

Integral Management: Key Success Factors in the MER Model

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Abstract: Even though management evolution has been described differently in the literature, many authors agree that in the last two decades we can observe the development of integral management. Many models of integral management have been developed during these years. One of them is the MER Model of integral management, the beginnings of which date back to the years 1992 and 1993. The model has been changed recently. Major changes introduced in the renewed model regard the enterprises' success factors. Some new key success factors were added in the MER model based on new scientific cognitions as well as taking into consideration new developments in the socio-political and economic environment. In this contribution we present the most important features of the renewed model with more detailed explanation of key success factors.

Keywords: integral management; MER Model of integral management; success factor; culture; philosophy; ethics; credibility; entrepreneurship; synergy; ecology; compatibility; efficiency; competitiveness

1 Introduction

The stages of management evolution have been presented differently in the scientific and professional (business) literature. Very often, the stages of management evolution are described as budgeting and controlling, long-range planning, strategic planning, corporate strategic planning and strategic management. Over the past two decades we can observe substantive progress toward the development of integral management. There are many well-known and

recognized models of integral management (e.g., the St. Gallen model) which were developed with the goal of providing a comprehensive and holistic framework for the governance and management of enterprises. In Slovenia, we can observe a similar evolution of integral management almost at the same time as in many other countries. Namely, socio-political and economic changes during the transition from socialist to market economy in Slovenia enabled the transfer of up-to-date scientific and research thinking on management from the developed market economies to the academic and professional work of academics and professionals in transition economies. The MER Model of integral management, which is represented in this contribution, is the result of rich international scientific and research cooperation of individuals from mainly university institutions from different (especially European) countries. This cooperation has been coordinated by Slovenian academics and researchers. The beginnings of the creation of the MER Model of integral management (further in the text: the MER Model) date back to the years 1992 and 1993 [1, 7, 12]. The MER Model has been published several times with a special focus on the particularities of the transition period [2, 8, 26]; it has also been presented at conferences [3, 4, 5, 9, 10, 11, 14, 19, 22, 27].

A year ago the decision was made to start thoroughly renewing the MER Model since many changes of conditions in the economic and other social environment in Slovenia and in many other post-socialist countries have been taking place. The renewed MER Model was published at the end of the year 2010 in the book entitled "Integral Management – MER Model" [13] and in proceedings of the MEB 2011 conference [6, 16]. In this "renewed" model many changes were introduced; especially some new success factors were added. In this contribution, the renewed MER Model is presented with a more detailed presentation of scientific observations on key success factors.

2 The Evolution of Integral Management

Management has been presented differently from the evolutionary perspective in the scientific and professional (business) literature. There is also no common agreement among researchers about the beginnings of management. Some researchers have placed the beginnings of management in time periods before Christ; others believe that we can observe the first roots of management in the period of the industrial evolution, which began with the invention of the steam engine in the year 1784 in England. Among the first group of authors is, for example, Müller-Merbach. In his contribution entitled "Philosophie und Führung" (in English: "Philosophy and Management"; see [20]) he scientifically grounded the origins of management in the thoughts and works of philosophers, many of whom lived in the centuries before Christ. He represents the important thinking of Heraklid, Platon, Aristotle, Socrates, Pythagoras, Zenon, Kant, Hobbes, Ehrenfels,

Hesse, Aquin, Barkeley, Jonas and others. In the work cited, the author does not explicitly write about the evolution of management; however, he describes the (old) philosophical grounds of leadership, with the beginnings in cultures of different civilizations. According to the opinion of some other authors, the evolution of management has its beginnings in later time periods. For example, Kralj sees the evolutionary beginnings of “real” management in scientific management, which is named “Taylorism” after its creator Taylor [28].

There also exist different opinions and views regarding the type and sequence of the evolutionary changes in management. We compare three broad research studies: one carried out by Hax and Majluf, another carried out by Hahn, and a third conducted by Kralj. The research by Hax and Majluf and the work by Hahn were conducted during the period of the evolution of strategic management [23, 24, 25]. Strategic management was in both research studies defined as the highest evolutionary achievement. However, the evolutionary path to the stage of strategic management is explained differently in the cited literature. Hax and Majluf [24] describe the early stages of the management evolution as budgeting and controlling and long-range planning, and the later stages as business strategic planning, corporate strategic planning and strategic management. On the other hand, Hahn [23] describes the stages of management evolution as general management, strategic planning and strategic management. The cited authors did not foresee the evolution of integral management, which has been underway in the last two decades.

