

# INTEGRATED MANAGEMENT IN SMALL ENTERPRISES

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**Abstract:** *The idea of the integration of management systems is often abused in practice by defining diverse activities, not necessarily consistent, aimed at achieving various objectives by the enterprise, as an integrated system. In other words, not all actions undertaken to manage various aspects may be regarded as an integrated system. It is sometimes possible to come across a not fully justified use of the notion of an integrated system towards various activities undertaken as part of one specified management aspect, e.g. quality. Such situations lead to attempts to define the terms and conditions for the integration of management systems in a more precise manner (Bleicher, K., 1991, 203).*

**Keywords:** organization management, integrated management, small enterprises

**JEL Classification:** M0, L22

## 1. Introduction

The concepts of organization management at the turn of the 21st century were and are subject to constant modifications. One of the reasons for such a state of affairs seems to be the dynamics of challenges but also their qualitative weight. They arise in the national, international and global aspect. Therefore, the concepts of management need to be adapted to them (Borowiecki, R., 2011, 103). The concepts will, in fact, meet the architecture of new trends on the one hand. On the other hand, the need to

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anticipate changes in the conditions for the operation of organizations and to design management models which will meet these challenges, appears sometimes.

In connection with the above, the purpose of this study is to present the concept of an integrated management system and the elements which should be integrated by building efficient and effective management systems. One of the contemporary concepts, trying to look ahead into the future, is the idea of integrated management developed by K. Bleicher from St. Gallen Business School. This concept, first of all, tries to integrate material-rational and socio-emotional levels of organization management. This seems to be a comprehensive concept, with a structuralized formula (Buła, P. & Fudaliński, J., 2010). However, when analyzing its particular elements, it is possible to try to improve it and possibly modify the presented solutions. K. Bleicher's concept refers to the primary assumptions of the system approach prepared and developed by H. Ulrich which will also be discussed in the study.

The presentation of the content indicated above will indicate to people in management how to raise an organization's effectiveness, how to effectively manage the possessed resources and how to unambiguously define tasks, competences and responsibilities of employees and their readiness to meet customer expectations.

### *1.1. Etymology of integrated organization management concept*

The discussion of the etymology of the integrated management concept requires an indication that it was established on the basis of the system approach. Its primary assumptions were prepared and developed by H. Ulrich at the University of St. Gallen. This method was prepared with the assumption that the organization should permanently adapt to the environment, and the idea itself combines the pursuit to improve the management process, with a simultaneous orientation on the organization's development. The concept of environment analyses includes all its crucial segments, including the examination of a possible development of groups of partners and the so-called organizational supporters. In this context, a concept appears, orientated to the theory of comprehensive and integrated company management (Bleicher, K., 2004, 15-17) - this theory has been depicted in Figure no. 1.1.

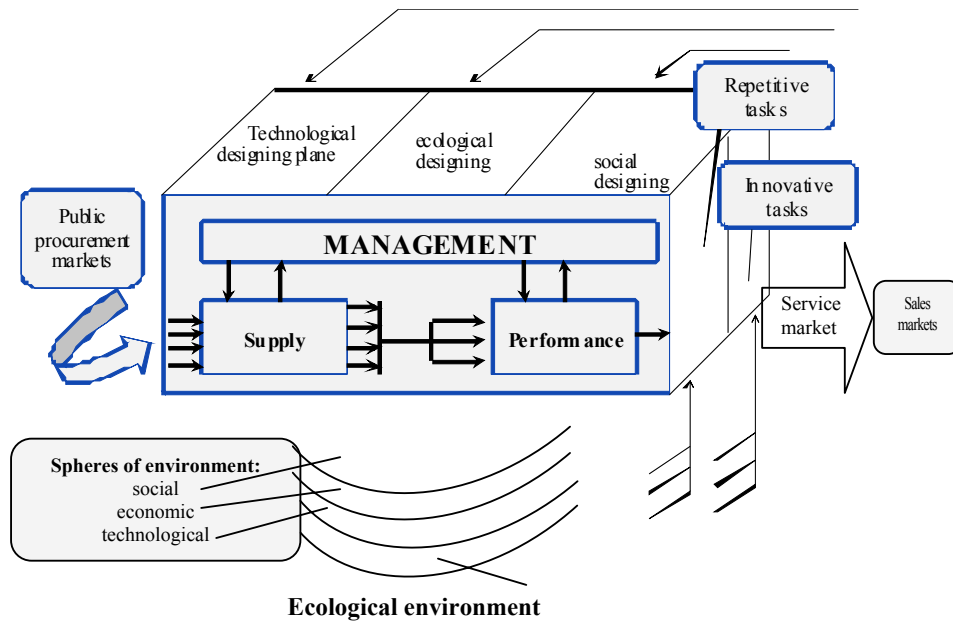


Figure no. 1.1. Concept of management integrated model according to H. Ulrich

Source: New St. Gallen Management Model [Das neue St. Gallen Management Modell, Johannes Rüegg-Stürm, p. 70]

Analyzing Figure no. 1.1., it may be noted that the activity of management depends on the order and sale markets on the one hand and the environment's dimensions on the other hand (ecological, technological, economic and social). These elements affect the design of subsystems at the economic, technical and social levels. In the next stage of activities, these subsystems should be combined (integrated) into one consistent and efficiently operating system through the determination of repeated and innovative tasks in all designated areas (Lubir, D., 2012, p. 99).

In connection with the above, the integrated management system is a documented and consistent management system meeting the requirements of at least two standards. Its implementation enables an effective and simultaneous management of numerous subsystems, by the establishment

and implementation of a uniform policy. The implementation of an integrated management system is a recommended and the most beneficial solution for the organization which intends to introduce several various management systems.

The integrated management system enables a simultaneous management of these aspects, which the enterprise wants to manage as part of the integrated system. This means that no aspect is characterized as priority in the integrated system. The integrated system may not thus be, e.g. a quality management system, in which the environmental elements were additionally taken into account or next to which an environmental system or subsystem additionally operates. Some organizations, using this type of practices, declare an integration of systems, which should be considered a misunderstanding. The integrated system, as one system, should always respond simultaneously, e.g. to quality problems and environmental issues, and the established strategic goals and plans for their implementation always have to take into account both the qualitative and the environmental aspects (Bleicher, K., 2004, p. 220).

