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SUPPORT OF QUALITY MANAGEMENT SYSTEM AND BALANCED SCORECARD IN THE INTEGRATION OF NORMATIVE, STRATEGIC AND OPERATIONAL MANAGEMENT

Abstract: Taking into consideration the problems of strategy implementation, as well as problems of external adaptation and internal integration in the enterprise, through the prism of the application of advanced management concepts, primarily - the quality management system (QMS) and the balanced scorecard (BSC), leads to the opportunity to increase the integration of organizational levels of decision making and management. Understanding the support of the QMS and BSC in relationship coordination - business strategy, organizational structure and culture, is reflected in the integration and process management dimensions: 1) the existence of a hierarchical order of the strategic actions (from vision and mission, to strategy and objectives, to key success factors and key performance indicators), 2) action of various coordination mechanisms, formalization and standardization of the organizational structure and process and 3) consistent understanding and values of members of the organization, which provides efficient control of behavior, coordination and implementation of policy and company goals. Implementation of concepts of QMS and BSC will provide greater compatibility and coherence of the normative, strategic and operational management, which will lead to more successful business, enterprise development and the satisfaction of all stakeholders.
Key words: Quality Management System, Balance Scorecard, normative, strategic and operational management, business strategy, organizational structure and culture

1. INTRODUCTION

When facing the problem of survival and successful growth of a company, the question of realization of business strategies, policies and objectives comes to the fore. Every organization seeks solutions of two groups of problems - external adaptation and internal integration. Our interest is in the internal integration, which consists of finding the rules, principles and instruments that will ensure smooth functioning of business activities and harmonious interpersonal relationships. Empirical studies

have confirmed that, in addition to other factors, ineffective coordination between functions and operations of the company contributes to poor strategy implementation as a main cause of failure. The question is how to use Quality Management System (QMS) and Balanced Scorecerd (BSC) to integrate organizational levels of decision making and logical aspects (dimensions) of management, that will contribute to effective strategy implementation.

2. LEVELS OF MANAGEMENT AND ORGANIZATIONAL INTEGRATION

In general, three key areas can be identified in the company and within the management process, differentiated at each level of the organizational-management activities (Kast and Rosenzweig, 1979):
1) technical level, which is tasked with carrying out business process activities,
2) organizational (administrative) level, which mediates between the technical and institutional levels, and
3) institutional level, with the task of establishing the relationship between organization and its environment.

Operational management, regulating the ongoing activities in the technical subsystem, refers to a set of business functions (marketing, logistics, manufacturing, accounting, etc.) performed on the physical, i.e. logistical operations system level. The area of strategic management in the middle - organizational and administrative level, as an intermediary between the institutional and technical levels, aims at integrating the inputs to the system (material, energy and information) and its transformation flows through the technical subsystem. Normative management includes establishing relationships with the environment, i.e. it covers the institutional level, which has the task of connecting the company with its environment rationally.

Management Level	Tasks	Mode of Action	Control Instruments	Decision Types	Horizon
Institutional (normative, political)	Adaptetion to the environment, removing uncertainty	Strategies, Policies	Pilosophies and concepts	Legal – administrative, nagotiative	Long-term
Organizational (administrative, strategic)	Coordination (integration)	Development Programs	Norms, procedures	Compromise, creative, non-programed	Short-term and long-term
Technical (operational)	Technical rationality	Manufacturing and services	Operating procedures and instructions	Programed, routine, automatic	Short-term

Figure 1. Characteristics of organizational-management levels (adapted from Kast and Rosenzweig, 1979)

All three levels at which decision making takes place and planning is done, operate on different time periods in the future, using different sources of information. Contacts between them largely come down to meeting the goals and reporting on the completion of certain activities and the achievement of interim targets and ultimate objectives. Therefore, those are the three basic organizational levels, which can be considered to be relatively independent in their functioning, and their mutual interaction is a function of compliance and monitoring performance, so that unwanted departures and conflicts would not appear.

In order for a company as a whole to function effectively and accomplish established strategy and goals, it should have effectively linked and integrated organizational levels of decision making and planning.