Among those management researchers who foresaw such an evolution of management was also Slovenian researcher Kralj [29 and earlier publications]. He described four major stages in the evolution of management: empirical, rational, cognitive and integrative management (see [21] for research findings on the presence of the different evolutionary modes/stages in Slovenian enterprises). Kralj was the first Slovenian author who defined integral management, and this was not only via describing its main characteristics, but also by developing its own model of managing the policy of an organization and an enterprise (see: [29 and earlier publications]). In his later work [28], the author places two other Slovenian models of integral management among the important models of integral management, and they are the Tavčar practical model and the Maribor model of integral management.

Some fruitful contributions to the understanding of the evolution of integral management in the international environment are the research works of Mugler and Thommen. We find especially important Mugler’s findings that there are many models of integral management developed in different surroundings [30], such as the St. Gallen and the Zürich model of management in Switzerland and the Vienna school of management in Austria (see: [31]), where the MER Model of integral management is of special importance since it incorporates the particularities of enterprises in transition (see: [26]). Among well-known and recognized models from the German-speaking world, Thommen [34] emphasizes

the St. Gallen model and the Zürich model. Thommen defines as models of integral management all those models which incorporates the holistic nature of management phenomenon and all its relevant aspects; that is, the holistic regulation and coordination of an enterprise and all its partial areas as well as the managing of co-workers.

The authors of this contribution find the St. Gallen model as one the most recognized and accepted models of integral management. From an historical and evolutionary point of view, the beginnings of this model coincide with the foundation of the Institute of Management at the Hochschule St. Gallen – HSG in the year 1954 by Hans Ulrich. He was convinced of the necessity of a strong theory of the company. In the year 1968, his book “Die Unternehmung als produktives soziales System” (in English: “The Corporation as a Productive Social System”) outlined the basics for a system-oriented education in management. On the basis of his thinking, the first version of the “St. Gallen Management Model” was published in the year 1972, together with Walter Krieg, in a book of the same title.

From the year 1984 to 1994, the institute was headed by Knut Bleicher. During this period, the overall idea of an integrated management approach was shaped, a framework called the “St. Gallen Management Concept”. By emphasizing distinct phases of corporate development, it especially focused on the evolutionary conditions and states of management. This concept is based on three management levels highlighted by Hans Ulrich and combines them with what is often regarded as the specific “St. Gallen” demands of successful management: the harmonization of strategic programs, structure, and culture to a common chord. Six editions have made “Das Konzept Integriertes Management” (in English: “The Concept of Integrated Management”) an acknowledged standard in management literature.

In the year 1998 the University of St. Gallen initiated a comprehensive project to renew the St. Gallen Management Model. In 2002 these efforts led to the new HSG approach to integral management. With this, the acknowledged St. Gallen concept of an enterprise and of the accompanying management challenges entered its third generation. The latest HSG approach to integral management enhances the original Ulrich model in several respects: (1) there is more importance attached to the ethical, normative dimension of management, (2) the new model reflects the relevance of a process-oriented view of an enterprise, and (3) there is greater emphasis on the interpretative, meaning-based dimension of management. With integrating the levels of strategy, structure and culture, the three main pillars of the second St. Gallen management model developed in the Bleicher era also play an important role in the new model. Finally, the great contemporary issues of interactions (resources, norms and values, concerns and interests) are linked in a new way. This is done to draw more attention to the insight that management is very much about interpreting certain facts and giving meaning to them. The project was conducted by Johannes Rüegg-Stürm, who introduced the

management framework in his book “Das neue St. Galler Management-Modell” (in English: “The New St. Gallen Management Model”) [32, 33].

We ascertain that substantial effort was devoted to the development of integral management at the same time in Slovenia and elsewhere. The solutions are comparable, taking into consideration the special socio-political and economic circumstances in Slovenia and former Yugoslavia. For more about this, see in Kralj [28], who created his model for managing the policy of an organization and an enterprise almost at the same time as the St. Gallen model did.

Extensive socio-political changes in former socialist countries during the nineties of the past century have enabled the incorporation of the modern thought on management in the science and profession of management in Slovenia. These changes have enabled the evolution of integral management, with the beginnings in the Maribor model of integral management. However, the long-term development of this model was not possible due to many reasons. It was upgraded with the internationally conceptualize MER Model, which is presented in more detail in this contribution. The MER Model is based on the understanding of integral management as the one which enables the holistic governance and management of an enterprise in all its dimensions from objective, space and time perspectives.

