Usage of managerial tools in Republic of Croatia

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1. INTRODUCTION

Managerial tools became inevitable in firms all around the globe regardless to the industry in which they are doing business. Even though the ultimate goal of application of any of the managerial tools is a rise of profit, there are certain differences in a way firms can achieve that (Baird et al., 2004) For example, some of the managerial tools will focus on customers – by examining their behavior and motivation, by developing closer relationships with them, developing their loyalty or interacting with them. Other tools will underline the importance of competition – through mergers and acquisitions, cooperation, comparison, even taking over superior business practices of rivals. Finally, some will emphasize the role of information technology development, cost reduction or higher quality of firms' goods and services. The aim of this paper was to examine the extent to which managers in financial institutions and non financial firms in Republic of Croatia actually know and use different managerial tools.

2. Literature review

For the adequate running of the business operation all the requisite various information with which quantity, value and quality (or any other important) characteristics of operations are presented (Fodness, 2005). Possibilities of strategic decisions and use of information technology are being increasingly studied and accepted by the modern business world (Malhotra, 1999). However, their treatment is linked to the variety of content and methodology issues (Gunton, 1998; Fry, Stoner, 2000). Given the complexity of the management environment the development of a corporate managerial tools and techniques is likely to include the applications of strategy methodologies and information systems as tools to facilitate the exploitation of the full potential of management. Contemporary Knowledge Management Support System (KMSS) lack the appropriate representation of user information needs and information itself. In each firm, there seems to be something that is as the core competence of the firm's existence, and has roots of the firm's in driving it forward. Quality (Svensson, 2006) and process (Ndede- Amadi, 2004) organizational factors like IT systems (Rodos et al. 2008) are recognized major strategic issues for those who wish to compete successfully (Dale, 2003). Comparatively few studies have examined the role of managerial tools as a tool for middle managers to anticipate and address success (Reh, 2005; Singh et. Rigby et. al., 2005, Potocan and Dabic, 2011). In 1993 Bain and Firm launched a multiyear research project to get the facts about management tools. Their research includes many countries (the inquiry included 60 countries in 2003), long period of research (has been going on since 1993), included many management tools. They put full definitions of the 25 tools along with the guide to resources on each one appear in the Bain & Firm booklet Management Tools 2005, An Executives Guide (Rigby, 2005). Usage of managerial tool in Croatia never

been examined. We developed survey and only similarities with Bain survey were managerial tools it selves. the In this research all of 25 management tools are examined.

2. FIRMS AND BANKING SECTOR IN REPUBLIC OF CROATIA

Croatia has 4, 403 mil. inhabitants (2011), and according to data for 2011. Total number of persons in employment is 1,441 mil. Gross domestic product per capita is 10 203 Euros (2011) 58,9% coverage of import by export in 2011. Gross rate in 2011 is 0.00, Unemployment rate is 13,5%). 540 000 Persons are in paid employment in legal entities, irrespective of type of ownership and 221 000 persons have employment in crafts and trades and free lance. Only 31 000 insured private farmers (DSZ, 2012). Structure of the Gross Domestic Product by NCEA is the following: agriculture 9,6%, industry 29,8% and services 60,6%. Croatia has a high income market economy located in the Southeastern Europe. Croatia's main economic sector is services which account for more than 70% of the country's GDP. Shipbuilding, food processing, pharmaceuticals, information technology, biochemical and timber industry constitute significant portions of industrial output. Tourism is very important source of income.

Croatian financial system is dominated by commercial banks whose business activities are regulated and supervised by the Croatian National Bank. In the year 2009 Croatia had 34 active banks, 19 of which were owned domestically, while 15 of them were under foreign ownership. However, when examining assets of Croatian banks, 91% of it is concentrated in those 15 banks that are owned by foreigners, while just 9% is in domestically owned banks. The main characteristic of Croatian banking system is oligopoly since 2 major banks in Croatia, from the year 2000 until today posses more than 42% of total assets (first 4 biggest banks posses 65% of total assets). Therefore, Croatian banking sector is very concentrated. When it comes to deposits, they are mostly collected from the citizens (54,3% of total collected deposits), while loans are, as well, mostly given to the citizens (46,8% of total loans) (HNB, 2010). This points to a, still, very traditional banking system, unlike, for example, banking systems of the United States of America or Western Europe, where the percentage of both deposits from the citizens and loans to the citizens is dramatically decreasing.

2.1. Non-Banking sector of financial intermediaries

Non-banking sector of financial intermediaries in Croatia includes insurance firms, leasing firms, firms for managing pension funds and investment funds whose business activities are regulated and supervised by Croatian Financial Services Supervising Agency (HANFA). It also regulates and supervises activities of brokers, stock markets, insurance intermediaries, investment advisor, etc. (HNB, 2007). Functioning of Croatian financial system depends not only on Croatian National Bank and Croatian Financial Services Supervising Agency but also on other institutions such as State Agency For Deposit Insurance and Bank Rehabilitation (DAB), Central Registry of Insured Persons (Regos), Financial Agency (Fina) and other institutions that offer specific additional services to other participants of domestic financial markets (HNB, 2007).

