

Significance of Management System for Effective Organizational Management

(Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall - S. R. Covey)

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Abstract — Management system is defined as a strategic process of an organization based on a comprehensive framework of instructions and well-designed set of guiding rules, for undergoing organizational operations for achieving organization targets. The set of directions included in the paper, refers to the key areas involved in effectively accomplishing organizational operational tasks. The conclusion of the paper highlights the key areas of management systems, management processes and the allied components of the PDCA model.

Keywords- Management system, performance standard, performance measurement, quality process, resource planning, continuous improvement process, corporate social responsibility, creativity.

I. INTROUCTION

Management system is defined as a function to utilize the combination of consciously designed processes and procedures so to guarantee an organization to achieve its objectives effectively (Anderson 2005). In the light of the definition, a management system is actually a strategic process of an organization which is based on a framework of instructions, followed by well-designed set of guiding rules, for undergoing organizational operations to successfully achieve organization targets. The set of directions, linked with the management systems, discussed in the paper, refer to the areas, focusing on the following areas; how the work should be done? What will be the key factors or functions for the achievement of organizational targets and Goals? Such key functions are the source of efficiency that further enhances the capability of an organization to lead effectively to achieve its targeted objectives. Management system supports an organization to work on the aspect of continuous improvement in its operational processes which is a key to the corporate effectiveness and sustainability.

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TABLE – I

RELATIONSHIP AMONG THE KEY COMPONENTS OF MANAGEMENT SYSTEMS

| Structure specific components | Function specific components |
|-----------------------------------|---|
| People, Machines, Materials | Setting organizational goals and objectives, Strategies, tactics, plans, Schedules and plans. |

THE SCIENTIFIC CONTRIBUTIONS OF THE PAPER:

- To highlight the significance of management system models with reference to the best corporate practices,
- To celebrate the effects of intelligent resource planning. Since, it is essential to arrange and allocate proper and helpful support facilities for the achievement of organizational tasks,
- To view the effectiveness and worth of business planning,
- To celebrate the worth of continuous business improvement process,
- To formulize the process of continuous business evaluation.

II. UNDERSTANDING THE INGREDIENTS OF MANAGEMENT SYSTEM

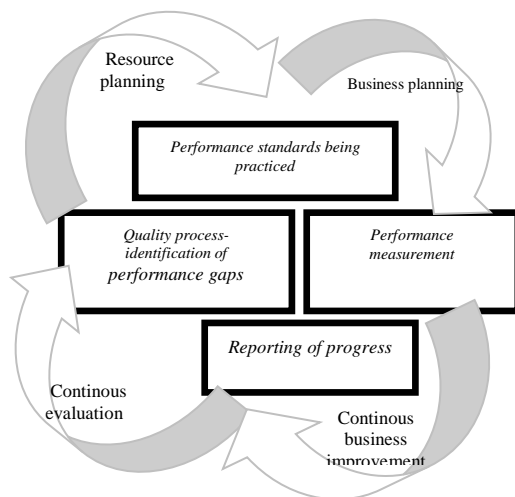
A. Management System Models

It is significant, in the overall management system, to have clear vision and exact directions with regards to key organizational tasks. It is also imperative to determine the main purpose and methodology for an organization, which is actually the basis for the organizational strategic planning (Armstrong 1986). It provides input to other related functions as well. Both “vision” and “direction” are correlated to each other. A goal that has been set already can be modified further through implementation of required alterations in the corporate directions (Olson

2012). Corporate goal can be improved or its scope can be enhanced manifolds, if so required to make the process more effective for the achievement of the target aims. Currently there are more than 400 management system models to assist modern day industries to transform themselves into corporate leaders. Almost all of the management models focus on the basic ingredient of management aspects which includes the principles of effective performance management to achieve industrial quality outcomes.

B. Key components for management system success

1. Performance measurement, reporting the progress and quality aspect- An effective management system provides in-depth guidance on effective ways of data analysis, methods to formulate organizational objectives or goals, the system techniques to incorporate improvements within the corporate policies and feedback systems to achieve effective work coordination between the staff and the management. A thorough probe, by the authors into the modern management system models, revealed that almost all models focus, primarily on four key functions namely; corporate performance standards being practiced, performance measurement, reporting of progress and quality process by identify the performance gaps.



