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QUALITY SYSTEM CONDITION FOR SUCCESSFUL BUSINESS AND COMPETITIVENESS PROCEEDINGS

KOPAONIK, 30/11.-02/12/2016
ASSOCIATION FOR QUALITY AND STANDARDIZATION OF SERBIA

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PREFACE

Dear fans of quality,

Association for quality and standardization of Serbia in cooperation with the Center for quality of Faculty of Engineering Kragujevac, Center for Quality Faculty of Mechanical Engineering Podgorica, College of technical studies & technology Krusevac, Middle and South East European countries Quality Initiative, with support of Accreditation Body of Serbia, Serbian Association of employers and Serbian chamber of commerce, this year continues the tradition of improvement quality infrastructure in the Republic of Serbia by organizing the 18th National and 4th international conference Quality system condition for successful business and competitiveness.

At this conference will be discussed about many topics, and the most significant we emphasize improvement of quality infrastructure, development and establishment of IMS - from practice to practice, path to business excellence, knowledge management, quality culture, innovation and quality, quality in the public sector, motivation and quality, audit and certification.

The significance of this meeting will provide organization of round table discussions:

- The new version of ISO 9001 and ISO 14001 - one year later
- The modern world - a world of changes and learning
- Our food on the world market

These roundtables will enable consideration about significant issues of extreme importance for improvement quality infrastructure in Serbia. There is especially significant round table "Our food on the world market", where the experts in this area will point out the easiest way for selling our food on the world market, that is more and more demanding.

Articles published in the Proceedings gives the opportunity to entrepreneurs to find the right strategy, policy, to define objectives in the field of quality management system, environmental management system, and occupational health and safety management system in order to strengthen its competitive position on the market and maximize satisfaction customers / service users

On behalf of the Organizing Committee of the 18th National and 4th International scientific conference to thank to all article authors and co-authors, co-organizers, sponsors, and all those who have supported, participants from Serbia and abroad who have helped to make this conference successfully.

President of the Organizing Committee

Professor Zoran Punoševac PhD
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BUSINESS PROCESS CONTROLLING

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Abstract: Quality management in terms of dynamic turbulent environment in which we exist today are becoming imperative. Increasing the competitiveness of organizations have been improved is possible only through continuous improvement of organizational processes. However, despite the importance of non-compliance and continuous improvement process, few authors engaged in the development of new models whose implementation organizations to increase their competitiveness, and continuously improve their processes. Combining quality control and controlling an arrangement by which organizations can follow efikasnost, effectiveness, and cost-effectiveness of the process. Model controlling of business processes represents a new way of continuous improvement of organizational processes. Using the model of controlling processes in your business, organization reduces costs due to permanent removal of anomalies in the process, which helps reduce the number of non-conforming products. In addition, the organization is fully oriented towards the interested parties and the fulfillment of their demands as the rationalization process orientation.

Keywords: Business process management, business process management, quality management, organization

JEL Classification: M190

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1. INTRODUCTION

Every organizational goal is to enhance process effectiveness and efficiency in order to be sustainable. To be able to reach that goal, organization has to develop a model for process continuous improvement. The model of business process controlling gives organization an opportunity to find anomalies in a process. By finding them it can incorporate prevention measures at the very beginning of the process, using the PDCA methodology which is the key for process continuous improvement. Before finalization of customer requirements it is necessary to plan complete realization having in mind possible plan deviation. To minimize plan deviations organization has to develop factor of safety. This factor of safety together with referent values provides security to the organization in the process of plan realization. However, organizations have to be cautious in using the factor of safety, since its increase raises unrealized organizational potential.