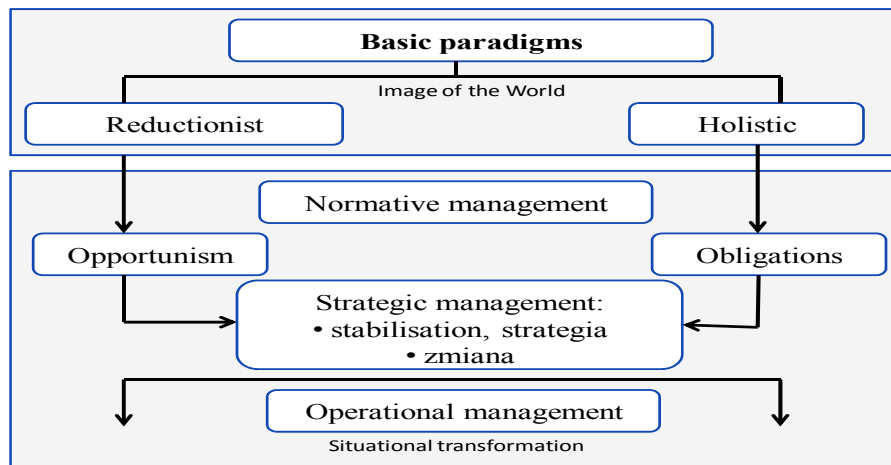
At this point, it is worth paying attention to the function of purposefulness which, in the integrated management concept, is expressed by: introducing a dimensional order with regard to taking decisions related to management; ensuring ordinal frameworks of activities focused on the problem; implementing the idea of an integrated approach to the directions of problem solving, according to the instructions of contextual and situational conditions of market and sector development. Integrated management is a model focused on harmonisations of very complex organizational networks. The rule of harmony is used in the sense of levelling the potentials inside the organization, and the environment's potentials. Reserve approach has spread out in years ninetieth, who has allowed appearance of stock of organization from completely not known part. It is searched for progress of enterprise external not only in the midst, as school of positioning indicate, but in interior of organization also. First of all, here such values become important as knowledge, organizational culture, technologies of informations, it is attributed meaning memorial exactly leading. Reserve approach appreciates capabilities of progress in enterprise sticking. Three concepts deserve note in this approach particularly: key abilities - C. Prahalada And G. Hamela; key capability G. Stalka, P. Evansa and L.E. Shulmana; differring ability Ch. Hilla And G.

Jonesa. If we will appeal for M.E. Porter it depends on processes inside of enterprise competitiveness of organization reach and from its endowment to different stocks, which organizations often take from enclosing (Hensel, P., 2011, p. 5). The discussed concept is built on the basis of the following paradigms: a holistic image of the world and a reductionist image of the reality (Bleicher, K., 2004, p. 406).

To sum up this part of the discussion, it should be stated that the main element of the integrated management concept is the holistic approach to integrating various influences in the (whole) network of relations and connections.

*1.2. Areas of interactions in integrated management concept according to K. Bleicher*

Searching for new approaches, according to K. Bleicher, is possible due to the appearing and growing challenges and diverse solutions in management. The Author has distinguished three dimensions of management as part of the integrated management concept: normative, strategic and operational (Bleicher, K., 2004, 80) (presented in Figure no. 1.2).



*Figure no. 1.2. Dimensions of integrated management philosophy*

Source: Own study on the basis of K. Bleicher, *Normatives Management: Politik, Verfassung und Philosophie des Unternehmens*, Frankfurt; New York: Campus, 2004.

On the one hand, normative and strategic management (MacMallan, I.C. & Selden, L., 2010, 111), on the other hand operational management - form a special type of an operation formula, depicting two different sides integrated by relations. While normative and strategic management are rather constructive (shaping), operational management should be the creator of its development and should actively take part in this development (it is supposed to directly influence the development of an enterprise). However, these all three dimensions are discussed here as related and conditioning each other. A number of processes are made between them, e.g. the feedback process in which, on the one hand, conceptual requirements of a strategic and normative character are the instructions for operational possibilities, and unforeseen events are recognized as obstacles for the implementation of objectives whose implementation depends on the changes in the future vision and strategy (Table no. 1.1.).

*Table no. 1.1. Vision and strategy at different levels of integrated management dimensions*

<b>Normative management</b>
The level of normative management mainly has: general objectives, principles, standards and rules which are designed so as to ensure the project's survival and development
<b>Strategic management</b>
Strategic management is focused on building, maintaining and using the organization's potential. The resources of a given enterprise are components of the potential.
<b>Operational management</b>
Normative and strategic management is performed in operational results which, from the economic point of view, focus on management processes for efficiency, finances and information, etc.

Source: Own study on the basis of K. Bleicher, *Normatives Management: Politik, Verfassung und Philosophie des Unternehmens*, op. cit., p. 80-83.

Each of the dimensions: strategic, normative and operational, has its activities, structure and ways of action, through which the phenomenon of integration takes place. This phenomenon affects the development of inter-organizational entrepreneurship (Chesbrough, W. & Garman, A.R., 2009,

72-73) and then the possibilities of shaping the organization's position in the environment. Internal enterprise should create conditions (in order to workers of firms, who might have promising ideas), which could create such a capabilities of operations for workers as new businessman.

Integration should be directed towards the creation of consistent work and influences into one set of common contacts. According to K. Bleicher, it is important to think about social relations (understood as teamwork) in the present system, which are invisible, and are very significant in the changes of management philosophy being the core for the organization. The Author also points out that management should be directed towards diversity, which often becomes a problem for the "masters" – the managers (Bleicher, K., 2005, 158).

The strategy of constant improvement is a task concerning the whole organization, it should apply to all aspects of its operation and all processes implemented in it (Brilman, J., 2002, 399). The initiative of its implementation, the responsibility for its implementation and operation, managing its implementation and operation are tasks for the top management. Appropriate tasks are allocated to lower management levels, engineering-technical staff, and subsequent levels of staff in an ordered manner (Ansoff, H.I., & Brandenburg, R.G., 1969, 61-63). In order for the introduction of changes to proceed in an ordered and economic manner, it is necessary to prepare clear and adequate pro-quality operational procedures involving all aspects of and levels of the organization's activity.

The procedures have to form an integrated system. They must have the character of standard procedures, though admitting their ordered change, if properly conducted research has indicated that such a change leads to improvement (Hamrol, A. & Mantura, W., 2009, 90). Such a solution was proposed by K. Bleicher and has been presented in Figure no. 1.3.



Figure no. 1.3. Concept of integrated management according to K. Bleicher

Source: K. Bleicher, *Management im Wandel*, Swiridoff, 2005, p. 137.

When making an analysis of Figure no. 1.3., it is possible to state the presence of three management levels: normative, strategic and operational. Integration should proceed both horizontally and vertically. At the level of normative management, in the requirements, we may notice the need to create company policy specifying the enterprise's mission. However, the enterprise's condition and its culture are diagnosed in this place. At the strategic level, programs should be created, namely the objectives and the manner of their implementation should be specified in more detail. At this level, the organizational structure and management systems are established to counteract emerging problems. The operational level is the implementation of current priorities, namely orders. At this level, planning systems and organizational processes are created so that there is cooperation and efficiency of operation. All this makes the Author suggest a horizontal



and vertical integration which means combining the requirements with the enterprise's structure, its culture and activity.