(Fig.1 Ideal component combination for management system success)

1. Resource planning – It deals with the availability of funds, requirement of the support equipment and the man power issues. Without the proper planning in this area, the whole organizational process can be affected. It is essential to provide proper and

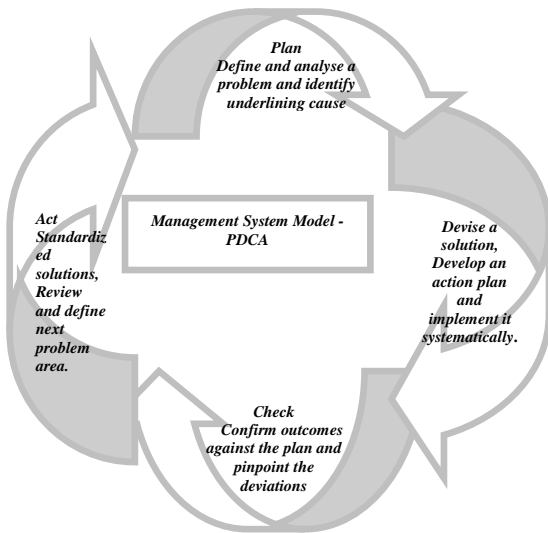
helpful support facilities for the achievement of organizational tasks.

2. Business planning – It refers to the planning area which is linked to the 'customer services' operations of the organization. Business planning includes the functions like development of better and attractive marketing and advertising policies and techniques to attract the target customers. Effective advertisement and marketing campaigns to introduce company's products are the source of business success and hence requires conscious planning.
3. Continuous business improvement process- An acceptable management system always includes a capacity to accept the new development(s) with in it (Mary, Deming 1986). It refers to the 'continuous improvement process', effectively installed within the management system. These developments or improvements are linked to the aspects namely; expertise of the company's board members or the employees to accomplish organizational tasks. Within an organization, professionalism and successful leadership quality is something highly desired. The leadership initiatives can either be offered by the board members or the employees. The increase in revenues and resources are highly critical issues and the main targets of the management system. For an organization the sufficient systemic revenue development must be done. It is highly recommended to have beneficial and up-dated policies to generate resources.
4. Continuous evaluation – To have continuous evaluation of each sector is a significant part of successful management system. These evaluations can be done in the areas of sales and product, organizational overall progress potential, skill set of the key position holders within the organization and in the end the evaluation of the overall organizational processes (Haller, H.S 1993). The management system allows such evaluations at any point of time to maintain the organizational image as well as to create future growth opportunities within the system.

A. Management System – A simplistic model PDCA

In the simple terms, the management system can be defined as four stage process PDCA model. It refers to the Plan- Devise- Check – Act, as management process chain, as introduced by Dr W Edwards Deming, who is considered by many as the father of quality control.

However, Dr. Deming used to refer the PDCA model, as "Shewhart cycle" (Deming, W. E. 1986), since the model has the conceptual similarities with Shewhart's defined three step process of manufacturing under control i.e., specification, production, and inspection (Shewhart, W. A. 1939). The following diagram explains PDCA model with specific focus on business continuity management philosophy (Haller, H.S 1993).



(Figure II: PDCA process theme- Plan-Do-Check-Act)

1. `Plan`- It refers to establish the objectives based on ones' organization's situation; set targets and develop strategic plans to achieve those objectives which are:

- Project initiation: definition and scope, project resource allocation, management support,
- Policy and management commitment,
- Risk assessment and impact analysis,
- Developing management strategies.

2. `Do`- Implement your strategic plans: Develop and implement operational and control strategies, plans, procedures and programs, including;

Awareness, competence and training strategies, plans and programs
 Definition of roles and responsibilities
 Communication strategies, plans and programs
 Allocation of human, physical and financial resources.

3. `Check`- Measure your results;

- Performance assessment and evaluation in addition to the system maintenance.

4. `Act`- Correct and improve your plans and how they are put into practice;

- Review and improve the management system to incorporate required adjustments based on the "Check" phase.

PDCA model is commonly combined with a process approach model (Mary W., Deming W. E. 1986) to ensure that the organization;

Identifies business continuity planning processes,
 Decides the order in which they are carried out,
 Provides appropriate resources,
 Establishes appropriate methods needed to operate and control planning efforts.

