business transactions involve economic resources such as *capital*, natural and human resources used for international production of physical goods and services such as *finance*, *banking*, *insurance*, *construction* and other *productive* activities (32, 33), which are scared.

International trade and economic globalization are increasing economic interdependence of national economies across the world through a rapid increase in cross-border *movement of goods, service, technology and capital. Whereas the globalization of business is centred around the diminution of international trade regulations as well as tariffs, taxes, and other impediments that suppresses global trade, economic globalization is the process of increasing* economic integration *between countries, leading to the emergence of a global marketplace or a single world market. Depending on the paradigm, economic globalization can be viewed as either a positive or a negative phenomenon. Economic globalization comprises the globalization of* production*,* markets*,* competition*, technology, and corporations and industries. Current globalization trends can be largely accounted for by* developed economies *integrating with* less developed economies*, by means of* foreign direct investment*, the reduction of* trade barriers *as well as other* economic reforms *and, in many cases,* immigration*, which have an increasing impact on natural resources, mainly land, water, energy, etc.*

<u>Challenges in management</u>

Management is complicated. It requires *skill* and *motivation*. But most of all it requires commitment — the commitment needed to rise to these seven challenges. Management ca ever remains unaffected by

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28 Albrow, Martin and Elizabeth King (eds.) (1990). *Globalization, Knowledge and Society* London: Sage. *ISBN 978-0803983243* p. 8. "

29 *https: //www. boundless. com/management/introduction-to-management/current-challenges-in-management/globalization/*

30 Stever, H. Guyford (1972). "Science, Systems, and Society. " *Journal of Cybernetics*, 2(3): 1-3. *doi*: *10. 1080/01969727208542909*

31 International Monetary Fund. (2000). "Globalization: Threats or Opportunity. " *12th April 2000: IMF Publications.*

32 Daniels, J. , Radebaugh, L. , Sullivan, D. (2007). International Business: environment and operations, 11th edition. Prentice Hall. ISBN 0-13-186942-6,

33 *Joshi, Rakesh Mohan*, (2009) *International Business*. Oxford University Press, *ISBN 0-19-568909-7*

the changes in the environment. Due to the significant changes in the outside world today's management is facing several challenges. They are as follows.

1. Globalization
2. Technology
3. Social responsibilities
4. Change management
5. Cultural diversity
6. Ethics
7. Empowerment
8. Quality
9. Career

There are seven biggest challenges faced by a manager currently in the business environment (34)

1. Achieving a Stretch Goal
2. Bringing Out the Best in Your Employees
3. Dealing with Underperforming Employees
4. Dealing with Outstanding Employees
5. Hiring the Right People
6. Responding to a Crisis
7. Continuous Improvement

Managers must understand a company's competitive advantage, and translate this into a strategy that incorporates the competitive landscape (35) and marketing strategy is defined as a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable *competitive advantage* (36). Marketing strategy includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives (37). Strategic management analyzes the major initiatives taken by a company's top management on behalf of owners, involving *resources* and performance in internal and external environments. It entails specifying the *organization*'s *mission*, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programs. A *balanced scorecard* is often used to evaluate the overall performance of the *business* and its progress towards objectives. Recent studies and leading management theorists have advocated that strategy needs to start with stakeholders expectations and use a modified balanced scorecard which includes all stakeholders, where environmental interest should be taken into the consideration. Strategic management is a level of managerial activity below setting goals and above *tactics*. Strategic management provides overall direction to the enterprise and is closely related to the field of *Organization Studies*. In the field of business administration it is useful to talk about "strategic consistency" between the organization and its environment or "strategic consistency. "

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34 Harweell. The 7 Biggest Challenges of a Manager. Careers, leaderdship, management

35 *http: //wiki. answers. com/Q/What_are_emerging_challenges_of_management* leading in learning organizations

36 Baker, Michael *The Strategic Marketing Plan Audit* 2008. *ISBN 1-902433-99-8*. p. 3

37 Homburg, Christian; Sabine Kuester, Harley Krohmer (2009): *Marketing Management - A Contemporary Perspective* (1st ed.), London.

There is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context. " Strategic management includes the management team and possibly the Board of Directors and other stakeholders. Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly [i. e. regularly] to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment. , or a new social, financial, or political environment (38).

