

A COMBINED APPROACH FOR DETERMINING MANAGERIAL ACTIVITIES

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Success and sustainability of organization is closely related to the professional skills of person at the highest level. Entrepreneurs have to develop various professional skills by him/her-self. The aim of this research is to develop approach to determine the most important activities to be implemented by a person at the highest level of an organization. Analysis is conducted by comparing three systems and models in field of quality management: ISO 9001 Quality management system standard, the EFQM Excellence Model and Malcolm Baldrige National Quality Award. Literature review, document analysis and qualitative research methods, such as comparative analysis and interpretation, have been applied to identify three types of managerial activities. This article distinguishes management, leadership and governance activities through the combined approach presented here. In the result, nineteen key activities have been identified and developed based on steps of created approach. The set of key activities can be used for self-assessment, as well as for extended capabilities for professional growth of person at the highest level. The article also covers design of approach which consists of several steps and tasks.

Key words: approach, governance, leadership, management, person at the highest level, quality management systems/models.

JEL codes: M100, M120, M190.

Introduction

People in charge of enterprises are interested in being successful and effective. One of the most important success factors are good professional skills. It is more likely that business is going well if an organization is led by skilful and energetic person. How to find out the most valuable skills that could ensure more success for entrepreneurs? If there would be only one ideal success story or plan for possible course of actions in the world, everyone could apply it. Unique ideal formula does not exist. It is a reason why entrepreneurs have to develop various professional skills by him/her-self.

In practice, there are different management systems and organizations are using them for various purposes and motives. Each entrepreneur has an individual style for managing enterprise. Success and sustainability of enterprise is closely related to the professional skills of the person at the highest level. It is possible to continually improve any knowledge and skills, and managerial abilities are not exception, therefore, the combined approach presented in this article would be useful for entrepreneurs.

The **aim** of this research is to develop an approach to determine the most important managerial activities to be implemented by a person at the highest level of an organization. Such approach can be helpful to master and to expand top-level managers' professional abilities for managing an organization. The **objectives** of this research are: 1) to select acknowledged management systems according to research crite-

ria, 2) to identify and to analyze the most important managerial activities within selected management systems and 3) to develop descriptions of identified managerial activities.

Literature review, document analysis and qualitative research **methods**, such as comparative analysis and interpretation, have been applied to identify managerial activities appropriate for a person at the highest level. Research **limitations** – this paper does not include evaluation measures of managerial activities performance, collection and analysis of empirical data. Literature review and theoretical views related to different management styles is not discussed in this article. The expected **results** are descriptions of activities reflecting a variety of abilities needed for a person at the highest level of an organization.

Systems and Models in field of quality management

Various systems and models are widely used and recognized tool for continuous improvement of organizations' performance. For this research, six specific criteria for the appropriateness of systems and models have been defined by the author and are listed in the next chapter In of this article. Discussion of all the worldwide known systems and models are not in accordance with objectives of this article. In the result, three different globally recognized systems and models (hereafter – management systems) in field of quality management are discussed and analyzed.

The ISO 9001 Quality management systems – Requirements standard (ISO 9001) is one of the ISO 9000 family standards developed by technical committee ISO/TC 176 of the International Organization for Standardization (ISO, 2008). The ISO 9001 standard is being used for implementation and certification of quality management system in organizations. The European Foundation for Quality Management has created Excellence Model and organizations in Europe are using it to compete for the European Quality Award. The EFQM Excellence Model (EFQM) is based on nine criteria and also could be used as a practical tool for self-assessment and as a structure to develop the management system in an organization (EFQM, 2003a). The Malcolm Baldrige National Quality Award (MBNQA) is the Quality Award in the United States of America managed by the National Institute of Standards and Technology (NIST). The MBNQA consists of the seven Criteria for Performance Excellence Categories. In addition, the MBNQA could be used as tool for understanding, managing and improving performance of an organization (NIST, 2008). Selected systems and models have common feature, they could be used in any organization, regardless of its size, sector and scope.

Methodology of the research

The first step in development of the approach requires identification of appropriate sources for information on activities carried out by a person at the highest level of organization. The worldwide known and acknowledged management systems were selected for such purpose. These management systems were chosen based on listed criteria:

- 1) appropriate for small enterprises;

- 2) without restrictions regarding on sector;
- 3) importance and activities of leadership is explained;
- 4) internationally recognized;
- 5) periodically reviewed;
- 6) used and/or known in organizations in Latvia.