A. Management Process;

As described by W Edward Deming,

"Management Process is a continuous movement; with measurement as a key mechanism; however, decisions should be rational in accordance with information; and its examples are; a process of planning; controlling the performance or execution of any type of organizational activity etc. Management Process (Haller, H.S 1993) relates to the management's requirement for overall corporate planning, with efforts to have complete command over its operational processes and effective execution of the organizational tasks. This concept attaches with it-self the concept of continuous improvement within the organizational processes, on the basis of proper analysis, use of modern technology and effective measurement tools.

B. Process improvement models connected with management process;

C. Process Improvement model execute the 5 levels of improvement. Level 1 refers to the fact that how a project can be performed by analyzing the linked predictions (e.g., either it is predictable on unpredictable) and poorly controlled activities. (Anderson, C 2005) For a successful management process, an overall vision relating to the organizational tasks must be clear. Level 2 and Level 3 focus on the management of the enterprise and their practical experiences about the project. The project or task of an organization must be specified and handle with maturity.

D. Level 4 and Level 5 is related to the quantitative management and optimization. These levels are linked with the measurement of management processes and their ability to administer maximum control over the task management processes. Optimization refers to the improvement within the management process. The levels 4 and 5 of the model are directly connected to the ideas of continuous improvement in the management processes. It

includes the best strategies, with extremely relevant parametric recognition aspect.

- E. And lastly, (Dobb, F. 2004) it is imperative to mention the role of the European Foundation for Quality Management, (commonly known as EFQM), for imparting professional guidance to assist numerous companies in the field of quality assurance. The main aim of this foundation is to help the companies in improving their capabilities to achieve higher levels of performance. The foundation has its own criteria to judge the performance of an organization and provide it the flawless guidance.

F. Key Components of management process model

a) Aim or the proper awareness regarding the consequences; it leads the management process to its ultimate success. Having full knowledge and understanding of the business areas and business objectives are the success factors in the overall management process. In other words the relevant business knowledge provides an ability to control the whole managerial process. In an organization, management process is a central point that provides an ability to explore the expertise and skills available within the process.

b) Check and balance is a significant part of the management process. In an Organization, the function of "Check and Balance" provides an ability to take immediate corrective measures, if so desired or the situation demands. This can be possible on the basis of the collection of relevant data. Benchmarking and customer expectation leads towards the performance evaluation. Improvement and scope of Improvement are actually the measuring tools to judge the actual success of the management as without improvement an organization cannot match itself with the demands/standards of the market and the time.

c) Creativity is a factor that refers to the ability to innovate or to add new features in the management processes of the organization. Creativity is a key factor that usually guarantees the corporate success. Creativity can be installed at any aspect of the organizational levels e.g., it can be achieving the tasks in a new way or introducing a new technology or it can be a theme in the organization operations.

d) By looking at the Cost and performance-measurement it can be analyzed that purchasing department is equal to the operating budget for purchasing on the basis of purchasing amount. The models in Lecture 1 explained that if the process is "fault free" or flawless then the costs will be less. The customer's satisfactory rating is directly linked with the organizational ability of meeting the customer requirement.

III- DISCUSSION ON RESULTS

1) Acknowledging the role of management process; Real journey towards the success of any company, (Anderson, C 2005) is guided through the honest efforts by its management for the continuous self-improvement processes, self-assessment, adoption of best management practices and striving for disciplined and organized planning.

2) A process of self-assessment; done by a company, is a critical starting point for driving it towards the achievement of business improvement. Self-assessment can be defined as systematic, comprehensive, technical and periodic review that an organization undergoes to assess its operational functions and expected outcomes, supported by technical and quantitative models and tools.

The aim of self-assessment process is to clearly identify the areas where improvements are required. Hence, to make it possible for a company to intelligently and strategically plan improvement actions, this can then be monitored till the achievement of corporate goals or the desired progress level.

It is also imperative to clearly probe (Erica O. 2012), research and then define the business priorities to clinically develop the most appropriate business strategy to achieving the business success. The management, at this level, should understand the current strength, weaknesses, external forces posing threats and offering opportunities to the company. Fundamental concepts of excellence can be utilized as the benchmark to compare and visualize the true value and requirement of your company's beliefs and strategies to reach for the excellence.

