PROCESS MANAGEMENT MODELS AND FUSION ORGANIZATION CULTURE

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Abstract

Radical new technologies like the Internet technology and multimedia, telecommunication technology, nanotechnology and new material technology form completely new economic reality in an evolutional way. Existing organizational structures, mainly in creative industry segment and high technologies, are not in the position of achieving maximal result. It is due to the strong traditional resource influence and classical managerial concepts. Finding out suitable organizational forms for acting in contemporary conditions is one of the biggest challenges of contemporary economy. Because of everything mentioned above, our team presents new organizational form called fusion organization. This organizational form is suitable for acting within creative industry and high technologies and for all the activities based on innovation and knowledge. Fusion organization enables maximally rational usage of alpha employees' creative potentials as well as other resources like data base and informal network. Our research is based on relevant empirical research results presented in the literature, corporative practice, theoretical models comparison and categorial ideas synthesis. That theoretical effort resulted in new organizational structure formulation and new approach to human resources. In the process, we point out the importance of finding out, engaging and suitable managing of extra talented individuals. While doing so, suitable organizational structure should be articulated. The importance of hyper trust stands out and it is necessary to ensure the transparency of all the business processes. Gradual articulation of new economy demands the establishment of new organizational forms. A new structural form called fusion organization is suggested by our team. Also, essential elements of managerial model suitable for managing new organizational form

mentioned above are pointed out. Polycentric power system, hyper trust, alpha and beta employees and hybrid model of managing intellectual property, knowledge in particular, are characteristic for this organizational model. It is also necessary to make all the processes and sub-processes and extremely important essential activities transparent and networked, integrating them within local, regional and global surrounding. In brief, development and the importance of managing processes will be analysed. The findings confirm that the fusion organizations are appropriate forms of action in the field of high technology and the creative industries. To prove the hypothesis scientific methods of analysis and synthesis, induction and deduction, and the comparative method were applied.

JEL Classification: L22

Key words: alpha employee, change, culture, extreme core activities, hyper trust, holism, process

1. Introduction

Organizations of different sizes but primarily large ones significantly mark industrialization process and in the end mass production and society. This was the first time that people started to feel they belong to a business organization which enables security. It was written about by Whyte (Whyte; 2002, 32) who argumentatively states it is a new phenomenon. In the first part of the 20th century, belonging to a business organization is mainly existential but later it is more sophisticated due to the organizational culture and it goes beyond existential needs.

Industrialization i.e. mass production eliminates artistic and creative elements which craftwork was distinguished by. In the first part of the 20th century classic industrial worker was not well educated and was focused on fulfilling simple working operations because management was above all focused on improvement of the productivity and production of larger series.

2. Turning points

Even though market or better to say capitalist production is based on innovation which is the basis of entrepreneurship, the process itself has not entirely been established. Otherwise speaking radically new technologies have initiated social transformation including affirmation of organizational entrepreneurship.

Nevertheless, it has to be said that the first research corporative laboratory appeared in the second half of the 19th century, in time when first highly educated individuals were employed. In 1872 Siemens, a German company employed university educated engineer (Hefner-Altaneck) for the first time, the man who established industrial research laboratory. In 1876 in the USA similar activity was realized in Thomas Edison Menlo Park. Employees in factory research laboratories had to develop new products in order increase profitability and market share.

In the second half of the 20th century, innovativeness became standard element of the leading world companies. Significantly, innovations are result of knowledge or better to say competency which employees own and which are just in the small amount a result of intuition or luck i.e. they are achieved by a web of unplanned circumstances.

At that turning point of development two phenomena can be noticed and one of the first people to analyse them was Daniel Bell. The first phenomenon consists of strengthening service sector in the first place, transport, finance, trade, health care, education and tourism. A new social phenomenon was first noted by Bell (Bell; 1999, 127-128) who argued that tertiary sector marks social processes more and more, thus increasing the quality of life and work. Second phenomenon is gradually stronger affirmation of immaterial factors in production and service processes like information, data, knowledge, quality, design, time and loyalty. Numerous production processes which require high level of competency for its function are being transformed, so Drucker (Drucker; 1993, 5-6) formulates new terms "knowledge worker" and "knowledge work". Post-industrial society is being evolutionary articulated in which knowledge dominates while new corporation goals and responsibilities like environment preservation, energy efficiency and respecting variety are established.

