Varazdin Development and Entrepreneurship Agency
in cooperation with
Faculty of Management University of Warsaw, Poland
University North, Croatia

Economic and Social Development

24th International Scientific Conference on Economic and Social Development -
"Managerial Issues in Modern Business"

Editors:
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Book of Proceedings

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CONTENTS

LEADERSHIP – DEDICATION TO THE QUALITY MANAGEMENT SYSTEM AND CUSTOMER FOCUS IN MACEDONIAN COMPANIES

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ABSTRACT

This study presents the research findings regarding the capacity of leadership in Macedonian companies, their ability to make decisions and practice team work in accordance with the criteria for obtaining the European Quality Award. The results of the research should provide useful directions that will serve Macedonian companies to improve products, services and business processes. The solution was found in the development of the management system through TQM (Total Quality Management) strategy, staff development and teamwork, as well as improvement of processes.
***Keywords:** TQM strategy, Quality assurance system, Leadership, Management teams, European quality award*

1. INTRODUCTION

Changes in the environment and in companies themselves on one hand, the growth and development of the organization on the other, can be complementary factors if within the company a dynamic process of internal changes is established, to ensure response to external changes and market competitiveness of the organization. In conditions of a free and open market economy, the problem of strong leadership is increasingly present as well as the need of management teams, especially in the countries of transition. The introduction of a quality system is teamwork effort and in areas where the rules for teamwork are not respected, it can be assessed as unacceptable from the start. One of the biggest changes required by the new TQM (Total Quality Management) strategy when it comes to Macedonian companies is changing the mentality and getting rid of the old habits and the transitional syndrome.

2. LITERATURE REVIEW
Responsibility of the top management to ensure quality of products and services
Without good quality products and services, it is impossible to create substantial advantages from the aggressive competition in the domestic and international markets. Based on detailed analysis that indicates the many weak points in the growth, development and operation of the companies, it becomes clear why they are insisting on successful quality management. Hence, according to Chepujnoska and Cepujnoski (1993) it also indicates the role of the top managers in the companies responsible to ensure quality of products and services. Leaders in the organizations are committed to creating conditions under which they will achieve the mission and vision of the organization through the development of an authentic quality management system that can be fully implemented (Cao et al., 2000; Craig & Lineberry, 2001; Woodall & Winstanley, 1998). The difference between the leader's and the manager's tasks in a good organization is that managers organize effective use of resources and business processes, manage the organization according to established procedures, while leaders establish the system of values within the organization. The role of the managers has changed nowadays (Ciampa, 2005). They are expected not only to be experts for themselves but also to ease the work and train others, helping to create a climate in which individuals and teams will achieve their optimum. In many organizations, the manager's ability to teach others is considered a key managerial skill. Apart from the manager who is expected to do his job effectively, it is necessary to know what the subordinates are doing and what needs to be improved. Estimating employee performance is part of the performance management system, which sets the performance standards that is used to make an objective decisions for the human resources in the organization. The system of values build by leaders is based on moral, social and religious principles, which are learned in childhood and are modified throughout the life. Organizational values are not usually spoken, but they still shape the behavior of all its members. According to Smilevski (2000), organizational values are not the same as organizational culture but organizational values are forming the external manifestation of the organizational culture.

Many authors agree with the statement that the organizational values are the one thing that makes organizations differ from one another, so it is safe to say that they are the "soul" of the organizational culture. Due to the key role that leaders play in organizations, the requirements for their competence are way above the requirements for competence of employees and other managers (Speltz, 2013; Sethi & Pinzon, 1998). Apart from the formal level of education, the leader it is also required a behavioral competence, where on the surface are the performances that can be easily proved (diplomas and certificates), and below the surface are the human characteristics (the image of the leader for himself, the awareness of the social role, dignity and motivation). In recent years, it has increasingly been said that the leader should possess emotional intelligence (Mitreva, 2011; Sasaoka, 1995). Emotional intelligence means the ability to identify, integrate, understand, and freely direct their own feelings as well as the feelings of others. In the literature, it can be found that emotional intelligence in 80% contributes to the success of people in such places (Robbins & Finley, 1997). The role of the leader in teamwork is particularly special (Martínez Fuentes et al., 2000). Leaders are mainly promoters of consensus as a decision-making method, but the consensus implies not only in decision-making, but in forming a space in which many opinions can be shared. The leader's skill is to create an environment in the team where every participant is aware that he may not totally agree with all the specifics, but basically supports the proposed solution. This way of leadership is valuable because it allows all options to be put on the table so that all participants feel beneficial and as a result they support the proposed solution. Teamwork under the supervision of the leader, especially when making an important decision, is a major challenge (Robbins & Finley, 1997).