3. THEORETICAL BACKGROUND: A BRIEF HISTORY OF MANAGERIAL TOOLS RESEARCH

In the following discussion, we first provide a literature review to gain an understanding of the concepts and models. There were twenty five managerial tools examined in this research. The brief overview of them is given.

Strategic Planning. The sum of disciplined efforts involved in fundamental decision making and fundamental actions undertaking that will define, shape and lead the firm and its core business (Olsen & Eadie, 1982). It is consisted of three phases (Bryson, 2010) – defining the current position of the firm; defining desired future position; defining the way of achieving that desired future position.

Customer Relationship Management. Kalakota and Robinson (1999) in Pai and Tu (2011) considered that customer relationship management (CRM) can be seen as the consistent organizational activity under usage of integrated selling, marketing and service strategy. That is, trying to define the real need of the customer, by the enterprise integrating various process and technology, in asking internal product and service improvement, in order to dawn effort of enhancing customer satisfaction and loyalty.The basic point behind this tool is that existing customers of a firm are more profitable than attracting new ones and, therefore, it is essential to develop products that will meet their expectations (Peppard, 2000). Sue at al. (2010) emphasize that the most important factor in this tool is information technology which makes the process of saving, integrating and analyzing a huge number of information about the customers much more easier.

Customer Segmentation. Dividing the market into smaller segments of customers that share the same characteristics with the possibility of creating 'tailor made' products and services for them (Lee & Park, 2005). In the past, demographic data was the basis of segmentation, but nowadays segmentation is based on more personal characteristics and behavior pattern of the customers (Moorthy, 1984).

Benchmarking. Comparison and analysis of firms' own business practices with the ones from the rivals (Lynch, 2006), normally leaders in the industry. In order to achieve success employers of the firm should be open to learn from the benchmarked firm (Ammons, 1999).

Mission and Vision Statement. There is no unique definition of this tool, but mission statement is usually a mean of identifying the firm itself, its business and purpose (Leuthesser & Kohli, 1997), while vision statement is a desired future state of a firm (Sidhu, 2003).

Core Competencies. Set of individual skills, knowledge and technologies that firm possesses for delivering value to its customers. They support the leadership of the firm in front of its rivals and are fundamental resources of the firm (Lynch, 2006).

Outsourcing. The activity of acquiring inputs from outside of the firm, or in other words, delegating activities previously performed within the firm to some external entities (Varadarajan, 2009).

Business Process Reengineering. Rethinking and redesign of current business practices of a firm so that a firm can achieve better results through reducing costs and increasing its products' and services' quality (Hammer & Champy, 1993).

Scenario and Contingency Planning. By accepting cognitive limitations in processing and interpreting a huge number of complex and partial information (Schwenk, 1984) this tool

helps managers to examine and develop strategies for a firm based on a few possible future events.

Knowledge Management. In more practical context, knowledge management was seen to be central to product and process innovation and improvement, to executive decision making and to organizational adaptation and renewal. Knowledge management is the creation, capture, organization access and use of knowledge (Logan, 2006; Lynch, 2006). Swift (2009) underlines the importance of different factors (both intrinsic and extrinsic) that can motivate individuals to share their knowledge.

Strategic Alliances. Alliances between the frims that are potential or actual rivals which can take a wide range of forms, from formal joint ventures to a form in which firms own each other through equities, but it can also take a form of a short term cooperation in order to achieve certain short term goals (Hill, 2005).

Balanced Scorecard. This tool was developed under assumption that using exclusively financial reports while making decisions about strategies isn't enough. Therefore, other types of data, *qualitative* data, should also be examined (Kaplan & Norton, 1996). It identifies different stakeholders (shareholders, customers and employees) and different perspectives (financial, perspective of the customer, internal perspective and future perspective).

Supply Chain Management. Network of producers and distributers whose activities cover the whole process from extracting raw materials to distribution of finished goods to final customers (Croom et al., 2000).

Growth Strategies Tools. The idea behind his tool is that opportunities for growth can be actively targeted and managed, whereas the most important thing is to foresee the future, or in other words – indentify new-coming trends (Rigby, 2009). However, this growth should be sustainable (Mascarenhas, 2002).

Total Quality Management. The aim of this tool is to increase the quality of the firms' products and services so that sales, and consequently profit, would rise. Quality is defined by the customers and its' increase results in customers' satisfaction as well as in developing competitive advantage (Reed et al., 1996).

Shared Service Centers. Consolidation of operational processes used by different divisions of the same firm with the aim of reducing redundancy of activities (Rigby, 2009).

Lean Production. Elimination of *waste*. Waste is considered to be everything that won't be paid for by the customer, such as waiting for the product, excessive supplies, corrections of deformed products, etc. (Rigby, 2009).

