

Article

# Impact of management systems on business operations in trade: Case of the Republic of Croatia

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**Abstract:** This paper analyses the impact of an integrated business management system on business operations in trade in Republic of Croatia. The integration of management systems provides various benefits to a company, so the aim of this paper is to analyse the impacts of integrated management systems on the business operations of trade companies in the Republic of Croatia. The purpose of this paper is to examine and analyse, but also to adequately theoretically argue the impact of transformational leadership, quality culture, and the degree of integration on the development of integrated management systems. Empirical research investigated integrated management systems in companies in the trade sector in the Republic of Croatia. Based on the set conceptual model and research results, we conclude that companies with a highly developed quality culture have proven management system integration. Our research didn't confirm the significance of transformational leadership in interpreting changes in the degree of management system integration, but it highlights the positive correlation between the application of quality culture and integration; confirms the substantial impact of integrated management systems on both internal and external benefits, emphasizing its strategic imperative for sustained business success.

**Keywords:** management system; integrated management system; trade; Republic of Croatia

## 1. Introduction

Today, business success can only be achieved in the conditions of a systematic approach to all business processes. The development of management systems and the integration of environmental protection, quality and safety into a single system (Santos et al., 2011) has become an important factor in achieving the competitiveness of enterprises. Consequently, there is a growing need to integrate standards and internal management systems to reduce harmful redundancies, facilitate implementation and possibly generate synergies. However, practical experience and the results of research conducted so far show that the integration of standards, on the one hand, and management systems, on the other hand, are two completely separate issues (Bernardo et al., 2016; Castillo-Rojas, 2012; Rebelo et al., 2015). An integrated management system can be a minimalist, yet sufficient foundation for building business excellence since it allows the organization to gradually transition from being oriented towards the customer to being oriented towards all stakeholders. Some of basic benefits of implementation ensured to a company by an integrated management system are (Zutshi and Sohal, 2005): a simpler and more focused system of organization management; reduction in the number of policies, procedures and records resulting in simpler implementation and maintenance; cost reduction and more efficient re-engineering thanks to a reduced number of audits; more efficient internal audit; easier

acceptance by employees since the three objectives (customer satisfaction, environmental protection and employee safety) are reflected in all operations; time savings achieved by parallel operation of three standards within one; improving communication through organizational levels; increasing customer confidence as well as a positive marketing attitude.

Trade is an important economic activity that can be defined as the sum of all forms of trade activities, from the purchase of goods from producers to the delivery of those goods to the consumer. Trade is of great importance in the Croatian economy because in 2022, 15.42% persons were employed in trade, i.e., of the total number of employees. The importance of trade is reflected in its share in gross domestic product, which in 2022 amounted to 20.55% of Gross Domestic Product (Anić, 2023). The trade industry also faces major challenges, such as increased competition in the domestic market, concentrations and acquisitions, introduction of new technologies, new retail formats, e-commerce and globalization, all aimed at battling for consumers. Trade in Croatia is one of the most developed, most competitive and most dynamic branches of the economy, which will adapt to the current economic situation by offering a range of products for which consumers will receive the best price-quality ratio. This research seeks to unravel the intricate dynamics between integrated management systems and the operational fabric of trade companies in the Republic of Croatia. It places a spotlight on the impact of transformational leadership, the cultivation of a quality culture, and the degree of integration on the development and effectiveness of integrated management systems within this regional context. By delving into empirical research conducted directly within the trade sector of the Republic of Croatia, the study aims to provide not only a practical understanding but also a robust theoretical foundation for the observed impacts.

In the context of integrated management systems in Croatian trade, this research contributes novel insights to both academia and industry. This research is offering actionable insights and empirical evidence that can inform strategic decision-making. By understanding the nuanced interplay of key factors within integrated management systems, businesses can align their operations with strategic imperatives, ensuring not only current viability but also resilience in the face of future challenges.

