

Available online at www.sciencedirect.com**SciVerse ScienceDirect**

Procedia - Social and Behavioral Sciences 62 (2012) 1056 – 1060

Procedia
Social and Behavioral Sciences

WC-BEM2012

Business Excellence evaluation as the reaction on changes in global business environment

Miriam Jankalová^a*^aUniversity of Zilina, Univerzita 1, 010 26 Zilina, Slovakia

Abstract

The global economy bringing globalization strongly influences development trends in individual sectors of the national economy, what is manifested by the fact that successful survival of enterprises in the context of stronger and stronger competition on global markets requires another added value - Business Excellence. The aim of this contribution is to determine whether there is any method (tool, technique), by means of which it would be possible to assess the achieved status of Business Excellence taking into account constant changes of the global business environment. The emphasis is placed on the characterization of the Business Excellence and individual methods currently used for assessing its status. Application of methods of primary and secondary research determined the unwillingness of enterprises to adopt more "unconventional" methods than they have been using so far.

© 2012 Published by Elsevier Ltd. Selection and/or peer review under responsibility of Prof. Dr. Hüseyin Arasli

© 2012 Published by Elsevier Ltd. Selection and/or peer review under responsibility of Prof. Dr. Hüseyin Arasli Open access under CC BY-NC-ND license.

1. Introduction

The issue of globalization and its impact on the method of conducting business and quality of life of population of each country is currently more and more discussed within the business practice, but also at the theoretical level (Čorejová& Bachanová, 2009; Hittmár& Jankal, 2003; Jankalová& Binda, 2003; Kremeňová, 2009; Štofková et al., 2011; Veber, 2009; ...). Multinational institutions (Guide to Measuring the Information Society, 2011; Measuring Globalisation: OECD Economic Globalisation Indicators, 2010; Open Innovation in Global Networks, 2008; ...), non-profit and community beneficial organizations, state, but also enterprises concern themselves with this issue.

There are many approaches to defining the notion globalization (Baylis et al., 2005; Beck, 2004; Held& McGrew, 2002; Jones, 2006; Scholte, 2000; ...), what is related primarily with the field positively or negatively influenced by this process. According to the Organisation for Economic Co-operation and Development the globalization is „a process increasing the dependence of markets and national economies, induced by high dynamics of the trade with goods, capital, services, transfer of technologies and know-how“. Another source understands globalization as „the conquest of the global economic space without boundaries, which can be gradually modified or standardised both micro- and macro-economically.“ According to R. Rugggerri globalization means something more:

* Corresponding Assoc. Prof. Dr. Miriam Jankalová. Tel.: +421-41-513-3134
E-mail address: miriam.jankalova@fpedas.uniza.sk

„the growing integration of the global economy is primarily the result of technological advance in telecommunications, in transport, result of globalization of capital investments and infinite flow of ideas“.

Simply said, an enterprise is currently found in the environment of the global hyper-competition with growing uncertainty, discontinuity, chaos and paradox. This is manifested also by the fact that not every intention of the enterprise provides satisfaction of customers, not every satisfaction increases the share of new customers, as well as not every increase of the number of customers is reflected in the successful survival of the enterprise within the stronger and stronger competition on global markets. The fact is that it is no more enough for the product just to be good, to be liked and to comply with demands of consumers. The market requests another added value. Namely, that also the enterprise was good, de facto successful, extraordinary and achieved the status of Business Excellence.

The aim of this contribution is to determine whether there *is any method (tool, technique), by means of which it would be possible to assess the achieved status of Business Excellence taking into account constant changes of the global business environment*. The partial aim is the characterization of the Business Excellence concept, including individual methods (tools, techniques) currently used for assessing its status. The reason why it is necessary to deal with exactly this area is implied by the following statements:

- each sector has its own specifics and it is therefore inefficient to apply methods which are universal, able to be implemented into various environments and not taking into account all aspects of the respective sector and interests of the specific enterprise,
- globalization is related to the entering of capially strong and technically advanced enterprises on multinational markets, what consequently brings the growth of international competition, international trade, innovations related to technological changes and quickly progressing internationalization of markets; not only these, but also many other factors provide a different view of the business environment, whereby they put service providers, technology manufacturers and suppliers into new positions within the assessment of the Business Excellence status.