The integration of culture, structure and activity will influence the creation of the management system and, in a further stage, the development of the enterprise (Neilson, G. & Pasternack, B.A., 2005, 6-15). The dependences between structure and strategy seen through a variable focus lens of integrated management has been presented in Figure no. 1.4.

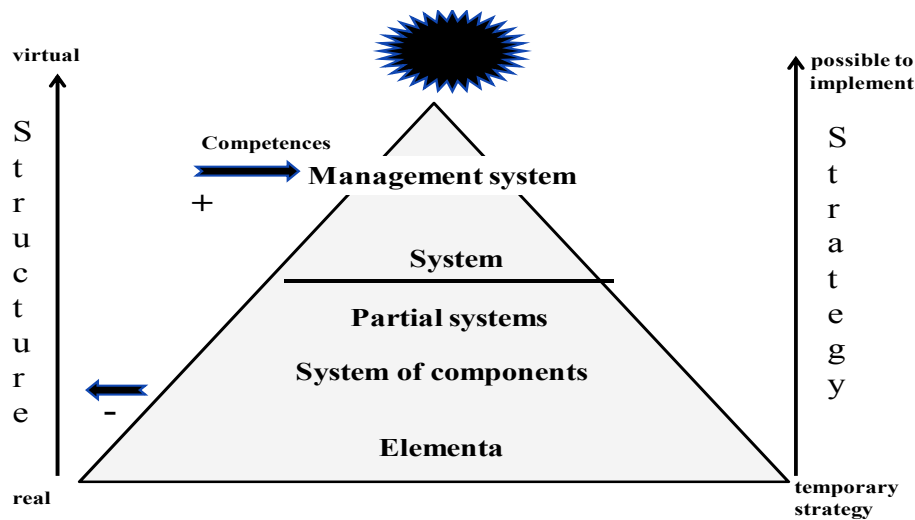


Figure no. 1.4. Strategy and structure seen through variable focus lens of integrated management

Source:K. Bleicher, *Management im Wandel*, Swiridoff, 2005, p. 41.

When analyzing Figure no. 1.4., it may be seen that through the evolution of structure and the determination of strategy from a temporary to that which may be implemented (Chandler, A.D., 1962, pp. 13-25), it is possible to create a management system based on "positive competences", namely well-developed competences in various operation areas. Building a management system, we have an already existing system consisting of numerous elements which become components (component parts). A partial system (subsystem) is built from these components. The most important

thing is to skilfully integrate all subsystems creating one efficiently operating management system. Structural and strategic changes influence the creation of integrated management very much. Management staff at the level of strategic management is responsible for creating the structures. According to K. Bleicher, structural changes may be implemented in five areas: by creating a system of connections, by activating the core of competences, by eliminating previous working teams and creating new ones using people's skills, by moving creative processes to higher levels and shortening the time of maturing for the integration of core competences with management. K. Bleicher indicates that it would be necessary to proceed towards a virtual structure from the actual (available) structure. In structural changes, the aim should be, therefore, to create connections of organizational cooperation. This may be achieved in two ways. The first one is to "go down", which is about the distribution of activities, segmentation, changing from a vertical hierarchy to horizontal organizational processes. The second method is to "go up" from specialization to related structures. Creating a management system integrating structure, strategy and component elements of the existing system is not easy but may result in the success of the organization (Bleicher, K., 2005, pp. 42-43).

In integrated management, "focusing" the potentials of benefits and strategic potentials of success is very significant, but it is possible to get it due to diagnosis. Diagnosis of organization is indispensable condition to describe its condition and give a light to change introduction, which is inherent element of development of organization. Tools of diagnoses are taken advantage on each period of management enterprise, as well as on each period of change (Hensel, P., 2011, p. 5).

The analyses include the "map" of actual and desired organizational-management situations which are then presented in a two-dimensional management space. In the "focusing" stage, the organization's situations and modules are converted into the organization's "fields of benefits and successes". In this aspect, K. Bleicher points at the normative potential of benefits as an item of higher standard, integrating processes, behaviours and operational projects necessary for their implementation. The normative potential of benefits is treated by members of the organization as a signpost with regard to the methods and directions of decision-making and actions, aimed at using the company's strategic potential (Bleicher, K., 2005, p. 71).

To sum up the discussion concerning the analyses of the idea of integrated management, it should be noted that this concept seeks to integrate rational and emotional systems. Thus, it may be stated that the

carriers of both levels of the organization and, at the same time, elements integrating and thus conditioning the possibility of the concept's implementation are members of the organization, characterized (in various situations) either by the dominance of emotional elements or the rationality factor (Winter, S.G., 2004, 164-169).

### 1.3. Selected components of integrated management

One consistent integrated management system enables the integration of all elements of the existing subsystems into one whole. The integrated management environment provides clear and precise information on all aspects of the organization's activity and their impact on one another. A model presentation of particular components of integrated management allows one to present the dependencies and connections between particular components. For the purposes of this study, the St. Gallen pyramid model will be presented (Figure no. 1.5) in whose perspective the parts creating the integrated management system will be indicated.

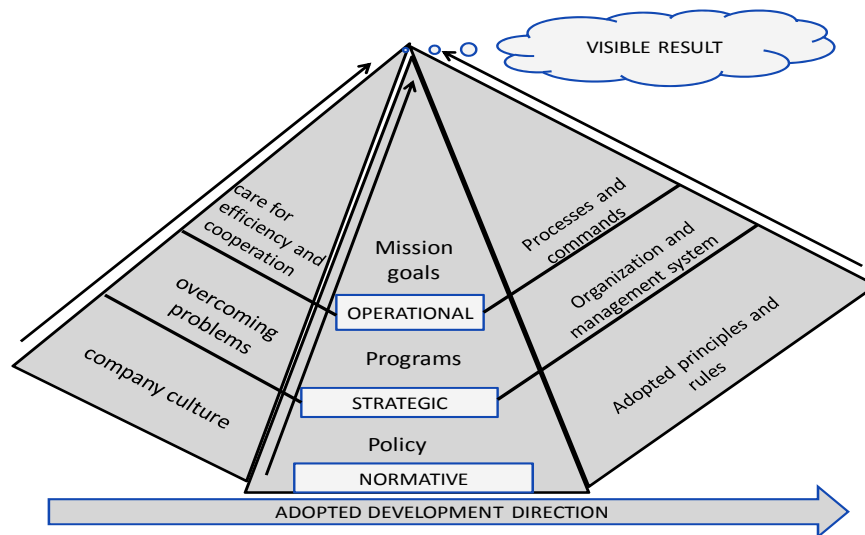


Figure no. 1.5. St. Gallen Pyramid Model

Source: K. Bleicher, *Das Konzept Integriertes Management*, Campus Frankfurt New York, 2011, p. 668.