## **2. Literature review and hypothesis development**

Transformational leadership is based on the principle of highlighting the employees' importance and the importance of their work and performance, while respecting their personal needs and personal progress. This motivates employees to do their best (Legčević and Taučer, 2014). It delivers superior results over transactional leadership, and the same happens when a manager expands and promotes the interests of employees who become aware of the common mission and accept it, while putting the broader welfare before their own interests (Bass, 1990). Raza (2011) points out that transformational leadership emphasizes people and their abilities, i.e., innovation, creativity and motivation of employees by adapting personal to organizational values in order to improve employees' working conditions. The application of transformational leadership is no longer a trend, but a common approach to leadership in the modern management of the world's most developed economies. Thus, business

practice shows that Croatian companies have considerable room for the promotion of this advanced approach to leadership (Pomper and Malibašić, 2016). Therefore, we derive hypothesis 1: The application of transformational leadership affects the degree of management system integration.

In the global economy, competition is everywhere, and quality has become a key criterion of market competition. Quality is usually defined as a set of all product or service features that meet the expressed or expected needs of a customer, and as such is the goal of a perfect organization and philosophy according to which a product or service is quality when it meets all wishes, needs and expectations of the customer. On the other hand, quality culture can be defined as the ability of an institution or individual program to develop a quality assurance system in its day-to-day operations and thus achieve continuous quality assurance, not relying solely on periodic evaluation (Agency for Science and Higher Education, n.d.). Quality culture, as a narrower concept of organizational culture, is an important factor in the organizational culture, and refers to the integration of the principles of Total Quality Management into the organizational culture, and these principles are: customer orientation, leadership, employee involvement, process approach, systematic approach to management, continuous improvement, fact-based business decision making, and bilateral relationship with suppliers. Quality culture is an instrument of business result management (Drljača, 2005). The practical application of standards implies the process of control, i.e. monitoring the compliance of the management and governance system with the standards. Monitoring is necessary to verify the effectiveness of process management, to notice progress and to suggest improvements. Quality management system standards are generally insensitive to the details of the political, business, legal and other environment in particular countries (Dumičić, 2004). An integrated management system is a complex composition of structural elements, requirements, rules, controls and mechanisms (Drljača, 2011). With the increase in the number of individual management systems, the field in which standards overlap expanded, which inevitably led to the birth of the idea of integrating existing systems into a single system, the so-called integrated management system (Lazibat, 2009). Modelling an integrated management system is a complex task because the quality of its execution will define the degree of competitiveness of the organization and sustainable success. In order to solve the problem of requiring increasingly complex management system integrations, generic models of an integrated management system are explored (Drljača, 2011). The motives for the application of a management system are: improved efficiency, better market placement, improved reputation of the organization, protection of employees' health and numerous comparative advantages (Karapetrovic and Jonker, 2003). Therefore, we derive hypothesis 2: The application of quality culture affects the degree of management system integration.

An integrated management system is implemented in companies when the objective is to achieve compliance with several standards, which ultimately reduces the costs of development and maintenance of the system (Zambelli et al., 2015). Many studies conducted so far have examined the relationship between management systems and business performance (Corbett et al., 2002; Drljača et al., 2010; Gapp et al., 2008; Minkman et al., 2007; Khanna et al., 2010; Zutshi and Sohal, 2005). Drljača et al. (2010) examined the relationship between management systems and business

performance in companies in the Republic of Croatia. Successfully implemented integrated management systems reduce costs, which results in better business results. Some companies operate much more efficiently with fully integrated management systems, while others integrate only a part of their core management processes (Jackson, 1997, pp. 7–8). Therefore, we derive hypothesis 3: The degree of management system integration affects business performance.