Integration is defined as "achieving unity of effort among different

S. Živojinović, A. Stanimirović

organizational units (subsystems) in realizing a common task (goal)" (Lawrence and Jay, 1967). Success of a company depends to a large extent on the establishment of integration mechanism and its effectiveness. Instead of the term integration, the term coordination is often used. Activities of any organization are interdependent and therefore units in which these activities are carried out must be coordinated so that the "organizational units connect synergistically" to ensure the functioning of the structure as a whole and the realization of organizational goals.

Coordination mechanisms, a.k.a. connection mechanisms, which company uses, are "an integral part of the organizational structure focused on the integration of cooperative work toward common goals" (Mintzberg, 1979). Coordination is focused on establishing links between tasks and activities. It is a process of integration and synchronization of efforts in the organization, to ensure unity of action toward a common goal.

Coordination demonstrates the degree to which members of different subunits work harmoniously, in an atmosphere of cooperation in achieving the goals of the organization as a whole. The coordination mechanism is a set of resources which are used in an organization to achieve a harmonious operation of its parts. Coordination mechanisms in organizations achieve control of their parts, communication between them and putting organizational goals above individual or subunits' interests.

Coordination as a continuous process is actually a dynamic adjustment in the organization's management process. It is viewed in broad and narrow context, when it includes integration of the organization with the environment and other organizations, then the smaller units within the organization and finally coordination between the people working on different tasks and technology (Atchison and Hill, 1978).

In today's business environment, increasing activity i.e. volume of tasks by number and spatial dislocation with a pronounced interdependence to be aligned in time and space, there is a problem of coordination, which calls into question the effectiveness of the organization itself. Poor coordination or integration of the company slows the decision-making process down and thus reduces the responsiveness to changes in the environment, restricting the capacity for information processing, which in turn threatens the ability of a company to deal with uncertainty in the environment (Lawrence and Jay, 1967).

3. ADVANCED MANAGEMENT CONCEPTS (QMS AND BSC)

Managing through quality is a philosophy that is operationalized through the concept of QMS - Quality Management System (formalized through ISO 9000 family of international standards). It is defined as a management system in which the organization is run by and operated from the standpoint of quality. For successful implementation of process approach, "planning - execution - checking - acting" (PDCA) methodology is used. ISO 9001:2000 standard is the specification of requirements for QMS, which establishes policy and quality objectives, management responsibilities, documentation, evaluation process and continuous improvement in the realization of products, based on many years of experience in building global business systems.

BSC - Balanced Scorecard is a concept that stands out from the multitude of concepts for performance measurement and control of a firm; it allows determination of the effect of certain factors from the past to the present results, long-term monitoring of results and continuous compliance with the organization's business strategy. BSC offers performance evaluation with several balanced perspectives simultaneously

(Kaplan and Norton, 1992): financial, customers (and other interested parties), internal processes and learning and growth, instead of just one (financial). A balanced approach based on standards from these four perspectives identifies the characteristics of intangible assets and their compliance with the requirements of the strategy. Efficiency of internal processes directly depends on them. In turn, efficiency of internal processes directly affect the financial results through productivity and costs.

BSC can motivate and initiate significant improvements in critical areas of business such as the product, process, customer and market development. It focuses on those components of business which are important for realization of the strategy and goals. BSC focuses the attention of top management to results management starting from the employees who can take initiative to improve internal business processes, on the one hand, and the demands of consumers, on the other. From the perspective of learning and growth, attempt is made to determine knowledge, skills and values of employees that will enable successful performance of internal processes activities planned by the strategy, attain satisfaction of customer expectations and create added value. Learning and growth are key to strategic success and the foundation for the future. The main reason for the strategic success of the company is in its people, where innovative and creative people are the only secure source of long-term success and competitiveness, because every other aspect of the organization can be copied by the competitors.

It can be argued that there is substantial agreement between the philosophies of quality management and BSC concept, and that it can be effectively integrated with other management systems. Comparing BSC concept and quality programs, one can see similarities based on the expectations that employees will participate in achieving the goals, if they become acquainted with them and if they take part in their establishment.

