

QUALITY ASSESSMENT OF STRATEGIC MANAGEMENT IN ORGANIZATIONS – A MATURITY MODEL

BALTA CORNELIU, ROSIORU NICOLETA DIANA

Wales University Romania

ABSTRACT

The paper presents the actual main concepts related to assessment of quality management in organizations. Strategic management is analyzed taking into consideration the most important dimensions including leadership, culture and values, process improvement, etc. The five levels of maturity model of strategic management are described showing the connection with organizational development.

Keywords: *quality assessment, maturity model, performance measurement*

1. INTRODUCTION

The effects of the financial crisis characterizing the years 2008-2010 have led to major changes in the management of organizations, especially in the area of their strategic management¹.

Regardless of the type of organization, strategic management is the most important component of its managerial activity, as it sets up the organization's mission, vision and objectives. Starting from 2010, not only the top management of companies but also investors have focused on their organizations' place on the market, aiming at improving their strategic management. This need of organizations to assess the quality of their strategic management has led to the development of a *strategic management maturity model (SMMM)*.

2. THE STRATEGIC MANAGEMENT MATURITY MODEL (SMMM)

The strategic management maturity model has been born from the managers' need to have a rapid assessment of their organization's strategic management situation, to monitorize the progress of the strategic management improvement process and to allow rapid assessment methods for organizations and departments in order to identify their strengths and weaknesses.

Generally, the organization's management process starts from two basic questions:

- Are the organization's activities performed well?
- Are the organization's activities performed correctly?

The specialists in the field have established that the answer to the first question can be found in the area of operational management. A series of instruments have been developed that can improve the proper development of activities, such as TQM, Six Sigma or

the re-design of business processes. To these the strategic management maturity model is added.

The strategic management maturity model starts from re-defining the concept of performance by adding its strategic management component, which is meant to answer the second question, regarding how correctly the organization's activities are carried out. As a starting point in the attempt to answer this second interrogation, it is necessary to state that the aspects relates to corectness are defined by the strategy established according to the vision of the organization's leading staff. It is also important to mention that the mere improvement of processes cannot guarantee an organization's success or the success of one of its missions. Both managerial components, the strategic and the operational one are necessary as they are complementary. Therefore, the process of assessing the quality of an organization's strategic management should take into account both the strategic and the operational management, in order to establish the organization's complete managerial capacity.

The assessment process by means of the strategic management maturity model means evaluating, measuring the strategic management dimensions on a scale of five SMMM specific levels. References to strategic management dimensions shall take into consideration the following dimensions of performance assessment:

- Leadership;
- Culture and values;
- Strategic thinking and planning;
- Direction;
- Performance measurement²;
- Process improvement;
- Strategic management sustainability.

We will shortly characterize each of these dimensions in order to better understand the organization's maturity model.

¹ Martin Kunc, Rahul Bhandari, (2011) *Strategic development processes during economic and financial crisis*, Management Decision, Vol. 49 Iss: 8, pp.1343 - 1353

² Simons, Robert, Antonio Dávila, and Robert S. Kaplan. *Performance measurement & control systems for implementing strategy: text & cases*. Upper Saddle River, NJ: Prentice Hall, 2000, passim.

Leadership

An efficient strategic management will obviously start from the organization's leading staff, which are supposed to launch new hypotheses and find new solutions for problems, thus building, creating the company's future vision. There are certain characteristics that the company's leading staff need to possess in order to perform these tasks, such as:

- The capacity to set up a clear and consistent vision regarding the future of the organization;
- The capacity to pro-actively prepare the organization for facing the challenges of the projected future;
- The capacity to get involved in turning the organization's vision into clear tasks for each employee;
- The capacity to be an example illustrating the organization's values, ethics and policies;
- The capacity to encourage employees to come up with new ideas which should finally lead to career advancement, as well as the capacity to encourage team work.

Culture and values

This dimension refers to the culture and values existing within the organization, both at the level of the management and of the employees. In a mature organization, the difference is made by the way culture and values are communicated, understood and practised at both levels mentioned above.

A mature labour force's culture and values are proven by the following:

- The principles and practices of change management are applied by the leading staff;
- The degree in which the organization's values and vision are internalized by the employees;
- The degree of participation in the process of modelling the organization's culture and work patterns;
- The level of trust, transparency and freedom of communication;
- The degree of flexibility and willingness to accept change as a necessary step for accomplishing the new strategic demands;
- The level of understanding and the consistency of sharing the organization's values and policies.

Strategic planning and thinking

The development of an organization's strategy is a complex and challenging process, the completion of its component tasks being based on strategic thinking.

Strategic thinking is, in its turn, based on a series of abilities:

- The ability to use consistent definitions of the terms used in the planning process and the capacity to make the difference among them;
- The capacity to understand the difference between projected and strategic planning;
- The capacity to understand the effects of the dynamics of the organization's systems such as delays or feedback;

- The ability to describe the items of the planning process to the necessary strategic amplitude;
- Openness to new ideas and the ability to encourage innovation and creativity;
- The ability to think of alternative strategies and scenarios;
- The ability to establish a relation between the organization's strategic planning and its budget;

Direction

This dimension refers to the strategic direction that can be defined as the degree in which an organization's human and material resources are oriented towards a projected strategy.

The absence of this dimension is synonym to chaos and it means that the organization's managers, programs and projects have different objectives translated into the lack of a common vision. Such a state of chaos leads to the waste of resources, to delays, conflicts and confusion.

The organizations that benefits from a strategic direction³ are characterized by values, vision mission, strategic planning, budget, policies, procedures, tasks, objectives, informational standards and organizational structure.

Generally, the direction measures the extent to which:

- The human factor at all levels is motivated by a mutual strategy and vision;
- The employees understand that their support of the organization's strategy influences the way they work;
- The employees are self motivated and the motivation is not related to obeying rules.