The relationship between the degree of integration of management systems and internal benefits was investigated by Karapetrović and Willborn (1998), Wright (2000), Griffith (2000), Zutshi and Sohal (2005), Salomone (2008), Lopez-Fresno (2010), Simon et al. (2012) and Abad et al. (2014). Today, many companies integrate various management systems (for quality, environmental protection, health protection, etc.) in order to achieve a competitive advantage. It has become popular for companies to implement an integrated management system (Zeng et al., 2011). The application of a management system enables the improvement of relations between stakeholders as well as the improvement of organizational control (Psomas et al., 2011, p. 508). Some of the internal benefits of a successfully integrated management system are: reduced paperwork, less complex management, reduced management costs, simplification of the certification process (Zeng et al., 2011). Salomone (2008) in his research of management systems in companies in Italy came to the conclusion that internal benefits are manifested through the following: reduction of documentation, time savings, optimization of internal audit, financial savings, and optimization of training activities. Therefore, we derive hypothesis 4: The degree of management system integration affects internal benefits.

The implementation of a management system results in a number of benefits for the company (Renzi and Capelli, 2000; Wilkinson and Dale, 1999). The benefits of management systems are generally greater if observed when the systems operate separately (Bernardo et al., 2016). Salomone (2008) conducted research on the motives for the implementation of management systems, and also examined the internal and external benefits of their application. The results of the conducted research included the following external benefits: reduction of documentation, time savings, optimization of external audit, and optimization of communication with the surroundings (Salomone, 2008). External benefits of successfully implemented management systems are reflected in the growth of market share, greater end-user satisfaction, improved image of the company, and faster delivery of products or services (Bernardo et al., 2015; Kafel, 2016; Simon et al., 2012). Therefore, we derive hypothesis 5: The degree of management system integration affects external benefits.

### **3. Research design**

#### **3.1. Research design**

A highly structured survey questionnaire was used as the research instrument for examining the impact of integrated management systems on business operations of companies in the trade sector in the Republic of Croatia. The population consists of companies in the Republic of Croatia registered to perform trade activities. According to the National Classification of Economic Activities (2017), trade means wholesale and retail trade as well as repair of motor vehicles and motorcycles. According to the

Croatian Bureau of Statistics (2023) on 31 March 2023 there were 57,042 companies registered for trade, while 27,170 of those were active.

The survey questionnaire was sent to companies from the database of the Register of Business Entities of the Croatian Chamber of Commerce by email. The survey questionnaire was created in the online tool Google docs. The survey questionnaire consisted of open-ended and closed-ended questions and claims where respondents had to indicate the degree of their agreement or disagreement with a particular claim, and the degree of agreement with a particular claim was measured by the Likert scale. The scale degrees, or possible answers, were scores ranging from 1 to 7, where 1 indicated complete disagreement and 7 complete agreement with the proposed claim. In terms of content, the survey questionnaire was divided into six parts. The first group of questions referred to ISO standards and the degree of integration. The second group, consisting of 21 claims, referred to the internal and external benefits of integrated management systems. The third group of questions, consisting of 10 claims taken from previous research on similar topics, referred to the business performance of the organization. Quality culture was examined by the fourth group of the survey questionnaire consisting of 14 claims, while ten claims in the fifth group referred to transformational leadership. The survey questionnaire ended with the eighth group, consisting of 8 open-ended questions and 6 closed-ended questions, and focused on general information about the company and the respondent.

Data were collected through the survey questionnaire and 105 companies responded to the survey questionnaire, while 40 companies stated that they do not have integrated management systems. Therefore, in the analysis referring to the integration of management systems, only respondents who integrated management systems were considered, i.e. 65 companies. Considering that the survey questionnaire was sent to 1000 addresses, the rate of return is 10.5%.

### **3.2. Research sample**

The Register of Business Entities of the Croatian Chamber of Commerce was used as a sampling frame, while 1000 companies registered to perform trade activities were randomly included in the sample. Respondents in the research were the people with the most knowledge about the observed research problem: owners of businesses registered for trade, managers and directors of quality management departments. A total of 105 companies participated in this research, and the average share of domestic ownership in the sample was 85.43%. Most of them were companies with over 100 employees, i.e., as many as 34 companies. The majority of respondents (53.8%) were men. The largest share of respondents (49.00%) belongs to high-level management, while 24 respondents (23.1%) were middle-level managers, and 16 (15.4%) were lower-level managers.

