

Sustainable development in the context of business excellence

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Abstract

Different approaches address social responsibility and sustainable development in their focus to support national economies and developments of all kinds. In this paper, we will present and discuss the concept of business excellence. Two aspects in this regard will be elaborated. Firstly, the EFQM 2013 Business Excellence model, its main components and principles as well as its orientation towards sustainable future. Secondly, the Slovenian Business Excellence strategy for the period 2018 – 2030 is presented. Special focus is on causalities and connections between its vision, main goals and expected results, and ways of its implementation.

Keywords: business excellence, EFQM model, sustainable development, social responsibility, business excellence strategy, Slovenia.

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Trajnostni razvoj v kontekstu poslovne odličnosti

Povzetek

Družbeno odgovornost in trajnostni razvoj naslavlja različni pristopi, ki so naravnani v krepitve nacionalnih gospodarstev in k razvoju. V tem prispevku obravnavamo koncept poslovne odličnosti: najprej predstavimo model odličnosti EFQM, njegove temeljne komponente in načela ter usmerjenost v trajnostno prihodnost, ter nato še strategijo poslovne odličnosti za obdobje 2018 – 2030. Poseben poudarek je dan predstavitvi in povezanosti vizije, temeljnih ciljev in pričakovanih rezultatov ter načinov za njihovo implementacijo.

Ključne besede: poslovna odličnost, model EFQM, trajnostni razvoj, družbena odgovornost, strategija poslovne odličnosti, Slovenija.



1 Introduction

When defining the term *sustainable development*, the definition of the World Commission from 1987 is generally used, i.e. development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” and, in this, it incorporates economic, social and environmental concerns. The three pillars – economic, social and environmental – present the bases for social responsibility.

Indeed, the definition of social responsibility states that *decisions and activities* of organizations have impact *on society and the environment*, and therefore organizations have to take *responsibility* for them (SIST, 2010, p. 3). It is necessary that organizations create value not only in financial terms but also in ecological and social terms. Special standards / guidelines have been developed for the purpose of sustainability reporting known as GRI, the Global Reporting Standards. They support organizations to report publicly on their economic, environmental and social impacts. Approach of triple bottom-line based on corporate social responsibility is used for measuring and testing corporate sustainability. As such, it is included in different models for assessing and communicating organizational performance, social responsibility and sustainability orientation. Organizations that strive to improve their competitiveness very much lean on the concepts mentioned and try to demonstrate their business excellence as well as their social responsibility.

Business excellence is usually understood as outstanding practice in managing the organization, leading to outstanding and sustainable results. Business excellence may also be considered as a mean for successful operations of organizations and for achieving sustainable results and, sustainable results are those results that address organization as well as the society (Žurga, 2017). How this is incorporated into the business excellence model according to the EFQM at organizational level will be presented in continuation, as well as the Slovenian business excellence strategy 2018 – 2030 at the national level.