Collaborative Innovation. Adding value based on new ideas that are created through information and knowledge sharing between various entities, as well as organizational processes that enable innovation creation outside traditional borders of a firm (Miles et al., 2005).

Loyalty Management. The aim of this tool is to increase and maintain a satisfactory retention rate of the following categories – customers, employees and investors (Aker, 1984).

Mergers and Acquisitions. Merger is an integration of two firms with a complete transfer of assets and liabilities, whereas one firm seizes to exist, while an acquisition is a situation in which one firm has control over another one, but both still continue to exist (Öberg et al., 2006).

Six Sigma. Rigid concept of quality control where firms try to reduce all types of deviations in their businesses (McClusky, 2000). Deviation is any situations in which a firm doesn't manage to produce or deliver what customers expect (Anthony and Banuealas, 2002).

Offshoring. Relocation of firms' operational processes to another country (Robert-Nicoud, 2008). Motives for this can be lower labor costs, access to highly qualified labor and access to emerging markets.

Consumer Ethnography. Draws origins from anthropology and examines behavior, attitudes and culture of people. Increasingly used in order to discover peoples' real motivation and the way they make decisions about their purchases (Mariampolski, 2006).

Corporate Blogs. Blogs can be internal (communication within the firm) or external (communication between the firm and its stakeholders), where author of the blog uses a tone far less formal than that of an official web pages of the firm, while also encouraging customers to comment posts in order to develop a dialogue with them so that the firm can understand and meet their needs better (Weil, 2006).

Radio Frequency Identification. Radio frequency identification (RFID) is a small tag containing an integrated circuit chip and an antenna, and has the ability to respond to radio waves transmitted from the RFID reader in order to send, process, and store information. (Wu et al, 2006). Technology of automatic identification used in retail, transport, supply chain management, etc., so that in every moment management knows exactly where the goods currently are and in what quantity (Tajima, 2005)

4. METHODS

4.1. Research questions

The three broad research questions derived from the conceptual framework for this study are:

1. to examine how much do the managers in financial institutions (both banking and non-banking sector of financial intermediaries) in Croatia know and use various managerial tools.
2. Which mangerial tool has the greatest influence on firms sucess?

Together with the identification and analysis of a current situation, possible problems concerning choice and implementation of managerial tools are given, as well as some specificities of Croatian financial system with emphasize on the banking sector.

4.2. Sample

The addressed firms in Croatia a present a representative sample of all business sectors (i.e., a relatively representative regional coverage; the basic-activity structure of firms in a country, with a good fit to the industry-based structure of the national economy). In order to collect the data, financial institutions (both banking and non-banking) were contacted, regardless to their size (measured by number of its employees) or type of ownership. All of the institutions were chosen randomly and questionnaires were sent via e-mail to 300 addresses. In the end, 51

responses arrived, which is a rate of only 17%. The reasons for this low response rate are numerous, but two most important ones are these:

(1) People are usually unwilling to talk about the firm because they consider that they don't posses enough knowledge to answer the questions from the third group of questions from the questionnaire.
(2) Using the managerial tools in some firms has a status of a business secret, or in other words, the firm doesn't want that others know they use a certain managerial tool.

In order to put financial sector in a context, or in other words to examine whether there are some specificities that differ it from the non-financial sector, additional 29 responses to the questionnaire were added, filled in by randomly chosen firms. Based on the final number of responses (80) average examinee is 38 years old, has 15 years of working experience (11 of which in the current firm), holds a university degree in a field of humanities and is employed in marketing department. The firm of an average examinee is big (has more than 250 employees) and is doing business in finance and insurance field. In average, examinee participates in making operational decisions. The number of male and female examinees is equal.

4.3. Testing

For the purpose of this paper data collected from a questionnaire was used. The questionnaire is made of three groups of questions.

First group. There were 25 currently most important and most popular managerial tools examined. The examinees had to answer do they know and use named managerial tools and how satisfied they are with them. *Second group*. This group of questions focused on the very application of the managerial tools and it covered the following – the need for managerial tools, the need for education about the tools, what is the criteria for choosing a tool, the time and field of usage of the tool and improvements it brought along. *Third group*. Basic demographic data about the examinees (such as sex, age, education, position in the firm, working experience) and data about the firm (size and core business of a firm).

For processing the collected data Excel and SPSS programs were used.

5. RESULTS

Since the data collected was mostly qualitative, their statistical processing was somewhat limited. The data is presented in 3 segments:

(a) Data for all the examinees *(T)*
(b) Data for financial sector *(F)*
(c) Data for non-financial sector *(N)*

5.1. Knowledge and usage of managerial tools

The collected data shows that all the examinees have a good knowledge about managerial tools. In *tables 6.1* and *6.2* the following data is shown:

- *Knows* – number of examinees that know the tool.
- *Wants to get to know* – number of examinees that wants to get to know the tool.