Both approaches see staff and technology as improvement champions. In contrast to the pursuit of continuous improvement in QMS that will lead to success, BSC aims at large improvements that can be done in the long or in the short term. The focus of interest in quality management, the customers and internal processes, represent two perspectives of BSC. Both approaches start from the effectiveness and efficiency of internal processes, which play a key role in satisfying customers, but also in achieving the overall business results (Gopal and Moure, 2001).

Technology of BSC, which is related to budgeting, resource allocation, coordination of lower level objectives, reporting, review and so on, coincides and corresponds with the principles and requirements of ISO 9001 enables attaining policy and quality objectives. Adding financial indicators to quality programs, the management geta a true picture of the effectiveness of efforts made toward improvement. On the other hand, quality programs can provide a significant contribution to the implementation of BSC, by improving performance of key processes, adoption of "best practices" in the processes of execution, orientation of employees toward satisfying customers and the like.

4. INTEGRATION OF LOGICAL DIMENSIONS OF MANAGEMENT SUPPORTED BY QMS AND BSC

4.1. Harmonization of business strategy, organizational structure and culture in acheiving successful performance

The essence of management dimensions integration is reflected in harmonization of strategies (or, in general, managerial activities made through policies, strategies and goals), organizational structure and culture (in general, organizational behavior),

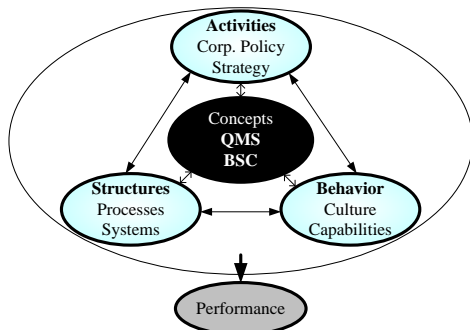resulting in their interdependence, as confirmed by numerous empirical studies.

Figure 2. Organizacinal Variables and Performance

(Bleicher, 2004) Putting QMS and BSC concepts in the spotlight, i.e. their introduction into the "magic triangle" strategy - structure - culture, conditions are created tor these advanced management concepts to act as "catalysts" and indirectly influence business performance. Elements of the QMS and the four perspectives of BSC are related to activities bound to strategy, organizational structure (and processes), organizational behavior (with the most important element - culture) and business results (success rate, development and stakeholder satisfaction).

When it comes to integration, it is carried horizontally and vertically throughout the entire network of normative, strategic and operational relationships. Horizontal integration means that all the "instruments" and the resulting structural and personnel activities are grounded in organizational behavior. Thus, for example, company policy and business objectives depend on the corporate structure and culture. Vertical integration involves consistent transformation of the normative into strategic and the strategic into operational content. Specifically, managerial or cooperative behavior is determined by the strategy-oriented management concept, that can be determined from normative context (culture). Further consideration (Bleicher,

2004) relates to three areas, which include important aspects of integration:

- *Activities* - concretizing strategies and policies of the vision and mission of the company, through strategic programs, which are finally implemented as an operational command;
- *Structures* - this aspect involves management structure, which is implemented through all three dimensions, through the organizational structure, management system and information system, and
- *Behaviour* - effect on the behavior of members of companies in the interaction of values (culture), strategic thinking and learning, as well as the orientation towards efficient work in operational terms.

4.2. The hierarchical order of procedure and the implementation of strategic activities from the vision and mission, to key success factors and performance measures

The company is seeking answers to rapid changes occurring in their business through the process of strategic management, as a concept which is designated (and maintained) in the relationship of the organization and its environment, expressed through use of selected targets and in an effort to achieve the desired state of relations through allocation of resources that allow successful organization programs of action (Schendel and Hatten, 1972).

