

THE ROLE OF QUALITY MANAGEMENT IN A COMPANY'S ORGANISATIONAL STRUCTURE

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ABSTRACT

The philosophy of quality management, its practical questions and the everyday difficulties of its initiation have become the most important problems for the companies of our days'. For a company, quality management is a complex function that beyond technical and controlling affects the structure of the company. These days, quality management is more than a mission; it is more like the pledge of long-term existence. By comparing the characteristics of company structures and by considering special needs of quality matters, we can remark that respecting the structure formation of an organisation and placement of elements of quality matters we need integrated approach. In this paper we intend to elaborate some structural possibilities of quality management function in case of different organisation types.

KEY WORDS: quality management, organisation structure, integrated organisation structure, quality direction system

INTRODUCTION

The philosophy of quality management, its practical questions and the everyday difficulties of its initiation have become most important problems for the companies of our days' which need constant care. For a company, quality and quality management is a complex scheme which extends over the structure of company management, the operation of applied technologies, handling of information and even security. These days, quality management is more than a quest; it is more like a requirement to be met. Often it is not merely about gaining competitive edge. Advanced quality management has become a qualificatory factor without which a business almost cannot be done (refer to: Kozma, T. 2004.)

Establishing quality matters, we have to measure either the extent of the given institution or the available resources. Having considered the already determined limits and capability, we can start to consider of actual tasks. By the help of results we get during analyzing we can determine a certain quality assurance minimum and further quality assurance levels. Even in the case of different institutions one can find certain operational identities among these levels that can even be standardized (refer to: standards of quality matters.)

MATERIAL AND METHODS

As one will certainly feel, it is a strategically important task for a quality management system to be fitted into an organizational system. It will also affect an organization's long-term profitableness. Hereafter we are dealing with this important question and analyzing the possibilities of fitting the elements of a quality management into the company roles. The basic hypothesis of our method of analysis is that separated functions provide more effective organization than a diffused ones would. Therefore we are going to compare different functional forms of organizations. (Note: in the case of diffused structure along with lack of separated quality management functions, the tasks of quality management may arise randomly inside the organization.)

The great drawback of diffused organizational structure is that the different interests are hard to synchronize. To do so, it is even hard in the case of a well organized structure. Not impossibly the heads of certain divisions do not share the same interest opinion, and do not

participate equally in reaching the goals of enterprise level quality assurance. This disharmony of interests demands organization integration and super-orientated organizational goals.

RESULTS AND DISCUSSION

Basic organization structures

It is always the head of the given institution that, in the first place, is in charge of quality management system. Because of the above mentioned, as for the head of the institution, it is worth creating an independent post that is to concern quality assurance. The appointed person is subordinated to the head of the institution. This person is to design, coordinate and check the tasks in connection with quality management, organization, maintenance, development and supervision. The person responsible for creating and operating the quality management system (hence QMS) has to show such innovative characteristics that commit others to this matter. This mutual commitment guarantees the elaboration of an effective quality management. The areas of responsibility that an appointed quality matter executive has are the following (Szabóné Szalánczi, 2004):

- elaboration (customization) and execution of QMS,
- elaboration and regular check-up of documents,
- check-up of labour according to documents,
- demand of fulfilment of requirements from everybody,
- elaboration and operation of inner communication system,
- preparation and execution of inner quality check-ups,
- continuous quality analysis,
- quality analysis providing problem solving to problems that occur in connection with certain services.

Consequently, the top quality assurance executive is responsible for elaborating and executing of quality management and any collateral activity needed. This is man-sized post that requires a person who is able to achieve the collaboration of every participant of this procedure. To elaborate one have to be fully aware of what parts of structures are sorted according to what frame (note: efficient quality assurance requires a certain organizational level therefore the so called simple or flat organizations are not going to be concerned.)

The organizational forms analyzed are the following:

- functional,
- divisional,
- matrix.