- *Not useful* – the number of examinees that considers that a certain tool isn't useful for them.
- *Uses* – the number of examinees that use the tool.
- *Satisfied* – the number of examinees that are satisfied with the results of tool usage.

Knowledge and usage of the tools is graded as follows:

- *Knowledge* – the percentage of examinees that know the tool.
- *Popularity* – the percentage of examinees that know or want to get to know the tool.
- *Utility* – the percentage of examinees that consider a certain tool to be useful, regardless to the fact are they using it or not.
- *Usage* – the percentage of examinees that use the tool.
- *Satisfaction* – the percentage of examinees that use the tool and are satisfied with its results

Table 6.1 Knowledge and usage of the tools

	T	F	N
Knowledge	**48%**	45%	52%
Popularity	**74%**	71%	80%
Utility	**63%**	38%	69%
Usage	**21%**	19%	25%
Satisfaction	**39%**	35%	45%

Table 6.2 – Knowledge about the managerial tools

	Knows			Wants to know			Not useful			Knowledge			Popularity			Utility			Knowledge			Popularity			Utility		
Managerial tools	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N
Strategic planning	58	34	24	17	14	3	14	9	5	73%	67%	83%	94%	94%	93%	83%	53%	83%	6	7	2	**3**	3	5	4	4	5
Customer relationship management	65	43	22	13	7	6	19	12	7	81%	84%	76%	98%	98%	97%	76%	49%	76%	**2**	2	4	**2**	2	2	6	5	8
Customer segmentation	58	38	20	15	7	8	23	18	5	73%	75%	69%	91%	88%	97%	71%	41%	83%	6	5	6	4	6	2	8	10	5
Benchmarking	62	38	24	18	13	5	7	5	2	78%	75%	83%	100%	100%	100%	91%	58%	93%	4	5	2	**1**	1	1	**1**	1	1
Mission and vision statement	71	44	27	0	0	0	24	15	9	89%	86%	93%	89%	86%	93%	70%	45%	69%	**1**	1	1	6	8	5	9	7	11
Core competencies	60	39	21	11	7	4	13	8	5	75%	76%	72%	89%	90%	86%	84%	54%	83%	5	4	5	6	4	11	**3**	3	5
Outsourcing	63	43	20	4	3	1	32	21	11	79%	84%	69%	84%	90%	72%	60%	38%	62%	**3**	2	6	9	4	16	13	13	17
Business Process Engineering	29	12	17	22	16	6	35	26	9	36%	24%	59%	64%	55%	79%	56%	31%	69%	16	19	11	18	20	13	16	18	11
Scenario and contingency planning	28	16	12	43	28	15	9	7	2	35%	31%	41%	89%	86%	93%	89%	55%	93%	18	17	16	6	8	5	**2**	2	1
Knowledge management	47	27	20	18	12	6	20	17	3	59%	53%	69%	81%	76%	90%	75%	43%	90%	9	9	6	11	10	9	7	9	4
Strategic alliances	16	7	9	33	23	10	43	28	15	20%	14%	31%	61%	59%	66%	46%	29%	48%	24	23	21	20	18	22	22	20	23
Balanced Scorecard	38	19	19	28	20	8	24	16	8	48%	37%	66%	83%	76%	93%	70%	44%	72%	10	15	9	10	10	5	9	8	9
Supply Chain Management	35	21	14	5	3	2	51	34	17	44%	41%	48%	50%	47%	55%	36%	21%	41%	12	11	13	25	23	24	25	24	25
Growth Strategies Tools	29	16	13	23	15	8	35	23	12	36%	31%	45%	65%	61%	72%	56%	35%	59%	16	17	14	15	15	16	16	14	19
Total Quality Management	49	30	19	16	9	7	29	19	10	61%	59%	66%	81%	76%	90%	64%	40%	66%	8	8	9	11	10	9	12	11	15
Shared Service Centers	34	21	13	23	14	9	32	23	9	43%	41%	45%	71%	69%	76%	60%	35%	69%	14	11	14	13	13	14	13	14	11
Lean Management	7	5	2	36	17	19	40	31	9	9%	10%	7%	54%	43%	72%	50%	25%	69%	25	25	25	23	24	16	19	22	11
Collaborative Innovation	21	10	11	34	23	11	28	20	8	26%	20%	38%	69%	65%	76%	65%	39%	72%	20	21	18	14	14	14	11	12	9
Loyalty Management	35	25	10	38	20	18	16	14	2	44%	49%	34%	91%	88%	97%	80%	46%	93%	12	10	20	4	6	2	5	6	1
Mergers and Acquisitions	36	20	16	16	7	9	49	38	11	45%	39%	55%	65%	53%	86%	39%	16%	62%	11	13	12	15	21	11	24	25	17
Six Sigma	21	12	9	31	19	12	34	24	10	26%	24%	31%	65%	61%	72%	58%	34%	66%	20	19	21	15	15	16	15	16	15
Offshoring	17	6	11	24	15	9	47	33	14	21%	12%	38%	51%	41%	69%	41%	23%	52%	23	24	18	24	25	20	23	23	21
Consumer Ethnography	24	17	7	20	10	10	37	25	12	30%	33%	24%	55%	53%	59%	54%	33%	59%	19	16	24	22	21	23	18	17	19
Corporate blogs	32	20	12	19	11	8	42	28	14	40%	39%	41%	64%	61%	69%	48%	29%	52%	15	13	16	18	15	20	20	20	21
Radio Frequency Identification	18	10	8	27	19	8	42	26	16	23%	20%	28%	56%	57%	55%	48%	31%	45%	22	21	23	21	19	24	20	18	24

