

Better Performance through Enterprise Governance and Management Process Innovation

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Abstract: All the changes we are facing today take place within the global economic environment. These changes are caused by increasingly important inventions, suggestions, potential innovations, and innovations (and their diffusion to many users) resulting from crucially needed creativeness and innovativeness, new ideas, and constructive thinking; we are living in the era of different viewpoints and each of them originate from different knowledge, values, and experiences. This is why also the enterprise's performance, and the ways of its achievement are continuously changing. One way of reaching enterprise competitiveness is provided by enterprise governance's and management's process innovation (GMPI) whose importance we will try to introduce here. We will discuss about enterprise policy, strategic management, innovativeness, competitiveness, and better performance of enterprises on the basis of GMPI.

Keywords: enterprise policy, innovation, enterprise performance, crisis, strategic management

1 The selected problem and viewpoint

Basically, the 2008-crisis is not only a financial and economic crisis, but it marks the end of the 2-generation cycle of about 70 years in which the values of neo-liberal economics have been prevailing. It was causing people to forget about the fact that the industrial socio-economic paradigm was only a phase: a necessary and extremely costly phase. If it is not overcome, the current civilization will commit suicide very soon [8, 10, 13, 14, 19, 15, 16, 24, 29, 31]. In other words: the problems caused by the industrial age and paradigm, cannot be solved by the same paradigm, which has been introduced when the number of people on the Planet Earth and their consumption of un-renewable natural resources used to be a tiny fraction of the current one. For some three decades, the carrying capacity of the Planet Earth has been overburdened. Thus, we need innovations: they are

significant factors of enterprises' market-competitiveness and performance within the process of globalisation. In our contribution, we indicate their importance from the viewpoint of governance and management process innovation that is a needed condition for the positive enterprise (holistic) development.

For the strategy of any kind, thus also for the market-competitiveness strategy that results in enterprise's better performance, one must establish vision and enterprise policy first and regularly innovate the whole governance and management process. See tables 1 and 2.

By this, one must take into consideration that governance and management process innovation depends on subjective viewpoints of shareholders and top managers, above all, and their ability of adaptation toward requisite holism of approach for requisite wholeness of outcomes. This is why we explored issues of the needed enterprise governance's and management's process innovation (GMPI) as a framework for thinking about enterprise policy, strategic management, innovativeness, competitiveness, and better performance of enterprises. This is, among others, one possible way for humankind to find a way out from the still current 2008- crisis (See [25, 27, 28]). All changes we are facing today take place within the framework of global economic environment.

The changes are caused by increasingly important inventions, suggestions, potential innovations, and innovations (in all of their types, process/technological and non-technological) – as phases of the invention-innovation-diffusion process (IIDP) – resulting from crucially needed creativeness and innovativeness, new ideas, and constructive thinking, because we are living in the era of different viewpoints and each of them originate from different knowledge and experiences. This is why also the enterprise's market-competitiveness and performance, and the way of its achievement are continuously changing. We will not tackle diffusion of innovations here due to the limited space.

One way of reaching enterprise competitiveness is provided by GMPI which we will try to introduce below. So we set the hypothesis that for the strategy of any kind (thus also for market-competitiveness strategy that leads to better performance) we need GMPI. GMPI as a factor of enterprises' market-competitiveness/performance is described in Chapter 3 after the Chapter 2 leads to better understanding of it. Although this is only a part of our research, we would like to direct to the essential further research of the particularities of GMPIs: their interdependence with innovative business environment under different frameworks and according to new holistic, socially responsible way of thinking, introduced in the Chapter 2 – if owners and managers decide so and know how to do it. To do so, they need requisite holism (RH) and social responsibility (SR).

2 New market performance requirements

Enterprises' type of impact depends on their enterprise policy and strategy and their requisite holism. Mulej/Kajzer law of requisite holism [17] reminds people of their need to reach beyond a single viewpoint toward including all essential viewpoints, their interdependences, interactions and synergies, i.e. their dialectical system, while they have no real chance to attain total holism. The enterprise policy and strategy may well support its innovativeness, market competitiveness, better performance, and requisite holism, and help humans pave their way to their sustainable future because much more can be attained with requisite holism than with one-sidedness of monitoring, perception, thinking, emotional and spiritual life, decision making, communication, and action. The requisitely holistic behavior and management success can be achieved based on dialectical and other soft-systems theories (See [18]). For achieving an enterprise success one must follow requisitely holistic behavior concerning innovation [20] and practice creative cooperation aimed at innovation [21], also concerning GMPI.

In this research we argue that the current economies need radical changes to come from the current 2008- (value) crisis, also through the GMPI. The process must lead toward the socially responsible enterprise. Rapid changes from a supplying to a sustainable and then socially responsible (global) enterprise are shown in Table 1 (Source: [22], supplemented). The need for governance and management process innovation is discussed in Chapter 3.