This process, in its strategy formulation phase, involves planning as a hierarchical process that starts with defining the mission (purpose) of the company, specifying goals, developing strategies and setting guidelines for policy (regulatory level). The implementation phase activation of strategies and policies is carried out on the basis of program development, budget and procedures (strategic level). In the evaluation

and control phase, activities of the company and the results are monitored, so that they can be compared to plan. This phase is implemented, as well as planning, at all levels, from the normative to the operational

and includes four main groups of resources: physical (supplies, equipment and quality), human, informational and financial, from which it can take corrective action (Wheelen and Hunger, 1989).
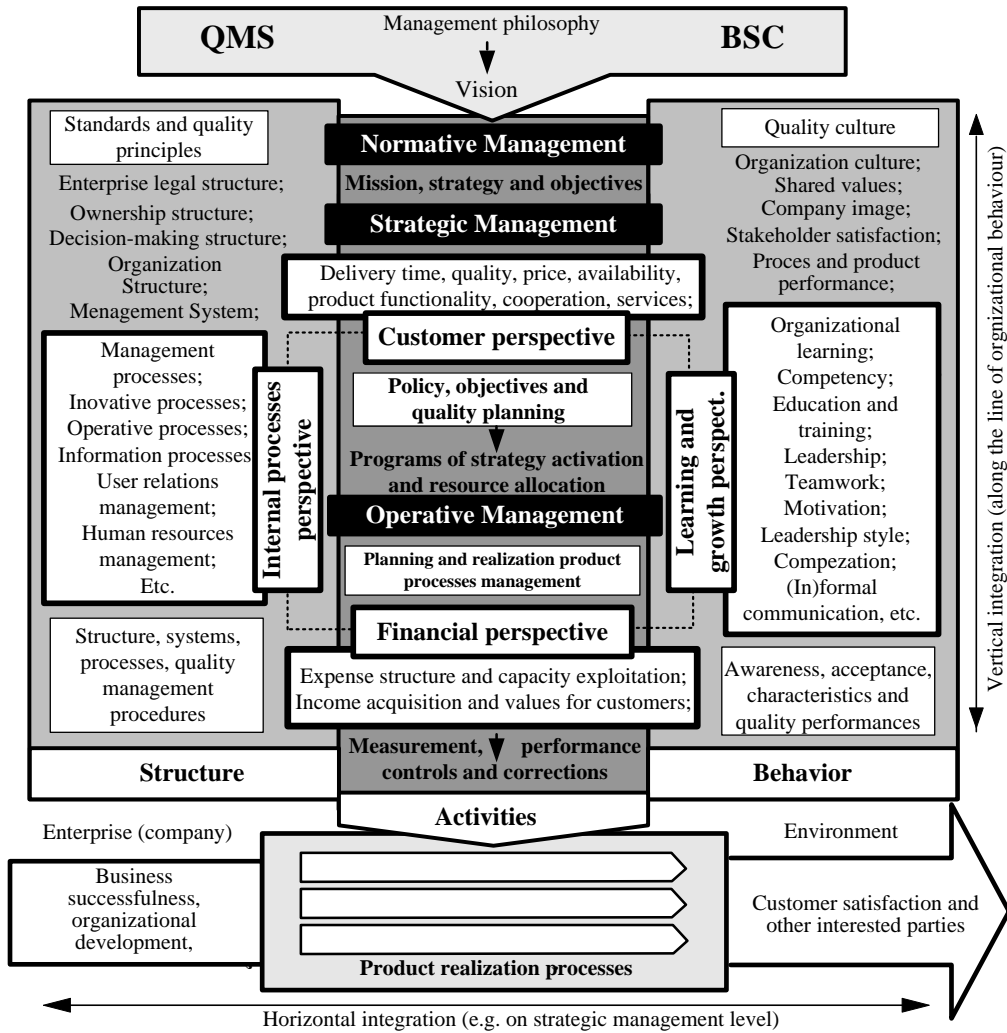
Figure 3. Organizational integration with QMS and BSC support (adapted from Bleicher, 2004; Seghezzi, 2003; Živojinović and Stanimirović, 2007)

It should be noted that decisions in the organization are made on the basis of measurement, which is always done on a hierarchical level lower than the level at which the decisions are made. Political decisions are implemented by the strategy, strategic decisions by the structure of

resources, decisions about the structure of resources by decision-making at the operational level and through the realization of the fundamental processes of the organization. Looking at those involved in the administration and management decision-making processes, one can

hierarchically divide: the owner and top management deciding on policy and strategy of the organization, middle management, which decides on the allocation of resources and first line management to decide on the distribution of operational tasks.

