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## IMS AND INTERESTED PARTIES

**Abstract:** *The commercial success of an organization (company) is measured by how well satisfied the interests of all its interested parties. The question is whether we can satisfy the interests of all if we look at finances separate from the quality, the quality of safety at work or occupational safety from the environment. It is easy to make conclusion that it is not possible. All the interest of the organization and its customers, in any form, must be incorporated into its Integrated Management Systems (IMS) in the most effective way linked and coordinated, in other words, everything has to be integrated into the operating system of the organization. In this paper, the interested parties and their areas of interest are presented by terms of standardized management systems. They are given the results of investigation of IMS in Serbia, and segments related to the Interested Parties (stakeholders).*

**Keywords:** Interested Parties, IMS, Request, Standard

### 1. INTRODUCTION

The integration of management system starts with the fact that the buyer (user) is not the only party to satisfy the request. To satisfy the needs and expectations of Interested Parties/stakeholders (customers / users, employees, owners / investors, suppliers / partners, managers and the community) company should undertake:

- To identify its Interested Parties (stakeholders) and maintain a balanced response to their needs and expectations,
- The identified needs and expectations transfer into demands that disclose in the company and
- Focus on improving processes to ensure value for the identified stakeholders.

Needs and expectations of stakeholders for the most part match the requirements of various organizational-

management standards ISO standards.

On the other hand, a company is interested in that in the simplest way to satisfy the needs and expectations of stakeholders and requires the subject of standards.

System which integrates the requirements of multiple standards primarily provides satisfaction requires more stakeholders, because it is often the case that the different systems require different management agreed only to certain standard or standards.

In this sense, it is necessary to identify the common elements of management systems (MS), standards that are the subject of integration, and will be met common documents

In enclosures of ISO standards provide a comparative table required standard (in most cases presented with the ISO standard 9001), so relation between standards could be noticed and mutual elements, as well.

In general, the main common

elements are grouped into the following modules: policy, planning, implementation and operation, performance evaluation, improvement, review.

However, each stakeholder, and management system has its specific requirements. In order to understand the specific requirements of each management system it is needed to make detailed analysis of requests and compare with already incorporated in the integrated system. Even elements that are often considered as a joint can be different depending on the context of each individual standard. The specific requirements of stakeholders must be balanced, with the respected rank of significance.

To meet the identified requirements, top management defines the policy management system and objectives, taking into account the legal restrictions and other requirements in order to ensure their continuous improvement through the application of the policy management system. These objectives should be measurable.

Starting from the requirements of stakeholders, were turned into goals and programs, products and outputs are realized through a network of processes, that are „delivered“ to stakeholders.

## 2. INTERESTED PARTS (IP)

Interested party or a "stakeholder" is "group or individual who can affect or are affected by the objectives of the organization" The classification of stakeholders can be done in primary and secondary, where the primary are connected with the market, including customers, suppliers, employees and investors. Secondary stakeholders can be for example the public, community or government.

Having in mind special stakeholders,

each of them requires only a management system, according to a determined standard (table 1).

Standard		Stakeholders
Abbreviation	Indication	
<i>QMS</i>	<i>ISO 9001:2008</i>	Users- Buyers
<i>EMS</i>	<i>ISO 14001:2004</i>	Community
<i>CTCL</i>	<i>ISO/IEC 17025:2005</i>	Users- Buyers
<i>OHSAS</i>	<i>OHSAS 18001:2007</i>	Employee s
<i>CSRMS</i>	<i>SA 8000</i>	<i>Society</i>
<i>FMS</i>	<i>Sarbanes - Oxley Act</i>	Owners
<i>FSMS</i>	<i>HACCP/ ISO 22000:2005</i>	Users- Buyers
<i>SR</i>	<i>ISO 26000:2006</i>	<i>Society</i>
<i>ISMS</i>	<i>ISO/IEC 27001:2007</i>	Owners
<i>TMB</i>	<i>ISO 31000:2009</i>	Owners

**Table 1 - Standardized management systems and Interested Parts**

Viewed from the side of the organization, it has the basic management system, and it is interested in to easily adapted and matched to the requirements of various standards, but with unique resources, responsibilities, goals, plans, documents, training, audits, improvements and certifications.

When an organization identifies all interested parties can determine which partial management systems should include in its Integrated Management System (IMS)

According to [3], there are different

interested parties.

International Standard ISO 9004 identifies a wide range of stakeholders:

- Users of the product (customers)
- Employees
- Owners
- Supplier
- The community, and others.