3 The Evolutionary Path of the MER Model of Integral Management

3.1 The Beginnings

The beginnings of the creation of the MER Model of integral management date back to the year 1992 and 1993. In the autumn of 1993, the book entitled “Podjetništvo, politika podjetja in management” (in English: “Entrepreneurship, an Enterprise’s Policy and Management”) was published by Založba Obzorja (in English: the Publishing House Obzorja) from Maribor [1]. The book was result of cooperation of twenty-two authors from five countries who were not thinking of developing their own model of management during that time. However, the circumstance in the following years has demanded precisely this: cooperation with clear purpose and goals toward developing joint ideas of enterprises’ management and development.

3.2 Research Work, Symposiums and Publications

3.2.1 Research Work

The research work on entrepreneurship, the enterprise's policy and management, which started in the year 1992, was successfully continued in the following years. The researchers from Slovenia, who were encouraged by the book published in 1993, published a year later (in the year 1994) another book entitled "Unternehmen im Übergangsprozeß zur Marktwirtschaft mit Fallbeispielen aus Slowenien" (in English: "Enterprises in Transition to a Market Economy with Cases from Slovenia") [7]. The book was published by Linde Verlag (in English: Publishing House Linde) from Vienna. It represents an important element of the integration of research work and thoughts since it is written in German and therefore is applicable for a wider public (not only to Slovenian readers). Nowadays, we are convinced that this book has played an important role in attracting many researchers from abroad to scientific cooperation within the MER research program. From 1992 to 2011 more than 400 academics and other researchers participated in research work focused on the creation of their own model of integral management. During these years many research projects were conducted (see Appendix 1), the main findings of which were published and disseminated to a broad scientific and professional public.

3.2.2 Symposiums

In the early beginnings of the research cooperation in the years 1992 and 1993 the need for meetings "in life" was expressed by the participating researchers. For this reason several international scientific symposiums were organized as a manifestation of cooperation in the scientific and research work. The first symposium was organized and held in the year 1994, and in the following years (until 2011) nine international symposiums entitled "Management in razvoj – MER" (in English: "Management and Development – MER") were successfully organized. 354 academics and professionals participated in these symposiums, presenting and discussing research findings and observations on different topics in the scientific field of the enterprises' management and development. These participants were part of symposiums as authors of written papers in more than 600 cases. There were also researchers who cooperated in the MER research project but for different reasons could not participate at symposiums, and there were professionals who did not deal scientifically with the research topics but were interested in the practical solutions of researched problems.

3.2.2 Publications

New knowledge and research findings of the symposiums and researches have been published in books, journals, and symposium proceedings. The first publication was the aforementioned book published by the Publishing House Obzorja, followed by the book published by the Publishing House Linde from

Vienna. There have also been publications published by Versus Verlag (in English: the Publishing House Versus) from Zürich and the publishing house of the Faculty of Business and Economics from Maribor. After setting up the MER Evrocentre in the year 1997, the majority of written materials were published by its publishing house MER Založba. The written and published material on which the MER Model has been conceptualized and developed consists of more than one thousand pages. In the Appendix 2, only a limited number of publications (books, journals and proceeding) is listed; the selection was based on their importance for the creation of the MER Model of integral management.

3.3 Synergy of Participants

In past years academics (researchers and authors of published papers) from Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Belarus, Canada, the Czech Republic, Croatia, Estonia, France, Germany, Hungary, Italy, Poland, Romania, Russia, Slovakia, Slovenia, Switzerland, the Ukraine and the USA have been cooperating in the MER programs. They have come from more than fifty (mainly university) institutions. Thus, scientific doctrines of different universities have influenced the development of the MER Model. In Appendix 3 are listed only those partners who have had a major influence on the development of the MER Model during the time period 1992-2011; a list of all participants would be too long. The coordinators of the MER programs at the MER Evrocentre have been working on the coordination and integration of the research findings of participating researchers that have led to the framework captioned under the name “the MER Model of integral management”. An important role in this process has been played by the already mentioned group of researchers (listed in Appendix 3) whose personal engagement during these years has enabled creative team work. This engagement and team work enables the incorporation of scientific doctrines of the participating institutions into the MER Model.

4 The Renewed MER Model of Integral Management

The MER Model is based on the multi-dimensional integration of management with the enterprise and its environment, taking into consideration the enterprise's basic purposes of surviving and developing. The basic features of the MER Model are presented in Figure 1 and discussed in the continuation of the paper.