2 EFQM Business excellence model

2.1 The EFQM 2013 Model and concepts of excellence

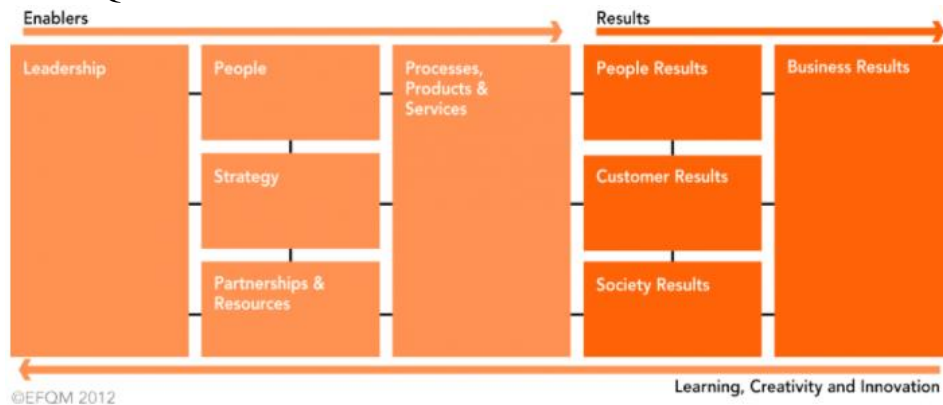
The origins of the EFQM model are in late 1980's when the European Foundation for Quality Management was established, and the EFQM excellence model was developed and introduced in Europe. In 1992, the European Excellence Award was introduced that later evolved globally into the EFQM Excellence Award (EEA). Nowadays, the EFQM model represents bases for national business excellence awards in almost all European Union member states. In Slovenia, national business excellence award is known under the name PRSPO – (*in Slovene: Priznanje RS za poslovno odličnost, in English: Business Excellence Prize of the Republic of Slovenia*) and is awarded since 1998. Since its introduction, the EFQM model was based on nine criteria – five of them representing enablers and four of them the results. Since the beginning, the model itself was put on the principle of continuous improvement and evolved gradually, not only to reflect current reality of organizations but to enable and support addressing also the organizational future opportunities (Žurga, 2017).

The EFQM model is holistic and universal; it covers different managerial approaches, concepts and practices as well as contemporary challenges that organizations are faced with such as rapid development of science and technology, circular economy, sustainability, and



social responsibility. It addresses organizational level however; by improving organizational competitiveness it contributes to the competitiveness of the national economy as well.

Figure 1: The EFQM Excellence Model



Source: EFQM, www.efqm.org

The eight fundamental concepts that the EFQM model is based on are: adding value for customers, creating a sustainable future, developing organizational capability, harnessing creativity and innovation, leading with vision, inspiration and integrity, managing with agility, succeeding through the talent of people and, sustaining outstanding results¹.

Table 1: Fundamental concepts of excellence

Adding value for customers	Excellent organizations consistently add value for customers by understanding, anticipating and fulfilling needs, expectations and opportunities.
Creating a sustainable future	Excellent organizations have a positive impact on the world around them by enhancing their performance, whilst simultaneously advancing the economic, environmental and social conditions within the communities they touch.
Developing organizational capability	Excellent organizations enhance their capabilities by effectively managing change within and beyond the organizational boundaries.
Harnessing creativity and innovation	Excellent organizations generate increased value and levels of performance through continual improvement and systematic innovation by harnessing the creativity of their stakeholders.
Leading with vision, inspiration and integrity	Excellent organizations have leaders who shape the future and make it happen, acting as role models for its values and ethics.
Managing with agility	Excellent organizations are widely recognized for their ability to identify and respond effectively and efficiently to opportunities and threats.
Succeeding through the talent of people	Excellent organizations value their people and create a culture of empowerment for the achievement of both organizational and personal goals.
Sustaining outstanding	Excellent organizations achieve sustained outstanding results that

¹ More information on the EFQM model is available at the EFQM's webpage www.efqm.org and at the Metrology Institute of the Republic of Slovenia (MIRS) – see www.mirs.gov.si.



results	meet both the short and long term needs of all their stakeholders, within the context of their operating environment.
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Source: EFQM

2.2 Sustainability-related concepts of excellence

The concepts of excellence are more than pure principles. They define how well organizations perform in following of these concepts. Cross-reference of the concepts with the EFQM model is given through criteria and sub-criteria of the model. How they contribute to implementation of excellence concepts is presented in the next table.