### 3. AREAS OF INTERESTS IP

All stakeholders have an interest that the organization be successful and to be able to satisfy their interests. Table 2 lists the stakeholders and its area of interesting.

Stakeholder	Area of interesting
Users of products	<ul style="list-style-type: none"> <li>- Product Quality</li> <li>- Price</li> <li>- Delivery terms</li> <li>- Maintenance of product after delivery</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Salaries</li> <li>- Work conditions</li> <li>- Organization stability</li> </ul>
Managers	<ul style="list-style-type: none"> <li>- Business Success</li> <li>- Sustainable Development</li> </ul>
Owners	<ul style="list-style-type: none"> <li>- Profit</li> <li>- Users loyalty</li> <li>- Employees loyalty</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Permanent orders</li> <li>- Long-term cooperation</li> <li>- Good payment</li> </ul>
Community	<ul style="list-style-type: none"> <li>- Satisfied citizens</li> <li>- Environment - Regular payment of taxes and contributions</li> </ul>

**Table 2 - Core areas of interest of stakeholders [2]**

**Products Users** are interested in organization that could completely meet their requests and expectation as well as in products that are not against their health and safety. If organization in their business system meet on proper way requests of **ISO 9001:2008, HACCP standard** users could expect that their interests will be met

Interests of **employees** are shown in its motivation for carrying out of everyday activities, improving its work and commitment the organization. Motivation is obtaining with good internal communication, proper salaries, taking care about safety and health. Obviously, taking care about employees interests could be shown with good quality management (**ISO 9001: 2008**), adequate safety and occupational health of staff (**OHSAS 18001**), good financial management.

**The owners** are interested in making profit and the constant increase capital of organization. Be sure that, under normal circumstances, they are interested in commitment of employees in the organization, and do not have problem with state institutions which supervise the observance of legality.

**Society** is interested in the success of an organization (company), but also for those segments of its operations that can meet or threaten the interests of communities and individuals who make it. For these reasons, the company pays special attention to the financial indicators of business organizations, environmental protection, protection of employees, food safety, safely use of products... ect. To protect their interests, the Company is reported by Legal Regulation.

In order to protect the interests of society, the organization in its IMS (depending on activity) should include all elements relating to: Financial Operations (Financial Management), Environment (ISO 14001:2004), Safety and health of employees (OHSAS 18001 ), Food safety

(HACCP - ISO 22000:2005) and a complete legal framework relating to the above mentioned.

**Suppliers** are interested in long-term partnership, and thus for the affairs of the organization and its stability. Therefore, it is in their interest that the organization meets the interests of all the previous shareholders, because it is guaranteeing the realization of their interests.

It is necessary that during the *integration* the organization determines that its management systems needed to meet the interests of all Interested Parts. There certainly should be considered standardized and not standardized management systems.

The previous analysis shows the core areas of interest of stakeholders. It should be noted that there are common interests.

Take the example of EMS.

The reasons for the application of *ISO 14000* series of standards can be viewed through the prism of Interested Parts:

1. States, with request of compliance with regulation,
2. local communities (local government) whose interests must be the quality of life with the growth of social standards, " quality of life can not exist without high quality environment",
3. owners (shareholders), with particular attitude that is related to the legal aspect, and also with a large proportion of which relates to the image,
4. insurance companies, which will increasingly take into account the environmental risk assessment,
5. banks, with a goal to investment (loans) are directed to programs with lower environmental risk,
6. customers, where more and more the prevailing fear of repercussions in their own image,
7. management, which environmental

management will be installed in the system management and

8. employees, due to a sense of personal responsibility, strive to protect the environment has a satisfactory treatment.

Observed the interests of different IP, although it seems **clear** can often be **contradictory**. That they would meet together in a way that will guarantee everyone the right to accomplish their interests and expectations, it is necessary to all "fit into" *IMS*.

Looking at a longer time period, the **level of satisfaction of one** interested party is reflected on the **level of satisfaction other parties**. Nonfeasance the basic requirements of one interested party, guaranteed to reflect on the level satisfaction of others (such as the principle of connected vessels).