2. LITERATURE REVIEW

On the international level, among authors who deal with controlling the most notable are Von Brocke, J., and Michael Rosemann who started to mention process controlling as important activities (Von Brocke, Rosemann 2010). Also Polyvyanyy, Smirnov and Weske talking about the importance of information about the process for controlling (Polyvyanyy, Smirnov, Weske: 2011). Furthermore Krumeich, Jacobi, Werth and Loos are speaking about the importance of business processes analysis for the organization which wants to develop a competitive market advantage. (Krumiech, Jacobi, Werth, Loos: 2014). Apart from this work, the work of Maximilien Kintzw to started to emphasize the importance of business processes controlling and monitoring plan achievement through KPI (Kintz 2012). Authors Potkany and Babiak in their work reflect the main tasks and roles that process controlling has in the organization by observing small and medium organizations (Potkany and Babiak 2013). Authors Knothe, Jakel et al analyzing the importance of input requirements in the process and the need to develop ways in which the organization will control them (Knothe, Jakel and Wintrich 2014). By analysing foreign authors literature, only rare emphasize the importance of controlling in the whole management process. Furthermore, there are almost no authors that analyze business processes through the prism of quality management. From the work of Croatian authors the work of Nidžara Osmanagic Bedenik is dealing with general controlling research which includes number of organizations who implemented controlling as a separate function in their business. Osmanagic Bedenik researches controlling development and concepts of controlling, strategic and operational. (Osmanagic Bedenik: 2015). Authors Ocko and Svigir emphasize controlling as a basis for making good management decisions. In their papers, controlling is viewed through the prism of accounting, which is the base of controlling. But they do not address the mentioned model by means the process can be continuously improved. (Ocko, and Svigir: 2009). Other authors have done a comparative analysis of controlling functions in the organizations, research about the number of organizations that have implemented controlling especially bank sector and research about the relation between planning and controlling. But there are no researches which analyze controlling of business processes through efficiency, effectiveness and process economization. This is necessary for having good quality management in the organization. The link between business process controlling and quality management is very important since it decreases the number of non-conforming products and continuously improves all production processes in the organization. By continuously improving processes, organization decreases non-conforming products which directly affects quality costs that is costs because product non-quality. This research analysis controlling model based on which organization continuously improves processes, meet requirements of all interested parties and through realization of planned activities follows efficiency, effectiveness and in the end economization of business processes.

3. BUSINESS PROCESSES

Modern environment in which business processes are conducted is highly influenced by industrial and technological changes as a result of globalization and other changes conditions in the environment.

Business processes are a series of activities. Some basic classification of business processes are:
- Core business processes
- Support processes
- Management processes

Each of these processes has direct impact on the organization's ability to meet the demands of stakeholders. Today, organizations need to build and maintain a competitive advantage. Today's organizations realize that meeting the demands of stakeholders, especially customers is not possible without using all necessary resources to ensure satisfaction. Today, organizations need to meet the demands of stakeholders and some of the best known and most successful organizations are those that have achieved this by using the best practices in their work. In order to improve organizational performance, it is necessary to develop a process controlling model. This model suggest management a possibility of improving the model which in this model, it is important to develop a better understanding of the model.
3. BUSINESS PROCESSES AND PROCESS ORIENTATION

Modern environment in which today’s organizations operate brings the large number of turbulence as a result of globalization and internationalization of business. Organizations only can adapt to new conditions in the environment in which they operate if they implement process philosophy.

Business processes are a series of actions that organization must realize through the process. The basic classification of business processes is:

- Core business processes
- Support processes
- Management processes

Each of these processes has different tasks in the organization. The main task of the core process is meeting the demands of stakeholders. Support processes and management processes must provide all necessary resources to enable efficient and effective compliance with the requirements of stakeholders. Today are developed numerous methods which can improve organizational processes and some of the best known are: lean, lean six sigma, kaizen and TQM.

In order to improve organizational processes all processes must be documented in accordance with ISO 9001. However, in order to improve business processes, it is necessary for organization to develop a process controlling. Based on the results of measurements on the KPIs, controlling suggest management a possible decision to improve the process. Because of this requirement, developing the model which is shown in figure 2, becomes imperative. Before the explanation of this model, it is important to decompose the business process into its constituent parts, with the aim of better understanding the model. In figure 1 is shown decomposition of business processes.