The pyramid model, presented in Figure no. 1.5., presents elements being the foundations in the integrated management concept. These elements are structure, culture and the activity of operation in various management dimensions (normative, strategic and operational). Elements indicated in the pyramid model become the areas of changes in creating the integrated management system. On the normative level, the adopted policy, enterprise culture and principles and rules are defined. This becomes a road map for the implementation of the mission and the vision. What is adopted in the organization is used to create strategic programs which define both long-term and short-term plans. Actions undertaken in the imaged areas lead to achieving specific results which are visible in the organization. The presented pyramid model may be used to: introduce organizational changes, plan, create corporate development strategies or for product designs.

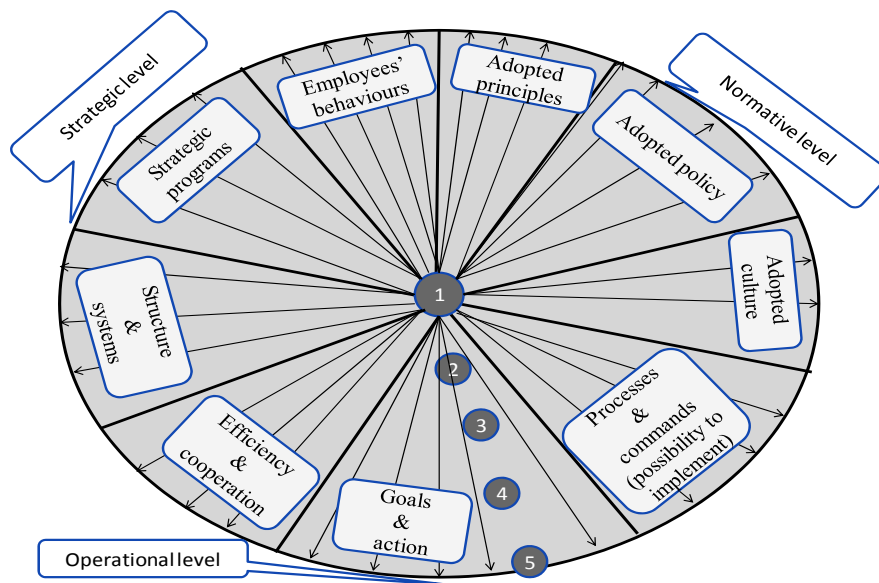


Figure no. 1.6. Horizontal and vertical harmony

Source: K. Bleicher, *Das Konzept Integriertes Management*, Campus Frankfurt/New York, 2011, p. 671.

When analyzing the pyramid model, it can be noted that the presented planes cover one another in a fully integrated organization. They combine into

one formula, reducing the number of processes, their time and costs, and thereby increasing the organization's effectiveness. Integrated management may therefore be considered as, in fact, based on a network formula, identifying two dimensions including the mission, the legal form or the organization's culture. The listed factors will thus be the equivalent of the normative dimension. The strategic dimension may be identified with strategic programs, structure, management system or organizational behaviours which are then translated into operational actions. The dependences between the normative, strategic and operational dimension and actions undertaken in each of the listed dimensions have been shown in Figure no. 1.6.

When analyzing the dependencies presented in Figure no. 1.6., it can be noted that the activities which should be undertaken for an effective implementation of objectives are determined in any aspect. At the normative level, general objectives, principles, standards and rules are specified. They have to be designed in such a manner so as to ensure the survival of an organization and even its development. At this level, it should be specified in detail what principles of operation have been adopted, what the policy of the organization is and what its culture is. On the other hand, the strategic level includes the determination of long-term objectives and the manner of their implementation. These objectives are included in strategic programs. The second important area which appears in this aspect are the behaviours of employees, which should be also considered. The last dimension - operational - is activity of operation through which the tasks determined in the normative and strategic levels are implemented. K. Bleicher points out that the actions at the operational level should include processes, commands, decision-making, the determination of objectives and the manner of their implementation and the changes in the structure and management systems and pursuit of cooperation. The figure presents a five-degree scale, which means that actions are determined in each area and the evaluation of parameters in any bundle is made (Franken, A., Edwards, Ch. & Lambert, R., 2009, 49-57).

Organizations form maps of operation in everyday activity. It is worth noting that creating such a map containing a set of related elements could determine the course of business. The elements along with the areas of changes have been presented in Figure no. 1.7.

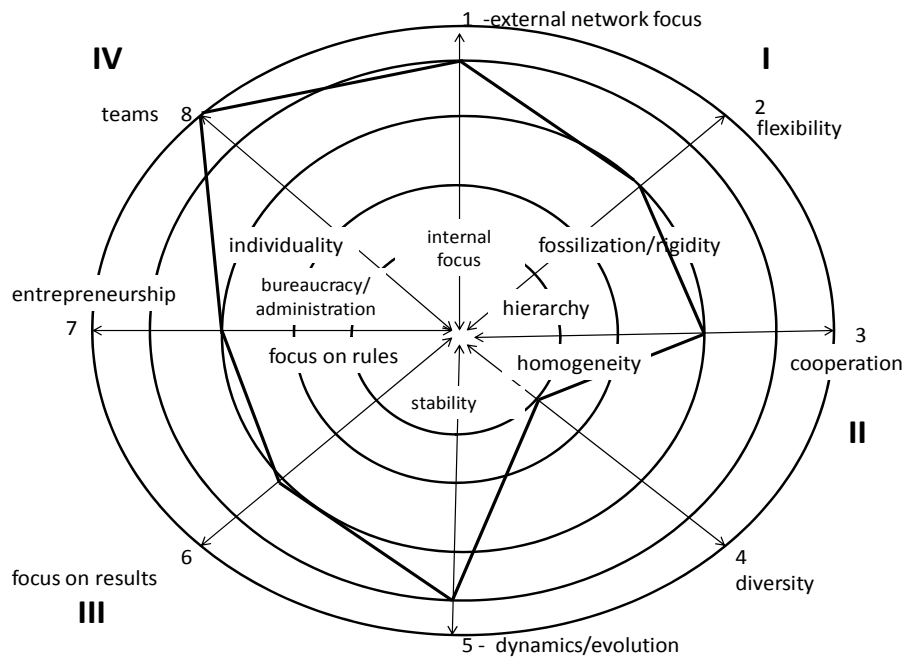


Figure no. 1.7. Parameters in integrated management

Source: K. Bleicher, *Das Konzept Integriertes Management*, Campus Frankfurt/New York, 2011, p. 672.

When analyzing Figure no. 1.7., it is possible to note the division of the diagram into four quarters. Each quarter has two parameters which may constitute the area of changes in the organization. Parameters in integrated management include: 1-inter-organizational cooperation, 2-organizational structure, 3-internal cooperation, 4-organizational culture, 5-strategic orientation, 6-decision-making, 7-management style and 8-activation of the core of competences (possibility of implementation).