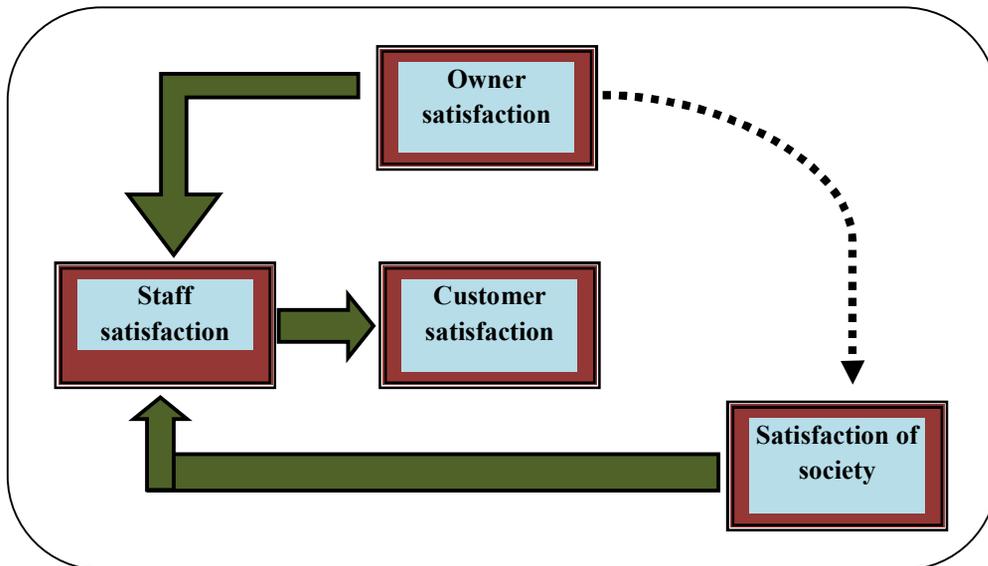
For example, an organization that gets a bad reputation within the community, such a bad reputation is reflected in employee satisfaction. A certain number of organizations which are currently faced with this situation, lag in the further development.

The conditions of existence of dissatisfaction of employees, the decrease of attention to customer satisfaction, and also the total potential of the organization (Figure 1). The tendency to acquire use of a **financial** nature only through the drawing of the entire profits from companies, many **small and medium enterprises** do not lead to the path of steady growth, but are transitioning from crisis to crisis.

In many cases, the satisfaction of IP and there is a positive feedback effect. Achieved success in satisfying one interested party can positively affect the degree of satisfaction of other parties. If the management of an enterprise such that we have in mind the needs of all stakeholders, then it is able to make progress in several areas. In developed

countries in this regard was taken in a number of studies that indicate what is the

interplay between the satisfaction of certain interested parties.



*Figure 1 – The interdependence of satisfaction of IP*

The results of some studies conducted in Scandinavian countries have shown a strong correlation between employee satisfaction and customer satisfaction. When there is a higher level of satisfaction of employees appears to the satisfaction of customers at a higher level. Also, research conducted in America, has established the fact that greater social responsibility of companies does not imply poor financial results, as it often plays the manager.

#### **4. IMS IN SERBIA AND STAKEHOLDERS**

The paper [5] conducted a study of application of IMS in Serbia, in the small and medium enterprises (SMEs).

53 companies are surveyed from different business areas, with different ownership structure.

#### **4.1 Customer satisfaction and other interested parties**

Customer satisfaction (user) can be monitored on a scale from total dissatisfaction to delight. Users will have experience with a certain level of satisfaction for a given set of circumstances. This will affect the three sets of factors: those that cause dissatisfaction, pleasure or excitement. Customer satisfaction can not be accurately predicted, but can be followed in order to discover opportunities for improvement. As long as the customer satisfaction at the desired level, the determining factor in business is "customer loyalty". Users can be satisfied, but not to buy products again from the same company. Output economic benefit is achieved through customer satisfaction, which is demonstrated through its loyalty [1].

Any market company can not be "blind" oriented towards the customer if there is no data on customer satisfaction.

Satisfaction of the customer (user) can be given using different approaches and models.

Number of companies that have not achieved increased customer satisfaction is 5 and 9.43% of the considered samples (Figure 2). With the increase levels of customer satisfaction by 49 companies, 90.57% of polled companies (*which confirmed the hypothesis H3 - Establishing IMS increases the level of satisfaction of the buyer / user*) [5]



**Figure 2 – Increase customer satisfaction by introducing IMS**

The factors that cause dissatisfaction may be ineffective or undesirable processes of the product. If they exist, significantly are decreasing users satisfaction. If they do not exist, do not increase customer satisfaction, it is just not getting worse. These factors are considered much more important by customers in respect of the implementation of the Company.