![Figure 1: Business process decomposition](Source: Author copyright)
Figure 1 shows that every business process can be decomposed to a sub-process. Sub-process further can be decomposed to the process step. To complete the process step, organizations must develop procedures and then create work instructions. Decomposition of business process allows cost observation and optimization of procedures necessary for the production. By eliminating unnecessary procedures, business process is accelerated, and costs are lower. Moreover, the implementation of quality control after the execution of any official possibility of non-conforming product is reduced to a minimum.

4. ISO STANDARD REQUIREMENTS RELATED TO PROCESS APPROACH

One of seven quality principles in new, revised Standard ISO 9001: 2015 is the requirement for implementation of process approach in the organization. With the process approach, ISO 9001: 2015, requires also an organization focus on their customers, which means that organization must collect input requirements of interested parties, and then mentioned requirements meet through the process (ISO 9001: 2015: 2015). Standard depicts that organization must understand interested parties because they are most process affecting. If organization collects all requirements from customers, then the organization is completely customer oriented. Customer should be viewed through the prism of interested parties. Standard in Clause 4.2 states the importance of interested parties in the context of quality management. (ISO 9001: 2015: 2015). However, organizations must understand which interested party requirements are the most important, because there are many different requirements that organization has to meet. In addition, through continuous analysis of interested parties, organizations can develop a model to increase the quality of its products in accordance with information gathered from the analysis. Practicing that philosophy, organization can plan their fulfillment even before the general requirements of interested parties are set. Employee’s involvement, as the second requirement of the standard, requires from organization to involve all its employees in promoting quality and process improvement. Accordingly, many models have been developed in which the employees are involved in the improvement, and one of them are circles of quality (ISO 9001: 2015: 2015). After all, employees are the ones who participate in the execution of the plan, and with their work directly affect product quality. Another requirement which Standard sets for the organization is focusing on competent leadership and management. Management makes decisions, manages the entire organization, and in the end brings a management review that is directly related to the proposed controlling model. In addition, controlling proposes guidelines to management in accordance with analysis so they could make the best decisions for the organization. Leadership, in addition, must enable all necessary resources needed to achieve its processes. By providing resources at the same time provides a basis for fulfilling requirements of all interested parties (ISO 9001: 2015: 2015).

On the other hand, competent leadership should be aware of the constant risk that input requirements will not be able to realize. Accordingly, during planning, leadership should plan all organization activities and involve certain level of risk. This risk could be reduced by including the safety factor. In addition, executives should constantly emphasize continuous improvement of all organizational processes and the importance of quality management at lower levels of management. Furthermore, by defining policy of organization quality, organization defines foundation and framework that will be the basis for planning goals that are associated with quality. Quality policy also defines organizational commitment to meet interested party requirements. Standard specifies how leadership must introduce quality policy and make it available to all interested parties and to all employees within the organization so they can meet planned goals (ISO 9001: 2015: 2015).

Through already mentioned planning, management must ensure that objective which is directly related to controlling. Planning approach that involves risks and requirements of interested parties, setting measurable objectives, organization provides possibility of process continuous improvement and sets foundation that organizational processes achieve defined goals. An organization must define a way of evaluating the effectiveness of the plan, and its fulfillment (ISO 9001: 2015: 2015) effectiveness, controlling can be proposed model.

In Clause 8, Standards sets in supervision of its realization, itself that the same set a plan implementation of planned activities, the implementation of planned activities are described in Clause nine which will monitor and measure of data collection from customer. Through the analysis provides an overview about plan efficiency and effectiveness of actually cost-effectiveness of process and planning improvements. The implementation of planned activities ensures continuous improvement of process in imperative in business, Standard philosophy. In addition, the total process improvement, according the proposed model. The principles of management system and it can fulfill requirements of Standard. With quality and services in each process, customer requirements, and improvement, the organization (ISO 9001: 2015: 2015). The process which is directly contacted requirements of interested parties approach, organization increased management that are interrelated.