2. Business Excellence

The notion Business Excellence, currently so frequent subject of discussions of executive bodies and management representatives, has occurred at the beginning of 1980s within the intensive discussion between American government experts, scientists and industrialists for the purposes to achieve a competitive advantage for American enterprises and their products on domestic and foreign markets. It de facto represents more than only pure theory or a manual. It is an important method of acting in the area of the whole enterprise management, the process of constant improvement of all aspects important for individual stakeholders, i.e. employees, shareholders, customers and society.

The practice is the evidence of the fact that currently there are methods enabling the assessment of the achieved status of the Business Excellence. The question is which of those methods is the right one, as its choice depends mainly on the degree of its usability for the needs of the complex assessment of an enterprise, on the determination "whom and to what purpose the assessment serves", on the object and subject of the assessment, as well as on the knowledge of current trends in the Business Excellence status assessment. Models of Business Excellence; standards of ISO 9000 series; sector standards; individual systems of indicators; Six Sigma and TQM-controlling can serve as guides.

2.1. Trends in the assessment of the Business Excellence status

The starting framework for the determination of the achieved level of the Business Excellence is formed by models with fixed scale of criteria, on the grounds of which it is possible not only to objectively assess individual enterprises, but also to mutually compare them. Both theory and practice are currently offering us various holistic models. Examples in Europe are the EFQM model, in Japan the Deming Prize model and in USA the Malcolm Baldrige model. What concerns the structure and method of assessment of EFQM and Malcolm Baldrige models, they are almost identical and are based on three crucial pillars forming the core of TQM – current observation of

people, processes and results, projected into individual principles of the Business Excellence. The Deming Prize model is another category, which differs from the previous models not only in its structures, but also in the assessment process. The professional public considers it to be the most complex and at the same time most demanding basis for the assessment of the Business Excellence status.

The assessment of the Business Excellence status is in the present time no longer only the issue of multinational institutions, which is evidenced by national and regional models, which predominantly copy the above said EFQM and Malcolm Baldrige models, but it was the implementation of own point of view of the respective country or institution on the said issue that made them a significant basis for the assessment of the Business Excellence status in the respective country.

Another group in the assessment of the Business Excellent status is formed by standards of ISO 9000 series, which have become in the last decades a forerunner of Business Excellence models also due to extensiveness and time duration of the assessment based on them. The present reality is evidencing the fact that clients regularly require from their suppliers proofs of the implementation and functioning of quality management systems, which conform just with requirements of ISO 9000 standards, primarily with requirements of the criteria standard ISO 9001. However, this proof does not provide any guarantee that the enterprise complying with standard requirements will also provide better products and services than the competition. It is only the thinking of many managers that when they achieve the certificate, they achieve everything. And that is a fundamental mistake. The certification is an accompanying step, which should certify that what the enterprise does, it does well. It is not the objective nor end of work, but to the contrary, only the beginning on the way to the Business Excellence.

The globalization process and pressure on achieving and maintaining the competitiveness of an enterprise on both the domestic and foreign ground have influenced the rapid growth of sector standards with properties of the following nature:

- they respect the valid structure of the standard ISO 9001,
- they stipulate special requirements specific for the respective sector,
- they are not generic contrary to standards of the ISO 9000 series,
- procedures of certification are usually more demanding than the procedure according to the ISO 9001 standard, whereas
- some sector standards already include the requirement for environmental protection, safety and protection of own employees, as well as the principle of social responsibility, which is missing in the ISO 9001 standard.

An example of this is the telecommunication standard TL 9000, which with its structure and content radically contributed to the decrease of the so-called cost of poor quality (COPQ), which is still considered to be a problematic issue in the management of a telecommunication enterprise. The number of certified enterprises is growing, whereas it is expected that the TL 9000 standard will become in the near future the basic precondition for building any relation between the client and the supplier.