Following management systems met criteria mentioned above: ISO 9001 standard, the EFQM and the MBNQA. According to chosen criteria the approach is developed mainly for small enterprises, but it is appropriate for enterprises, regardless of sector and size.

In order to develop the second step of approach, it is necessary to conduct analysis of terms used for persons at the highest level, as well as to identify managerial activities being implemented by these persons within selected management systems. Such analysis provides to highlight the similarities and/or differences among these systems. The ISO 9001 focus on typical management activities and the term top management is used, but in EFQM cannot be found the term “top management” in contrast of the term “leader” (Civcisa, 2007a). In the MBNQA, leadership and governance activities can be found and person who leads an organization at the highest level is called a senior leader. Before inter-comparison of management systems, it is useful to understand how they are built. The fundament of all three selected management systems is principles. Titles and quantity of the principles differ among these systems (Table 1).

Table 1. The principles and concepts of management systems

ISO 9000	EFQM	MBNQA
<ul style="list-style-type: none"> • Customer focus • Leadership • Involvement of people • Process approach • System approach to management • Continual improvement • Factual approach to decision making • Mutually beneficial supplier relationships 	<ul style="list-style-type: none"> • Results orientation • Customer focus • Leadership and Constancy of Purpose • Management by processes and facts • People development and involvement • Continuous learning, innovation and improvement • Partnership development • Corporate social responsibility 	<ul style="list-style-type: none"> • Visionary leadership • Customer-driven excellence • Organizational and personal learning • Valuing employees and partners • Agility • Focus on the future • Managing for innovation • Management by fact • Social responsibility • Focus on results and creating value • Systems perspective

The ISO 9000 quality management systems family standards are based on eight quality management principles (ISO, 2005). The underlying principles of EFQM Excellence Model are eight as well, but they are called the Fundamental concepts of Excellence. The MBNQA Criteria for Performance are designed in accordance with the eleven Core values and Concepts.

Many similarities can be found in principles and concepts of the Quality Awards models and the quality management system. Differences between manage-

ment systems can be small or large depending on comparison approach; however there is more synergy than conflict between these principles (Hoyle, 2006). The eight concepts of EFQM as well as ISO 9000 principles are correlating and the form of expression is very similar (Wade, 2000&2003). Very close linkages within principles are found, but the most significant difference is that, contrary to the ISO standard, the criteria in the EFQM cover all principles (Mønsted, 2002). When EFQM and MBNQA are compared, similarities in the criteria and differences in the approaches and definitions can be found (Vokurka, 2000). The ISO 9001 and MBNQA are useful for understanding organizational management and these systems share the same conceptual basis (Doezema, 2000). Researcher (Anttila, 2007) suggests applying those management principles and concepts (ISO 9000, EFQM and MBNQA) that better fit to business needs because their contents are very similar to each other, just titles and phraseology is different. In all three management systems, the individual principle (concept) is being established relating to activities of the person of highest level in an organization. The principles of management systems recognize the key role of leadership (Russell, 2000).

The next task is to compare activities related to the person of highest level in more detailed manner. This is done by inter-comparing corresponding chapters and criteria of the management systems. Such approach is used, for example, to characterize the relationship by comparing sections of the ISO standard against to the items of the MBNQA criteria (Richards, 2004). The comparative analysis of the Quality Awards is used to find similarities in the criteria (Vokurka, 2000), as well as to find the linkages between analyzed systems and contribution of the ISO 9001 to EFQM (Russell, 2000). The comparative analysis can be found not only in scientific articles, but also in descriptions of practical experience, for example, the relationship between the EFQM nine criteria and the ISO 9001(2000) clauses has been identified by the Siemens ICN (EFQM, 2003b).

According to previous research experience, in the third step of the approach, the relationship analysis between the criterion parts 1a. - 1.e. of the first criterion of EFQM and the sub-sections 5.1.–5.6. of the fifth section of ISO 9001 is carried out. In the same way the analysis is conducted for the items 1.1.–1.2. of the leadership category of MBNQA and 5.1.–5.6., and the criterion parts 1a.–1.e. of the first criterion of EFQM and the items 1.1.–1.2. of the leadership category of MBNQA.