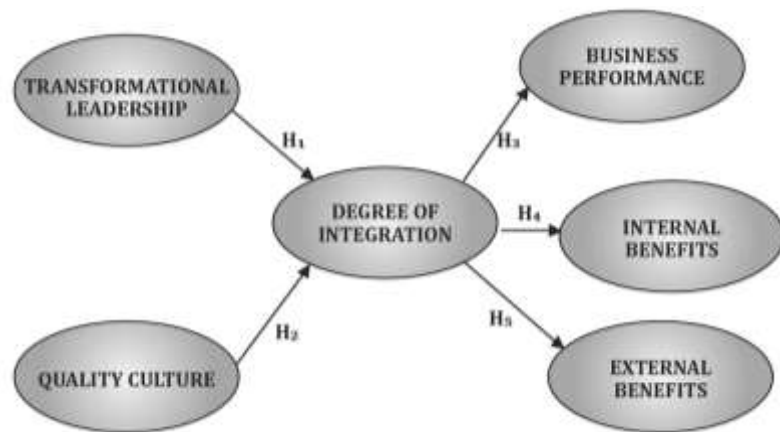
Considering that the companies were able to indicate the application of a number of strategies, 57 companies stated that differentiated products and services are a source of their competitive advantage, while 28 companies listed their orientation to a narrow market segment. The average number of years of operation of the companies from the sample in the territory of the Republic of Croatia is 31.05 years. 58 companies from

the sample operate outside the territory of the Republic of Croatia, and the average number of years of operation of these companies abroad is 12.79 years.

## 4. Results and discussion

### 4.1. Testing research hypothesis

The research model is depicted by **Figure 1** including a total of 5 hypotheses. Constructs of the model are derived from various aspects of the company's profile and their relationship is illustrated in **Figure 1** below.



**Figure 1.** Graphical illustration of the theoretical model.

Hypothesis H<sub>1</sub>, addressed the relationship between transformational leadership and management system integration. To assess individual components of a transformational leadership style following 10 statements were derived from the previous research: in our company, we show employees' importance, in our company, we respect the personal needs of employees, in our company, we recognize the importance of employee development and growth, in our company, we are taking into account the interests of employees, our employees are aware of the common mission, our employees are putting the general welfare of the company before personal interests, in our company, we are encouraging employees to be innovative, in our company, we are continuously improving work environment, in our company, promotion is a result of employees' abilities, company has established good promotion opportunities (Chi et al., 2011; Connell, 2005; Doucet et al., 2009; Pomper and Malibašić, 2016; Rafferty and Griffin, 2004). Statements were assessed on the seven-point Likert scale, from 1 to 7. The degree of management system integration is determined based on the number of acquired certificates (Douglas and Glen, 2000; Drljača; 2010; Podsakoff et al., 1990).

The Hypothesis H<sub>2</sub> addressed the relationship between the quality of culture and management system integration. According to the previous research (Detert et al., 2003; Guoyou et al., 2013; Kanji and Wong, 1998; Wilkinson and Dale, 2001) quality of culture was measured by 14 following statements: our company establishes the relationship with the end consumer, our employees have autonomy in decision making, in our company we nurture teamwork, in our company, we are improving teamwork, we are observing the broader context when solving problems, our company is adopting

the language of quality, our objectives are focused on long-term results, our company is characterized by a systematic approach to planning, making business decisions in our company is based on collecting all relevant information, we are maintaining a mutually beneficial relationship with suppliers, in our company employee participates in designing methods of their work, active participation of top management is important in the quality culture development, in our company, we are applying techniques for improving quality culture, in our company, we are promoting the role of employees in business processes.

Hypothesis H<sub>3</sub> addressed the relationship between business performance and management system integration. As a measure of the company's business performance following 10 statements were applied: our company offers services and/or high-quality products, our company delivers products and services on time, our consumers are loyal, our partners recognize the quality of our work, collaboration with our partner is long-term, our company is concluding new partnerships, we have a satisfactory increase in market share, our company has a satisfactory return on assets (ROA), our company has a satisfactory return on equity (ROE), our company has a satisfactory return on investment (ROI), profit or loss in relation to return on assets, profit or loss in relation to operating income and profit or loss in relation to equity.