Table 6.3 The usage of managerial tools

	Uses			Satisfied			Usage			Satisfaction			Usage			Satisfaction		
Managerial tool	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N	T	F	N
Strategic planning	25	11	14	15	7	8	31%	22%	48%	50%	35%	76%	7	10	3	8	10	4
Customer relationship management	32	21	11	30	21	9	40%	41%	38%	78%	82%	69%	4	4	7	4	4	7
Customer segmentation	29	19	10	27	19	8	36%	37%	34%	70%	75%	62%	5	5	9	5	5	8
Benchmarking	42	25	17	38	24	14	53%	49%	59%	100%	96%	107%	2	3	2	2	2	2
Mission and vision statement	53	35	18	43	29	14	66%	69%	62%	120%	125%	110%	1	1	1	1	1	1
Core Competencies	40	27	13	27	17	10	50%	53%	45%	84%	86%	79%	3	2	4	3	3	3
Outsourcing	29	16	13	19	10	9	36%	31%	45%	60%	51%	76%	5	6	4	6	6	4
Business Process Engineering	14	6	8	14	6	8	18%	12%	28%	35%	24%	55%	13	13	10	11	13	9
Scenario and contingency planning	20	12	8	20	12	8	25%	24%	28%	50%	47%	55%	10	9	10	8	8	9
Knowledge Management	24	13	11	23	13	10	30%	25%	38%	59%	51%	72%	9	7	7	7	6	6
Strategic Alliances	4	0	4	4	0	4	5%	0%	14%	10%	0%	28%	20	24	16	20	24	16
Balanced Scorecard	15	9	6	11	7	4	19%	18%	21%	33%	31%	34%	12	11	14	13	11	14
Supply Chain Management	14	6	8	14	6	8	18%	12%	28%	35%	24%	55%	13	13	10	11	13	9
Growth Strategies Tools	5	3	2	5	3	2	6%	6%	7%	13%	12%	14%	19	18	19	18	17	18
Total Quality Management	25	13	12	12	8	4	31%	25%	41%	46%	41%	55%	7	7	6	10	9	9
Shared Service Centers	16	9	7	10	4	6	20%	18%	24%	33%	25%	45%	11	11	13	13	12	13
Lean Production	0	0	0	0	0	0	0%	0%	0%	0%	0%	0%	25	24	25	25	24	25
Collaborative Innovation	11	5	6	8	4	4	14%	10%	21%	24%	18%	34%	15	15	14	15	15	14
Loyalty Management	7	4	3	3	2	1	9%	8%	10%	13%	12%	14%	16	16	18	18	17	18
Mergers and Acquisitions	2	1	1	2	1	1	3%	2%	3%	5%	4%	7%	24	21	23	24	21	23
Six Sigma	3	1	2	3	1	2	4%	2%	7%	8%	4%	14%	21	21	19	21	21	18
Offshoring	3	1	2	3	1	2	4%	2%	7%	8%	4%	14%	21	21	19	21	21	18
Consumer Ethnography	7	3	4	7	3	4	9%	6%	14%	18%	12%	28%	16	18	16	16	17	16
Corporate Blogs	6	4	2	6	4	2	8%	8%	7%	15%	16%	14%	18	16	19	17	16	18

Radio Frequency Identification	3	2	1	3	2	1	4%	4%	3%	8%	8%	7%	21	20	23	21	20	23

Table 6.4 Top tools

The most famous tools
Mission and vision statement Customer relationship management Outsourcing

The most popular tools
Benchmarking Customer relationship management Strategic planning

The most useful tools
Benchmarking Scenario and contingency planning Core competencies

The most desirable to meet tools
Knowledge management Loyalty management Lean production

Not useful tools
Supply chain management Mergers and acquisitions Offshoring

Table 6.5 The usage and satisfaction with mangerial tools

The most used tools
Mission and vision statement Benchmarking Core competencies

The highest satisfaction with tools
Mission and vision statement Benchmarking Customer relationship management

The total usage of managerial tools is considerably lower than knowledge about them or the wish to get to know them better.