The final step of developed approach includes identification of key activities for the person at the highest level. A content of the corresponding criteria and sections of ISO 9001, EFQM and MBNQA was investigated. The three types of activities have been identified – management, leadership and governance. Briefly they are presented below. Management includes the usage of appropriate tools to ensure that the organization is able completely to achieve its objectives. Main activities of management are determination of aims and responsibilities (Civcisa, 2007b). Leadership includes structures and mechanisms for effective communication, as well as for development of organization's vision, values and ethics (EFQM, 2003b). Governance includes the approval of strategic direction; the evaluation of the chief executive's performance and also accountability for managerial and control actions within an organization (Civcisa, 2007b), (NIST, 2008).

There is a need to evaluate importance of identified managerial activities by measuring level of their performance in practice. Developed approach will be tested in several small and medium sized manufacturing enterprises in Latvia. For the detailed analysis and evaluation of managerial activities by using survey based on self-assessment methodology is recommended.

Results

Nineteen key activities have been identified and developed based on steps of created approach (see Figure 1). All the key activities are divided in three groups depending on type of activity. The types of activities are defined: management, leadership and governance. Each activity is indicated by the symbol (according to type of activity and by number of activities of each type) and brief description of activities is given in Table 2.

Table 2. Key activities for the person at the highest level

Symbol	Management activities	Symbol	Leadership activities	Symbol	Governance activities
M1	Creation of the quality policy	L1	Involvement and encouragement of people	G1	Responsibilities to the society
M2	Selection of methods for customer satisfaction measurements	L2	Provision of sustainability to an organization	G2	Attraction of independent advisory body
M3	Definition of responsibilities for people	L3	Communication on development directions of an organization	G3	Performance evaluation of the chief executive and member board
M4	Review of objectives and assessment of performance	L4	Capability for rapidly changes, analysis of internal and external environment	G4	Establishment of system for strategy implementation
M5	Balance of resources to ensure the effectiveness of an organization	L5	Promotion of people potential and growth	G5	Anticipation and dealing with concerns of society
M6	Appointment of management representative to establish the quality management system	L6	Establishment of organizational structure and related mechanisms	G6	Development of ethic and behaviors model
M7	Observation of the statutory and regulatory requirements				

The proposed approach enables to combine solutions from various management systems in order to collect the widest possible range of managerial activities for the people at the highest level that can be used for extended capabilities for professional growth. The step by step development process of combined approach is shown in Figure 1.

STEPS: 1. Selection of systems → 2. Analysis → 3. Synthesis → 4. Interpretation

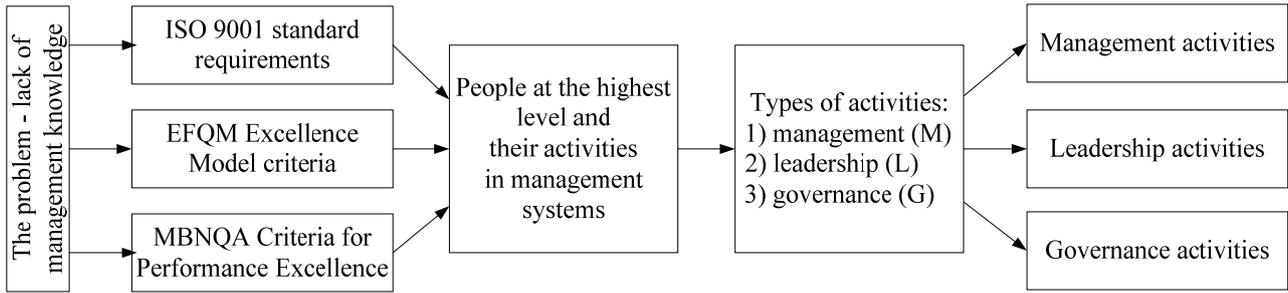


Figure 1. The combined approach for determining managerial activities

When people at the highest level of an organization should or need to improve his/her abilities, the new initiatives could be taken from the management systems. The selection of the most appropriate management systems is carried out in the first step of combined approach (step 1 in Figure 1). In the second stage, the analysis is made through the used terms and principles (step 2 in Figure 1). Integration of findings that have been obtained during comparison of managerial activities implemented by person at the highest level is done at third stage (step 3 in Figure 1). In the fourth (the last) stage of approach, descriptions of management, leadership and governance key activities have been developed (step 4 in Figure 1). Each stage of combined approach consists of several (three or four) tasks. The tasks of combined approach are explained in Table 3.