According to group of authors (Babatunde & Pheng, 2015; Beardwell et al., 2004; Grinberg & Baron, 1998; House, 1994), the leader should encourage disagreement, which will create a space for expressing opinions and ideas, space to present more facts, and less convictions, while not having conflicts of personalities. Especially encourage those who are "low key" to express their opinion before the final decision is made so that in the future they remain attached and support the decision made. In addition, the leader has his own mission which is to identify and develop leaders in his environment. Thus, his leadership will not be endangered, but with that, the capacity of his leadership role will increase (Kratsu, 1995; Kano, 1996). Peter Drucker (2014) is convinced that managers should not be leaders in the latest meaning of the word, giving the example of Harry Truman, who, although not possessing charisma, belongs to the ranks of the most productive US presidents of all time, especially in the diplomacy. What makes one leader effective? According to Drucker (2007) is to ask the following questions: what needs to be done; what is best for the company; develop action plans; to take responsibility for the decisions taken; to take over the responsibilities for communications; to focus on opportunities, not on problems; to lead a productive meetings; to think and work as a team.

3. METHODS IN THE RESEARCH AND ANALYSES OF THE RESULTS
This study provides an analysis of the situation in Macedonian companies through one of the criteria for obtaining the European Quality Award according to EFQM (1997, 1998): the capacity of leadership and the ability of managers to make decisions and perform teamwork (Madan, 2010; Sarria Ansoleaga, 2007; Uygur & Sümerli, 2013). According to the previously defined goals of this empirical research, the list of surveyed companies consisted of 3109 Macedonian companies. The research was conducted in cooperation with the Chamber of Commerce of the Republic of Macedonia. In the process of analysis actively participated only 363 companies and managers from their respective quality control departments; although it was planned many Macedonian companies to participate, the research was realized with participation of only 363 companies which is 11.6% of the estimated database, such a response is typical for this type of research (Bohdanowicz, 2005a; Medina-Munoz Garcia-Falcon, 2000). The research was based on questionnaire and a detailed study of the companies conducted by the research team. Research in Macedonian companies is usually done as per the European Quality Award criteria which includes leadership, policy and strategy, staff management, resources, processes, customer satisfaction, employee satisfaction, corporate social responsibility, business results and investment in innovation. These criteria are used to evaluated whereabouts of Macedonian companies to compete for the European Quality Award and to identify the large gap between local and developed European and global companies as well as their ability to compete on the global market. Due to the large scope of the research material, this study will only present the results of whether the Macedonian companies have built a capacity for leadership and managers' ability to make decisions, willingness to work in a team and whether they are ready to accept the TQM (Total Quality Management) philosophy. The structure of the surveyed companies - participants in the survey, as per the industries to which they belong (National Classification of Activities - NKD rev. 2 - ("Official. Gazette of the Republic of Macedonia" no. 147/08) and amendment of the National Classification of Activities - NKD Rev. 2 in place since 1 January 2013) is shown in figure 1.

Figure following on the next page
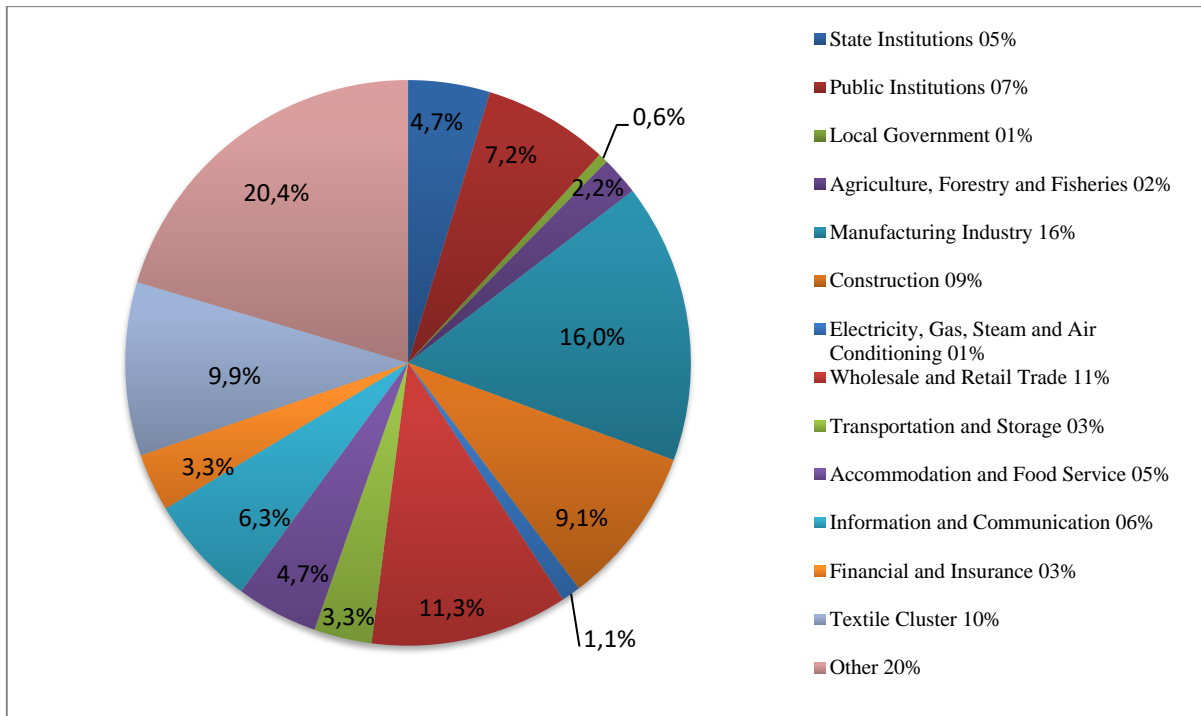
Figure 1: Percentage share of companies in the survey as per industries