The MER Model is based on a rich scientific foundation and research observations on management, of which the following are especially important:

- a) observations on the differentiation between an enterprise and management as an object and as a subject of the managerial activity, and the co-dependencies between management and an enterprise;

- b) understanding the characteristics of the enterprise's environments (conditions and changes of conditions, needs and expectations), their influences on an enterprise, as well as on the management of an enterprise;
- c) understanding the requisite compatibility of opportunities identified in the environment with the existent and potential capabilities of an enterprise;

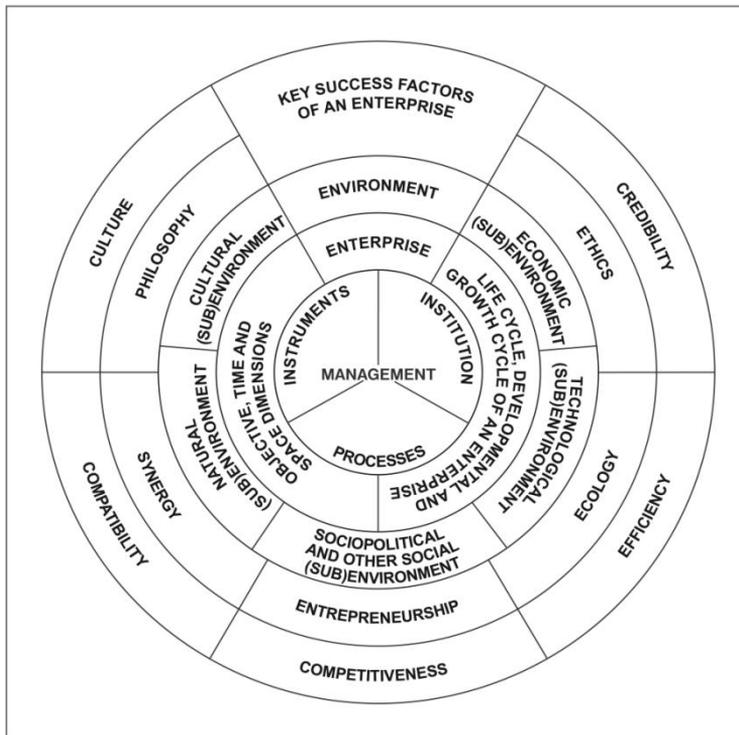


Figure 1

The MER Model of Integral Management

- d) the process comprehension of an enterprise; understanding the diversity of enterprises and their influences on the necessary adjustments of management;
- e) understanding the enterprise's life cycle and developmental cycle, the special situations and goals of enterprises, and their influences on the particularities of management;
- f) observations on entrepreneurial, efficient (in profit oriented enterprises also profitable), as well as ethical and credible creation of positive synergy effects for increasing the competitiveness, effectiveness and value of an enterprise.

The description of the MER Model can be summarized in the following three major fields:

- 1) Integral management: its dimensions and special managements, which are presented in Figure 1 by the first circle.
- 2) An enterprise and its environment, which are presented by the second and the third circles in Figure 1.
- 3) Success factors of an enterprise, which are presented by the fourth and the fifth circles in Figure 1.

5 Management

Management as a process, as an institution and as the system of instruments are three dimensions of management which are incorporated into the MER Model. From the system perspective the management is understood in these three dimensions as a partial system and not as a subsystem of an enterprise in which it exists. Management processes, instruments and institutions are horizontally and vertically integrated in a consistent functioning wholeness. The process, instrumental and institutional integration of management is at the same time the fundamental condition for bringing into force all other integration factors.

5.1 Process Dimension

The process dimension of the MER Model is based on the integration of hierarchical levels, basic functions and process functions. Among the hierarchical levels of the management process we distinguish among the political level, the strategic management level and the operational management level. Planning, organizing, directing and controlling are understood within the MER Model as basic functions of the management process and as process functions the preparation of information, decision making and undertaking measures are incorporated into the MER Model. In the continuation, we describe the process dimension in more detail.

Hierarchical levels of the management process

The process dimension of the MER Model is based on understanding the hierarchy of the management process. What is typical of management activities is that the global and developmental definitions of an enterprise are followed by the more detailed, operational definitions. Therefore, there is hierarchical order in:

- defining a vision and a policy of an enterprise at the highest, political level; the enterprise's policy consists of a mission, purposes and basic goals;
- identifying strategic opportunities and developing strategies for implementing the policy at the middle, strategic level;

- planning and allocating resources and operational tasks at the lowest, tactical and operational levels.

Processes at different hierarchical levels, described above, need to be integrated into one holistic and complex process. Therefore, in the MER Model no special attention is given to distinguishing between governance and management processes because of the need for linking and interweaving processes at all hierarchical levels. The need for the integration of governance and management processes into one complex and holistic process is emphasized also in other models of integral management.