In the process of development of BSC concept from its original purpose, it becomes the cornerstone of strategic management. For successful implementation of the strategy in an organization, the following key principles of the organization (Kaplan and Norton, 2000) are given: Formulation and implementation of the strategy as a continuous process; Translating strategy into operational programs; Routing the organization towards a defined strategy; Implementation of strategy as a daily work of all employees; Encouraging changes from the top.

	PDCA	General Management Activities, Activities **Quality Management System – QMS** (acc. To ISO 9001) and *Balanced Scorecard - BSC*		PDCA
Normative Menagement	Plan ⇩	**1.** Identification and analysis of strategic opportunities based on external end internal factors of environment and organization; Identification of strategic problems and pondering possible solutions;	**5b.** Management review, analysis, corrective and preventive action, continual improvement; *Revision of BSC and strategic plan, rewarding.*	Act ⇧
		Definition of vision, mission, general oblectives, strategy and policy **2.** **Quality management prilciples acceptance, quality policy and quality culture definition;** *Attaining consensus on vision and strategy, identification of critical perspectives, formulation of objectives in each perspective;*		
Strategic Menagement		Establishment of development programs for strategy activation, **3.** shaping organizational structure and management systems **Establishment of customer and other stakeholder needs and expectations, objectives, plans and responsibilities for quality;** *Relating objectives to strategy at company level with objectives and strategies of its parts, identification of critical success factors;*		
Operative Menagement	Do ⇩	Providing required resources, prodict realization planing, **4.** manufacturing and delivery process management **Quality training, identification, formalization and standardization of processes, documentation and application of QMS procedures;** *Formulation of strategic and operative plan (precise definition of objectives, strategic initiative harmonization, resource allocation, key performance indicators definition;*	**5.** **5a.** Customer satisfaction and process and product monitoring and measurement, internal audit; *Statusmonitoring, reporting and performance appraisal;*	Check ⇧

Figure 4. Complementarity and consistency of managerial activities

The relationship and influence on the BSC strategy (or management actions in general) can be expressed as follows (Kaplan and Norton, 1992; Kaplan and Norton, 2000; Kaplan and Norton, 1993): source point of BSC is the vision and mission of the company, they ensure that many efforts and activities of the company unite towards one goal which largely increases the probability of success; the strategy should demonstrate how the management of the company plans to achieve its vision and mission.

Strategy should focus on three areas: the choice of business areas in which the organization will perform its business activities, the way the organization will achieve competitive advantage in selected areas and the criteria for resourc allocation. Like vision and mission, strategy should be clear, formalized and known to most employees. BSC ensures that the strategy is clear to all employees. After identifying vision, mission and strategy, the objectives of the company are defined. At this stage, BSC requires that the company's vision and mission be translated into goals, but in more

than one perspective in parallel. It is understood that vision and strategies are to be concretized not only in financial, but also in the areas of consumer (user), efficiency of internal processes and innovation and development (four perspectives).

Integration of planning the organization strategy at the corporate level and performance measurement is essential for such a system to adequately serve in the control of strategy realization. The purpose of strategy planning is to define the relationship between the organization and its stakeholders through the appropriate strategy. Different market situations, different product strategies, different competitive environment, require every organization to create its own BSC, or to make an adequate selection, proper measurement and monitoring of key quantitative and qualitative performance measures. This is because the relative importance of individual criteria is not the same in all organizations and is determined by the nature of the activities of the organization and activities of the hierarchical levels of management.