Factors that contribute the satisfaction are expected characteristics of the process or product. With regard to these factors actually are increased more satisfaction.

It is obvious that the strategy for achieving customer satisfaction: *to control the factors that cause dissatisfaction of customer, and also implement the key influential factors on customer satisfaction.*

Factors that contribute to the excitement are the characteristics of products / services or processes that are not expected or specified products and buyer of product / customer of service is positively related to them when they meet. Standard ISO 10001 [7] gives guidelines

for the managing organization in terms of customer satisfaction. It is designed for organizations of all sizes. In the Annex C standard with recommendations for small businesses to achieve code management organization, in terms of customer satisfaction, the key areas:

- Planning,
- Design,
- Development
- Implementation and
- Maintenance and improvement

Enterprise (organization) should define the best method for collecting data in accordance with the nature of research, time limits and available funds.

The largest increase in the level of customer satisfaction is in the range of 11-25% (15 companies, ie. 28.30% of the sample), as well as competitiveness [5].

When crossing the factors of the system and the number of companies that have achieved an increase in that range, we get Table 3.

Number of integrated management systems of an enterprise does not affect on the element of customer satisfaction.

Increasing customer satisfaction: 11 – 25 %	
Number of system	Number of company
2	10
3	3
4	2
<b>TOTAL:</b>	<b>15</b>

**Table 3** -Correlation: Number of System - Increase customer satisfaction

Caused factors of *customer satisfaction*, obtained through research are [5]: meeting the demands of the customer and increase trust (41 complete response), a higher level of quality (41 answers);

reduction number of inconsistency (31 answers) reduced the number of complaints (28 responses); increase the number of customers (25 responses).

Through conducted research [5] provided data about the *increasing level* of satisfaction of **other IP**:

- The satisfaction of **owners** (3.88%)
- **Employee** satisfaction, manifested by:
  - increased motivation of employees (5.82%),
  - raising the competence of employees (9.39%),
  - improved communication between employees (6.80%),
  - a small number of injuries of employees (4.21%)
- Improved relations with the **community and the public** (3.92%)
- Improved relations with **suppliers** (6.63%).

#### 4.2 Requirements of stakeholders

Question number 15 of the questionnaire [5], related to the evaluation of the requirements of stakeholders (interested parties) in IMS. Companies have been answered on the basis of ten-steps scale: 10 highest ranking, 1-lowest rank required.

Received average ratings are shown in Table 4.

STAKEHOLDERS	Rating	% structure
<b>Owners</b>	<b>8,2</b>	<b>20,09</b>
<b>Stakeholders</b>	<b>5,4</b>	<b>19,17</b>
<b>Managers</b>	<b>8,3</b>	<b>18,94</b>
<b>State</b>	<b>8,7</b>	<b>17,32</b>
<b>Employees</b>	<b>7,5</b>	<b>12,47</b>
<b>Local government</b>	<b>5,2</b>	<b>12,01</b>

**Table 4** - Requirements of stakeholders (Interested Parties)

Average scores of requests show high level of interest of stakeholders for **IMS** (in principle, everyone in the area of own interest).

Looking at average grades obtained and percentage structure requirements of stakeholders (Table 4) ranking is as follows: State, managers, owners, employees, shareholders, local government.

In the first place ranking *country*, as a reason for change is often imposed rules and regulations, constant monitoring of SMEs by the large number of inspection services, community pressure, measures in the form of lawsuits and fines. Reduction of legal violations-penalties is rated as the second objective **IMS**.

*Managers* as an interested party in second place, by reason of their responsibilities, a situation that the manager is also the owner, and the desire to preserve the positions (especially in the privatized firms). Last place belongs to *local government* (as with the SMEs support for **IMS**).

It is important to emphasize that the surveyed companies has large extent balanced requirements of stakeholders, therefore *the smallest* problem in the implementation of IMS: the different requirements of stakeholders (only 3.77% of the sample).

#### 5. CONCLUSION

Sooner or later all our organizations will meet with the inevitability that their business systems adapt to the demands that own needs and interests accomplish though the success of the organization. Good management needs to recognize it in time. It is not enough to think how to partially satisfy consumers, state employees, the owners of suppliers. To think that all of them have been met at the same time by realization of planned

activities of the organization.

Integration of partial management systems, which an organization (enterprise) is recognized as its needs, the

integrated management system becomes more real need for organizations and provides a balanced stakeholder satisfaction.

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