Planning, organizing, directing and controlling as basic functions

The management process in the MER Model begins with planning, which is followed by organizing and directing of implementation. Control is not the last step in this sequence. It is needed many times in between and together with planning, organizing, directing of implementation and implementation itself. Planning, organizing, directing and controlling are needed at all hierarchical levels of the management process.

Preparatory information activities, decision making and measures undertaking as process functions

The essence of management processes represents decision making and measures undertaking processes. Both decision making and measures undertaking processes are needed in all stages and at all levels of the management process. Decisions are based on information. The preparation of the needed data and information is based on collecting, processing, storing and communicating data and information. Information processes, like decision making processes, are presented in all basic functions and at all levels of the management process. The purpose of the management processes is achieved by the process of undertaking measures. The realization of measures is always done at the level which is hierarchically lower from the level at which the decision was made. Political decisions are realized by strategies, strategic decisions by structuring of resources, decisions on structuring of resources by making decisions on the operational level and by the realization in the basic processes of an enterprise.

5.2 Instrumental Dimension

Management as an instrumental system consists of values, business and management guiding principles, styles, techniques and management methods. Values as well as business and management guiding principles globally define the relationships between an enterprise, its environment and its employees. They are especially important since the selected management styles and techniques are based on them. Among different management styles, two extremes can be distinguished, the authoritarian and participative management styles; however, in the praxis we can find their combinations. Among different management

techniques we distinguish the following ones: management by objectives, management by exception, management by delegation and management by system. Regarding the management methods, during the process of developing the MER Model, priority has been given to the business planning methods, especially the methods of enterprise's start-up and developmental planning.

5.3 Institutional Dimension

The institutional dimension of the MER Model represents those people who are involved in the governance and management of an enterprise (i.e., governance and management structures). Boundaries between the governance and management structures have been disappearing more and more via the development of the integral management models. Namely, research studies show the growing need for integration of both structures. Among those involved in the governance and management processes, they hierarchically can be distinguished between owners making decisions on the policy of an enterprise, top management making decisions on strategies, middle management making decisions on the optimal allocation of resources (tactics) and first line management making decisions on the distribution of operational tasks.

The definition of the involved individuals carrying out the management functions (i.e., institutional dimension) is done regarding their responsibilities in decision making processes. Management processes consist of, in addition to decision making, planning, organizing, directing and controlling activities (as discussed previously in the text). People involved in these activities are experts within the enterprise, very often also managers or even those from governance structure, if they possess the needed expert knowledge.

In the MER Model special attention is given to managers' personal characteristics, competencies, authority and motivation as well as to organizational models of management. We believe that they are of crucial importance for the long-term survival and success of an enterprise.

6 Enterprise and Environment

An enterprise is understood in the MER Model as the narrow environment in which (and for which) the management is active. Therefore, an enterprise integrates "its own" management with the characteristics of its own reality (activity, processes, resources, organization and structures) in a certain place at a certain time. This integration takes place in an enterprise which finds itself in one of different phases of life, growth and developmental cycle; in the majority of cases, an enterprise is at the same time in more than one phase of the mentioned cycles. From the dynamic perspective, an enterprise is constantly changing and

therefore moving from one phase to another. This dynamic perspective is also incorporated into the MER Model, which provides a framework for the needed integration of the management with the enterprise and its environment.

The integration of the management with philosophy, culture and ethics, as well as with entrepreneurship and ecology, is also of crucial importance for the survival and success of an enterprise, and for this reason it cannot be isolated only to a certain part of an enterprise and/or its environment. This integration of an enterprise with its broader environment (economic, cultural, natural, technological and socio-political sub-environments) is implemented in the operational, market and cognitive spheres of the enterprise's functioning and is manifested as the enterprise's external competence to align the enterprise's potential outputs (i. e., services, products) with the needs and expectations of the environment; this alignment should be done from the objective, time and space perspective. The integration of enterprise's internal factors (i.e., material as well non-material) is manifested as the enterprise's internal competence, and also as the capability of an enterprise for efficient functioning and achieving synergy in all areas. Only in this way will an enterprise be able to satisfy needs and expectations of environment better than its competitors.