Table 2: Concept of excellence and the EFQM Model

	1 Leadership					2 Strategy				3 People					4 Partnerships and resources					5 Processes, products and services				
	a	b	c	d	e	A	b	c	d	a	b	c	d	e	a	b	c	d	e	a	b	c	d	e
Adding value for customers																								
Creating a sustainable future																								
Developing organizational capability																								
Harnessing creativity and innovation																								
Leading with vision, inspiration and integrity																								
Managing with agility																								
Succeeding through the talent of people																								
Sustaining outstanding results																								

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Source: EFQM Excellence Model 2013

According to the EFQM, sub-criteria of the EFQM 2013 model that fundamentally contribute to *creating organizational sustainable future* are within criteria *Leadership* (1.a, 1.c, 1.e), *Strategy* (2.c), *Partnerships and resources* (4.b, 4.c), and *Processes, products and services* (5.b).



And, sub-criteria of the EFQM 2013 model that fundamentally contribute to *sustaining organizational outstanding results*, are within criteria *Leadership* (1.b, 1.c), *Strategy* (2.a, 2.c, 2.d), and *Partnerships and resources* (4.e). If we resume, for both two concepts the criteria of leadership, strategy and, partnerships and resources are essential.

3 Strategic documents addressing business excellence and sustainable development

3.1 Long-term developmental documents

In January 2018, Slovenian Business Excellence Strategy 2018 – 2030 (SBES) was adopted by the government. The strategy is based on the vision of the Republic of Slovenia (2016) to become a wealthy and innovative society and economy. In this regard, business excellence has an important role. Ambition of the SBES is that business excellence becomes an indispensable part of every activity whereas in private or in public sector, and to contribute to the competitiveness of national economy and wellbeing of the citizens. The four basic strategic goals are defined as:

- (1) To institutionalize the area of business excellence;
- (2) To establish and upgrade different entering schemes for identification and recognition of business excellence;
- (3) To systematically develop business excellence in the society (understanding and awareness of the importance of business excellence);
- (4) To have public sector as a role model for business excellence.

The SBES relates also to the Slovenian Development Strategy 2030 (SRS) that was adopted a month earlier, in December 2017. It is defined by the SBES that it will meet its above stated goals by achieving the following results (SBES, p. 7):

- Implementation of the Slovenian Development Strategy 2030 (SRS);
- Increased level of international competitiveness of Slovenia;
- Growth of Global Excellence Index across sectors;
- Increased number of excellent organizations in Slovenia, both in the economic and public sector.

In this way – according to SBES (2018, p. 7) – it will be “indirectly contributed to the achievement of the SRS 2030 goals, in particular to the goal no. 6, "Competitive and socially responsible entrepreneurial and research sectors", and goal no. 12, "Effective governance and high-quality public services". In the context of the first goal, we see a bridge between this Strategy and SRS 2030, especially in the part that specifies a higher quality of life, efficient solving of social challenges, providing a supportive and predictable support environment, and promoting social responsibility. In the goal no. 12, there is a close link with but not limited to creating a highly developed culture of cooperation and trust between different entities and promoting new forms of integration.”

SRS leans on 5 strategic orientations, defines 12 developmental goals², and is embedded with 17 sustainable development goals³ set by the United Nations in 2015. The above stated two

² The 12 SRS developmental goals are: healthy and active lifestyle; knowledge and skills for high quality of life and work; dignified life for all; culture and language as the basic determinants of national identity; economic stability; competitive and socially responsible entrepreneurial and research sector; inclusive labor market and high-quality jobs; low-carbon circular economy; sustainable



developmental goals are connected to the sustainable developmental goals (SDG) in the following ways (SRS, pp. 64-65):

- Competitive and socially responsible entrepreneurial and research sector (SRS, goal no. 6)
 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG, goal no. 8);
 - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (SDG, goal no. 9);
 - Ensure sustainable consumption and production patterns (SDG, goal no. 12);
- Efficiently managed and high-quality public services (SRS, goal no. 12):
 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (SDG, goal no. 16).

3.2 Implementation aspects of the SBES

Indicators in the context of sustainable development that are included in the SBES are basically two indices of international competitiveness, according to IMD and WEF. For the IMD competitiveness index, relevant sub-indicators address business efficiency and governance efficiency. For the WEF competitiveness index, relevant sub-indicators are in the areas of institutions, labor market efficiency, technological preparedness, innovation and entrepreneurial strategies.