In the survey participated quality managers in all the companies and institutions that have planned and implemented quality systems, those who do not have engaged managers of the first or second level.

3.1. Leadership in Macedonian companies

In terms of evaluating the success of a company, one of the parameters that represent criteria for the results is the leadership.

All activities and measures taken by top management and other managers should be in the direction to inspire, support and promote the culture for TQM (Total Quality Management). In order to see the behavior of the leaders in the Macedonian companies, several enquiries are being brought.

When inquired how top management creates a working atmosphere in the company, following data was obtained:

- 36.9% of the surveyed companies reported that there is great trust and respect, no fear of expressing their own opinion, which enables them to have quality interpersonal relationships;
- 28.4% stated that they use the factor - motivation when building a good working atmosphere;
- 24% reported that working atmosphere is built with direct control and supervision of employees;
- 10.7% of respondents reported that working atmosphere is built with strict working discipline.

The balance between the company's interests and the human rights and freedoms of employees slightly weighs on the side of the company. But, apart from the fact that the company protects its interests by establishing order and discipline in the operation, it will have a lack of business results if different types of motivational activities are not applied.

In public and government institutions in Macedonia, there is bad cooperation as well as strict working discipline, while in private companies there is regular cooperation, both in the managerial teams and between the employees, with the presence of greater trust and respect, which provides quality internal relationships. Quality assurance in companies requires presence of the top management, choosing the right teams that will solve the problems and improve business processes. For that purpose, the research in the Macedonian companies was aimed at obtaining knowledge about the way of solving the problems, existence of managerial teams, building confidence in the team, and how many management teams influence the improvement of the business process. When inquired the frequency of teamwork at managerial level, the following results were obtained:

- 52.1% said that almost all decisions were made in the management teams. These teams share and complement the knowledge and information with everyone who needs them and these teams are guided by managers who develop the TQM strategy. These managers are team leaders who are passing through functional lines, working with everyone to achieve qualitative goals. These team leaders are professionals and have significant responsibilities in many different functions. The selection of team members is based on the results of the work and professional ability. These teams have clearly set standards of giving rewards and penalties, giving clear orders and precise instructions to employees, and as a result, there are no conflicts, a favorable working atmosphere is present and good business results;
- 28.9% of the respondents stated that they have management teams that activate them from case to case that is similar to the lack of permanent management teams;
- 15.4% of the respondents stated that they have permanent management teams, but their work is unproductive. These teams are run by old-style managers who do not change the team, follow the hierarchical chain to achieve the goals of quantity, demanding constant loyalty to the boss, hiding and even reproducing information;
- The lack of permanent management teams in companies (about 3.6%) points to the fact that managers are engaged in activities that are not in the interest of the company, which leads to employee mistrust, as well as to mistrust inside the management teams.

The main problem in the Macedonian companies is that managers believe that they do not need training programs and that they hold this positions thanks to the knowledge and skills they own. Participation in such programs is considered to have a political background or there is doubt in the credibility of the program. The Japanese experience shows a regular rotation of the work positions and managerial tasks (Ishikawa, 1995; King, 2002; Kratsu, 1995). It should be emphasized that there is no rotation of responsibilities here, but a change of the position. In this way, there is broadening of the views, new knowledge and experience is mastered, but also there is no loss of the ability to perform the tasks that the managers returns to. When inquired how the management teams function, ie what is the quality of the team work at the managerial level, the following information was obtained:

- 55.4% of the respondents think that problems arise, but they successfully solve them;
- 26.7% of the respondents consider that the management teams function with major problems;
- 17.9% of them reported having no team work.

The distribution of the results points to the poor functioning of the teams in the investigated companies, as in nearly 50% of cases it is evident that the problems in the companies are not recognized and not resolved in accordance with the possibilities.