Also, it is interesting to see whether there are some managerial tools that tend to be used together. While analyzing the collected data, it was clear that there is a cluster of tools that supplement each other and are, hence, used together. These tools are strategic planning, customer relationship management, customer segmentation, benchmarking, mission and vision statement and core competencies. This doesn't come as u surprise since all of these tools are the ones typically used in service industry and financial institutions are exclusively service providing firms. This connection between the tools is shown through the following figure:

Figure 6.1 Connection between the usage of the tools

Usage of the tools	Strategic planning	CRM	Segmentation	Benchmarking	Mission and vision	Core competencies	Outsourcing	BPR	Scen & cont planning	KM	Strategic alliances	BSC	SCM	Growth strategies	TQM	Service centers	Lean production	Collaborative innovation	Loyalty management	M&A	Six Sigma	Offshoring	Consumer ethnography	Corporate blogs	RFID
Strategic planning	25	14	10	15	19	16	15	5	8	8	3	4	7	2	9	7	0	7	2	2	2	2	3	2	1
CRM	14	32	14	21	22	20	17	6	9	12	3	4	7	2	9	9	0	5	5	1	0	1	6	4	2
Segmentation	10	14	29	17	22	18	11	6	8	10	3	4	8	3	10	7	0	4	3	1	2	1	1	3	0
Benchmarking	15	21	17	42	28	23	19	7	14	15	3	9	9	2	14	10	0	5	7	1	2	2	6	6	3
Mission and vision	19	22	22	28	53	28	22	7	13	18	3	10	9	4	19	12	0	7	3	1	2	1	3	5	2
Core competencies	16	20	18	23	28	40	19	7	9	14	3	6	10	3	12	8	0	8	3	2	1	3	4	3	2
Outsourcing	15	17	11	19	22	19	29	6	6	12	4	6	8	1	9	9	0	7	5	1	2	2	3	1	2
BPR	5	6	6	7	7	7	6	14	4	5	3	0	5	3	8	3	0	4	2	1	1	1	2	1	0
Scen & cont planning	8	9	8	14	13	9	6	4	20	10	2	3	5	1	6	6	0	4	3	1	0	2	3	2	1
KM	8	12	10	15	18	14	12	5	10	24	2	4	6	2	10	9	0	4	4	1	1	1	3	1	0
Strategic alliance	3	3	3	3	3	3	4	3	2	2	4	0	3	1	2	1	0	1	0	1	0	1	1	0	0
BSC	4	4	4	9	10	6	6	0	3	4	0	15	2	1	8	2	0	0	2	0	1	2	2	2	2
SCM	7	7	8	9	9	10	8	5	5	6	3	2	14	2	4	4	0	4	3	1	0	1	1	1	1
Growth strategies	2	2	3	2	4	3	1	3	1	2	1	1	2	5	4	1	0	1	0	1	0	0	0	1	0
TQM	9	9	10	14	19	12	9	8	6	10	2	8	4	4	25	10	0	4	1	1	1	2	1	3	2
Service centers	7	9	7	10	12	8	9	3	6	9	1	2	4	1	10	16	0	5	4	1	0	0	2	0	0
Lean production	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collaborative innovation	7	5	4	5	7	8	7	4	4	4	1	0	4	1	4	5	0	11	2	1	1	1	2	0	0
Loyalty management	2	5	3	7	3	3	5	2	3	4	0	2	3	0	1	4	0	2	7	0	0	0	1	0	0
M&A	2	1	1	1	1	2	1	1	1	1	1	0	1	1	1	1	0	1	0	2	0	0	0	0	0
Six Sigma	2	0	2	2	2	1	2	1	0	1	0	1	0	0	1	0	0	1	0	0	3	0	0	0	0
Offshoring	2	1	1	2	1	3	2	1	2	1	1	2	1	0	2	0	0	1	0	0	0	3	2	1	0
Consumer ethnography	3	6	1	6	3	4	3	2	3	3	1	2	1	0	1	2	0	2	1	0	0	2	7	1	1
Corporate blogs	2	4	3	6	5	3	1	1	2	1	0	2	1	1	3	0	0	0	0	0	0	1	1	6	1
RFID	1	2	0	3	2	2	2	0	1	0	0	2	1	0	2	0	0	0	0	0	0	0	1	1	3

5.2. Education

All the examinees expressed a need for (further) education about the managerial tools. Based on that and the fact that all of them also showed quiet wide knowledge of the managerial tools examined, it could be inferred that this knowledge is superficial. Examinees know some general things about the tools, but lack real knowledge about their right implementation.