3. Revolutionary changes

Social transformation is based on the development of technology. Social evolution is generated by technology revolution which began in car industry.

Womack, Jones and Roos (Womack et al.; 1990, 48) makes an important empirical research worth over five million US $, argued that Toyota Motor Company in 1950 produced only 2685 cars per year while Ford in its Detroit factory produced 7000 cars in only one day. These authors conclude that Eiji Toyoda and Taiichi Ohno, an engineer genius, realized that they cannot compete with American manufacturers with large batch but with quality short production run.

At the very beginning of Toyota's expansion to managers becomes clear that they have to articulate new forms of organization. In Toyota, together with technological innovation significance, the importance of human factor is also recognized so they introduced quality circles. The teams were approached voluntarily and their main task was to improve quality with the help of constant and at first small innovations. In the famous textbook Landy and Conte (Landy and Conte; 2007, 560) noting that team spirit was confirmed as an efficient generator of innovation processes which was verified by numerous empirical researches. Organizational or inner entrepreneurial spirit enables innovativeness not only for smaller companies but also for large entrepreneur organizations.

Economical short run production includes elimination of all the unnecessary stoppage and actions i.e. processes which do not create value. Womack and Jones (Womack and Jones; 2003, 15) elaborated new structural forms and ways of management thinking and conclude that for this way of work *lean thinking* which maximally rationalizes the usage of human effort, time, equipment and space is indispensable.

Also Womack and Jones (Womack and Jones; 2005, 287-288) recognize the importance of consumers and believe that l*ean thinking* and *lean enterprise* were developed as tools for more efficient realization of consumers needs. The customer is started to be treated as one of the elements of business strategy and politics that is included in business with the aim of maximally efficient and complete problem solving, saving customers time, realization of his needs and providing expected value in terms/time directed by them. Holistic focus on integrating processes enables total satisfaction of customers' interests which become more and more sophisticated with time and in the process managers often use the pattern known as managing total quality.

For some time now a standard component of textbooks of operating management including textbooks of Slack, Chambers, Harland, Harrison and Johnston (Slacke et al.; 1998, 548) is the elaboration of the concept *just-in-time* stating that *just-in-time* production or providing service enables temporary satisfaction of customers' needs and in the process offers top quality without waste. The concept of managing of processes enables maximal productivity and minimal cost in which all the elements of supplying-production chain including customers are integrated.

Economical short run production and *just-in-time* model enable realization of personalized production or providing service. In that way the customer really becomes, and not only declaratively the element of corporative policy and strategy.

Japanese corporations were the first who started realizing new business philosophy of personalized production which includes kaizen principle practice. Wellington (Wellington; 1995, 17-23) systematically analyses the model known as kaizen, and concludes that the kaizen is the way of thinking and acting and it is based on ten principles:

1. Focus on customers,
2. Make improvements continuously,
3. Acknowledge problem openly,
4. Promote openness,
5. Create work teams,
6. Manage projects through cross-functional teams,
7. Nurture the right relationship processes,
8. Develop self-discipline,
9. Inform every employee,
10. Enable every employee.

In the book Connected Marketing edited by Kirby and Marsden (Kirby and Marsden; 2006, 109) analysed the new communication forms and states that together with traditional communication with customers, online opinion leader becomes more and more important and it includes following processes: participate in chat rooms: post to bulletin boards, post to new groups, post to listservs; send emails to companies; send emails to politicians; make friends online; make business contacts online; provide feedback to websites; forward news and website information to others. The Internet and similar technologies strengthened the market position of customers and different practical knowledge related to purchasing certain product or service.

Information access became extremely easy for customers and employees themselves. Democratisation or dispersion of power articulated polycentric structural mechanism of making decisions in which there is no classical centre of power. Process managing presupposes enabling faster and timely information flow.

For the successful functioning of the fusion organization it is important new approach to employees. One of the managing models that were established with the aim of strengthening the role of the employee was open-book management which pointed out the necessity of articulation of new managerial philosophy. This model articulated by Schuster, Carpenter and Kane (Schuster et al.; 1996, 35) states that with access to

the right information in a timely fashion, individuals and teams in the organization will put that understanding to work to improve their stake in the enterprise.