Table 3. Tasks for implementation of the created approach

Step 1	Selection of systems	To develop criteria for evaluating the appropriateness of management systems within the identified needs/scope
		To identify the existing management systems in accordance with the required needs/scope
		To assess the selected management systems according to criteria
		To select the most appropriate management systems
Step 2	Analysis	To determine used terms and their interpretations in management systems to designate person at the highest level
		To evaluate the guidance in the management systems for activities taken by the person at the highest level
		To compare the principles of management systems and to identify their inter-relationships and similarities
		To identify links between the principles and the sections and the criterion of management systems
Step 3	Synthesis	To determine the corresponding sections and criterion in the management systems to compare activities for person at the highest level
		To carry out a comparison between activities implemented by person at the highest level
		To define the types of activities for person at the highest level (M-L-G)

Step 4	Interpretation	To develop key activities for person at the highest level and to classify them by types of activities
		To review and to adjust key activities of person at the highest level by considering specific needs/scope
		To develop detailed descriptions of activities (criteria) for assessment by measuring importance and performance

One can find the illustration of implementation of combined approach step by step and task by task.

Conclusions

1. The article is aimed to theoretical development and detailed structure of combined approach for determining managerial activities, which consists of several steps and tasks. Proposed approach is appropriate for enterprises, regardless of sector and size.

2. The analysis does not lead to the development of new types of activities, but activities described in management systems are analyzed in a synergistic way.

3. The term management is mostly used both in literature and in practice to describe activities to be implemented by the person at the highest level. The comparison analysis of the management systems (ISO 9001, EFQM and MBNQA) concludes with definition of three types of activities. These activities are – leadership, governance and management.

4. The approach of a set-apart analysis of activities gives a possibility to define and to outline the key differences between leadership, governance and management activities. Nineteen the most important key activities of the person at the highest level of an organization are determined according to steps and tasks of the created approach.

5. The set of key activities can be used for self-assessment, as well as for extended capabilities for professional growth of person at the highest level.

6. The linkages between principles of management systems have been studied in general and similarities are found.

7. It is found that three types of managerial activities differ each of other, the research results show that some of activities have close, some low, but other do not have linkages.

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KOMPLEKSINIS (INTEGRUOTAS) VADOVO VEIKLŲ APIBRĖŽIMO BŪDAS

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Santrauka

Organizacijos sėkmė ir tvarumas yra glaudžiai susiję su aukščiausio lygio vadovo profesiniais įgūdžiais. Verslininkai turi plėtoti įvairius savo profesinius įgūdžius. Šio tyrimo tikslas yra sukurti metodą nustatyti aukščiausio organizacijos valdymo lygmens vadovo svarbiausias veiklos kryptis. Analizė yra atliekama lyginant tris sistemas (modelius) kokybės vadybos srityje: ISO 9001 Kokybės vadybos sistemos standartą, EFQM verslo tobulumo modelį ir Malcolm Baldrige Nacionalinį kokybės apdovanojimą.

Literatūros apžvalga, dokumentų analizė ir kokybiniai tyrimo metodai: palyginimo analizė ir interpretacija buvo taikomi pagrindinėms valdymo veikloms nustatyti. Straipsnyje taikant kompleksinį metodą skiriamos vadybos, vadovavimo ir valdymo veiklos. Galiausiai remiantis šiuo metodu identifikuota devyniolika pagrindinių priemonių (veiklų) ir nustatyti jų realizavimo žingsniai. Šios pagrindinės priemonės (veiklos) gali būti naudojamos savęs įvertinimui, taip pat išplėsti galimybes pakelti aukščiausio lygio vadovo profesionalumo lygį. Straipsnyje taip pat pateiktas sprendimų projektas, susidedantis iš kelių sprendimo etapų ir uždavinių.

Raktiniai žodžiai: būdas (požiūris), vadyba, vadovavimas, valdymas, aukščiausio lygio vadovas.

JEL kodai: M100, M120, M190.