5.3. The time of usage of managerial tools

The time of usage of managerial tools shows that the most of firms examined (54%) use the tools for a very short period of time – a year or two. This implicates that firms are just now entering the period of maturity in which they can really evaluate the benefits of application of the tools. The data is shown in the following table:

Table 6.6 The time of usage of managerial tools

The time of usage	T	%	F	%	N	%
12 - 24 months	43	54%	30	59%	13	45%
> 24 months	19	24%	13	25%	6	21%
6 -12 months	9	11%	4	8%	5	17%
< 6 months	6	8%	3	6%	3	10%
Is not used	3	4%	1	2%	2	7%

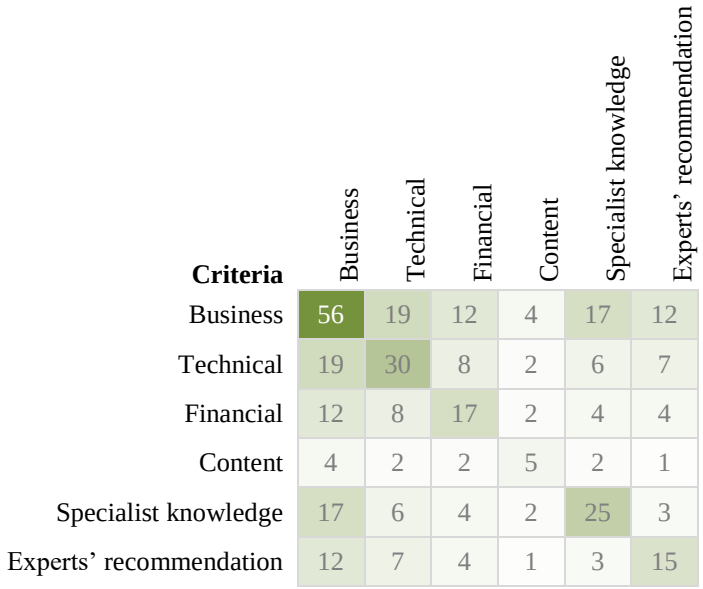
5.4. The criteria for choosing managerial tools

The data collected shows that the most important criteria for choosing a certain managerial tool is business or, in other words, business usability, as well as technical preconditions. The financial aspects of implementation in most cases are not important which implies that firms consider managerial tools as an investment, rather than cost.

Table 6.7 The criteria for choosing managerial tools

Criteria	T	%	F	%	N	%
Business	56	70%	35	69%	21	72%
Technical	30	38%	16	31%	14	48%
Specialist knowledge	25	31%	14	27%	11	38%
Financial	17	21%	9	18%	8	28%
Experts' recommendations	15	19%	10	20%	5	17%
Content	5	6%	4	8%	1	3%
Other	0	0%	0	0%	0	0%

Figure 6.2 Connection between the criteria of choosing managerial tools



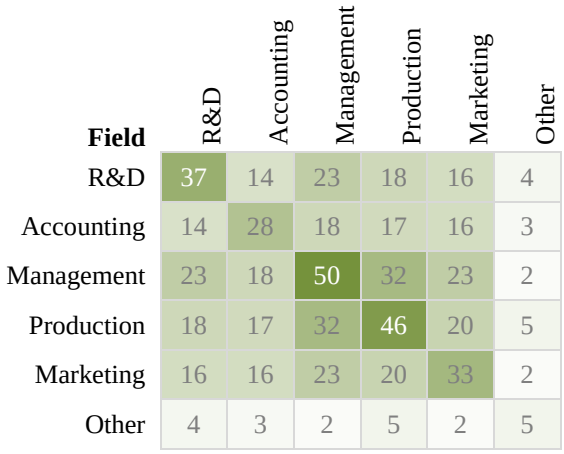
5.5. The field of usage of managerial tools

The data shows that the field of usage of managerial tools is mostly management and production. However, *production* should be viewed in somewhat wider context as an activity of creating added value rather than an activity necessarily connected to machinery or physical production of material goods.

Table 6.8 The field of usage of managerial tools

Field	U	%	F	%	N	%
Management	50	63%	29	57%	21	72%
Production	46	58%	33	65%	13	45%
R&D	37	46%	24	47%	13	45%
Marketing	33	41%	22	43%	11	38%
Accounting	28	35%	20	39%	8	28%
Other	5	6%	5	10%	0	0%

Figure 6.3 Connection between the fields of usage of managerial tools



5.6. The improvements of application of managerial tools

The biggest improvements are noticed in the following areas – organization, management and planning, as shown more detailed in the following table

Table 6.9 The fields of improvement of application of managerial tools

Improvement	T	%	F	%	N	%
Management	60	75%	37	73%	23	79%
Organization	49	61%	31	61%	18	62%
Planning	48	60%	33	65%	15	19%
Controlling	45	56%	30	59%	15	19%
Informing	40	50%	28	55%	12	15%
Decision making	39	49%	23	45%	16	20%
Work	38	48%	27	53%	11	14%
Knowledge	34	43%	23	45%	11	14%
Other	3	4%	2	4%	1	1%

Figure 6.4 Connection between field of improvements of work

Improvement	Planning	Controlling	Decision making	Management	Work	Informing	Organization	Knowledge	Other
Planning	48	25	29	38	25	27	31	28	3
Controlling	25	45	27	35	23	28	29	25	1
Decision making	29	27	39	30	22	28	24	19	3
Management	38	35	30	60	30	31	38	29	2
Work	25	23	22	30	38	23	24	19	2
Informing	27	28	28	31	23	40	26	17	3
Organization	31	29	24	38	24	26	49	22	3
Knowledge	28	25	19	29	19	17	22	34	2
Other	3	1	3	2	2	3	3	2	3

5.7. Statistical analysis

Statistical analysis (F Test, T test and Correlation were done in order to see whether there is a difference in usage and application of managerial tools in financial and non-financial sector. The collected data from both sectors were compared and following values were calculated:

- F-Test
- T-Test
- Correlation

Simbol in the last column indicates that there is a significant difference between the two sectors. The differences are discussed in the next chapter of the paper.