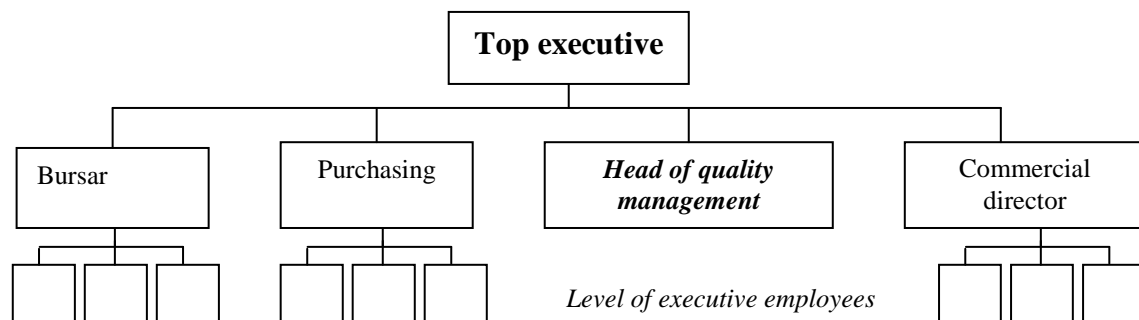
Place of quality assurance in functional organization

Organizational forms are different in the methods of division of labour – in the first place, and other factors e.g.: responsibility, coordination. Functional, material or regional methods can be the most likely used methods of division of labour. It is functional division of labour if we separate more or less homogeneous professional activities i.e.: production, HR, purchasing. In the case of material division of labour, products, or the product-mix as well as the different customer groups define the arrangement method according to which we should dedicate tasks to structural levels. The basis of partition of regional division of labour is given by geographical means.

Functional type organization is to assure the technicalness of the management by giving the right to instruct to those executives who are the most competent in the given field. These executives, on the one hand, divide the management. On the other hand, they train another

board of executives the members of which, as heads of that new board, give instructions to every subordinate. In a functional structure, an executive is only responsible for a certain speciality, therefore his power is limited and he cannot be called to account for everything. Strategically important decisions are still made by high management that eventually time-consuming and results in decrease of flexibility. (Gyenge, 2004) This could be applied to quality management, although an executive trained especially to this task can be much more effective in his field. We can depict functional structure in the following way.

Figure 1: Functional organizational structure



Characteristics of functional organizational structure:

- management according to functions,
- it is built up on the division of labour principle,
- competences are characterized by the centralization of decision rights,
- professional and strategic management are separated, decisions of strategic importance are made by high command.

Conditions of elaborating a functional organizational structure:

- firm market needs and environment,
- not too differentiated range of goods.

Advantages of functional organization:

- efficiency rises in more fields due to proficiency,
- in a certain field, flexibility can show up due to direct professional control which results in a limited advantage (however considering the organization on the whole, it is usually the other way round; structural inflexibility is more common).

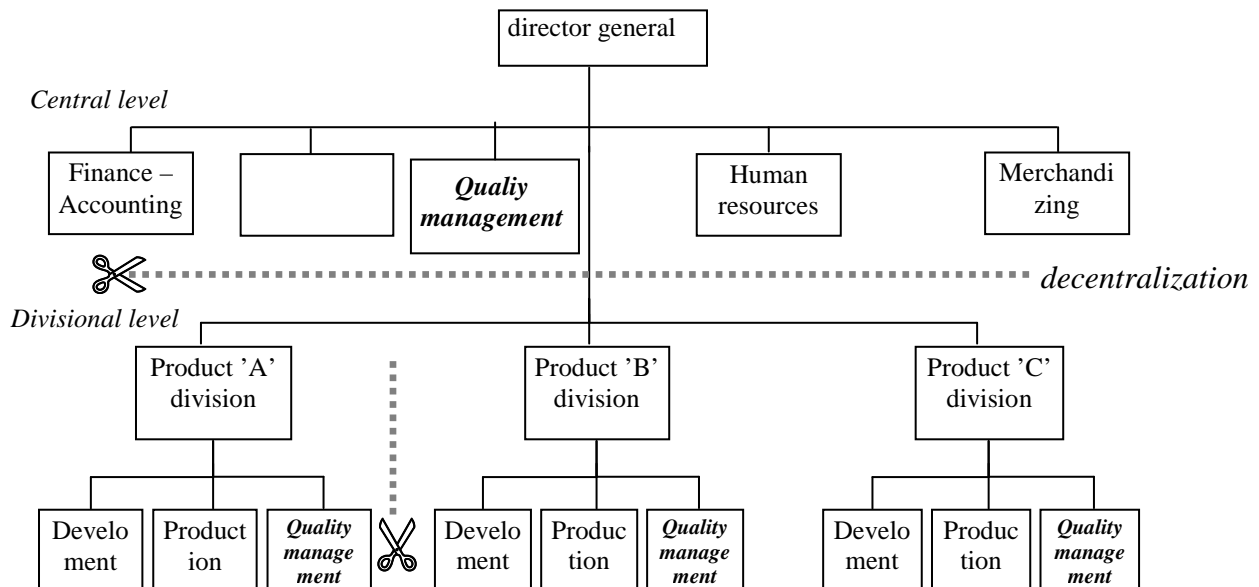
Disadvantages of functional organization:

- it operates with a fundamental vertical coordination, so horizontal coordination are within narrow bounds and this is unfavourable considering quality management;
- it needs more and more coordination input as it grows (sometimes even over-functional management may occur);
- it can be time-consuming in the case of multistage management;
- the synchronization of acts of different administrators is not always perfect and coordination may be confined within strong functional boundaries;
- in the case of large companies where production is more complex, pure functional controlling is not always efficient – subordinations are highlighted that can cause conflicts.

Place of quality assurance in divisional organization

The next level of organizational development can be divisional structure. This kind of structure is becoming more and more usual in the case of large companies. Certain parts and divisions of a company are separated and gain self-governance. Divisional structure often comes to existence spontaneously as an output factor rises during company development (such factors like products, distribution fields, customers, or even activity). Division of labour can either be objective or regional which means that the division of the company is usually done by the principles of products, customers, or market regions. Quality management may not be emphasized but it operates on the level of divisions. To place an individual quality management unit, we have two opportunities as we can handle tasks either on central level or on division levels. Management on divisional level can be understood as analogy of a more simple functional structure. Though, such central tasks exist that requires enterprise level onmanagement (centralized quality functions), while decentralized functions come under divisions' influence. The essential of handling divisional functions in quality management shows itself, if it is varied in divisions. According to these, the appearance of quality management dissever to decentralized divisions and centralized areas.

Figure 2: Structure of divisional structure



The advantage of divisional organizational structure is that we can properly handle the specialities of different divisions. Furthermore, certain problems of quality management system of a division occur separately and their influence are less disturbing on enterprise level. However, disadvantages come about along whit solutions. Supposedly, on enterprise level, more resources would be needed for solution and harmonization.

Characteristics of divisional organizational structure:

- it is the organizational form of large-scale enterprises with a wide variety of goods and a lot of markets;
- the concept of strategy is elaborated by headquarters;
- financial performance can be measured division by division, though the share of divisions could bring on some debate;
- divisions are administered by division heads who participate in decisions of strategic importance. Divisions have their own managing and executive apparatus.

Conditions of elaborating a divisional organizational structure:

- this kind of organization can be elaborated if a company has wide variety of goods and heterogeneous product families;
- goods, customers and regions should be handled in separate ways;
- divisional structure is practical if the organization operates in a dynamically changing environment

Advantages of divisional organization:

- autonomy stimulates productivity and it is highly motivating in respect of quality management;
- certain divisions are strongly market oriented, they can maintain better supported quality principles;
- flexibility and pace are present even on enterprise level;
- divisions usually customer-oriented;
- headquarter is exempt from operative burden so it can concentrate on strategy and central activities;
- great advantage is the so called 'partition effect' – it means that problems of a division do not affect another division;
- this system can easily be widened or narrowed.