BSC primarily helps in monitoring and controlling the implementation of a strategy in a given time period, as well as in formulating and redefining strategies. Linking BSC as a measurement system with strategy stems from the process of developing and reviewing of the balanced scorecard, with the vision and mission translated into a set of objectives upon which key success factors are identified, which can then be translated into a series of key performance measures of strategy success: Vision and Mission → Strategy / Goals → Key Success Factors → Key performance measures.

BSC focuses the attention of management to performance management; focus on the user can increase organizational flexibility in modifying strategies in response to changing environmental conditions. Through its management processes, BSC enables integration of all levels of decision making in the organization in the process of planning, i.e. formulating and implementing measurement strategies, performance control and feedback.

4.3 Effective coordination mechanisms, formalization and standardization of the organizational structure and business processes

Indicator of the degree of integration, both within and between organizations, is coordination, and its various mechanisms are to ensure that this is achieved. The following mechanisms of coordination (Mintzberg, 1979; Mintzberg, 1989) are commonly considered: negotiation with one another, i.e. compliance (Mutual Adjustment), direct control - surveillance (Direct Supervision), standardization of work processes (Standardization of Work Processes), standardization of work outputs - output performance (Standardization of Work Outputs), standardization of human skills and knowledge (Standardization of Worker Skills) and standardization of norms of conduct (Standardization of norms).

The basic tool for implementation of coordination mechanisms in the enterprise, as organization elements of structure, the so-called lateral connection (Lateral Linkages), including planning and control system (as a means of achieving standardization) and connections (Liaison Devices), as a means for mutual reconciliation.

The communication means include the "liaison jobs" (Liaison Positions), various types of temporary and permanent working groups or committees (Task Forces and Standing Committee), "leaders of the integration" (Integration Managers) with constant and variable matrix structure (Permanent and Shifting Structure Matrix) (Mintzberg, 1979).
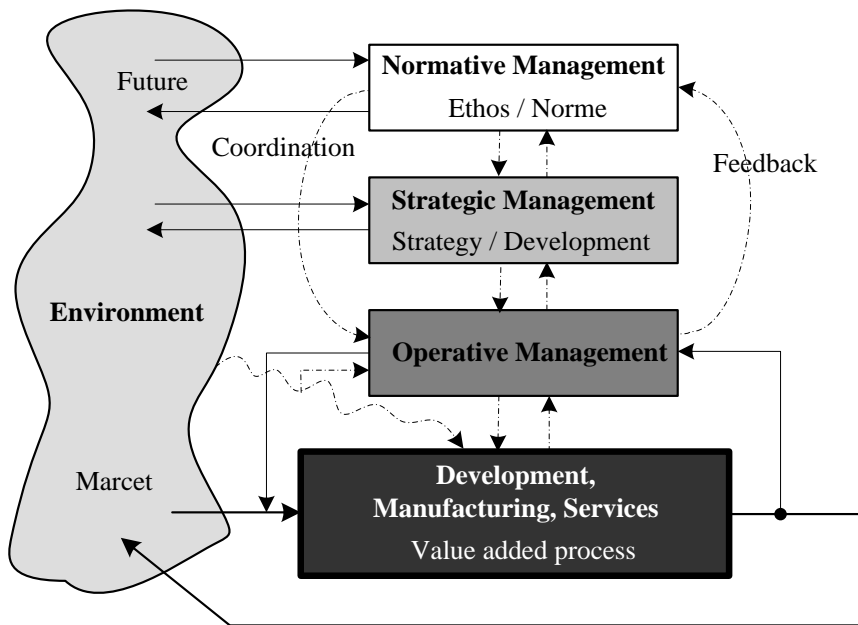
S. Živojinović, A. Stanimirović

Figure 5. Process Management Model

Coordination of mutual harmonization is achieved by informal communication processes. Direct control means that a worker takes responsibility for others' work, standardization of work processes is achieved by balancing the work content and programming, standardization of output by equalizing characteristics of the output result of balancing the production, standardization of worker's skills and knowledge by unification of training through which the worker has to go, and standardization of behavior by development of corporate culture.