5. THE MODEL OF BUSINESS

The model of business process oriented organization in accordance with that party depends on organization. In organization moves to second party and in synergy with the of leadership and control, an analysis of requirements of all interested parties requires through organization different interested parties. However, the common denominator for all customers, employees, shareholders, and interested parties. According
PROCESS APPROACH

ISO 9001: 2015 is the requirement for the process approach, ISO 9001: 2015 means that organizations must understand requirements met through the processes that must understand the interests of all interested parties. Customer interests should be viewed as the importance of interested parties. However, organizations must understand the importance of their products in maintaining quality philosophy, organization processes of interested parties are set, requires from the organization to improve. Accordingly, many factors in the improvement, and one of the most important is the quality of employees who affect product quality. Another important aspect is the development of people and organization, and in the end brings the controlling model. In addition, the analysis of the organization can make the process of identifying all necessary resources in the same time provides a basis for 2015).

The constant risk that input planning, leadership should plan all could be reduced by including the constant improvement of all levels at lower levels of management. Organization defines foundation and organization quality policy. Requirements must be satisfied by all levels of organization process. Business process management and its effectiveness, controlling can give reasons for possible plan deviations, which is included in the proposed model.

In Clause 8, Standards sets requirements for the organization about operational planning and supervision of its realization. Also, the selected Clause defines requirements and the organization itself that the same set at the entrance of the process which continually improves the implementation of planned activities. (ISO 9001: 2015: 2015). In the last phase of the model that is the implementation of planned activities, organization follows a series of process analysis, which are described in Clause nine of ISO Standard. The organization should identify key indicators which will monitor and measure. Special emphasis is placed on customer satisfaction and methods of data collection from customers regarding their satisfaction with the final product or service. Through the analysis provided in the last phase of the model, the organization receives feedback about plan efficiency and effectiveness and customer satisfaction. The results of these analyzes are actually cost-effectiveness of the organization that may be the basis for assessment administration, and planning improvements. With this approach, the organization continuously collects data on the implementation of planned activities and takes steps depending on the data collected, which are continuous improvement of organizational processes (ISO 9001: 2015: 2015). As an imperative in business, Standard promotes the adoption of a process approach and process philosophy. In addition, the revised Standard emphasizes the need for continuous process improvement, according to the PDCA methodology, which is achieved by using the proposed model. The principle of continuous improvement applies to the processes of quality management system and it can also be applied to a model of controlling and thereby ensure all requirements of Standard. With continuous process improvement organization raises product quality and services in each process cycle. Improvements also need to contribute to better meeting customer requirements, and a better way of measuring the results achieved. Through each new improvement, the organization reduces the possible side effects or anomalies in the process. (ISO 9001: 2015: 2015). The process approach allows the organization to constantly improve their process which is directly correlated with quality increase. In addition, by raising product quality, requirements of interested parties are met and the organization becomes more efficient. With this approach, organization increases the quality of process organization, and through process management that are interrelated synergy is achieved (ISO 9001: 2015: 2015).


5. THE MODEL OF BUSINESS PROCESS CONTROLLING

The model of business processes controlling starts with customer requirements as an input. Process oriented organization in accordance with its philosophy gathers requirements of all interested parties. Those requirements must be met through the processes. The number and type of interested parties depends on organization type. By defining input requirements of interested parties, organization moves to second phase of model planning. Planning as one of management function and in synergy with the other four functions (organization, human resources management, leadership and control), an organization has to define all necessary resources to achieve requirements of all interested parties. Interested parties expect from an organization to meet their requirements through organization process. Each organization depending on its basic process has different interested parties. However, if interested parties could be generalized and reduced to a common denominator for all organizations, it could be said that there are requirements of customers, employees, shareholders and creditors, society, partners, suppliers and other interested parties. According to process orientation that is completely customer focused,
organization has to take into account all requirements of interested parties and meet them through the process.

