

Corporate Motives on Implementation of Integrated Management System (IMS)

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Abstract: *Integration of management systems for quality, environment, health and risk management as well as corporative social responsibilities is workable corporative approach to reduce costs, effective use of resources, higher motivation of employees and better fulfillment of requirements of social engagements and stakeholders. This paper presents contents of literature and review of a company motives on integrated management system (IMS) implementation, namely factors affecting the IMS implementation.*

Keywords: *IMS, Quality, Environment, Safety, CSR*

1. INTRODUCTION

Integration is a harmony, strategy balance and work of any company. It means that various departments and levels speak the same language and they are on the same wavelength. In literature the integration of management systems (IMS) is discussed as joining of QMS, EMS, OHSAS and corporative society responsibility (CSR). Thus, to survive and have success in global competition, any company should consider any aspect of process including reduce of costs, welfare of any employee, work environment as well as effect of a company work to its neighbors local government. Moreover companies should present their own problems on product and service quality. The concept of the integration of management systems (IMS) has been developed from these needs.

There is a question in theory and practice of the management system: why some companies integrate their management systems but others, having similar context, do not accept them even any special management systems. To understand decision making on IMS as well as motives effecting the implementation of IMS is critical due to two reasons. The first one, it will help to company theorists to forecast the behavior at IMS implementation and the second

one, IMS will identify mechanism that impels the implementation of IMS enabling the researchers, managers and policy makers to understand better the dynamics of IMS implementation. There are considerable possibilities in researches for development of a model that identifies special conceptual categories of IMS motivations being in accordance with hypothesis and results in any motivation as well in factors effecting the IMS implementation.

2. FACTORS OF IMS IMPLEMENTATION

Important aspect of IMS research is to find out the factors that effect implementation of IMS. It includes the factors that make possible implementation of IMS as well as the factors that disturb the IMS implementation. Literature shows that this is the last scope in research of IMS. However, we find some isolated studies in Australia (Zutshi & Sohal, 2005), China (Zeng et al., 2007), Denmark (Jørgensen, 2007; Jørgensen et al., 2005), England (Douglas & Glen, 2000) and Italy (Salomone, 2008) that try to identify factors effecting the IMS implementation in various context. But such studies have certain limitations; it is elaborated

in Table 1 that shows summary of analyses of empiric studies in IMS for consideration of research strategies being used in researches,

principal findings and limitations of these studies.

| Country | -Methodology of research -Sample size -Limitations | MAIN RESULTS |
|--|--|--|
| <i>Australia</i> (Zutshi &Sohal, 2005) | Frame studies ----- 30 companies ----- Problem in results of higher population countries | Benefits of integration: I Effective strategic planning II Better use of resources III Holistic view IV Better acceptance and understanding among employees V Benefits of integrated training program VI Higher communication VII Costs saving and positive marketing image VIII Benefits of integrated audit |
| <i>China</i> (Zeng et al., 2007) | Review ----- 104 companies ----- No data in researches in the country or in a province | Factors effecting IMS implementation: Internal factors I Human resources II Organizational structure III Culture of company IV Understanding and perception External factors I Technical guideline II Certification body III Stakeholders and clients IV Institutional environment |
| <i>UK</i> (Douglas& Glen, 2000) | Review ----- 28 SMEs ----- Integration QMS & EMS | Motives I Less procedures II Less papers III Multi-functional auditors IV Easier management of systems V Higher effectiveness – better inside and outside communication among employees VI Improved image with clients VII Reduced costs |
| <i>Denmark</i> (Jørgensen, 2007; Jørgensen, et al., 2005) | Interviews ----- Certified companies ----- Lower population | Three ambient levels of integration: from increased compatibility of system elements through coordination of generic processes up to establish of IMS in culture of studying and constant improvement. |
| <i>Italia</i> (Salomone, 2008) | Review ----- 103 companies ----- Excluded CSR from IMS | Motives for IMS implementation: Pressure of local communities, Pressure of clients, Pressure of distribution, Pressure of public government, Pressure of competition, Pressure of image improvement, Product improvement, Productivity improvement, Management of costs reduce, Possibility to win a new market, Constant improvement |
| <i>Spain</i> (Karapetrović, 2006) | Study ----- 249 companies ----- Higher number with QMS & EMS | Motives: Image, Demands of clients, Pressure of the state, Improvement of efficiency, Higher share on market, Lower number of accidents, Comparative advantage, Synergy |
| <i>East Anglia</i> (Theofanis,2003) | Interviewing | Internal benefits: Organizational Benefits, Financial Benefits, People Benefits External benefits: Commercial Benefits, Communication Benefits, Q/E/S Benefits |
| Table 1 – Analyze of empiric IMS studies | | |

Limitations of these studies include the following:

a) Firstly, most of these empiric studies (such as Douglas & Glen, 2000; Jørgensen, 2007; Jørgensen, 2005) focus on integration benefits and strategies only while others focus on test models (such as Wilkinson & Dale, 2001) but do not focus on factors effecting IMS implementation.

b) Secondly, these studies are carried out in economically developed countries but not in any country in development. The question is if research findings of some developed countries (called as industrially developed countries) may be applied to a higher number of countries in development.

c) Thirdly, regardless the context where such studies have been set, no study has been used in other contexts.

d) Fourthly, creation and storage of knowledge is a process of constant cycling of theory and data. Since a great part of research goes from theory to data, some researchers should final the cycle in a more simple way, i.e. from data to theory. Reviews based on studies are usually feasible and they are carried out on constructions/factors being taken from relevant literature in order to test their feasibility in certain context. Such studies usually test the organizational microcosm starting from limited number of categories up to significant perceptions. Creation of any review requires inductive research approach in order to find motives/factors that effect the IMS implementation.