The presented parameters of integrated management resemble a web model. This concept presents a spider in the diagram, which may be developed in a holistic manner in the conceptualization of the business model for enterprises operating formally or virtually. Changes in the diagram are performed by selecting and combining of the eight parameters. When analyzing Figure no. 1.7., it can be noted that the presented

parameters, created in a proper manner, are of great significance to creating organizational autonomy. Each parameter may constitute the area of changes in the organization. The model of the organizational web consists of 32 points included in the business model (8 parameters, 4 each).

The parameter indicating inter-organizational cooperation will be discussed first. Autonomous separate units need a different organization with which they could cooperate as one organization. K. Bleicher, in his concept, does not focus only on the organization's internal development, but indicates external alternatives of development. It is worth noting that using external resources, one may develop their own resources. What is important is the activity in adjusting and searching for an external partner to which it will be necessary to adjust. At this point, it is worth noting that in order for the organization to grow, increase its size, transform the options of operation, create autonomous units, it most often has to use external restructuring. When there are no own possibilities, when it is impossible to "give more", it is necessary to search for possibilities which can be found in the resources of other organizations (Bleicher, K., 1991, pp. 374-385). Hence, K. Bleicher's concept of integrated management is not limited only to integrating actions inside the organization, but indicates the sources of obtaining advantage through integration with external partners. The following external development methods may be used here: mergers, acquisitions or strategic alliances.

Another parameter is organizational structure. Modern organizations have to follow towards the creation of flexible structures. This idea goes into the direction of modelling of organizational structure through delegating formal power towards lower ranks. Creating flexible structures should go towards liquidating hierarchical lines. When building the organizational structure and creating the dependencies, attention should be paid in various areas, e.g. customers or projects which are also useful at various types of integrations. Therefore, it is necessary to proceed towards integration and cooperation, leaving freedom to design units or teams (e.g. the shape of a virtual organization).

Internal cooperation is another very important area of changes. It is important to move from hierarchy to cooperation. Such actions are related to the flexibility of the structure and to centralization and decentralization. Centralization is connected with assembling power and control at the very top of the organization, while decentralization involves moving decision-making rights to various levels of management. Organizations should move from centralization towards decentralization. This may be achieved through

internal cooperation which should consist in departing from hierarchy, from using power towards an authority based, e.g. on professional knowledge.

A separate parameter in integrated management is organizational culture which concerns the manner in which employees perceive the values recognized in a given organization, and not whether they like these values or not. Organizational culture evolves throughout years and is rooted in behaviours which are valued by the employees and in which they are strongly involved. Common features which are appreciated by the organization form its culture. According to the research, the essence of culture is determined by seven basic features: innovations and risk-taking, paying attention to details, focusing on results, focusing on people, focusing on teams, aggressiveness and stability (Robbins, S.P. & Judge, T.A., 2012, p. 355). It is worth noting that changes in organizational culture should be visible in passing from uniformity to diversity. A strong organizational culture increases the capacity for behaviours and it may also replace bureaucracy (which will be discussed further in the study).

Strategic orientation should be evolutionary and dynamic because only such actions may ensure success for the organization operating in a turbulent environment. Unique and exceptional proposals are characterized here, through solutions possible to accept. Answers to the following questions are sought here: why do customers buy from us? How do employees coordinate efforts? In actions, it should be remembered that dissatisfied customers will turn their backs from us and will buy at competitors', while a satisfied customer is the main objective of an enterprise. For this reason, a unique (exceptional) strategy is the cornerstone for the whole organizational design. When formulating strategies, one should analyze an uncertain, ambiguous environment and create unique proposals.

Decision-making means, on the other hand, selecting one from among two or several solutions. Selecting an option of operation means making a decision. The decision is made in reaction to an emerging problem which indicates that there has been a discrepancy between the present and the desired state. This difference is also a symptom that changes should be introduced in the organization. In integrated management, when making decisions, information should be processed efficiently, paying attention to results rather than rules. Complying with rules and procedures is often referred to as bureaucracy. At this point, it is worth mentioning that bureaucracy has many advantages such as e.g. efficient performance of normalized tasks, limitation of personnel and equipment doubling. However, bureaucracy also has its defects. The main hazard arising from



bureaucracy is an obsessive pursuit of compliance with the rules. When there is a situation which does not strictly meet the rule of operation, it is not possible to modify it. For these reasons, bureaucracy brings benefits when employees come into contact with problems which are repeated and in relation to which there are rules of decision-making. Procedures adopted in the activity of the organization are very important but it is important to pay attention to results which may be achieved by selecting a given option.

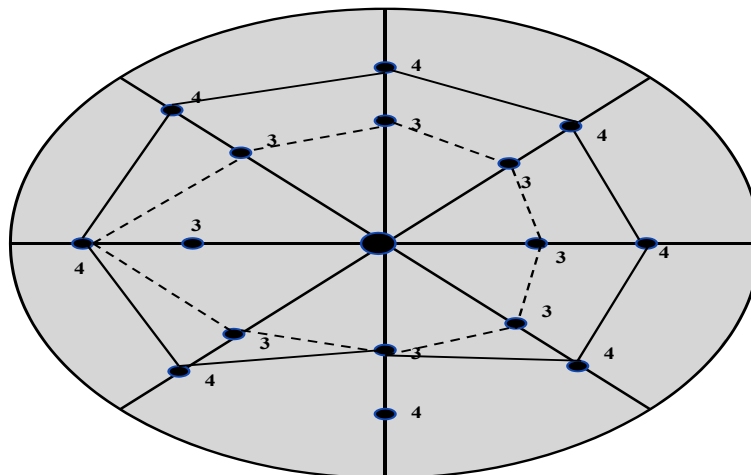
Departing from rules towards results in decision-making is connected with another element of integrated management, namely with the management style which should be characterized by departing from bureaucracy towards entrepreneurship. Excessive formalization quashes entrepreneurship in the organization and this, in turn, ensures the organization's survival and development. Innovations and entrepreneurship are a necessary condition for organizational development.

The last element of integrated management is the activation of the core of competences (possibility of implementation). In this area, special attention should be paid to teamwork. In order to activate the core of competences from individual action move towards group activities and then team activities. It is important to remember that group activities are more effective than unit activities. People combine into groups to exchange information and make decisions. However, they have neither the need nor the occasion to work collectively requiring common effort. Thus, their results are the sum of their individual efforts. The positive synergy effect is not present in this case. Positive synergy is generated as a result of coordinated work of units forming a working team. A result higher than individual or group result is achieved through common effort and commitment. The purpose of team action is collective effectiveness, responsibility both individual and mutual, and skills supplement one another and it raises the effectiveness of the actions. Enterprises which want to achieve competitive advantage should move towards team work because it enables to use the capacities of their employees. Teams are more flexible and they respond more easily to changes than individual units. Teams are created to perform tasks and they may quickly arise, act, changing the direction of operation and dissolve but it is the creation of teams which involves the employees and that is why they feel motivated to act. The team activates employees to act, makes it easy for them to participate in decision-making and this is an effective manner of democratizing the organization by its management (Robbins, S.P. & Judge, T.A., 2012, pp. 213-214).