3 Governance and management process innovation as a factor of enterprises' better performance

Among many world-wide acknowledged models of integral management that stress the governance and management process we would like to expose authors Barney, Hasterly [1], Belak [3], Bleicher [6], David [9], Hinterhuber [11], Kajzer, Duh, Belak [12], and Wheelen and Hunger [30]. They take the above systems connections into account or at least point them out. But we must be aware (See [26]) that also each of these models presented only a partial (although rather integrative) view of organizational development and business, depending on subjective viewpoints of cooperating authors and schools. Thus, they are only a framework for precise investigation of an organization. Moreover, there is a lack of integral (and integrative) linkage in consideration of leadership and enterprise policy as well as other components of integral management concepts, including GMPI.

All presented models verified hypothesis we set in our research: for the strategy of any kind (thus also for the market-competitiveness strategy that results in better

performance) one needs GMPI. One must establish and regularly verify the validity of vision and enterprise policy first (mission, purpose, basic goals of the given organization) what ever is its size – also for (micro)SMEs, and one must match the law of requisite holism to succeed. Then one must implement enterprise policy: search for strategic possibilities, right strategies, and structures to achieve them. Each strategy (See [12]) is namely a footpath for achieving an enterprise policy, which shareholders determined in accordance with their philosophy, values, culture, ethics, norms (VCEN), and interests.

De- cade	Market & Social Requirements	Enterprise's Ways To Meet Requirements (Thus To Succeed*)	Type of Enterprise
1945-	Covering of post-war scarcity, rebuilding, etc.	Supply anything; supply does not yet exceed demand	Supplying Enterprise
1960-	Suitable price (as judged by customers)	Internal efficiency, i.e. cost management	Efficient (Export*) Enterprise
1970-	Suitable price X quality (as judged by customers)	Efficiency X technical & commercial quality management	Quality Enterprise
1980-	Like earlier X range (as judged by customers)	Like earlier X flexibility management	Flexible (Global*) Enterprise
1990-	Like earlier X uniqueness (as judged by customers)	Like earlier X innovativeness management	Innovative (Global*) Enterprise
2000-	Like earlier X contribution to sustainable development (as judged by customers)	Like earlier X sustainable development management	Sustainable (Global*) Enterprise
2010-	Like earlier X (corporate) social (and else-how*) responsibility (as judged by customers)	Like earlier X management of 'bosses' and others' honest behavior toward co- workers, other business partners, broader community and society (thus all stakeholders*) and natural preconditions of survival of the current civilization of humans (backed by interdependence and requisite holism)	Socially Responsible (Global*) Enterprise
2020*	Like earlier X conscious of fragility and interdependence of all species on/and the Planet Earth (as (would be) judged by customers, other stakeholders, society, and planet Earth, residents as interdependent species)	Like earlier X management of conscious and purposely worked-on satisfaction/well being assurance of all species, Mother Earth protection, and unselfish business for welfare of all/everything; less of the current short-term and narrow-minded selfishness for the basic selfish reason – survival	Requisitely holistic enterprise, incl. spiritual and conscious (respectful to the Universe)

Table 1

From a supplying to a sustainable/socially responsible enterprise and far beyond: a new definition of
the concrete contents of requisite holism of enterprises' behavior

Legend: * =Authors' new addition; X denotes interdependence. No attribute is avoidable any longer for a longer-term success/requisite holism. The original table [7] did not contain X, but +. The sign + denotes no interdependencies and resulting synergies; elements are only summed up in a set, not a system. Summation only is an oversimplification. The original did not contain the decades of 1945, 2000, and 2010 either. Nor 2020*.

MANAGEMENT PHASES		PREPARATION PHASES
Definition of vision	←	Drafting of vision, mission, policy, strategy, tactics, operation
↓		↑
Definition of mission		Definition of starting points for drafts
↓		↑
Definition of policy/ies		Consideration of experiences
↓		↑
Definition of strategies	←===	Intervening when and where needed in all management phases
↓		↑
Definition of tactics		Checking the results of operation
↓		
Running the operations	⇒	

Table 2

The cybernetic circle of the preparation and implementation of the management process practicing SR (too) as a crucial IIDP (a simple model)

- Vision may be briefed as “survival on the basis of competitiveness by RH/SR creative work and cooperation aimed at a systemic quality in accord with customers' requirement.”
- Mission: “delight customers with an excellent systemic quality and attract them as sustained and sustainable customers.”
- Policy: “implement innovative business and SR as a source of a continuous systemic quality in all parts of the business process and all units.”
- Strategy towards implementation of such a policy may employ continuous self-assessment of one's own quality in terms of the Deming Prize of Japan, the European Excellence Award, or Baldrige Award of USA, or (as a first phase) attainment and re-attainment of International Standards Organization's rules as ISO 9000, 14000, 27000 certificates, and/or something similar (See the Slovenian reward for SR HORUS at www.horus.si).
- Tactics for implementation of such an IIDP strategy include *organized critique*, followed by teams, and task forces, work on solution of the selected problems (on a *free-will* basis and on company time, one hour a week) with awards for inventions (symbolic in value, but with no delay) and innovations. *Innovation reward* is foreseen for all of the innovative team, all members of their own organizational units, every organizational member including managers, while a half of the value created by innovation enters the company business funds.
- Practice: permanent IIDP on a RH/SR basis as its management style and process.
- Monitoring and Intervening: Managers' committee for promotion of IIDP and excellence based on SR – in session once in 3 or (later) 6 months, agenda: 1. comparative assessment of all units; 2. variable part of income of units' managers

depending on this assessment; 3. approval of new innovation related objectives of units.