Benchmarking, research and innovation are the key goals to reach for, towards the development of strategic corporate planning of high quality and to attain the overall success of the company.

The management should also involve and encourage its employees to achieve ideal harmony within the company's internal environment. It will not only further help in achieving the corporate in collective manner and spirit but will improve the effectiveness and efficiency among the performance level of the human resource it has. The satisfied employees are the best quality human resource a company can get as in some conditions they exceed their competence level due to their motivational spirit/emotional attachment towards the company. Employees are considered the "Internal Customers" so engaging them effectively, is the key for ultimate success of any company. The techniques to evaluate leadership qualities across the corporate environment, (Kazmi, A., Takala, J. 2011) with the help of technical, based on databases, most quantitative and specialized tools are extremely valuable in researching the goals and achieving

the most significant outcomes for the corporate success of the company. These are also considered very important in the management overall process.

It is extremely relevant and necessary for the survival and success of any company to reach for the maximum customer focus and customer satisfaction. Measurable proficient tools should be utilized continuously for the assessment of the interests, priorities, requirements, taste, expectation etc. of the customers to design and provide the right product and services at the most appropriate time.

Corporate Social Responsibility is another key concept to be adopted by the company, in its quest towards the achievement of success and continuous improvement. Every company, doing business in certain society has some obligations and responsibilities towards the society too. To achieve oneness and to affiliate it-self with the society, these social responsibilities, if performed effectively, can earn it-self more respect and tangible profits as well in return.

3) Good Governance is extremely significant towards the achievement of corporate success and continuous improvement in the company's life cycle. Good Governance describes an ideal level which is very hard to achieve in totality, even then to strive for it and ensure this ideal level of governance to implement in the cooperate environment can earn a company true success. It's one very simple example could be, where a member of a team, group or committee, with a vested interest in a case/ topic being discussed, would intentionally absent himself from the discussion and would not try to exert his influence for any favorable decision.

4) To utilize the highly innovative "Knowledge Management Tools" and striving for the technical tools for having the up-to-date "Market Intelligence" is a key for the corporate overall success. The Company should have a hawk eye on the latest corporate success stories, interviews of the relevant individuals, relevant publications etc. to extract relevant information and ideas for its own corporate success. The above referred techniques are considered highly valuable and useful tools in the effective

5) Management Process; With the help of these tools and techniques, the company can achieve the knowledge to improve its systems, customer satisfaction, innovation in product or its design, exploit the external opportunity etc.

6) Corporate Risk Management Strategy is a corporate management process that includes or combines all the management processes, actions, policies used by a company or business entity. It sets the clear limits or parameters for the overall corporate risk management. This operation is usually under the controlled of the executive management level of the company. In the complete corporate risk process, the risk management

strategy is normally consists of two important parts or processes. One is creating the appropriate and overall "Risk Management Framework" and second process is designing the efficient communication channels in the company's set-up. The effective adoption of this strategy ensures the safe operations and overall corporate profitability. It is no doubt, another extremely important tool of the overall "Management Process".

7) To encourage creativity (Kazmi, A., Naaranoja, M. 2013) in a corporate environment is extremely essential for building effective and efficient teams. It means encouraging out of the box thing. It will help in achieving corporate success and vital for its continuous improvement (Rother, M. 2010). It will help the corporate entity to become suitable for future competitive corporate environment.

8) Recognition Aspect; There are several awards for quality management. The few examples are "Boldrige National Quality Program Award", USA, "European Quality award", Europe. These awards are highly regarded and have their own global recognition. These Awards mainly focus on the overall Quality Management and the quality aspects attached with the services and products of any Organization. Each award has its own criteria to assess the qualities of the nominee(s). The other key focus areas include "organization's total understanding and relationship with its customers and the target markets", Management relationship and Corporate social responsibility efforts and initiatives by the Company (Dobb, F. 2004).

IV – CONCLUSION

With the growing industrial competition and global economic recession, the need of having potent and well-designed management systems, are proving to be the future of quality and sustainable business continuity for any industrial organization. The paper highlighted the significance of management systems for the modern day's organizations by enforcing special focus on PDCA model and associated improvements for quality aspect in industrial management.

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