

## DIFFERENTIATION AND INTEGRATION OF PROCESSES AS OBJECTS OF ENTERPRISE CONTROL

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Differentiation and integration are typical processes for modern firm management. The article describes the system of modern management. It defines the place of processes in the structure of the management object. The author characterizes processes as the management object and presents the integration trends of management.

At present management is undergoing rapid growth. Performance management is one of its modern areas.

In a broad sense performance is any employment or job which includes expedient change and transformation of the surrounding world. Performance includes a purpose, means, result and the process itself<sup>1</sup>. In the sphere of management definitions of performance and its management are vague. We can refer to R. Williams, who generalizes materials of numerous foreign researches in his publications. He does not provide a definition of the concept "performance" and states that «it is rather difficult to give its (performance – Alla Sterligova) definition»<sup>2</sup> and that «there is no general definition of performance management for all professionals in this sphere»<sup>3</sup>. The definition of performance is presented by various models of its perception as control systems of performance and as the system integrating the firm's management areas.

Process is a close concept to performance. Modern specialists understand this term as the above mentioned components of performance. Recorded in ISO 9000:2000 the definition states: «Process is a stable, purposeful set of interconnected types of performance which transforms inputs into outputs that are valuable for consumers by a certain technology»<sup>4</sup>. Here processes include performance, rather than the reverse, as it follows from a classical definition of performance.

As the problem of management integration in a firm constitutes a subject of performance management, it is expedient to use the concept "performance" in the context of integration

processes. A concept "process" as a more general one is used in discussing all questions connected with management, including its separate directions.

Management<sup>5</sup> is quite diverse nowadays. There have been constant attempts to systemize its types. Their generalisation is provided in V.S. Pudich's and S.I. Chudnovskaya's works<sup>6</sup>.

A.G. Teslinov notes that "a variety of management types has no fixed order yet and, most likely, cannot have it in an absolute sense because this area of human reality is developing with accruing speed"<sup>7</sup>. Nevertheless, using the cybernetic model of management system, there has been an attempt to reveal the logic of development of modern management, identification of its types and their interrelation. The subject and management object and also contents of job's firms (purpose, technology, style and national and cultural features of management) served as criteria for the research<sup>8</sup>.

The conducted analysis has shown that the variety of management types is connected first of all with a variety of areas of application and features of implementation of managerial processes and also the fact that differentiation of management has an objective character. It has been revealed that differentiation of management goes in several interconnected directions. The direction «Management Object» has the most developed and stable structure.

Historically the first management object was process. Another group of objects of management is various "subjects" which as well as processes require detailed elaboration as management objects. First of all management subjects should be divided into material and

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non-material ones. In the framework of material subjects the most important is the distinction between animate and inanimate objects. Animate subjects of management represent human resources (separate persons and groups of persons).

There is a spectrum of modern types of management for separate people: personified management, self-management, client management, etc. Groups of people are objects of management in general management, social management, personnel administration, team management and so forth.

Inanimate objects. Objects of management are presented in modern management practice by objects of labour, implements, other property, supporting resources (financial and informative). Especially it is necessary to note rapid differentiation of objects of this level in the framework of information resources: they control databases, data, site contents, address lists, computers' desktops, information life cycles, memory, networks and so forth. It is obvious that soon this list will extend and that the same will happen with all resources that apply innovative technology of the future.

The spectrum of types of management directed at non-material subjects is quite broad. The types of management connected with human resources develop most dynamically, e.g. conflict management, health management, management of stress, anger, ideas, talents. A general tendency is to approach individuals, positive influence on potential executors and supervisors. Other non-material objects of management are purposes, safety, etc.

Thus, the management object has a structured hierarchy where the process and the subject as well as objects of management are the factors of a two-dimensional space. The third dimension of the management object introduces the scale of management objects. Management can be directed on separate objects (self-management, etc.) or on groups of objects (corporate management, firm management), and also on interconnected objects (industries, territories, systems of various character and nature).

Processes as objects of management in turn have quite a complicated structure. We can single out deterministic and stochastic processes by their character. Management focused on

controlling stochastic processes operates probabilistic approach to analysis, forecasting and activity planning. It is typical, for instance in investment management, management of credits, acts of God, deadlines of projects unlike for instance scientific management, operational management, firm management, management of taxes and duties, time management, etc.

In the late 60s – early 70s attention was drawn to processes connected with interactions at various levels that led to development of new types of management such as interfunctional, interfirm, interbranch management, management of partner relationships, interaction of projects, customer relations, interactions with public authorities, etc.

From the beginning of the last century management of processes had a division by industries in many respects justified by technological features of separate processes. At present this tradition has remained in many respects: specialists speak about business management as a whole or about management of its development (strategic management), change management, management of research, developmental works, purchase, production, distribution, management of marketing, sales, electronic trade or (in the framework of a providing subsystem of an operating system) about management of documents circulation, warehousing, insurance, logistics, training, acquisition of licenses, etc.