Strategic decision processes

While much research and creative thought has been devoted to generating alternative strategies, too little work has been done on what influences the quality of strategic decision making and the effectiveness with which strategies are implemented. For instance, in retrospect it can be seen that the financial crisis of 2008–9 could have been avoided if the banks had paid more attention to the risks associated with their investments. For this, 11 forces should be incorporated into the processes of decision making and strategic implementation. The 11 forces are: Time; Opposing forces; Politics; Perception; Holistic effects; Adding value; Incentives; Learning capabilities; Opportunity cost; Risk and Style (39)

Environmental protection

Environmental protection is a practice of protecting the natural environment on individual, organizational or governmental levels, for the benefit of both the natural environment and humans. Due to the pressures of population and technology, the biophysical environment is being degraded, sometimes permanently. This has been recognized, and governments have begun placing restraints on activities that cause environmental degradation. Since the 1960s, activity of environmental movements has created awareness of the various environmental issues. There is no agreement on the extent of the environmental impact of human activity, and protection measures are occasionally criticized.

Academic institutions now offer courses, such as environmental studies, environmental management and environmental engineering, that teach the history and methods of environment protection. Protection of the environment is needed due to various human activities. Waste production, air pollution, and loss of biodiversity (resulting from the introduction of invasive species and species extinction) are some of the issues related to environmental protection.

Environmental protection is influenced by three interwoven factors: environmental legislation, ethics and education. Each of these factors plays its part in influencing national-level environmental decisions and personal-level environmental values and behaviors. For environmental protection to become a reality, it is important for societies to develop each of these areas that, together, will inform and drive environmental decisions (40)

The policy objectives for a country might be:

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38 Lamb, Robert, Boyden *Competitive strategic management*, Englewood Cliffs, NJ: Prentice-Hall, 1984.

39 Mulcaster, W. R. "Three Strategic Frameworks, " Business Strategy Series, Vol 10, No1, pp68 – 75, 2009.

40 Solomon, U. , A detailed look at the three disciplines, environmental ethics, law and education to determine which plays the most critical role in environmental enhancement and protection. Environment, Development and Sustainability, 2010. 12(6): p. 1069-1080

1. Ensure sustainable and equitable use of resources without degrading the environment or risking health or safety
2. Prevent and control degradation of land, water, vegetation and air
3. Conserve and enhance natural and man-made heritage, including biological diversity of unique ecosystems
4. Improve condition and productivity of degraded areas
5. Raise awareness and understanding of the link between environment and development
6. Promote individual and community participation
7. Promote international cooperation

And all economic agents, individuals, families, firms and govrenment should work towards them. Firms strategy especially should be related with above requirements, forced by local and international laws.

APPLIED SCIENTIFIC METHODS

Questionnaire in about 60 commercial visits at Albanian firms which has applied for ISO certification during 2010 – 2012 (See appendixes)

During commercial visits at Albanian firms which have applied for ISO certification several questions related to the topic of the research paper have been done. Participants: Representatives of about 60 Albanian firms which has applied for ISO certification during 2010 – 2013.

No	Question	Answer Yes	Answer No
	Do you know what Quality management is?	4	56
	Do you know what holistic marketing is?	1	59
	Do you know what marketing management is?	16	44
	Do you know what strategic marketing is?	18	42
	Do you export?	-	60
	Do you import?	34	-
	Do you know what strategic management is?	18	42
	Do you know what globalization is?	14	46
	Do you know what vision and mission are?	6	54
	Do you have strategic and operational objectives?	13	47
	Do you have a detailed training plan for managers and other employers?	6	54
	Do you know what ISO 14001 is?	6	54

CONCLUSIONS

1. Marketing, marketing management, strategic marketing, quality management, strategic management, globalization, etc, are very important concepts and aspects of current business activities internationally, while in Albanian market, there is a lack of knowledge about these concepts and lack of application of them, which count on environmental protection issues to be addresses.

2. Representatives of local firms don’t know marketing strategy and strategic management concepts, as well as their relations with environmental management standards (ISO 14001).
3. Representatives of local firms don’t know quality management concepts.
4. Local firms don’t have strategic and operational objectives, and objectives related to environmental aspects.
5. Local firms don’t have a detailed training plan for managers and other employers, ISO 14001 included.
6. Understanding and application of marketing, marketing management, strategic marketing, quality management, strategic management, globalization, etc, concepts will increase competitive advantage of Albanian firms in the region and wider.
7. Understanding and application of quality management concepts, having strategic and operational objectives and detailed training plans for managers and other employers will help Albanian firms to cope with current and future challenges in the real business world, accounting environmental problems too.
8. All economic agents, individuals, families, firms and govrenment should work towards environment objectives. Firms’ strategy especially should be related with environmental requirements, forced by local and international laws.

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