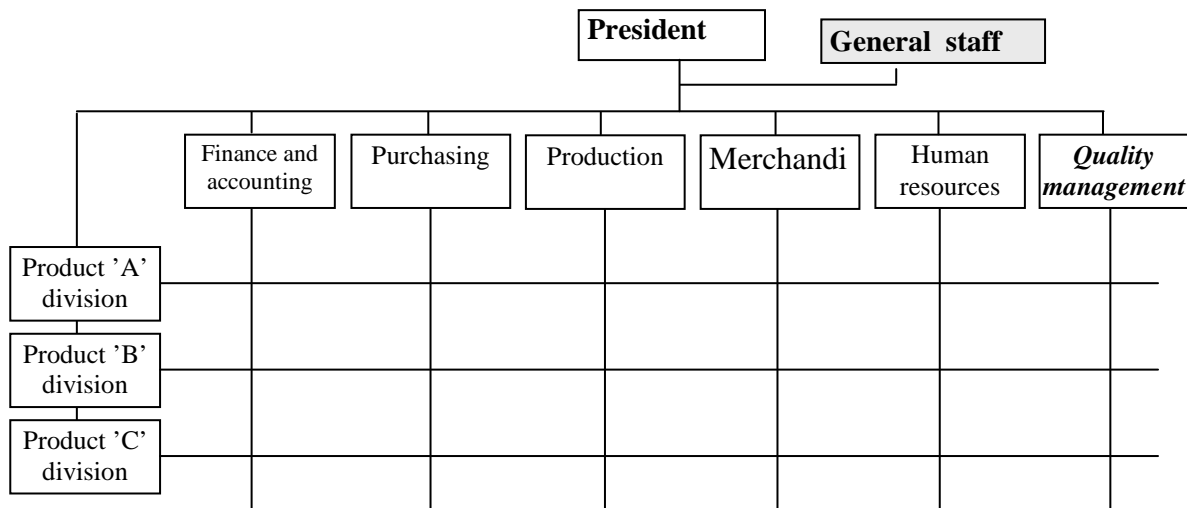
Disadvantages of divisional structure:

- decentralized autonomic units do surplus labour simultaneously;
- heads of autonomic activities are often one-sided towards their own field which may damage enterprise interests;
- a risk of hypertrophy of the headquarter is present – so called 'hydrocephaly';
- conflicts among divisions are frequent (respectively to motivating and accounting).

Place of quality assurance in matrix organization

This type of organization was considered to be pioneer when it came to existence as it used two methods on the level of primary division of labour. One of the methods was the already-well-known differential according to functional fields. Detachments according to separated areas and branches came into existence collaterally as secondary organizational standpoint. Kinds of standpoints can be e.g.: breakdowns according to projects, goods, customers, regions and markets. These methods are closely connected to each other, though we have to be aware of that in this organization both dimensions should be of similar degree. That is, the heads make decisions together independently of their dimensional competence. As for employees, it means that they have two bosses at any field of the organization who make decisions cooperatively. Matrix structure comes into existence with keeping the traditional structure, but certain employees are assigned to projects for special goals. Dependency on functional head remains, but employees are responsible to the matrix manager.

Table 3: Structure of matrix organization



In this organization, decisions of quality matters are made by the head of quality management and the head of the branch in question together; they also take the responsibilities jointly.

Characteristics of matrix organizational structure:

- functional and material division of structures simultaneously;
- horizontal 'project leaders' concentrate on only a given field, while functional leaders concentrate on the whole organization;
- every employee is under double supervision.

Conditions of elaborating a matrix organizational structure:

- dynamic market environment;
- production of new-made and/or highly hazardous goods;
- sophisticated inner communication is not a plain goal but it is essential for operation;
- only employees and heads who have good communicational skills and who endure a lot of conflicts can work together effectively and shoulder compromises deliberately.

Criteria of elaborating a matrix structure (Nemes, 1999):

- the goals of certain units and organizations have to be in accordance;
- every unit has to have separate budget;
- leaders of organizational units have to possess similar competences;
- the output of a unit is the input of another;
- division of labour should be prepared in a way so that a professional could have some time to help the work of project leaders;
- salaries, rewards, promotions of employees should be measured according to the work they done.