The third subgroup of management objects are objects of types of management where it is difficult to separate a subject and a process from each other. Herein, a subject as a management object in its state is connected with development of a process; therefore, management of a process connected with a subject becomes an integral part of a type of management. For example, such types of management are management of staff, labour force, labour, human resources, focus groups. While working with so called inanimate objects there is the same rigid interrelation. For example, it affects work with material resources: integrated management (quality), logistics, material management, management of inventory, waste, resources, etc. The similar situation is with financial resources: trust management, management of accounts receivable, cash assets, salaries, expenses, investment portfolio,

circulating capital, costs, project cost, etc. We can talk about the link of processes and information resources and also with implements.

Non-material subjects as objects of management are also often inseparable from processes that are connected with them. Management of detection and correction of errors, time management, management of knowledge etc., deal with such questions.

A broad spectrum of objects of management consists of inseparable processes, material and non-material subjects. These are all social and economic systems, and consequently, firms, enterprises, associations, public bodies. Such objects are considered in administrative management, public administration, innovative management, corporate management, firm management, management

Practice of detailed elaboration of management object and influence on management of a differentiation of labour, purposes, styles and national and cultural features of management highlights issues of integration of management in various directions.

The concept "integration" is used in several areas of knowledge and each of them specifies its unique significance. Integration is an extremely well used term in modern science and management. The theme of integration of management is one of the most popular. The overwhelming majority of specialised scientific literature at least once addressed this theme in the last five years. As a whole it is told that management integration is considered from different approaches. Integration is described as consolidation of activity's types, complex implementation of functions and administrative interactions, interaction of participants of distribution process (including sellers and buyers), availability of general information and communication systems, construction of organizational relations (including rationalization of system's organization) and also a process of inclusion and involvement of new elements, field of activities or separate functions into an activity.

Diversity of understanding of integration involves various types of integration in economics and management. Main types of integration are: economic, horizontal and vertical (ascending) integrations, combined integration, progressive (direct) integration, progressive and

regressive integrations, conventional integration, circular integration, through, short-term and long-term integration, conglomeratic integration. The description of evolution of management integration is offered in foreign literature<sup>9</sup>.

As the conducted research has shown, management integration is led both in the direction of uniting its various components and in the direction of analysis and synthesis of objects of management. The interrelation of the following directions of differentiation was found during the research:

- ◆ management object – management object
- ◆ management object – subject of management,
- ◆ management object – technology of management,
- ◆ management object – objective of management,
- ◆ subject of management – national and cultural features of management,
- ◆ style of management – national and cultural features of management.

The interrelation of types of management on the following directions is noted in the process of management:

- ◆ subject of management influences the choice and implementation of technology, style and management objective,
- ◆ technology of management tests the influence of separate components, and also the style and national and cultural management features, -
- ◆ national and cultural features of management affect the choice of management's objective.

Formation of management types includes groups that are consolidating various levels of objects of management, namely:

- ◆ a process and a particular type of activity,
- ◆ a process as the management object and an animate object as the management object (Self Management, etc.),
- ◆ a mixed management object (a subject and a process) and industry (municipal management, etc.),
- ◆ a mixed management object (subject-process) and group of objects of the criterion of a scale (Corporate Management, Firm Management, etc.),

◆ a mixed management object (subject-process) and territory of scale's criterion (management of a regional economy, etc.).

Integration of management caused by a deepening professional differentiation of management requires research of management integration's mechanisms.

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<sup>1</sup> S.I. Ojegov. Dictionary of Russian language. M., 1990. P. 167; Soviet encyclopedia-dictionary. M., 1986. P. 382.

<sup>2</sup> R. Williams. Management by activity of staff. M.; St. Petersburg, 2003. P. 19.

<sup>3</sup> There are. P. 39.

<sup>4</sup> ISO 9000:2000. System of quality management. Base statements and dictionary.

<sup>5</sup> As the result of researching meanings and relations of concepts "management" and "upravlenie" (Rus.) it has been determined that in the broad interpretation "upravlenie" (as the process of transforming resources or substances in required results (conditions), including separate functions and requiring a certain organizational form) is identical to English «management». As the greatest attention in management is directed to human resources it is possible to consider management as "upravlenie" of

objects in Russian including human resources, i.e. organizational and economic systems.

<sup>6</sup> V.S. Pudich. Methodological problems of the development of science of management in Russia: Autoreferat of dissertation of post-graduate student of scientific degree of doctor in economics. M., 2003. 45 P.; S.I. Chudnovskaya. Integration and competition of processes of management: Dissertation of post-graduate scientific degree of Doctor in Economics for specialty. M., 1999. 447 p.

<sup>7</sup> A.G. Teslinov. Life lines of conceptual management // Information technologies in science, education, telecommunication and business: Materials of XXXII International conferention IT+SE'2005s Ukrainian, Crimea, Yalta – Gurzuf, 19 – 28 May 2005. Gurzuf, 2005. P. 269-272.

<sup>8</sup> Content of investigation was presented in book A.N. Sterligova. Modern state of kinds of organization management // Vestnik of Samara State University of Economics (State University of Management). - №4 (17). 2006. P. 183-194.

<sup>9</sup> E.g. Stevens G.C. Integrating the supply chain // International Journal of Physical Distribution and Materials Management. Vol. 19. № 18. 1989; M. Christopher. Logistics and management by chain of supply / Edited by V.S. Lukinskiy. St. Petersburg, 2004. P. 27-28.