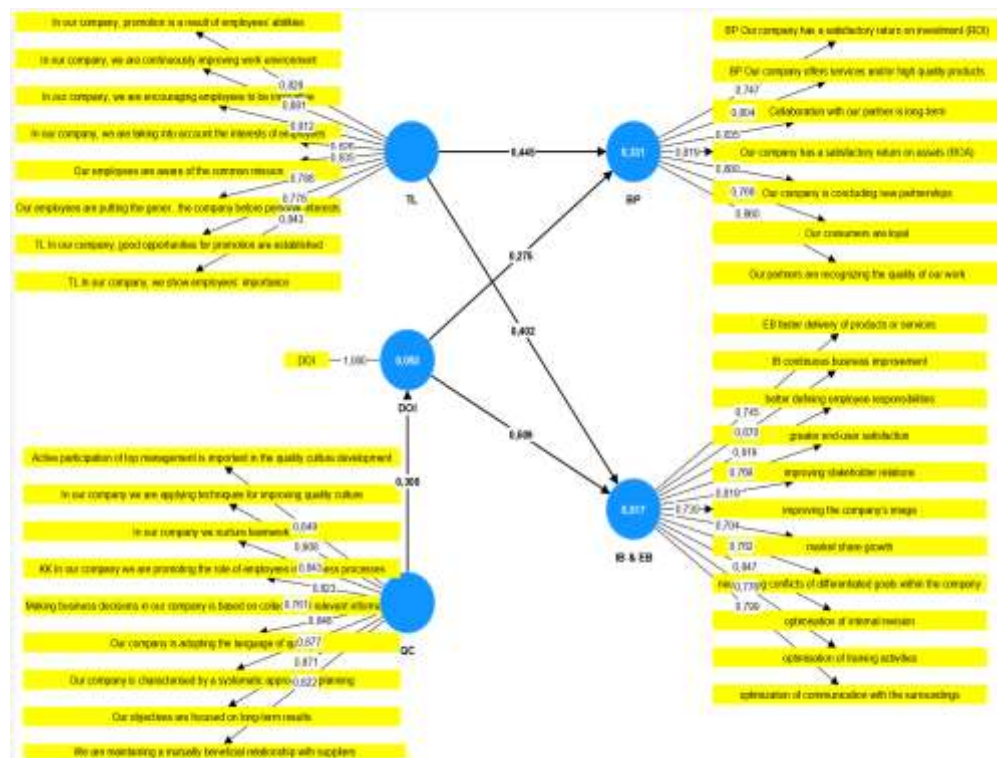
Hypothesis H<sub>4</sub>, addressed the relationship of internal benefits and the degree of management system integration. Internal benefits were examined using the following 14 statements according to the previous research (Georgiadou and Tsiotras, 1998; Griffith, 2000; Hofmann and Türk, 2009; Poksinska et al., 2003; Psomas et al., 2011; Salomone, 2008; Simon et al., 2009; Wright, 2000) such as cutting red tape, lower level of management complexity, reducing management costs, saving time, optimization of internal revision, optimization of training activities, unification of training activities, better-defining employee responsibilities, neutralizing conflicts of differentiated goals within the company, financial savings, improving stakeholder relations, improvements in organizational control, management cost reductions, and continuous business improvement.

Finally, hypothesis H<sub>5</sub> addressed the relationship of external benefits and management system integration. External benefits measurement is applied according to previous research (Georgiadou and Tsiotras, 1998; Griffith, 2000; Lopez-Fresno, 2010; Poksinska et al., 2003; Psomas et al., 2011; Salomone, 2008; Simon et al., 2009; Wright, 2000; Zeng et al., 2011; Zutshi and Sohal, 2005) including 6 statements: optimization of external audit, optimization of communication with the surroundings, market share growth, greater end-user satisfaction, improving the company's image and faster delivery of products or services.