The problem in Macedonian companies when it comes to involving employees and teamwork is two-sided because there is a problem with:

- the Macedonian mentality with emphasized individualism and
- by distinguishing between old habits and participation in problem solving, improvements, and innovations.

The barriers to the work of the management teams vary from team to team, and are mostly due to: unrealized needs, poorly-made decisions, unclear roles, interpersonal conflicts, poor leadership, lack of feedback/information, inadequate system of reward, lack of trust inside the team and unwillingness to change. A substantial barrier is in the psychological moment, which can be associated with lack of cooperation, incapacity for work, vanity and inadequate financial support, lack of interest in continuous learning and improvement, or an inadequate training program. For many authors, the key to successful teamwork is the willingness to co-operate inside the team. When team members share the same vision and are motivated to achieve it, they are, in most cases, very cooperative and all that leads to success.
What is necessary for successful teamwork is:

- support from all employees;
- willingness to cooperate with other teams.

For cooperation in a business-mature team, the interaction between team members is of great importance. In-depth analysis in the Macedonian companies/institutions has proven a poor communication between the members of the management teams and the employees, the lack of a high level of trust and respect in the teams themselves and in their attitude towards the employees leading to poor business results. When enquired whether there is trust and respect among the members of the management teams in about 50% of the surveyed companies, there is no trust and respect, and this is reflected through lack of interest in taking actions to improve the processes. These managerial teams follow the hierarchical chain to achieve the quantitative goals. The survey revealed poor communication between the members of the management teams and employees, a low level of trust and respect both in the teams themselves and in their relationship with the employees. There are some differences between service providers and manufacturing companies. In the service companies, there is better cooperation between the members of the management teams with confidence and respect, while in the production there is a poor cooperation within the company. There are some differences between the private and the public sector. It is evident that in most private companies, 58% to be precise, there is better communication, more efficient solving of problems and overcoming conflicts. Managers strive to build better business relationships with employees and there are no conflicts between them. While in the public sector, communication is underdeveloped, employees are not willing to cooperate, and conflicts are difficult to overcome. Managers do not strive to build good relationships with employees because they think they have a monopolistic position. When enquired how many managers enjoy the trust of employees, the following findings were obtained:

- There is a lack of confidence in 26.2% of the surveyed companies, which means distancing of the management teams from employees is leading to constant conflicts and poor functioning of the management;
- only 22% of companies have partial positive feedback between manager and employees because the success of management teams depends on the trust and engagement of employees, so it is necessary for managers to make additional efforts and build good business relationships with employees;

- 51.8% of respondents reported that managers enjoy the trust of employees due to their clear, consistent and honest relationships with employees.

Private companies, driven by the desire to get rid of the socialist syndrome, have introduced an authoritative management style of the owner-manager, where any team work is considered a waste of time, and involvement of employees in decision-making is considered their intruding in the management and disrespect of the owner.

3.2. Leaders recognize and reward the efforts and results of the employees
The norms for carrying out the tasks are one of the most important issues that the management of companies deals with. Determining the scope of the work performed at a given time should not only mean quantity, but also quality and productivity. When determining the norm one must take into account the achievement of the defined quality. Regarding the enquiry whether they have normalized the work obligations, the following data was obtained: 79.9% of the respondents answered that they have a quality norm, but the practice shows that this is the norm for quantity. When enquired how their work obligations have been standardized, the following data was obtained:
- 30.9% of the surveyed companies defined the standardization of their work obligations with the scope of activities and deadline for execution, but also through the quality of assigned activities;
- 26.7% defined the working obligations by working time;
- 18.2% of the respondents regulated their work obligations by the number of activities and deadline for their execution;
- 14% determined the standardization only with the scope of activities;
- 10.2% answered other.

And under other, it is stated that the standardization of the working obligations is with the quality of the performed activities. Work norms and standards for products and services are acceptable only where quality assurance is required or in the performance of certain operations. These norms must be reduced, especially in the areas where these norms stand on the way of continuous improvements of the quality.

4. CONSLUSION
The problem of the Macedonian mentality is that it stubbornly and irrational opposes external mental models, rather than wisely analyzing and applying them. When accepting a new mental model without detailed analysis, it is easy, unwisely to give up the traditional model. The Macedonian main problem is how to successfully combine traditional values with civilizational values and with the current trendy western values that rule the world. Many of the Macedonian companies are based on the traditional approach and therefore there is a need for a reorganization/reengineering of the operation. However, the most important aspect that develops the new theory is based on the third approach i.e., the learning organization. Therefore, the conclusion is that successful operation of the company is possible only with strong leadership, good functioning of the management teams, good cooperation with the employees, existence of clear standards of reward and punishment, clear orders and precise instructions for the employees, instead of agreeing with them, and this is possible only with the existence of managers who develop the TQM strategy.

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