Meeting requirements is directly related to the organization efficiency which will be discussing later in the paper. The basis of controlling is good planning. With planning, organization determines reference values necessary for the next stage in which organization does process efficiency and effectiveness control and ultimately process economization. According to Figure 2, organization has to include safety factor during planning that will allow safety deviation from the reference values given in the plan. However, an increase of security coefficient reduces organization potential, which leads to a lesser quantity of output production. After planning phase organization start with implementation phase in which monitors process stability, efficiency, effectiveness and ultimately process economization. If during a process flow arises deviation from the reference values then organization has to take into account all interested party requirements, analyze deviations and eliminate them. The result of every deviation is non-compliant product that represents cost for the organization. After analyzing and correcting process anomalies organization starts new planning cycle with implementing solutions of the problem, and taking preventive actions. Prevention costs are lesser then costs of curative actions, correcting anomalies in the process. For the above mentioned analysis of process anomalies, organization has many tools on disposal to use. Some of them are: statistical control charts (which also serve to control process stability), field force, FMEA, affinity diagram, the matrix of priorities, Ishikawa diagram, brainstorm and many others.
Buntak, Vesna Sesar, Matija Kovačić

... which will be discussing later planning, organization determents
and planning process. Based on the reference values
for organization potential, which
includes phase organization activity and accuracy, effectiveness and ultimately
from the reference values then
requirements, analyze deviations and
products that represents cost for the
organization a new planning
preventive actions. Prevention costs
are in the process. For the above
the tools are on disposal to use. Some of
possible monitoring tools include FMEA,
storm and many others.

Problem solving

Input requirement

Planning

Realization of planned activities

Analysis NO

Stability

YES

Analysis NO

Efficiency

YES

Analysis NO

Effectiveness

YES

Analysis NO

Cost-effective

Analysis

Figure 2: Model of business process controlling
Source: Author copyright

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6. PRODUCT QUALITY AND PROCESS EFFICIENCY AND EFFECTIVENESS

Each of the before mentioned requirements can be categorized as shown in Figure 3;

![Quality view from the aspect of all interested parties](source)

Figure 3: Quality view from the aspect of all interested parties

Source: Andrijić Ivo, Bunak Krešimir, Bošnjak Mirko. Upravljanje kvalitetom s poznawanjem robe. Libertas, Zagreb, 2012. str. 23

Every interested party requirement has its own importance for organization. Also, every interested party claims to have a high quality product if it meets customer requirements. For example, a customer will buy a product that is cheaper from substitutes in the case of product non differentiation, but are completely identical. To enable organization to meet customer requirements related to the price it must optimize its processes to reduce production costs. As efficiency is strictly related with achieving the goal, organization defines in the plan customer price requirements as a goal.

Defining that requirement as a goal, costs are being monitored during the whole process in order to minimize final price of the product as much as possible, and to have a high quality product at the end. If product cost is approximately equal to the cost set as the reference value, the organizational process is efficient, then the goal is achieved. On the other side, if organization takes into account requirements of society to meet the environmental protection requirements, then the organization by implementing the ISO 9001 or ISO 14000 also complies with standards that are associated with the requirements of environmental protection. Accordingly, organization will for a product that meets the before mentioned conditions claim that this product has high quality.

However, one of the most important aspects of product quality is quality defined by manufacturer. After all, the manufacturer is the one upon which depends the product quality. In addition, defined quality that is, realized by manufacturer is directly correlated with efficiency and effectiveness of business process and entire organization. On the other hand, the concept of the product is an indication of how is the idea of the organization in accordance with customer requirements. Thus, the quality concept is directly correlated with the validation or customer feedback. The products that are well designed will be well accepted in the market. Except on efficiency, quality concept is directly linked to effectiveness, and ultimately to process economization. Except quality concept there is also construction quality, which can be evaluated only when the product is on the market at least two generations in terms of same quality concept.