To sum up this part of the discussion, it should be stated that components of integrated management are connected with one another; they intermingle and supplement one another. The diagnosis of an organization in the areas characterized above is the first step of to cure the organization. On the basis of the analysis and diagnosis of the elements of integrated management, it is possible indicate the areas for changes and formulate a development strategy for the organization.

#### *1.4. Dependences between components of integrated management*

There are dependences between the presented parameters. When building an integrated management system, it is necessary to think about how to act and how to connect particular elements. Each of the eight parameters in the model is evaluated and is visible as a black dot (spider). And so, e.g. the second parameter – organizational structure grade 3 means that the enterprise moves towards creating flexible organizational structures to an unsatisfactory extent. The structure is rigid, formal and there is a hierarchy with concentration of power at the highest level (Chen, M., Lin, H. & Michael, J., 2010, 1441-1430). The scale adopted for comparisons along with comparative bundles between parameters has been shown in Figure no. 1.8.



*Figure no. 1.8. Comparative bundle in web model*

Source: W. Kruger, W. Buchholz, N. Bach, *Organizing for the future – Conceptual Framework and Empirical Evidence*, Arbeitspapier 2000, no. 2, p. 7.

The presented dependences are brought out from the values of relevant organizational variables which were collected by means of a questionnaire. If the parameters were graded as three points or less in an enterprise, the generated bundle is referred to as destructive concentration (dashed line in the figure). On the other hand, if given parameters were graded as four points or more, the generated bundle is referred to as the winning concentration (continuous line in the figure). An organization representing the destructive concentration has to consider introducing changes almost in all parameters. Therefore, when building an integrated management system, it is necessary to answer the question: where is the spider on our organizational web, and then to define the areas which should be modified and improved.

Creating an integrated management system is a complex process, consisting of certain stages. The process of creating an integrated management system has been presented in Figure no. 1.9.

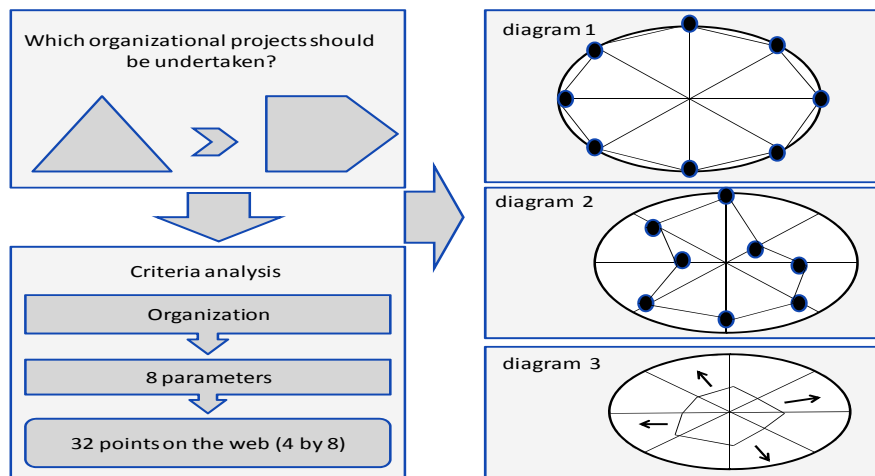


Figure no. 1.9. Process of creating integrated management system

Source: N. Bach, *Zukunftsfähige Organisation Stand und Entwicklungstrends der Organisation deutscher Unternehmen und Verwaltungen*, Organisations und Verwaltungsforschung 2002, no. 2, p. 9.

When analyzing Figure no. 1.9., it may be noted that the determination of actions that will be undertaken should be started from the

analysis of criteria which can be found in the organization and they consist of the eight parameters described earlier. When analyzing the organization, it is important to assess, using the scale from one to five, where the spider is in the web model. There may be 32 of these points and eight are selected from them. Possible solutions have been presented on diagrams from 1-3. The first diagram is an instrument for undertaking actions in the organization. Successful organizations should aim at this condition. The second diagram differs from the ideal model. It may show that there is specialization in the organization and the used technologies are obsolete. The strategy aims at unique solutions, modulated elements are created, the culture is open, it presents open thinking horizons, there is internal cooperation in the organization and the organization moves towards a network. Depending on where the organization is on the web model, it undertakes such actions. Diagram three shows that one should move towards the points located on the web's edges.

It is worth noting that all parameters are connected with one another. All actions undertaken in the organization have to be integrated. Such integration may proceed through the use of profiles of strategic moves which have been presented in Figure no. 1.10.

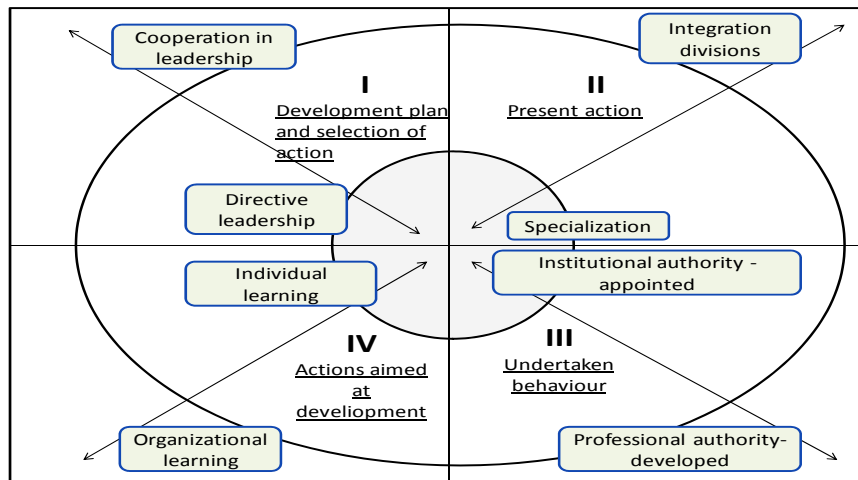


Figure no. 1.10. Profile of strategic moves

Source: K. Bleicher, *Das Konzept Integriertes Management*, Campus Verlag Frankfurt/ New York, 1992, p. 295.

When analyzing Figure no. 1.10., it can be noted that strategic moves should be integrated in four quarters. The first one is present activity and one should move from specialization towards integration here. Such behaviour has already been characterized in the web model discussed previously. The second quarter describes undertaken actions (behaviours). The focus here is on power. Strategy should be built on competent authority – developed. It is far more valuable than institutional power that is assigned to managers ex officio. The third quarter indicates ways for development. In this area, attention is paid to "learning". All persons in the organization should have the ability and the desire to learn. Individual learning, which will be modelled by people, will, in time, turn into organizational learning. This means the organization's ability to objectively estimate and accept better models. The last, fourth, quarter of the profile of strategic moves is the development plan connected with activity. Here, attention is paid to management (leadership). It is necessary to move towards cooperation from directive leadership. At this point, it is worth noting that the profile of strategic behaviours is integrated with the management system, the organizational structure and the program of operation (Bleicher, K., 2005, pp. 263-298).