## **4.2. Research results**

Data analysis has been performed by the Structural Equation Modeling (SEM) method (Hair et al., 2017). Advancing beyond the initial suite of multivariate analysis methods structural equation modeling (SEM) emerged as a sophisticated second-generation multivariate approach. Seeking to enhance traditional methods integrates factor analysis and multiple regression simultaneously. Developed as a robust tool, SEM aimed to provide a more comprehensive understanding of complex relationships

within datasets (Haenlein and Kaplan, 2004; Hair et al., 2017; Sarstedt et al., 2017). Otherwise, if the goal of the researcher is the prediction of targeted constructs or detecting key drivers', the researcher should opt for the PLS-SEM. Generally speaking, PLS-SEM enables more flexibility regarding data distribution, constructs, and indicators relationship specification (Sarstedt et al., 2017). The potential absence of normality in PLS-SEM is compensated by applying the bootstrapping procedure. Furthermore, advantages of the PLS-SEM include the ability to work with small samples, avoidance of inadmissible solutions, and factor indeterminacy (difficulty with estimating stable factor scores) (Hair et al., 2011). Furthermore, this method of multivariate modeling is often used in scientific literature to test relationships between multiple dependent and independent variables, as well as for studies in the early stages of their theoretical development, using previously validated scales (Hernández-Perlines et al., 2016). A graphical representation of the empirical model is given in **Figure 2** below.



**Figure 2.** Graphical illustration of the empirical model.

Based on the initial evaluations of the internal model PLS-SEM model, certain statements had to be excluded due to inadequate loadings on each construct. There were 3 statements associated with the quality of control that were below the 0,7 threshold: our company employees participate in designing methods of their own work, employees have autonomy in decision-making and the company establishes a relationship with the end consumer. Construct business performance had 2 statements below the threshold: our company delivers products and services on time and has a satisfactory increase in market share. The internal benefits construct had 7 statements below the threshold: cutting red tape, financial savings, management cost reductions, reducing management costs, unification of training activities, lower level of



management complexity, and saving time. Finally, 2 statements about market share growth and optimization of internal audit regarding the external benefits were also excluded from the final model.

To check the extent to which constructs in a research model are distinct from one another discriminant validity results are provided in **Table 1** below. It helps researchers determine whether the measures used to assess different constructs are truly measuring different concepts, rather than being too closely related. A common guideline for discriminant validity is that the Heterotrait-monotrait ratio of correlations (HTMT) value should be less than 0.85 or 0.9, indicating that the constructs are sufficiently distinct from each other.

**Table 1.** Discriminant validity.

	BP	DOI	Benefits	QC	TC
Business performance					
Depth of integration	0.40				
Benefits	0.67	0.61			
Quality of control	0.79	0.31	0.62		
Transformational leadership	0.53	0.23	0.52	0.84	

It is important to emphasize that due to the lack of distinction between constructs: internal and external benefits initial value of the (HTMT) was highly inflated. Consequently, internal and external benefits were merged into a single construct.

Some of the statements in the final constructs were also excessively correlated therefore those with the highest variance inflation factor (VIF) values had to be discarded: we improve teamwork (QC), we observe the broader context when solving problems (QC), we recognize the importance of employee development and growth (TL), our company has a satisfactory return on equity (BP), we respect personal needs of employees (TL), and improvements in organizational control (IB). The final composition of the constructs was checked for construct reliability and validity with results given in **Table 2**.

**Table 2.** Reliability and validity.

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Business performance	0.91	0.91	0.93	0.65
Benefits	0.94	0.94	0.95	0.62
Quality of control	0.95	0.96	0.96	0.72
Transformational leadership	0.94	0.95	0.95	0.70

Cronbach's  $\alpha$  is high for all constructs and above 0.8 indicating good internal consistency reliability. Composite reliability assesses the reliability of latent variables in the model and is calculated as the ratio of the sum of squared factor loadings to the sum of squared factor loadings plus the sum of measurement error variances. Since it

exceeds 0.7 this criterion is satisfied. AVE values closer to 1 indicate that a large proportion of the variance in the indicators is explained by the latent construct, suggesting good convergent validity of this data. AVE values above 0.6 are considered acceptable even by conservative researchers. Finally, to examine the structural model **Table 3** provides the results for  $\beta$  coefficients, R<sup>2</sup> and  $p$ -values.