The *objective dimension* of the MER model is expressed by its applicability for all types of enterprises (in the broader sense of the term) regardless of their activity, size, legal form, etc. The MER model is designed for enterprises in different life cycle phases, developmental stages and growth stages, of course with certain modifications. These lead to special managements (e.g., start-up management, developmental management, management of an enterprise in bankruptcy, etc.). Such special managements are not isolated parts but partial systems of the integral management. The MER Model is designed also for enterprises which find themselves in special situations or which follow different sets of goals. Typical cases are crisis management, total quality management and innovation management, which also represent partial systems of the integral management. From the *time perspective*, the MER Model is designed to be used in all time dimensions (for longer as well as shorter time periods); that means with planning for the future and with controlling and intervention measures for the present time (in all cases taking into consideration the cognitions from the past). Regarding the *space dimension*, the MER Model enables the functioning of management in all three places (market, operational and cognitive) of an enterprise – which means in all dimension of enterprise's environment. In MER solutions, special attention is devoted to small and medium-sized enterprises (also family ones), enterprises in crisis and management particularities of such enterprises; in the MER Model we distinguish among proactive crisis management, cooperative management, change management and management of business opportunities.

7 Key Success Factors of an Enterprise

Key success factors (as well as success itself) are of crucial, strategic importance for all enterprises. Therefore, enterprises should devote a great deal of their attention to these factors. They should identify them and permanently try to improve them. Based on contemporary scientific cognitions and research findings, the following success factors were incorporated into the MER Model: internal and external compatibility of an enterprise, credibility, efficiency, competitiveness, entrepreneurship, synergy, culture, philosophy, ethics and ecology. In the continuation, we explain them in more detail.

7.1 Culture, Philosophy, Ethics and Credibility

An enterprise's culture encompasses values, rules, beliefs and assumptions that are shared by organizational members and that are used in handling and behavior of the especially internal enterprise's stakeholders. The developmental improvement of an enterprise is not possible without a simultaneous change of its culture; the changing of culture (in the head of enterprise's stakeholders!) is usually a very demanding and long-lasting process. The culture of the broader society as well as the culture of an enterprise is very complex. The circle of an enterprise's culture on the level of science, religion, philosophy, art and technique is considered within the MER Model; this circle starts and ends in the environment. The culture based on the contemporary scientific findings, the universal credible (and also responsible) philosophy, the comprehensive artistic way of expression, the friendly techniques of the enterprise's functioning and the enterprise's credible handling of all stakeholders as well as credible behavior of each stakeholder (in the name of and on account of the enterprise) to other stakeholders are incorporated into the MER Model. We strive for such an ethics that results in the holistic credibility of an enterprise. An enterprise which is not credible cannot become (and stay) continuously successful. The realization of the enterprise's credibility is therefore possible only with the ethical behavior of all its stakeholders (see also: [15, 16, 17, 18]). There exists a mutual relationship in the implementation of ethics and credibility. The demand for credible behavior of all enterprise's stakeholders (owners, managers and others) in all circumstances is also incorporated into the MER Model. The credibility must be established and implemented mutually: from the side of an enterprise as an institution toward every stakeholder of the enterprise and from each stakeholder (in the name of and on the account of the enterprise!) toward all other stakeholders.

7.2 Entrepreneurship, Synergy and Ecology

Enterprises cannot be successful in the long term without people who possess the characteristics of entrepreneurs; also enterprises cannot be successful if individuals are entrepreneurial but the conditions within the enterprises are not established to promote entrepreneurship or even hinder the entrepreneurial actions

of employees. Creativity, intuition, imagination, vision, carefulness, courage, honesty, patience, diligence, personal motivation and preparedness to work, persistence, dynamics, initiative, risk-propensity and sense for change, judgmental competences, firmness, decision-making abilities and preparedness for pioneer work are the essence of entrepreneurship. Within the MER Model, we argue that entrepreneurship in an enterprise is needed and is crucial for an enterprise's success; therefore, the conditions must be established in order to encourage entrepreneurial activities among an enterprise's stakeholders, especially among an enterprise's internal stakeholders.

Synergy and the creation of positive synergy effects are considered within the MER Model as the key success factors of every enterprise. The care for the creation of positive synergy effects is permanently present in all dimensions of the MER Model. We believe that an enterprise which achieves negative synergy effects cannot be successful; usually such enterprises decline and die very soon. If an enterprise consciously makes a decision which leads to zero or even negative synergy effects, such a decision must be based on well-grounded reasons, and the enterprise must know how long such situation will last and when the negative or zero effects will be replaced with positive ones.

Regarding the ecology as one of the success factors within the MER Model, we place in the center the enterprise's handling within the environment. In the MER Model we especially emphasize the requisite holistic ecological functioning and behavior of an enterprise. We argue that an environmentally friendly (ecological) philosophy is needed, along with the enterprise's policy, strategies and operative functioning. An enterprise should not consider its ecological efforts as a burden; it should see these efforts as an attempt to improve its competitive position and by this also its performance. An enterprise should strive to raise ecological awareness by its all stakeholders, also external ones. We encourage with the MER Model the credible, ecological directed behavior of enterprises all the time and everywhere.