- Rewarding: non-monetary (justified feeling of being considered creative and innovative by peers and bosses) and monetary (e.g. 50% of innovation-based profit goes to enterprise funds, 50% to coworkers, of which: 30% to authors and coauthors, 10% to all in the innovative unit, and 10% to all in the enterprise).
- Training: in profession and creation, including creative interdisciplinary cooperation.

VCEN are soft determinants that influence the very needed (corporate) SR, it is important to mention the well described attainment of SR by enterprise ethics planning, which is presented in Belak et al. [4]. Authors found out that SR of enterprises, other organizations, and countries, depends on humans and their ethics, which can be viewed as information impact of influential persons over others and their internalization of received information about the “correct” ethics/VCEN. Social responsibility can be attained by planning of ethics. And as we experience, achieving of this is a very essential part of GMPI inside IIDP.

Nowadays, the enterprise policy must be oriented towards enterprise’s responsible behavior. This need has to be included into all steps in Table 2. Responsible enterprise policy (See [5, 6, 2, 3]) is many-sided, objective-oriented into implementation of all stakeholders’ interests, with high level of SR consideration and with long-term developmental attitude, which requires entrepreneurial innovative search of new opportunities (Table 3; Source: [5, 6]; adapted. Authors own presentation).

The principles of SIEDES responsible (enterprise) policy
1. To reach its business excellence and hence to find its way out from its crisis, responsible enterprise should stress the regular innovating in its policy.
2. Arising from VCEN innovations, which are expressed as persons’ interests, the enterprise’s general definitions of its policy depend on interests of its important stake-holders.
3. All stakeholders should once again rethink their long-term interests (benefits), and:
4. The stakeholders’ interests’ consequences, and
5. The stakeholders’ willingness/ability to innovate their VCEN toward their responsible, requisitely holistic behavior concerning all other humans (families, young, co-workers, other citizens and planet Earth residents – with predominating of long-term interests concerning all of them).
6. Enterprise’s developmental orientation (e.g. using the opportunities of its environment development),
7. Enterprise’s economic orientation (with striving for politics of economic responsibility toward all inhabitants of the world); and
8. Enterprise’s social orientation should also be innovated all the time (toward ecological and socially responsible goals and socially desired consideration).

Table 3

The principles of stakeholder interests, enterprise developmental, economic and social (SIEDES) responsible (enterprise) policy

The principles of stakeholder interests, enterprise developmental, economically and socially (SIEDES) responsible (enterprise) policy is one of the attributes to be learned and become values, culture, ethics, and norms (VCEN) for 2008- crisis to be overcome (See [23]). To reach business excellence (ibid), responsible enterprise policy, strategic management, and basic-realization processes should be regularly innovated.

GMPI must therefore include the global transition from efficiency to its synergy with sufficiency, from GDP to more sustainable measures of success, which are focused on and hence crucially influential, from forgetting about the irreversibly finite size of the Planet Earth to taking it into account as a top priority. Running out of natural resources and the climate change must and can be avoided, if there is political will to use the very new nature-friendly technologies of technological and social innovation rather than 'shifting the chairs on the deck of Titanic approaching the iceberg'. This innovation of paradigm includes redistribution of power and profit, of course, but only then, if the current power-holders and profit-earners become conscious of the humankind's and individuals' need for principles of SIEDES responsible (enterprise) policy and synergy of all of them – for survival of all of us.

Conclusions

The systems / systemic, i.e. requisitely holistic, thinking is required also for thinking about GMPI as an essential component of IIDP based on RH/SR. The future is unpredictable; nevertheless, we would like to point out the important themes an organization must (in the near future) be aware of, and the globalization issues that compose a framework for thinking about GMPI (also in the meaning of "change the world for better"). Humankind does have the knowledge and technology to resolve the problems into which it has brought itself with its concept of sovereign national state and monopolistic capitalism included in international law and socio-economic concept of its industrial and post-industrial age. In it the human impacts are global and long-term, but the humans' selected viewpoints on their/our bases of action are narrow and short-term. Therefore, we may not speak of developed and developing countries, but of self-destroying ones. Thus, humankind needs the political will to innovate itself. A new GMPI can help it.

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