#### *1.5. Integrated management in "Magdalenka" confectionary*

Small enterprises play an important role in the economy all around the world. It is because of such enterprises that the economy grows. The share of active small and medium enterprises as compared to all enterprises operating in Poland is 98%. With such a large number of active small companies, their impact is noticeable in financial results, innovations, creating jobs, creating new enterprises or finally supplying the sector of large companies. They ensure more than 60% of jobs and create nearly half of the GDP ([www.parp.gov.pl](http://www.parp.gov.pl)). For these reasons, it is worth taking a closer look at how a small enterprise manages on an extremely competitive market and how it is managed.

"Magdalenka" confectionary, which is a family business operating on the market for fifty years, has been selected for the analysis. Its recipes are a tradition from generations. At the beginning, the company employed only the closest family, and new employees started to be employed with time.

The empirical analysis has been conducted based on an interview and a questionnaire survey with a five-step Likert scale. The questionnaire

contained elements which should be taken into account when creating an integrated management system. The results have been presented in Table no. 1.1. The examined party made a strategic evaluation indicating the degree to which a given factor is used in managing the enterprise (1 meant that the given factor is not used, 2 - used to a small extent, 3 – partially used, partially not used, 4 - is used, 5 -is used to a large extent).

*Table no. 1.1. Factors determining integrated management*

Areas of integrated management	Degree of mastery				
	1	2	3	4	5
<b>Inter-organizational cooperation</b>					
Does the enterprise use external development methods	X				
Are there strategic alliances	X				
Is there cooperation with external enterprises			X		
<b>Organizational structure</b>					
Is the organizational structure complex	X				
Is there tight hierarchy	X				
Are decision-making rights distributed at various levels					X
Is formal power used	X				
Is the structure rigid	X				
Is the structure flexible					X
<b>Internal cooperation</b>					
Is there cooperation in the enterprise					X
Is power focused at the very top	X				
Is power used	X				
Does the management have a developed authority					X
Is professional knowledge used instead of power				X	
Do employees have knowledge and is it appreciated					X
<b>Organizational culture</b>					
Are all persons in the enterprise aware of the significance of innovation and do they take risks					X
Is attention paid to details		X			
Are actions focused on results				X	
Is the management oriented on people					X
Are people in the organization understanding					X
Do people in the organization show aggressive behaviour	X				
Does the enterprise aim at maintaining the present situation				X	
Does the enterprise care about development					X
Do all persons in the enterprise know and acknowledge a set of basic features (values) appreciated by the organization					X
<b>Strategic orientation</b>					

Areas of integrated management	Degree of mastery				
	1	2	3	4	5
Is there a strategy developed in the enterprise				X	
Is the strategy known to all persons in the organization					X
Is the strategy systematically implemented					X
Is the strategy of action dynamic		X			
Are customer needs analyzed					X
Are the enterprise's actions unique				X	
Are there changes introduced in the enterprise					X
<b>Decision-making</b>					
Are decisions made individually	X				
Are decisions made in groups					X
When defining variants of solutions, is paid to rules		X			
Is making a decision oriented on rules		X			
Is making a decision oriented on results				X	
<b>Management style</b>					
Is there bureaucracy in the enterprise	X				
Are there many procedures	X				
Are actions undertaken in a certain manner			X		
Are innovations implemented					X
Do employees submit their ideas					X
Are employees' ideas implemented					X
When an idea brings an adverse effect, does the management draw consequences	X				
<b>Possibility of implementation</b>					
Is work performed individually		X			
Do people have the tendency to form groups					X
Is there teamwork in the enterprise					X
Is there exchange of knowledge between all persons in the organization					X

Source: own study

When analyzing the data contained in Table no. 1.1., it can be noted that inter-organizational cooperation is not present. The analyzed enterprise does not use external methods for development (mergers, acquisitions and strategic alliances). Cooperation with external enterprises was appointed grade three. Information regarding this area was supplemented during an interview. Cooperation with other enterprises should be understood, e.g. as cooperation with restaurants, the confectionary delivers cakes to the restaurant, but in return recommends the restaurant to its customers.

When analyzing the area of organizational structure, it can be noted that the structure is not complex, there is no tight hierarchy, and formal power is not used. The conducted research shows that organizational structure in the analyzed confectionary is flexible, and decision-making rights are distributed across various organizational levels. In the owners' opinion, there has never been a complex organizational structure in the enterprise. The confectionary has one management level – the owners and subordinated employees. The employees are divided into two sections – production and sales. However, each employee knows what tasks they have to perform and what they are responsible for. There are no strict hierarchical dependences between the owners and the employees. It may, therefore, be concluded that the structure is flexible and one may quickly respond to changes.

Another area covered by research is internal cooperation. When analyzing the research results, it can be noted that power is not used in the analyzed confectionary. On the other hand, there is cooperation between employees. Persons in the confectionary gladly share knowledge, submit ideas, and the management appreciates the ideas reported by the employees. The personnel's actions are based on exchanging their views; they often work together on improving the product.

Group decision-making is of significance in the analyzed enterprise (e.g. when the introduction of a new product is planned, all employees work on what kind of product that should be, and the sales department precisely transfers information obtained from customers). To a large extent, decision-making is based on results, namely the analysis of results a given decision will bring, not on rules and procedures. In the owners' opinion, they never were supporters of bureaucracy and formalization and actions were always undertaken in a natural manner. Currently, HACCP is being implemented in the confectionary, and this is strict bureaucracy, as the owner says. If one were to base on all adopted rules and procedures when making decisions, there would be a risk that the decision would never be made.

Strategic orientation in the enterprise is worth paying attention to. The confectionary develops a strategy which is known to all employees and is systematically implemented. In the strategy, there are also unique actions (e.g. free ice cream during Children's Day have become a tradition in the city. This year, the campaign did not have to be announced because every child knew that there would be delicious ice cream). The enterprise's mission is also



defined: quality, price and customer. This means that each person employed in the confectionary knows that the products have to be of the highest quality for a moderate price, tailored to the customer's needs. The customer is most important for the confectionary, because his/her satisfaction determines the achievement of sustainable competitive advantage.