Process standardization is based on procedures and programs as the mechanism for this type of coordination. Standardization of output and knowledge is performed (formalized) with plans and goals. Standardization of norms is the control of and influence on the actions of employees, it governs the operation of the entire organization. Socialization is used to establish the shared values and beliefs that people are working toward common expectations. This is a form of direct coordination (Mintzberg, 1989). In stable conditions (repetitive and predictable), mechanisms of structural coordination (through standardization and the plans) can also have an effective role, e.g. when it comes to achieving synchronization of workflow within the organization and between the smaller units (lateral coordination). The vertical coordination is achieved by means of chains of transmission of orders and sistemic mechanisms (order unity and control width) based on the use of authority. Enforcement of authority through rules, procedures, policies, regulations and similar activities help vertical coordination. However, this type of coordination provides the least amount of flexibility, making it unsuitable in terms of dynamic and uncertain environment. It also has very unfavorable influence on employee satisfaction.

Organization that operates in dynamic situations needs other means of coordination with the complex and expensive flexible form. In such cases, horizontal coordination can be achieved by determination of integration liability of persons in smaller

organizational units or those who occupy special positions for such purposes (coordinators, liaison officers, etc.), as well as integrative mechanisms such as coordination departments, permanent integration teams and direct contacts of managers at all levels.

A special aspect of the problem of coordination is the role of behavior formalization. Formalization (as a reflection of relations, functions, policies, procedures and other items in organizational structure) represents a degree of normative prescriptions of policies, procedures and rules of conduct (Lawrence and Jay, 1967).

Organizations formalize behavior so as to reduce its diversity, predict and control it. The primary motive is to coordinate activities (Mintzberg, 1979). The formalization exists when behavior of members of the organization is prescribed in advance, based on formal (written) procedures. Higher formalization is useful in stable conditions, in environments with high certainty, regulatory and repetitive technologies, strategies based on efficiency, as well as in the case of large and mature organizations.

Increasing the size of the organization multiplies the number of operations, thus creating the opportunity and need more intensive specialization. Thus a basis for standardization and formalization of the process is created, because they are the only mechanisms that can ensure effective monitoring and coordination in terms of a large number of activities. Rules and procedures (written communication) establish the required behavior of each member of the organization. This way the basis for their predictable behavior as well as control is established, which enables the development of behavioral discipline and elimination of conflicts. In other words, bureaucratization of the structure is the only rational solution for a big company which is able to overcome the mass of operations and processes and achieve significant efficiency. However, it is this very specialization,

standardization and formalization of activities, the depersonalization of relations, precise delineation of rights and duties of members of the organization and almost obsessive control, that prevents any kind of creativity and innovation in the organization.

It can be concluded that with the frequency of occurrence of the same problems and solutions to harmonize activities in the course of time, increases the justification for standardization of applied solutions. In the highly specialized and formalized structures, standardization of connections of work and workers is justified. When the activity is cyclic and occurs frequently then the coordination is achieved by standardizing work processes. This means that precise work procedures be formalized, with resources available, expected results, standards and so on. A typical example of this coordination mechanism are QMS procedures. If deviations from adopted standards are necessary, corrective actions or foreseeable interventions are taken.

4.4 Corporate culture as a function of organizational behavior in the coordination, control of the behavior of employees and implementation strategies

Corporate culture is increasingly more notable as an important dimension of organizational behavior and a key component of business agility of an enterprise in the modern economy. It is defined as the model of basic assumptions, values and norms, that a certain group of developed or discovered by learning how to solve the problems of external adaptation and internal integration, and that function well enough to be transferred to the new members of the organization, as the correct way of thinking and feeling about these problems (Schein, 1985), or a stable set of values, attitudes, norms of behavior, symbols, rituals and history, which operate under the surface of "formal" and has a strong influence on organizational behavior.