Lean production, open-book management, total quality management and kaizen are just some of the models that are used to try to design new mechanism of entrepreneur or production processes function. Establishment of new way of entrepreneur or production process function and new organizational relations/structure can be carried through the entrepreneur re-engineering that was particularly popular in 1990s. Later that managerial model upgraded but basic principles of entrepreneur re-engineering are valid today.

Reengineering is an affective instrument of affirmation of talented individuals and alpha employees with the help of fusion organization. Champy (Champy; 1995, 48)stated that a surprising number of the re-engineering managers we talked to recalled that whatever procedures they eventually used to prepare the company for change-usually some sort of "focus" group, like the DELTA ("Develop Excellence trough Leadership, Teamwork, and Accountability")... To realize organizational changes successfully it is necessary to find the real situation or way of process functioning and make the employees familiar with planned actions.

While managing processes one should always bear in mind the definition of re-engineering: formulated by Hammer and Stanton (Hammer and Stanton; 1995, 3) "The fundamental rethinking and radical redesign of business process to bring about dramatic improvement in performance". In the process managers have to be aware that radical process redesigning is an extremely complicated and demanding task that requires multifunctional approach.

4. Managing the processes

Hammer (Hammer; 1997, 5) advocates a systematic approach to processes characteristic of fusion organization and believes that the difference between task and process is the difference between part and whole. A task is a unit of work, a business activity normally performed by one person. A process, in contrast is a related group of tasks that together create a result of value to a customer.

In the contemporary economy of core activities it is necessary to constantly improve the engagement of talent and competent people at different areas. Tenner and DeToro (Tenner and DeToro; 1997, 71) believe that the number of core processes

in the first place depends on the size of the corporation, e.g. the managers of Xerox company established the following core processes:

1. Market to collection,
2. Integrated supply chain,
3. Time to market,
4. Customer service,
5. Corporate governance,
6. Infrastructure.

Similarly, General Electric managers established following core processes:

1. Advanced technology,
2. Offering development,
3. Go-to-market,
4. Order-to-remittance,
5. Service delivery,
6. Support.

It should be mentioned that both corporations act in the segment of high technologies.

Contemporary process management presupposes involvement of more and more people and support of the employees of the whole chain of value. In this, alpha employees play a key role in the implementation of the changes and the establishment of hyper confidence as a segment of a new organizational culture. Smith and Fingar (Smith and Fingar; 2003, 117) advocate a new approach to managing processes arguing that the third wave of process management takes process - based methodologies out of the hands of specialists and technicians and provides business people with the tools they need to create, improve and deploy processes. In that way, entrepreneur excellence and top performance of organizational processes are desired to be achieved. Science becomes the basic motive force of entrepreneur organization function, too.

5. Elements of fusion organization

In our opinion, to realize those goals it is necessary to articulate new organizational form which we called fusion organization. Fusion organization is characterized by integrating of particular segments of organization like horizontal organiza-

tion, virtual organization, project organization, learning organization and innovative organization; in the process significant synergy effect emerges. Therefore, it is necessary to continually and systematically implement changes. Fusion organization is conducted with the help of combination of several managerial models like project management, knowledge managing, innovation managing, process managing, total quality managing and change managing. In other words, fusion organization is holistically conducted with the fundamental goal of maximal flexibility realization, dynamic and innovativeness which is entrepreneur imperative in global hyper-competitive market surrounding.

Polycentric and asymmetric model of power and diffuse structure are specific for fusion organization. Informal relations and constant redesigning of structure with help of ad hoc projects teams enable open communication within whole fusion organization. Paladino (Paladino; 2007, 40) advocates focusing on the processes is conducted with help of CPM (Corporate Performance Management) where *office* and *officer* realize several forms of *best practices* on everyday basis like *executive sponsorship*, *leadership influence factors*, *collaborative maturity* and *ability to learn*. It is tried to maximally realize corporative performance by constant innovation and *outsourcing* and *benchmarking* practice for which the *officer* at the peak of management takes responsibility.

Fusion organization consists of more than one core activity which is interlaced with the basic aim of creating new added value. However, for fusion entrepreneur organization generating new knowledge and new products and services and innovation management is extreme core activity. Alpha employees who are characterized with above-average creativity and competency are responsible for the realization of extreme core activities. In fusion organization, together with alpha employees, there are beta employees who are competent but without great creativity potential. In fusion organization extra core managerial models are knowledge management and management innovation even though other core managerial models like change management and human resource management co-exist. In fusion organization different managerial models and organizational processes are imbued, better to say become one in which process significant synergistic effect develops.