7.3 Internal and External Compatibility of an Enterprise

The holistic compatibility of an enterprise with its environment is needed in order to be successful. We believe that internal and external compatibility of an enterprise are needed in its vision and policy, in strategies and processes as well as in enterprise's structure. It is necessary to achieve the alignment of previously mentioned with the identified expectations and needs of the environment as well as mutually within the enterprise itself, within the specific time, place, quantity and quality. An enterprise should achieve the compatibility of the environment (i.e., its expectations and needs) with all of the enterprise's processes, components and structures. The alignment is always the process of changing (either of an enterprise or the environment). The faster the enterprises are changing the more successful they become. Within the MER Model, we bring into force the active attitude of an enterprise toward changes and also call attention to the requisite

dealing with changes as business opportunities for the enterprise; in this way, we argue the need for introducing two special dimensions of integral management, which are the proactive management of opportunities and change.

7.4 Efficiency and Competitiveness

The efficiency of an enterprise is an important success factor. Regarding the efficiency, the demands for rationality, speed and cost optimization of realization of all activities and processes are in the center of our attention. The main question here is how to work and how to conduct activities, as well as the entire technical, technological and working processes. The efficiency of an enterprise is expressed by the way of carrying out all processes; that means not only by carrying out the basic processes but also the governance and management processes, as well as the information processes. An enterprise should (besides constantly taking care of efficiency) also constantly check whether or not its products (or services) still satisfy the needs of the buyers. This means that an enterprise should make the right things (products or services) in the right way. Efficiency in "doing the right things" is useful and necessary; in doing "the wrong things" efficiency can even be harmful. However, if an enterprise does the right things less efficiently than other enterprises, it will very soon be without the buyers. In such a case an enterprise will no longer be able to exist. In order to become more competitive, an enterprise must recognize (and know) which characteristics of its offer are for the environment (i.e., buyers) of importance (and are also priority) and how to improve them in comparison to its competitors, or how to develop new characteristics of its products and services; that means to develop such characteristics that competitors' products or service do not yet possess. Many approaches of studying the ways of improving competitiveness have been established. Let us remind you of the MER's efforts to bring into force the requisite holistic approach. The idea for establishing an enterprise should not be grounded on its outputs (i.e., the enterprise's offer); an enterprise should be established based on the identification of the needs and expectations of the buyers, then by making the decision on the purposes, goals, business processes and structure of such an enterprise that will be able to provide competitive products (or services) to the market. With the MER Model, we are promoting the holistic credible behavior in the processes of improving the competitiveness of enterprises.

Conclusions

Activities within the MER programs (research, symposiums and publications) have been dealing with enterprises and similar institutions in different environments, in different life stages and in different developmental and business situations a period of almost twenty years. Therefore, internal as well external factors influencing the development and growth of enterprises and similar institutions have been considered. Certain solutions have been proposed for special types of enterprises (e.g., for corporations and enterprises with agricultural

activities) as well as for regional development. A lot of research efforts have been devoted to small and medium-sized enterprises (in short: SMEs) and especially family enterprises, since they possess many developmental and managerial particularities. With certain modifications, the MER Model can be useful and applicable for SMEs and family enterprises as well.

The MER Model has been verified several times during the process of its creation. Very often verifications of different parts of the MER Model were done in the praxis of participating enterprises or by presenting the MER Model at different scientific symposiums and conferences, at faculties and other schools via lectures. Thoughts on the model (or its parts, and not always under the name “MER model of integral management”) have been disseminated to many people, especially to those in European countries. The MER Model has been introduced in many books and been reviewed in journals; the most comprehensive presentation of the MER Model is done in an already cited book (i.e., [13]). The written contributions on the MER Model are open to academic and professional discussion and judgment. The opinions, remarks and other responses received have contributed significantly to improving the quality and actuality of the MER Model.

Certain dimensions of the MER Model have already been implemented in some Slovenian companies. These companies cannot be listed by name due to ethical reasons; however, they are described in the cited MER publications. Numerous participants of trainings and other educational events have been using the acquired knowledge on the MER Model to solve business and management problems.

The knowledge on the MER Model of integral management is built in the study programs, especially in those at the Faculty of Economics and Business at the University of Maribor (for more information on the MER model in the study programs see: [4]). Three years later we are even more convinced that the use of the MER Model in the students' study work is important and bring satisfying results; the acquired experiences indicate that the presence of the MER Model in the study programs and the incorporation of the MER Model into the pedagogical process have been successful.