Advantages of matrix structure:

- the so called 'market proximity' is maintained by market orientated branches;
- this structure is advantageous if the cooperation and compromise of heads of different dimensions is positive (if not, it can be a disadvantage);
- if cooperation is favourable, it will create an innovative, adaptive environment of labour that stimulates productivity and competition;
- it is a kind of structure that can adopt easily and quickly to changes and concentrate on experiences.

Disadvantages of matrix structure:

- the atmosphere of trust, cooperation, problem solving and intensive communication is extremely hard to create (it often induces discarding of successful leaders);
- double management is a permanent source of clashes, solutions come during debates or meetings;
- the degree of controlling is low.

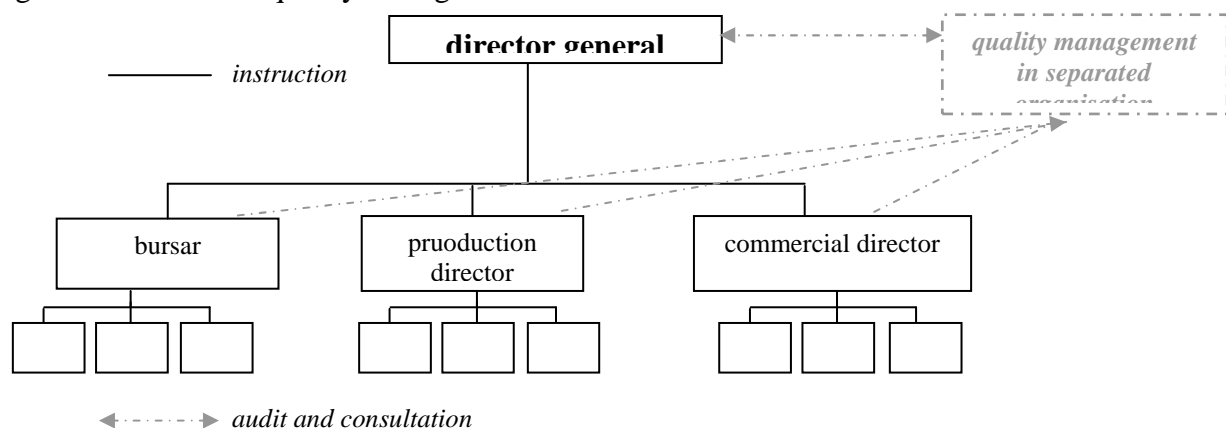
The place of quality management at the non standard organization structures

The organizational structure of future companies primarily differ from the forms described above by the blurring of the corporate boundaries that will change the organizational structures. The disintegration of the traditional organizational structures will lead to complex network, virtual and global structures.

Network like organizational structure

In the development of the organizational structures of the future, the more and more frequently used “outsourcing” plays an important role. It means that the necessary services (works), or expertise for an organization are being provided by a different (legally separate) business on market-based grounds. Outsourcing can be an obvious solution for the quality management, if sufficient level of cooperation is assurable, and so is the eternal dilemma to ensure that the outsourcing company should not move away too much from the outsourcing activities, its goals and motivations, while the professional management is legally and organizationally separated. In outsourcing an important key factor is that between the outsourcing company and the outsourcing provider there should be a much closer than just the traditional strategic alliance. In this business relationship the classical corporate boundaries are no too sharp and the management is linked by numerous connections. In this organization the quality decisions shall be made by a separate professional board, but the responsibility lies with outsourcing. The organizational relationship that comes to existence in the network like organizational structure will be introduced by the linear-functional organizational structure.

Figure 4: Outsourced quality management



Global organisational structure

Similar to outsourcing, globalisation and internationalizing also has a great effect on organisational structure. The company of the future, especially in case of multinational great companies, requires an organisational structure which is diffuse in a geographical way, or it can even cross country boundaries. The divisional organisational structure goes well with the geographically separated organisational structure if it pairs with effective information and communication solutions. In a quality management point of view these organisations may

need local quality management representatives and central organising members, creating a multy level system.