Tiem, Moosley and Dessunger (Tiem et al.; 2012, 248) believe that knowledge management consists of the following processes:

1. Knowledge identification and creation,
2. Knowledge collection and capture,

3. Knowledge storage and organization,
4. Knowledge sharing and dissemination,
5. Knowledge application and use.

While doing so one should bear in mind that in each company there are explicit and implicit knowledge that are equally important for new added value development.

The new product development is extreme core process which integrates certain sub-processes: research, development, purchasing, marketing, sales, production design and finance. Tenner and DeTorro (Tenner and DeTorro; 1997, 66) point to weaknesses in traditional, hierarchical organizations by claiming that the new-product development process would cut across half dozen or so functions with a different executive responsible for each functional sub-processes. In fusion organization sub-processes mentioned above are integrated within project teams which are managed holistically and transparent. Project teams are an important instrument of action of fusion organization whereby Jeston and Nelis (Jeston and Nelis; 2008, 124) indicate that the structure of project teams can be very complex because, for example, it includes project steering committee, project decision team, project sponsor, project director and project manager. Successful functioning presupposes networked and open communication channels and constant coordination of activity.

6. Elements of organizational culture

Jones (Jones; 1995, 395-396) describes the case NUMMI. In 1963, General Motors opened a car plant in Fremont, California, 35 miles east of San Francisco. From the outset, the plant was a loser. Productivity and quality was poor. Drug and alcohol abuse were widespread. GM closed the plant in 1981.

In 1983, GM and Toyota announced a joint venture. They would cooperate to reopen the Fremont plant. GM wanted to learn how Toyota operated its production system, and Toyota wanted to see whether it could achieve its customary high level of productivity by using Japanese techniques with American workers. In 1984, the new organization NUMMI opened under the control of Japanese management. By 1986, productivity at NUMMI was higher than productivity at any other GM factory. At the NUMMI factory, Toyota divided the work force into 350 flexible work teams. We have already pointed out the advantages of Toyota pro-

duction system that enables world productivity and competitiveness. Even though Toyota and General Motors business and some other leading car corporations have lately marked difficulties it does not reduce the significance of organizational culture. Corporative culture is in many cases characterized by the system of value of each country, even though it is not an absolute rule.

Hyper trust is based, together with transparency and trust in all relevant economic agents, on "high" ethical principles, good business practice and appreciation of personal integrity. Hyper trust enables self-confirmation through creative work which is a framework of fusion organization. In the process, in fusion organization within extremely important basic activities superior experts and creative people, i.e. alpha employees motivated for self-articulation should be engaged.

Together with family values, elements from wider or national context like patriotism are characteristic for fusion organization. One of the elements of rapid development of Chinese corporation Lenovo are precisely patriot feelings of Chinese customers. Daniel F. Spulber (Spulber; 2007, 176) wrote about it in his book Global Competitive Strategy "A consumer purchasing educational software produced by Lenovo explained why he chose it over competing foreign brands: "It's cheap, it works and it's Chinese". Key elements of success, together with hyper trust and other elements of culture are creative people or alpha employees and innovation processes located within networked, horizontal and extra flexible structure.

At the same time, fusion organization functions with help of hybrid model of managing property which includes patents, copyright and other and open knowledge exchange. Open approach is focused on fundamental knowledge and knowledge protection refers to innovation that is market profitable at the time. Managerial concept is an amalgam of numerous managing models that harmoniously integrated form a new managing style and in which holistic opinion is central element.

7. Conclusion

It is necessary to keep developing the model of fusion organization and it is necessary to work out harmonious integrating of numerous managerial tools in the process. Hyper trust and holism are important elements of entrepreneur culture and philosophy and also the basic way of strategic thinking in fusion organization. It is necessary to develop suitable way of recruitment and motivating alpha employees who are the generator of creating new added value in fusion organization. Within fusion organization the following elements or processes are synthesized:

intellectual effort, innovation processes, creative potential of alpha employees and hyper trust where with the help of networking open organization that is in dynamic relation with the surrounding is created. Specific concept of intellectual property management is also very important for a successful business. Fusion organizations are suitable form for acting in the segment of high technology and creative industry.

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