Why is it then that there are still many enterprises which do not take into account above said facts and base the assessment of the Business Excellence status primarily on monitoring of monetary criteria and indicators? That does not mean that monitoring of monetary indicators and criteria is not important or effective. On the contrary, they provide a retrospective view of the financial situation and development of the enterprise, on the grounds of which it is possible to determine possible risks and potential success rate of the enterprise. However, it is not enough despite these benefits, because the achievement of business success and excellence requires something more than just "pure" forms of indicator systems (such as the DuPont system), which are the answer to what was and not what is currently happening. It requires therefore individual systems of indicators taking into account not only financial data, but also data about satisfaction of customers, employees and data about individual processes inside the enterprise.

This answer is in many countries related to the Balanced Scorecard system and its four perspectives, considered by the BSC creators to be the basis for several enterprises. However, both the theory and practice do not identify with this opinion, the evidence of which is the determination of different perspectives, namely in dependence from the strategic orientation of the enterprise itself. However, despite its unparalleled contributions and irreplaceable place in the area of management of each enterprise, it is not the only one that is able to complexly assess the enterprise and the achieved status of Business Excellence. Enterprises implementing the TQM strategy currently

apply the extended system TQM-Scorecard with the aim to achieve the Business Excellence concept not only of financial objectives, but mainly directed at the satisfaction of customers, employees and quality of processes.

The last group of methods is formed by methods SIX SIGMA and TQM-controlling, which can appear to many enterprises as if they were „new, innovatory“. However, the „new“ is only their ability to arrange proven concepts of management and best quality methods into one sophisticated process, the output of which is the achievement of the Business Excellence status. These are de facto methods that are not about theory but about practice, as they focus their attention on the procedure and assessment of individual steps thereof leading to the Business Excellence status. For instance, the method SIX SIGMA expresses the achieved level of this status by means of an indicator, which means that anyone can understand from this figure whether the enterprise got better or worse or stagnated and how far it is from the set target value. On the other hand, the TQM-controlling, which also does not represent an isolated part in the enterprise, integrates and implements often non-joinable ideas, trends, tools and techniques of the today business world into one system.

3. Results and findings

Especially foreign enterprises are currently aware of the necessity to apply methods (tools and techniques) for the assessment of the Business Excellence status in their environment without regard to the fact whether we speak of self-assessment or assessment for the needs of individual stakeholders. The situation on the Slovak market is the proof of the fact that this form of assessment is still missing. Input information is formed by own research findings (primary research conducted in 2012 within the project VEGA 1/0687/11 "Assessment of the Business Excellence status"), on the grounds of which as much as 95% of questioned enterprises operating in various spheres of the Slovak Republic national economy uses mainly financial analysis, audit, SWOT analysis and market survey focused on the determination of customers' requirements. This is caused by the object of assessment, subjects requiring assessment, the purpose of assessment, but especially the indifference and unwillingness on the part of enterprises to approach also more "unconventional" methods than they have been using so far.

The aim of this contribution was to determine whether *there is a method (tool, technique) by means of which it would be possible to assess the achieved status of the Business Excellence taking into account constant changes of the global business environment*. It is a matter of fact that an enterprise, without regard to its size, structure or maturity, can apply various methods (tools or techniques), but the question is which of the said methods is the most suitable one, as each enterprise is placed within a specific environment and takes care of its own interests also with regard to aspects of the respective environment.