3. GRADING OF MOTIVES FOR IMS IMPLEMENTATION

Motives to make decision on IMS implementation may be as internal as external. Internal motives are those that generate from socially-technically-economically environment of any company and further may be classified as reactive or proactive ones. Reactive motives come from process output and if the management is not satisfied, IMS is then asked to have corrective measures. They also may result from repeated failures to be in accordance with current operative, financial and/or regulative goals and assignments. On the other side, external motives affect the company from environment. They may appear

on client's demand that insists on integrated management systems or on global market competition insisting from a company to accept the best business practice and regulative requirements. What motives on IMS implementation in any company may be seen in what is reached from the IMS implementation. Benefits from integrated management systems may be the principal motive for IMS implementation.

Benefits may be graded in several scopes. Generally, they may be graded as operative, financial and marketing ones. Widely, the IMS motives include operative, regulative, financial, marketing and social ones and further as shown in figure 1.

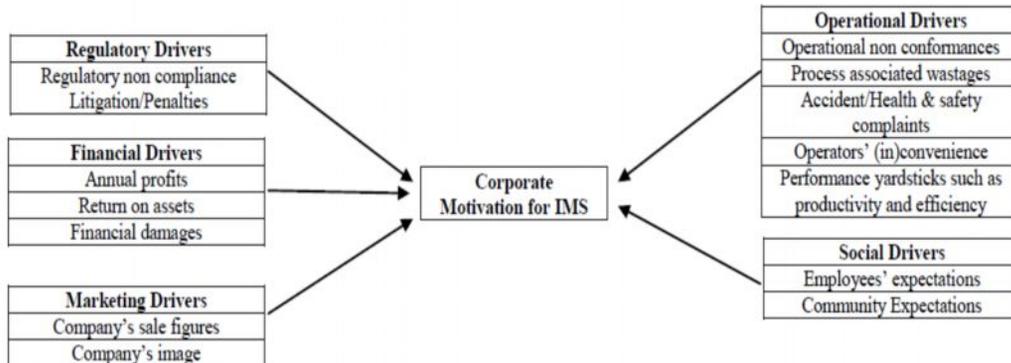
I *Operative benefits* are routine business activities. They come from supply chain activities and are measured as per various performances such as productivity, efficiency, cycle time, through given velocity, losses and number of accidents, etc. Important role of pressure from the supply chain for engagement of a company in environment management has been quoted by Zhang et al. (2008). Considerable benefits are time saving, system simplification, better synergy among various company functions and development of common work on constant improvement.

II *Regulatory benefits* refer to regulative requirements on environment, health and security, corporative society responsibility or on requirements on product or process quality. Developing the industrial standards these companies may take out the government procedures. Institutional processes may act under forced pressures through institutions that directly affect the companies. If there is any resistance to institutional pressures, especially of urgent and strong stakeholders, it may cause loss of profit, reduce of reputation or even loss of work license. Companies, being previously punished, are seriously watched by media, government agencies and other special interest groups due to their future acts. Such companies are more careful now to avoid any unconformity next time. Companies, being punished, will be also more sensitive at acceptance of any development and will be better informed on any necessities to avoid violation. III *Financial benefits* refer to financial goals granted by IMS implementation. IMS is a result of direct cost savings (through reduced audit costs, reduced certificates costs) and through other benefits that also guide to

final savings of costs and of improved financial portfolio such as operative and regulative aspects that at the end affect the financial business aspects. They are measured by financial measures such as annual profits. Social benefits come from expectations of employees and society in general. Companies do not act in isolation; they are in interaction with outside world, they use natural resources as well as human ones. Thus, employees and the society expect from a company to act in accordance with the society. However, such requirements are covered by individual management systems and standards; for some of the management systems (such as CSR, occupational and security) there are not enough regulative that may push them to this level and even no ISO approved existing standards (alongside of QMS and EMS for which ISO approved the existing standards). IMS underlines such problems and puts them on the top of agenda.

IV. *Marketing benefits:* Marketing benefits consider pressures of clients up to IMS implementation and they are measured by sales figures and company image. Some empiric studies (such as of Douglas & Glen, 2000; Zeng et al., 2007; Zutshi & Sohal, 2005) showed that IMS had better results on clients' requirements and thus better results on company image. Role of marketing pressures on EMS implementation are presented by Dasgupt, Laplante, Nlandu and Wang (as cited by Zhang et al., 2008) who noticed that main markets may react negatively to a signal of unfavorable environment accidents such as violation of permits, litigations, complaints or they may react positively to a signal of superior environment performances. However, an important role, if any, of marketing benefits at IMS implementation should be researched.

V. *Social benefits:* Social benefits refer to pressures against a company by the society and employees and may be socially acceptable.



4. CONCLUSIONS

Motives to make decision on IMS implementation are various.

To define what to integrate it is not standard requirements but motives and needs of a company to

exist on the market and to meet requirements of concerned parties.

Any company must have social responsibility and should be a part of system values since any unconformity with social responsibility may

cause poor impression (negative publicity) of a company and affect the profitability. One sample is the Talisman Company that had to stand off Sudan for strong pressures in public being caused by its business decisions that disturbed social rights of habitants. Another sample is development of Kimberley certification process that warrants that diamante trade comes from free sources (i.e. its trade does not finance purchase of arms in civil wars zones).

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