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Appendix 1

The list of important MER research projects

- Co-dependencies between entrepreneurship, enterprise’s policy and management
- Transition influences on development of an economy and enterprises
- Particularities of development and developmental management of small and medium-sized enterprises
- Business planning as the component of the management process
- Synergy effects of start-up and developmental management
- Particularities of crisis management in different environments
- Comparative analysis of integral management models with models of strategic management and enterprise’s policy
- Integration and cooperation particularities of small and medium-sized enterprises (comparing EU countries with other countries)
- Developmental particularities of family enterprises
- Organizational change in European industry: research on innovation and innovativeness in Slovenia
- Patterns of organizational change in European industry: Ways to strengthen the empirical basis of research and policy
- Business ethics implementation in different enterprise life cycle stages

Appendix 2

The list of important publications

Books:

- Belak, J. et al.: Podjetništvo, politika podjetja in management (Entrepreneurship, Enterprise’s Policy and Management), Založba Obzorja, Maribor, 1993
- Belak, J., Kajzer, Š. (Hrsg./Ed.): Unternehmen im Übergangsprozess zur Marktwirtschaft: mit Fallbeispielen aus Slowenien, Linde Verlag, Wien, 1994

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Symposium proceedings and journals:

- Belak, J., Mugler, J. et al. (Hrsg./Ed.): *Unternehmen und Unternehmertum im Übergangsprozess: mit Fallbeispielen aus Slowenien*, Journal für Betriebswirtschaft, Vol. 44, No. 9, 1994
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- Mugler, J. et al.: *Theorie und Praxis der Unternehmensentwicklung: mit Besonderheiten der KMU*, Naše Gospodarstvo, Vol. 42, No. 4, 1996
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Appendix 3

The list of partners

- Abteilung für Controlling und strategische Unternehmensführung, Institut für Wirtschaftswissenschaften der Universität Klagenfurt (Department of Controlling and Strategic Management at the University Klagenfurt), Austria
- Akademia Ekonomiczna im. Karol Adamieckiego w Katowicach (University of Economics Katowice), Poland
- Akademia Ekonomiczna im. Oskara Langego we Wrocławiu (Oskar Lange University of Economics Wroclaw), Poland
- Ekonomska fakulteta Univerze v Ljubljani (Faculty of Economics, University of Ljubljana), Slovenia
- Ekonomski fakultet, Sveučilište u Zagrebu (Faculty of Economics and Business, University of Zagreb), Croatia
- Fakulta ekonomiky a manažmentu, Slovak Agricultural University in Nitra (Faculty of Economics and Management, Slovak University of Agriculture, Nitra), Slovak Republic
- Institut für Arbeitswissenschaft, Ruhr-Universität Bochum (Ruhr-University Bochum), Germany

- Instytut Inżynierii Zarządzania, Wydział Informatyki i Zarządzania, Politechnika Poznańska, (Institute of Management Engineering, Department of Informatics and Management, Poznan Technical University), Poland
- Institut für Betriebswirtschaftslehre der Klein- und Mittelbetriebe an der Wirtschaftsuniversität Wien (Department of Small Business Management, University of Economics and Business Administration, Vienna), Austria
- Inštitut za management in razvoj, MER Evrocenter (Institute for management and development, MER Evrocentre), Slovenia
- Inštitut za podjetništvo in management malih podjetij, Ekonomsko-poslovna fakulteta Univerze v Mariboru (Institute of Entrepreneurship and Small Business Management, Faculty of Economics and Business, University of Maribor), Slovenia
- Kaiserslautern University of Applied Sciences, Studiengang Mittelstandsökonomie, FH-Campus Zweibrücken (Kaiserlautern University of Applied Sciences, Department of Small Business), Germany
- Keleti Károly Gazdasági Kar, Óbudai Egyetem (Keleti Károly Faculty of Economics, Óbuda University), Hungary
- Lehrstuhl für Organisation und Personal (Department of Organization and Human Resources), European Business School Schloß Reichartshausen, Oestrich-Winkel, Germany
- Provozně ekonomická fakulta, Česká zemědělská univerzita v Praze (Faculty of Economics and Management, Czech University of Agriculture Prague), Czech Republic
- Universität für National- und Weltwirtschaft, Sofia (University of National and World Economy, Sofia), Bulgaria
- Wydział Nauk Ekonomicznych i Zarządzania, Uniwersytet Mikołaja Kopernika w Toruniu (Faculty of Economic Sciences and Management, Nicholas Copernicus University Torun), Poland
- Schweizerisches Institut für gewerbliche Wirtschaft an der Universität St. Gallen (Swiss Research Institute of Small Business and Entrepreneurship at the University of St. Gallen), Switzerland