Performance measurement

The measurement of strategic performance is related to strategic planning and to the way in which strategic results are integrated withing the organization's vision.

The characteristics to be identified in the assessment process of this dimension are the following:

- Measurements regarding not only the financial expenses, the accomplished tasks or the deliverables, but also the results;
- Measurements that use correct percentages and units of measure adapted to the best possible understanding of the situation;
- The frequency with which measurements are made and reported for supporting the decision making process;
- A balanced set of measurements that shall cover a series of different dimensions, from financial data to customer satisfaction, internal processes or organization capacity.

Performance measurement is also based on the assessment of the way technology is used in the process of handling the information on performance. The use of hard copies for documents may be adequate for

³ Donaldson, Gordon, and Jay William Lorsch. *Decision making at the top: The shaping of strategic direction*. New York: Basic Books, 1983, pp. 111-112.

organizations of small dimensions but in larger, modern organizations the collection and dissemination of data on performance need advanced IT systems and networks. Thus, the extent to which final users have access to relevant data becomes an aspect mirroring the maturity of strategic management.

Performance management

The above mentioned data collection and dissemination do not achieve their goal if the data are not used efficiently. Performance management⁴ is that very dimension of strategic management which defines the degree in which the data regarding the performance are used in the decision making process. The following aspects shall be taken into account:

- Recognition of the organization as a dynamic system;
- Use of feedback by the organization's management so that they might identify the results of their decisions;
- Placement of the organization, by its leading staff, in a learning environment so that it might validate its vision;

These aspects establish the extent to which an organization's managerial staff have access to the information necessary in order to make decisions, thus defining the level of performance management.

Process improvement

Broadly speaking, the role of the strategic manager is to identify the organization's processes that need improvement, an activity which is based on strategic input in the sense that information is received regarding the use of resources for the improvement of the most strategic processes on the long and respectively the short term.

The improvement of the processes shall start from the assessment of the following aspects:

- Knowledge of the activity processes which are important from a strategic point of view;
- Abilities, practices and technologies used for improving the quality and the efficiency of the processes;
- Knowledge of the organization's competences and capacities and of the way they are involved in the carrying out of the processes;
- The extent to which the organization is aware of its customers' and beneficiaries' expectations;
- The existence of emergency plans in case of future risks, disasters, financial problems or change of the leading staff.

Sustainability of strategic management

This dimension is defined by the following aspects:

- Placement of the organization in the area of strategic vision, planning and initiative;⁵
- Existence of a reward and value recognition system that shall contribute to the effort of motivating employees;
- Presence of a strategic management cell that shall draw up the strategy and supervise the performance level.

The short description of these eight dimensions of strategic management is a key element in the analysis of the assessment process of an organization's strategic management based on the maturity model.

3. THE LEVELS OF THE MATURITY MODEL OF STRATEGIC MANAGEMENT

For each dimension previously analysed within the assessment model of the degree of maturity of an organization's strategic management we can identify five maturity levels, as follows:

- ad-hoc and static level;
- reactive level;
- structured and pro-active level;
- administered and oriented level;
- permanent improvement level.

According to the level within which the eight specific dimensions of strategic management can be placed, organizations fall under one of the five levels, of which the ad-hoc and static level is the lowest and the permanent improvement level is the highest. For a better understanding of our thesis, the following figure presents the assessment model of the degree of maturity of an organization's strategic management:

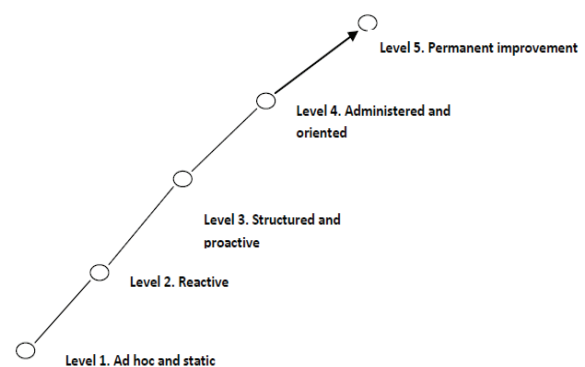


Figure 1 The maturity levels resulting from the assessment of the dimensions of an organization strategic management

4. CONCLUSIONS

The use of the maturity model in the assessment process of the organizations' strategic management is a

⁴ Armstrong, Michael, and Angela Baron. *Performance management*. London: Kogan Page, 1994, p.5-16.

⁵ Wheelen, Thomas L., and J. David Hunger. *Concepts in strategic management and business policy*. Pearson Education India, 2011, pp. 27-35

necessary tool, especially on the contemporary economic background, when organizations are subject to a long process of adaptation to the new characteristics of the economic-financial environment.

The identification, as a result of this type of evaluation, of an organization's degree of maturity offers its management, investors and customers reliable data on its situation on the market.

5. REFERENCES

- [1] JORGENSEN et al. "Lean Maturity, Lean Sustainability", *Advances in Production Management Systems* (2007)
- [2] MAIER, A. et al. "A review of maturity grids based approaches to assessing organisational capabilities", Academy of Management Meeting, Anaheim, California, Academy of Management (2008)
- [3] SRAI R. K. and D. P. Norton, *The Execution Premium*, (Harvard Business School Press, 2008).
- [4] SRAI R. K. and D. P. Norton, *The Strategy-Focused Organization*, (Harvard Business School Press, 2001).
- [5] SRAI, J. S. "Process Organisation, Capabilities and Supply Networks-Enterprise organization and operation" in *Springer Handbook of Mechanical Engineering*, Editors: Karl-Heinrich Grote, Erik K. Antonsson, Springer, Heidelberg. (2009)

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.