**Table 3.** Results of the structural model variables.

	Original mean	Sample mean	Standard deviation	t-value	P-values
Degree of integration vs Business performance	0.28	0.27	0.09	3.16	0.00
Degree of integration vs Internal and External benefits	0.51	0.51	0.07	7.12	0.00
Quality of culture vs Degree of integration	0.31	0.33	0.11	2.90	0.00
Transformational leadership vs Business performance	0.45	0.45	0.12	3.70	0.00
Transformational leadership vs Internal and external benefits	0.40	0.42	0.10	4.14	0.00

The initial hypothesis, H<sub>1</sub>, suggested that transformational leadership significantly predicts management system integration. However, insufficient empirical evidence was found to substantiate this claim. With the exception of H<sub>1</sub>, all other hypotheses H<sub>2</sub>, H<sub>3</sub>, H<sub>4</sub>, H<sub>5</sub> were empirically confirmed on the level of significance of 5%. The relationship between quality of control and level of integration was  $\beta = 0.305$  with R<sup>2</sup> of 0.093. The relationship between the level of integration and business performance and benefits was respectively  $\beta = 0.275$  and  $\beta = 0.509$  with R<sup>2</sup> of 0.517. Additionally, the model included the measure of the relationship between transformational leadership, business performance, and benefits, respectively  $\beta = 0.445$  and  $\beta = 0.402$  with R<sup>2</sup> of 0.331.

The **Table 4** shows the summary results of the primary research in which it is evident that the first hypothesis of this paper is not confirmed, i.e., the claim that the application of transformational leadership affects the degree of management system integration. Other hypotheses of paper have been confirmed based on the results of conducted SEM analysis.

**Table 4.** Summary results of empirical research.

Hypothesis	
<b>H<sub>1</sub>:</b> The application of transformational leadership affects the degree of management system integration.	Not confirmed
<b>H<sub>2</sub>:</b> The application of quality culture affects the degree of management system integration.	Confirmed
<b>H<sub>3</sub>:</b> The degree of management system integration affects business performance.	Confirmed
<b>H<sub>4</sub>:</b> The degree of management system integration affects internal benefits.	Confirmed
<b>H<sub>5</sub>:</b> The degree of management system integration affects external benefits.	Confirmed

## **5. Discussion**

Business success can only be achieved in the conditions of a systematic approach to all business processes. Therefore, the development of a management system and the integration of environmental protection, quality and safety into a single system has become an important factor in achieving the competitiveness of enterprises. If a company wants to survive and operate successfully, it can no longer focus exclusively on internal issues. Management systems must now take into account their environment, customers as well as a growing number of other stakeholders. An integrated management system can be a foundation for building business excellence since it allows the organization to gradually transition from being oriented towards the customer to being oriented towards all stakeholders. However, it is crucial that, before starting the integration process, a company makes a detailed analysis of the situation within the company, and if necessary, changes certain accepted ways of thinking. The aim of the integration of these management systems is to establish a single company policy covering all aspects of the system.

Even though that previous research have indicated that transformational leadership emphasizes people and their abilities (Raza, 2011) and that contributes to higher level of employees loyalty to the company (Pomper and Malibašić, 2016), it was not the case in our research. While Jakopec et al. (2013) have confirmed, based on their primary research conducted in Croatia, a positive contribution of transformational leadership to the experience of organizational justice, which results in stronger identification of employees with the organization, primary results of our research have indicated that transformational leadership is not significant for interpretation of changes in the degree of integration of management systems.