	Normative Management	Strategic Management	Operative Management
Goal	• Legitimacy—to fulfill a purpose at the service of a larger whole (Long-term viability and development)	• Relates to Effectiveness—to do the right things	• Relates to Efficiency—to do things right
Variables	• Identity and vision • System ethos (openness) • System structure • System culture	• Core competencies • Customer relationships • Problem solutions • Technological support • Critical success factors • Competitive position • Collaborative position	• Customer benefit • Profit, cash flow • Productivity • Throughput
Culture and System Structure — Practical Application	• Identify the tacit versus spoken values, norms, and assumptions of the organization. • Find ways to recognize incompatible values and strategies simultaneously and buffer their effects. • Support realistic and flexible norms and rules. • Manage deviant behaviors while managing the politics. • Support the access to and flow of information needed. • Support the vision and desired culture for the organization. • Allow flexibility for bringing the right people to the table as needed for decision-making. • Can be transformed under conditions of change and stress.	• Apply complexity to system design—build in redundancies and procedural counter checks. • Focus on strategies and competencies of resilience—ways to circumscribe, cope with, and contain failure. • Standardize critical processes and invest in technology that supports automating routine work. • Know when and how to create strategies to compete versus collaborate to gain advantage for mission and vision achievement.	• Develop processes that result in the ability to act on the subtle symptoms quickly. • Cultivate and reward sensitivity and attentiveness. • Create effective feedback loops. • Implement efficient communication mechanisms between employees. • Focus on standardization and process improvement.

Figure 6. Contemporary (intelligent) organizations' characteristics and principles of shaping, based on logical dimensions of management, from organizational culture and structure point of view (shown according to Schwaninger (2009))

The basic functions stand out in terms of purpose of organizational culture, when it comes to the problem of integration: orientation (the degree to which it creates clear objectives and purposes of enforcement), integration (the degree to which orgnizational parts work in a coordinated way), contact of management (the degree to which managers provide clear communication, assistance and support), control (the degree of applicability of the rules and guidelines), communication (the degree to which organizational communications are restricted to formal control system) (Robbins, 1987) etc.

The influence of organizational culture on the functioning of the organization is reflected in terms of its integration, primarily as a mechanism of coordination in the enterprise. A unique and strong culture means that there is a consistent system of beliefs and assumptions, which company employees adhere to in daily work and behavior; when they start from the same assumptions and values, the people in the organization are easier to understand and more effectively coordinated (Janićijević, 1997). Other important factors, such as: the ability of members of the organization to adapt to changing environments, an effective mechanism to control the behavior of employees and cut conflict in the organization back, better motivation, etc. also have an indirect impact on integration.

Cultural level and motivation of individuals are two important variables that influence the degree of coordination, which can be achieved through socialization and informal contacts. Social norms affect individuals by their behavior in the organization that focuses on running certain activities that are expected of him unattended and thus contribute to the achievement of effective coordination. Members of organization establish direct informal contact with each other depending

on their "social needs", which also affect their jobs.

They tend to use informal relations for directing the activities of others in order to fit in with their activities, or vice versa.

BSC effectively translates vision, mission and strategy of the organization into a transparent system of performance measurement and so employees can realize their goals and objectives of the organization, because they fully understand what is expected of them in their daily work. This concept allows for better implementation of strategy, primarily because it increases awareness and responsibility of employees, so that those without direct control of managers adjust their behavior to changing circumstances. Strategy becomes clear to employees as well as their their role and importance in the organization, which induces behavior change in the direction of increasing responsibility. They know what to do, what results are expected and how to influence the affairs of the organization in the present and future. Thanks to precise criteria, the efficiency of their work (as a percentage of actual against planned outcomes) can be determined, which is connected to the system of compensation (regular pay and reward), which motivate employees toward greater commitment and better business results.

5. CONCLUSION

Application of QMS and BSC concepts leads to connecting and aligning all levels of management and decision making in the organization (normative, strategic and operational), facing the complexity of different time horizons, planning and competence, with the philosophical basis and objectives of the company. Ther should be a proper balance and interdependence among these dimensions of management. Variables at a higher level have a more significant impact and different characteristics, when compared to the lower levels: the normative aspects of management have a significant impact on the strategic management - which has a significant impact on operations. Established BSC and QMS include and motivate managers and all members of the company for full commitment to the integration of organizational behavior by all management levels built through a strong process-oriented corporate culture.

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