Virtual organisational structure

With the spread of the internet different business models could have been created, which can be quite unusual in comparison with the traditional structures. For example virtual companies neglect partly or totally the real organisation structure. In many cases the big part of activity are created during electric processes. In these organisations the quality management does not require organised construction, but well-planned standardised processes, standards and transparency traceability are needed, which is also provided by the internet-technology.

CONCLUSION

Analyzing the above mentioned, we have come to the following conclusion: there are more and more special requirements of successful quality controlling that have to be fulfilled even in the cases of the functional company structures above.

1. 'Quality management can only operate effectively if horizontal connections are measured' according to one of the requirements
2. Advanced communication is essential in quality management. This should be reflected in organizational structure. Quality business audit institutionalizes continuous examination of the system (Szabóné Szalánczi, 2004)
3. Elaborating the staff, we have to lay quality management. The staff can be combined with the above mentioned structures.
4. Like logistics, quality management requires integrative approach (see Szegedi, – Prezenszki, 2003) Not only do we have to pursue optimalization on functional level, but achievement on enterprise level. Structural establishment of this can be achieved by staff, elaborating accentuated vertical managing level, or by reinforcing central functions.
5. Quality assurance should be the exquisite philosophy of the whole organization rather than only a simple structural solution. The goal is to apply such structural solutions that assist the evolvement of this philosophy.

We can cultivate the basic models of organizational structures according to the above mentioned statements. It is important to emphasize central roles, integrative solutions, and secure the synchronization of communication. If the extent of organization makes it possible, it is worth appointing speciality deputies whose responsibility can include – besides the usual – surveillance of quality matters (management is characteristically multi-linear.) Under all these, the suggested structures and solutions are the following:

Figure 5: Modified version of functional organisational structure

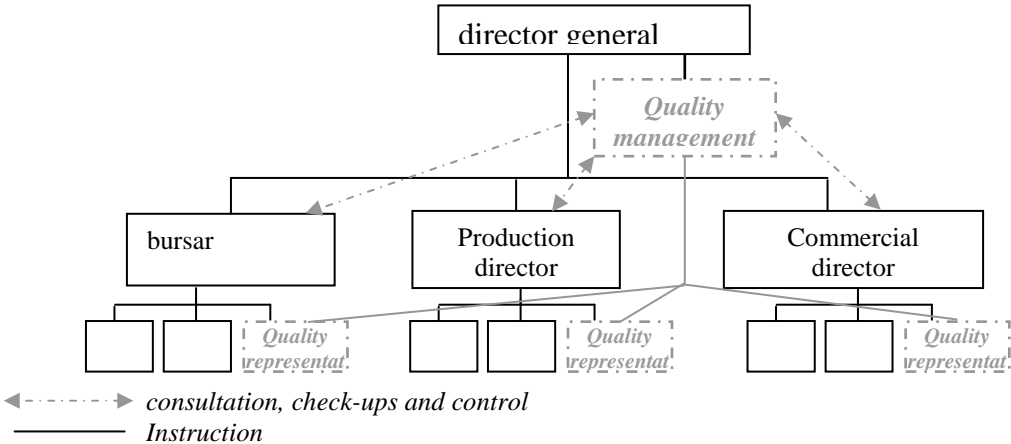


Figure 6: Modified divisional organizational structure

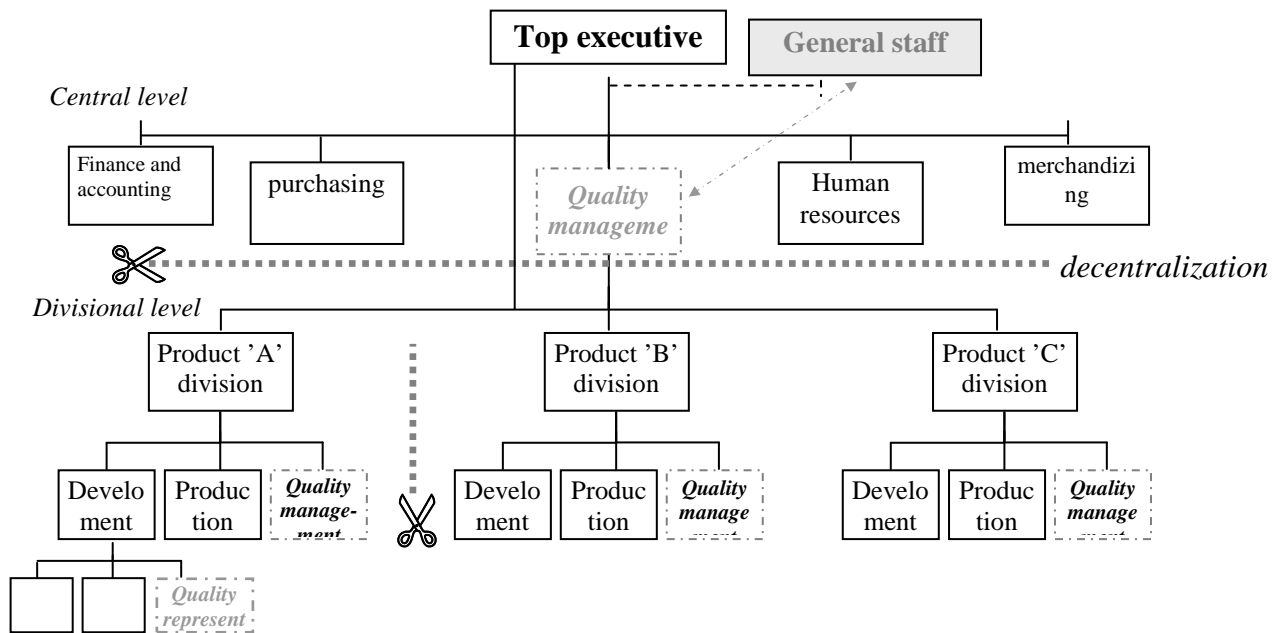
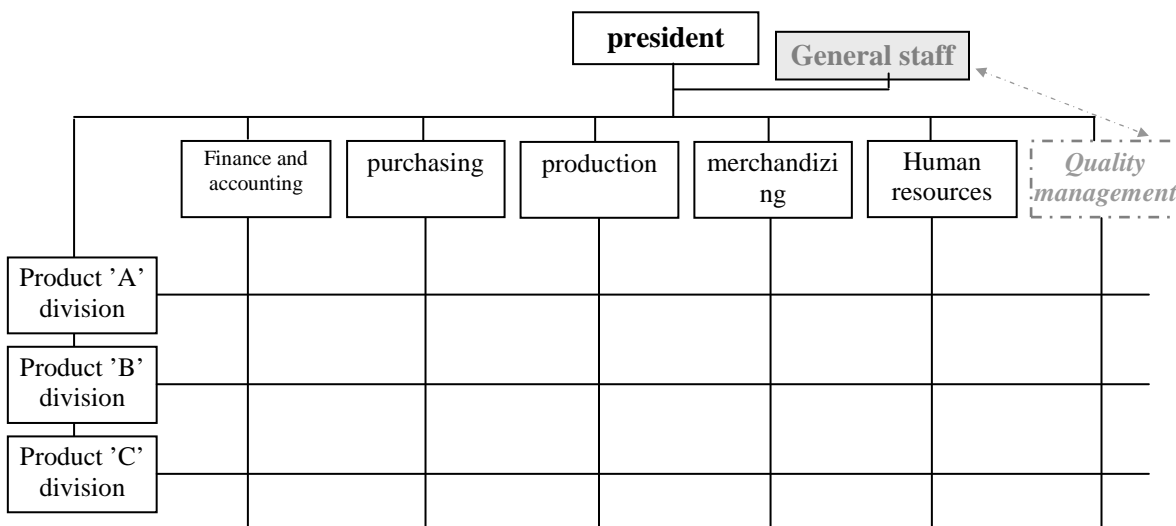


Figure 7: Modified matrix organizational structure



The fewest modifications are suggested in the matrix structure, because its advanced communicational channels and the consultative characteristics are perfectly suitable for effective quality management.

To sum up the matter, we will say that these structures are provided as starting points for final structures in which integrated structure is the most important aspect to be validated and advanced communication channels would come up to the expectations of management structure.

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