In today's turbulent environment it is crucial for companies to recognise the importance of boosting the quality culture and enforcing the quality practices (Saarikallio and Tyrväinen, 2023) as that could ensure them a sustainable competitive advantage. As well, integrated management system should include the culture which will be focused on each individual subtype of it (Wolniak and Olkiewicz, 2019). Based on the primary results, it is evident that Croatian companies are aware of the importance of quality culture and that they have wiligness to apply techniques for its improvement. Our research have confirmed the positive connection between the application of quality culture on the degree of management system integration. It is crucial to motivate companies to continue in this direction. Results of our research are in align with the results of Manurung, Lumbanraja and Siahaan's (2022) research, which as well confirmed its positive relationship and also confirmed that organizational culture have strong positive impact on the motivation of employees.

Numerous previous research (Abad et al., 2014; Bernardo et al., 2014; Drljača, 2010; Khanna et al., 2010; Salomone, 2008; Shamout, 2021) have confirmed positive affect of the degree of integration on business performance. As well, the results of our research have confirmed that the degree of integration has strong impact on the business success of the company. It as a consequence of the fact that the degree of integration is through numerous links affecting the management chains (Shamout, 2021). Due to that it is obvious that companies need to work on further integration of management systems, especially those companies who still haven't integrated its

management systems as it will help them to reduce the costs (Zambelli et al., 2015: 191) and to improve its business success.

Integrated management systems brings numerous benefits to the company, both internal and external. The findings of previous studies (Abad et al., 2014; Griffith, 2000; Karapetrović and Willborn, 1998; Lopez-Fresno, 2010; Salomone, 2008; Simon et al.; 2012; Wright, 2000; Zutshi and Sohal, 2005) confirmed the positive relationship between management system integration and internal benefits (enhanced efficiency, streamlined processes, improving communication channels, time reduction). Moreover, the integration of management systems also correlates positively with external benefits, as evidenced by studies conducted by Kafel (2016), Bernado et al. (2015), Simon et al. (2012), among others. These external benefits extend beyond the organizational boundaries and can include strengthened relationships with stakeholders, heightened reputation in the industry, and a more robust market position. Our research aligns with these established findings, confirming the notion that companies are motivated to integrate their management systems primarily due to the array of internal and external benefits they stand to gain. The internal motivation is often rooted in the desire for operational excellence, cost reduction, and increased overall effectiveness. On the external side, companies are driven by the prospect of gaining a competitive advantage, meeting regulatory requirements, and building a positive image in the customers, investors, and the broader environment. In essence, the integration of management systems emerges as a strategic imperative, offering a dual-faceted advantage that positions companies for sustained success in today's dynamic business environment.

The management implications derived from this research emphasize the need for a holistic approach to integrated management systems within the trade sector of the Republic of Croatia. By strategically embracing quality culture, recognizing the role of transformational leadership, investing in integrated systems, and adopting a continuous monitoring and adaptive stance, trade companies can position themselves for sustained success in a rapidly evolving business landscape. These implications offer practical guidance for management teams seeking to optimize operations and enhance the overall competitiveness of their organizations.

## **6. Conclusion**

The results of the conducted primary research lead to new insights into understanding the significance of management system integration and the benefits that establishing integrated management systems brings to the company. Despite the limitation regarding the size of the sample, and given how integrated management systems can help a company to establish a competitive advantage, the knowledge gained from the conducted research is useful primarily to managers of trade companies in the Republic of Croatia, but also to the general public. The acquired knowledge can help them both in improving existing management systems and in implementing new management systems, all for the purpose of their better positioning in the market.

**Author contributions:** Conceptualization, MJ; methodology, DN and MJ; software, DN and MJ; validation, DN; formal analysis, AV; investigation, MJ; Resources, DN;

data curation, AV; writing—original draft preparation, MJ; Writing-Review & Editing, DN; visualization, DN; supervision, AV. Project Administration, AV; Funding Acquisition, MJ. All authors have read and agreed to the published version of the manuscript.

**Data availability statement:** Please contact the corresponding author (Marija Jurčević: [mjurcevi3@net.efzg.hr](mailto:mjurcevi3@net.efzg.hr)).

**Conflict of interest:** The authors declare no conflict of interest.

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