Therefore, the quality concept product quality is determined by the customer.

Except before mentioned parameter of conformance. Mentioned costs incurred as a direct result of non conforming products or activities.

It is significant to mention costs found after delivery to the customer. Therefore, the quality of product design and development customer requirements (Andrijić, 2015). Therefore, organization has to in order to have information nonconforming cost therefore efficiency.

If quality costs increase it is of process efficiency and effective.

7. CONCLUSION

Business process controlling improvement process. In figure and by eliminating them, it plays the same anomaly. With this is directly affects business results continuously improves its processes. Organization completely orient the described model of business processes defined in Standard ISO 9001 in order to meet the requirements.

Basis of information's collected implements the model describes information gathered from corrective actions can be or nonconformity. Recommendating researching the cost of workplace organization. After calculating the end of the cycle, organizational potential.

LITERATURE


Therefore, the quality concept is the same, but construction quality is different. The degree of product quality is determined by combining quality concept with construction quality (Perić: 2012). Except before mentioned parameters, quality can be defined through construction quality or quality of conformance. Mentioned components of quality are closely related to quality costs. Quality costs incurred as a direct result of prevention, testing and determining the quality of the product. (Andrijanić, Buntak, Bosnjak: 2012).

It is significant to mention costs of internal deficiencies which are detected before the product is delivered to the customer. Costs of internal deficiencies are primarily related to the cost of nonconforming products or activities that affect analysis (Andrijanić, Buntak, Bosnjak: 2012).

Except internal deficiencies costs, organization is facing with costs of external failures, which are found after delivery to the customers. Accordingly, costs of guarantees or compensation arise. Therefore, the quality of product design and development of same product starts in the phase of product design and development, as opposed to comfort quality which is related on fulfilling customer requirements (Andrijanić, Buntak, Bosnjak: 2012).

Therefore, organization has to be constantly in contact with their interested parties and production in order to have information about the product performance possibility. (Osmanagić Bedenik: 2015). Construction quality is closely linked to conception quality, therefore its influence on process efficiency and effectiveness.

If quality costs increase it is obvious that process is not optimizes, which means it generates product nonconforming cost therefore process efficiency is lower which is directly linked to lower efficiency.

7. CONCLUSION

Business process controlling represents important activity in conducting the continuous improvement process. In figure 2 organization performs continuous anomaly analysis in the process and by eliminating them, it plans prevention actions in new planning cycle to prevent repetition of the same anomaly. With this approach organization minimizes nonconformity of products which directly affects business result in reducing the costs. By performing it right organization continuously improves its processes. Controlling efficiency and effectiveness of its processes organization completely orient toward customers and achieves their requirements. Therefore, a described model of business process controlling represents basis for management review which is defined in Standard ISO 9001 and refers to it as an organizational ability to carry out the activities in order to meet the requirements of all interested parties. Management review can be given on the basis of information’s collected through internal and external audit. However, if the organization implements the model described in this paper, management can make its review on the basis of information gathered from controlling. Since this is a proactive approach to controlling and control, corrective actions can be done immediately after detecting the beginning of products nonconformity. Recommendations for further research and contributions to this model would be in researching the cost of workplace and making a model for calculating the workplace potential in the organization. After calculating it, business processes are being planned based on that potential. At the end of the cycle, organization determines actual realization of the potential, and its unrealized potential.

LITERATURE


Abstract: Today, when an organization is increasingly complex, the integration is the key word. In order to effectively and efficiently organize processes, organizations in Serbia on a standard management system. The level of management systems (IMS), is a combination of standards which are the basis of organizations which are the level of integration. There is no significant increase in the level of integration. The larger the organization, the more standards in the sample, but there is an integration. The integration percentage in the sample. Despite the different management systems, space for improvement in the integration improvement occurs for all organizations alignment with the following needs.

Keywords: Integration, Integration Improvement

JEL Classification: I000