Table 6.10 Statistical analysis

Managerial tools	F-Test	T-Test	Correlation	Difference
Knowing	53,3%	25,9%	0,85	
Popularity	19,4%	4,7%	0,78	
Utility	12,6%	0,0%	0,80	
Usage	92,9%	25,7%	0,90	
Satisfaction with the results	71,0%	30,2%	0,90	

Ways of using	F-Test	T-Test	Correlation	Difference
Time of usage	40,0%	100,0%	0,40	
Criteria for choosing the tool	72,9%	70,9%	0,73	
Field of usage	62,9%	66,6%	0,63	
Improvements	46,7%	4,2%	0,47	

Demographic data	F-Test	T-Test	Correlation	Difference
Sex	65,8%	100,0%	-1,00	
Type of education	55,2%	92,0%	1,00	
Level of education	85,8%	98,5%	0,99	
Position	52,3%	98,0%	0,94	
Department	88,5%	95,1%	0,89	
Participation in decision making	85,0%	85,4%	0,62	
Size of a firm	91,0%	100,0%	1,00	

6. DISCUSSION/LIMITATIONS/FUTURE DIRECTION

Assuming that there is a positive correlation between the application of managerial tools and performances of a firm, their value in financial institutions in Croatia was examined.

Both financial institutions and firms have demonstrated low level of current application of managerial tools (21%), as well as a very high level of satisfaction with them (82%). Also, both groups consider the application of the tools to be useful (63%), and have shown interest to get to know new managerial tools (74%). Therefore, it is crucial for senior management to provide additional education for their employees about managerial tools, in order to ensure that they are understood, chosen, implemented, managed, controlled and valued in a right way. However, if the existence of a managerial tool in a firm is purely formal, it is practically of little or no value. To illustrate and understand this point, one should take a closer look to data collected from the banks.

For example, it would be reasonable to assume that variables from the third group of questions from the questionnaire, such as age, working experience and education of a manager, influence the choice of the managerial tool to be implemented in the firm. However, there is one important fact that should be taken into consideration here – firms that are mostly owned by a foreign parent firm (and situation in Croatian banking sector is exactly like that) have considerable limitations in decision making processes, concerning the choice of the managerial tool to be implemented. This choice is, in most cases, standardized at the group level. In other words, in Croatian banking sector the third group of questions is totally not related to the application of the managerial tools. Since this application is dictated from the

headquarters which is abroad, it is easy to understand why empirical research showed that knowledge and popularity of managerial tools is so much lower in the banking sector than it is in the non-banking sector. Banking sector ranked customer segmentation and customer relationship management the highest, which is logical, since banks are exclusively service providing firms.

Top tool in both banks and firms is mission and vision statement. Although this would be ideal, one must ask himself/herself a question if this is really true, since this tool is the most familiar one, but, unfortunately, often comes down to platitudes that mean absolutely nothing in everyday business.

There are other facts that should also be considered while examining the application of managerial tools in both banks and other firms.

Different managerial tools require different effort and intensity of changes in business practices of a firm regarding to its' implementation. Based on this assumption, managerial tools can be categorized in one of the following groups:

(a) Tools whose implementation brings along practically negligible changes for a firm, in other words, it is reduced to collecting and analyzing data (which are then the base for further changes in a firm), while there are no great organizational and/or infrastructural changes. Examples of these tools are balanced scorecard, strategic planning, customer relationship management, customer segmentation.
(b) Tools whose implementation demands changes in current organizational structure of the firm. Example of these tools is lean production.
(c) Tools whose implementation demands both organizational and infrastructural changes like implementation and application of new equipment. Example of this kind of tool is radio frequency identification.

Taking into account that the cost of organizational and infrastructural changes are usually very high, as well as the fact that there is always some risk involved, it is clear that managerial tools that don't demand great changes will be more easily accepted.

Some of the limitations of this research are as follows. Even though the results showed that managers have pretty good knowledge about all of the managerial tools examined, there is always a doubt whether these answers were honest, since no one likes to admit that he/she doesn't know something. Filling in a questionnaire is a one way communication and its objectivity cannot be guaranteed. Also, a sample of 80 examinees is not big, hence, the results cannot be generalized not even on a level of one transitional country, let alone wider. Therefore, further researches should focus on situations in other transitional countries in order to make a comparative analysis and, possibly, notice trends on which conclusions could then be made.

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