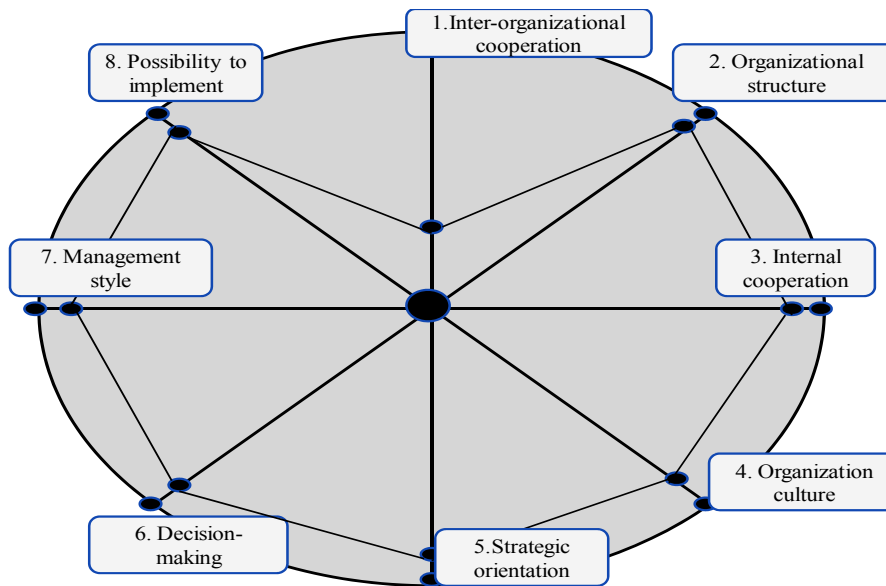
When analyzing the management style in the confectionary, it should be stated that innovations are being implemented in the enterprise for a dozen years. First, the store's decor and modern cooling shop windows have been taken care of, then equipment and machines were replaced, the washing stand was equipped with a modern industrial dishwasher and cars were purchased. In the owners' opinion, each year the summer season begins with the introduction of a novelty, e.g. cone ice cream, ice cream cups, shakes, ice cream beverages. The owners evaluate the implementation of product innovations as a difficult and laborious process. If two out of ten new products are accepted, this is a success. However, the owners and the team are not discouraged from introducing continuous changes. The owners along with the team have a very interesting philosophy of operation; they analyze both successes and failures. If a certain product is successful, sells well, then the question for the reason is asked and, on this basis, other products are created. On the other hand, some failures are never resolved (e.g. waffles were not a sales success in the confectionary. Despite many attempts and marketing campaigns, nobody wants to taste waffles. The reason for this may be a very wide selection of ice cream, cakes and cookies. This determines the fact that people do not buy waffles). As it has already been mentioned, bureaucracy is not present in the enterprise, actions are taken in a specified manner but this results from the fact that everyone knows what they are supposed to do. The owners' management style is democratic with a tendency towards liberalism but this is a result of long-term work in the organization. Each member of the organization is familiar with the boundary they cannot cross, and the team always performs the tasks exceptionally well – the owner observed in the interview. Penalties are not used in the enterprise but the team is often rewarded with a "thank you" or a praise.

All of these described actions, experience and 50-year tradition have created a very strong organizational culture in the confectionary. Everyone in the enterprise knows that innovations should be introduced and risks should be taken. In the case of failures, everyone pays the price, but everyone also puts their effort to cure the confectionary when it is in crisis.

The enterprise has a very high focus on people, fluctuation is almost zero, and employees have been working in the confectionary for fifteen or twenty years (that is from their practical vocational training). All members of the organization understand one another; they do not compete with one another but always support one another. The enterprise aims at maintaining the present situation but it also cares for development. The fact that care is taken of the present situation and development rather than only development may be surprising here. However, the owners are aware of the environment's turbulence and that competition is hard. Therefore, they take care to maintain the competitive position which has been achieved but they also undertake actions to strengthen it. In the confectionary's culture it is very important that each employee knows what the set of values appreciated in the organization is and everyone also acknowledges these values, shares them and cares about them (e.g. mutual respect, care for quality – there is a general principle that everyone in the enterprise will eat any product which is offered for sale. If, on the other hand, they hesitate, this means that a given product should be withdrawn because, for example, it is not fresh, and such actions result in the fact that only tasty and fresh products are offered for sale).

The activation of the core of competences is the last element of integrated management. Activation to action in the analyzed confectionary is performed through teamwork. Persons working in the confectionary unanimously claim that they are one big team where everyone may count on anyone else.

On the basis of the conducted analysis of the elements of integrated management in Magdalena confectionary, a model indicating the integration of particular elements and the level of their mastery in the analyzed enterprise has been drawn up. This model has been shown in Figure no. 1.11.



*Figure no. 1.11. Integrated management in Magdalena confectionery*

Source: own study

When analyzing Figure no. 1.11., it can be noted that there is a bundle called the winning concentration in the confectionery. This means that all elements of integrated management in the enterprise operate in a proper manner. Inter-organizational cooperation awarded grade one indicates that the enterprise does not use external methods for development but this results from the fact that it is small. The confectionery's owners do not plan to use these methods. They claim that they have their own strategy of operation which they are implementing. They see the confectionery in a comprehensive manner, treating it as an organism. They claim that the enterprise is a team of mutually related cells, systems and organs. When one organ starts to be sick, the whole organization is sick, just like in the case of organisms. Therefore, care should be taken to connect all elements, organs and systems. Care should be taken of any organ in the enterprise, because only a holistic approach, caring about the customer and employees as well as innovations will ensure survival and even development to the enterprise.

Using the profile of strategic moves, it can be stated that operation in the enterprise is integrated, based on professional authority of the management which has been earned, there is cooperation between all persons working in the confectionary and cooperation with the management is also visible. The confectionary may also be called a learning organization because all members of the organization care about innovations, take risks, exchange knowledge and aim at development in their actions.

To sum up this part of the discussion, it should be stated that the winning concentration which is visible in Magdalena confectionary results in the fact that the enterprise is successful and evolves. However, it has been developed throughout a few dozen years of the confectionary's operation. The analyzed enterprise has a 50-year long tradition; it has been run by its present owners for 20 years. It is worth mentioning that this is a family enterprise and some features and values have been recognized and practiced in the confectionary for decades. Elements of integrated management in the confectionary are related, they condition one another and that is why all take care of their integration.

## ***2. Conclusion***

To sum up the discussion concerning the analysis of the idea of integrated management, it should be noted that this concept seeks to integrate the rational and emotional systems. Thus, it may be stated that the carriers of both levels of the organization and, at the same time, elements integrating and conditioning the possibility of the concept's implementation, are members of the organization, characterized (in various situations) either by the dominance of emotional elements or the rationality factor.

It can be noticed that both planes cover each other in a fully integrated organization. By combining them into one formula, one reduces the number of processes, their time and costs, and thus increasing the organization's effectiveness. Integrated management may therefore be considered as, in fact, based on a network formula, identifying two dimensions including the mission, the legal form or the organization's culture. The listed factors will thus be the equivalent of the normative dimension. The strategic dimension may be identified with strategic programs, structure, management system or organizational behaviours which are then translated into operational actions. The multidimensionality indicated in the conducted analysis and its strategic integration create the basis for shaping holistic concepts and their

components, on the basis of which one may speak about the attempt to implement them in business practice.

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