It would seem, taking into account constant changes of the global business environment, that to find such stepping stone to the Business Excellence status and through it provide the required level of this status is virtually impossible. Due to this fact many enterprises have understood that to apply exclusively universal methods is in the current competitive environment practically a hazard. In the same as every person is an individual, so every enterprise is unique and is characterized by individual needs, wishes and environment. In the view of mentioned aspects this means to take into account the corporate vision and strategy, i.e. the specific approach taking into account requirements of the global business environment:

- orientation to strategic aims of the enterprise, as they are the starting point for planning, management and control of results,
- simple structure, i.e. intelligibility and comprehensibility,
- accuracy of used criteria and indicators,
- ability to adapt to changes in the enterprise,
- support of the benchmarking process and this enabling the comparison with other enterprises,
- multidimensionality, i.e. on one side to provide data about the satisfaction of customers and employees, data about overall achieved results and data related to the image of the enterprise, assessed with a suitable combination of financial and non-financial indicators, and on the other side they shall contain data related to individual processes in the enterprise,
- subjection to the orientation to the customer,

- taking into account objectives of employees related to the working environment, possibilities of development and so on, what will contribute to the increase of motivation, satisfaction and productivity of employees,
- subjection to the orientation to the process, because only thus it will become the source of information related to the consumed time, quality and costs.

Certain recommendation in the said situation are data contained in the table 1., which on the grounds of set criteria classify presented methods (tools and techniques) in relation to requirements of the global business environment. With regard to the aim of the contribution, the most suitable for the needs of the assessment of the Business Excellence status are *individual systems of indicators*. However, also results from own research confirmed that such form of assessment is missing. This is caused by the object of assessment, subjects requiring assessment, the purpose of assessment, but especially the indifference and unwillingness on the part of enterprises to approach also more "unconventional" methods than they have been using so far. Otherwise, ignoring, no monitoring and noapplying these aspects in thinking of each enterprise means losing the chance on the market.

Table 1. Requirements of the global business environment versus methods of assessment of the Business Excellence status

Requirements for the method of assessment of the Business Excellence status	BE models	TL 9000	individual systems of indicators	TQM-controlling	Six Sigma
adaptability (specific sectors)	2	1	1	2	1
self-assessment	1	1	1	1	1
benchmarking	1	1	1	1	1
simple structure	3	2	2	3	3
intelligibility	2	2	1	2	2
orientation to customers	1	1	1	1	1
orientation to employees	1	3	1	1	2
orientation to process	1	1	1	1	1
complex assessment of the enterprise	1	2	1	1	2

Explanatory notes: 1 (complies fully), 2 (complies partially), 3 (does not comply at all).

Acknowledgements

The paper was conducted within the project VEGA 1/0687/11 "Assessment of the Business Excellence status".

References

- Baylis, J. et al. (2005). *The Globalization of World Politics*. Oxford:Oxford University Press.
- Beck, U. (2004). *Čo je globalizácia?* Bratislava: Vydavateľstvo Spolku slovenských vydavateľov.
- Čorejová, T., & Bachanová, P. (2009). Strategické partnerstvá v sektore informačno-komunikačných technológií. *Globalizácia a jej sociálno-ekonomické dôsledky '09*, 77-82.
- Held, D., & McGrew, A. (2002). *Globalization/Antiglobalization*. Cambridge: Polity Press.
- Hittmár, Š., & Jankal, R. (2003). The strategic management process. *ICSC 2003*. 11-15.
- Jankalová, M., & Binda, J. (2003). Proces globalizácie na trhu telekomunikačných služieb v Európskej únii. *Ekonomika a spoločnosť*, 1, 72 - 77.
- Jones, A. (2006). *Dictionary of Globalization*. Cambridge: Polity Press.
- Kremeňová, I. (2009). Globalizácia - šanca alebo nebezpečie pre poštové podniky!? *Postpoint - Globalization - a chance for postservices!?*, 9-13.
- Scholte, J. A. (2000). *Globalization: A Critical Introduction*. London: Macmillan.
- Štofková, J. et al. (2011). *Manažment podniku*. Žilina: EDIS.
- Veber, J. et al. (2009). *Management - základy, moderní přístupy, výkonnost a prosperita*. Praha: Management Press.
- OECD. (2011). *Guide to Measuring the Information Society*. Paris: OECD Publishing.
- OECD. (2010). *Measuring Globalisation: OECD Economic Globalisation Indicators 2010*. Paris: OECD Publishing.
- OECD. (2008). *Open Innovation in Global Networks*. Paris: OECD Publishing.