Figure 1: Flower diagram of interactions between stakeholders



Source: Business Excellence Strategy 2018 – 2030, p. 6

To achieve the ambitious purpose and goals of the SBES, inclusion and co-operation of all relevant stakeholders is of a vital importance. Therefore, key purpose of the goal (1) – institutionalization of business excellence is to set the business excellence organization through which mutual business links will be set up and, to enable that activities in this field can contribute to the competitiveness of Slovenia and to a better life of its people (SBES, p.

management of national resources; trustworthy legal system; safe and globally responsible Slovenia; efficiently managed and high-quality public services.

³ See: 2030 Agenda for Sustainable Development – United Nations, 2015.



11). As stated in the SBES (ibid), “a coordination point for business excellence shall be established within PMC⁴ with the purpose of linking the ministry responsible for public administration in the public sector with the agency responsible for entrepreneurship in the economic sector. The key tasks of the coordination point shall be to link the public and economic sectors in terms of business excellence, to convene meetings and to monitor the implementation of this Strategy. The ministry and the agency shall, in carrying out these assignments, link with all the stakeholders, provide support and consultation to them, raise their awareness, consider an even regional development, and collaborate between themselves and with other stakeholders, where necessary and appropriate“.

It is planned, that all stakeholders – holders in the areas of business excellence prepare their programs (for at least five years) in their respective fields. These programs should include also activities that are needed for establishing (entering) schemes of business excellence that would later enable applying of organizations into the national PRSPO competition.

Draft action plan for business excellence in economy sector that is included in the SBES indicates basic manners of implementation for three strategic goals, together with core indicators (SBES, 2018, Annex 1, pp. 2-5). For the goal (1), the agency for entrepreneurship is to provide expert support, conduct coordination and promotion, and raise awareness. Basic methods of implementation include establishing stakeholder involvement; communication and promotion program for economic entities; transfer of adequate licenses and, carrying out the next PRSPO competition procedure for 2019. For implementation of the goal (2), methods include: reviewing the involvement of businesses in entering schemes and reviewing the entering schemes; establishing entering schemes, at national level, for identifying and recognizing business excellence that will encourage organizations and help them on their journey to excellence⁵; setting up required infrastructure and providing appropriate resources; encouraging businesses to introduce business excellence; promotional presentations for raising awareness and familiarizing with the topic; organizing events for different target publics; systematic sharing of good / excellent practices; organizing a large-scale international event on business excellence; promoting international comparability of businesses; including business excellence in the process of awarding public resources/incentives. And last but not least, as the agency for entrepreneurship itself is public sector organization, introducing business excellence in its operation will contribute to realization of the goal (4).

4 Concluding remarks

Striving for sustainable development has gradually become a permanent orientation both at national and organizational levels. In the paper, we focused on the business excellence and presented how it can contribute to achieving sustained results at both levels. In Slovenia, there is a tradition of twenty-years of business excellence upon the EFQM model and the national PRSPO award. On that basis, new strategic impetus is put, in the form of Strategy of business excellence 2018 – 2030 that was adopted in January 2018. At the organizational level, we presented and discussed sustainability aspects through two concepts of business excellence: *creating a sustainable future* and, *sustaining outstanding results*. At the national level, we presented the SBES strategy and aspects of its implementation in following its basic intention to contribute to the competitiveness of national economy and the wellbeing of the citizens.

⁴ PMC: the Prime Minister's Cabinet.

⁵ C2E – Committed to Excellence, R4E – Recognized for Excellence, PRSPO, Globally comparable and verified excellence schemes.



As already indicated (Žurga, 2017), possibilities for further investigation and research of business excellence are seen both on the part of the method(ology) and on the part of causalities between approaches and the results achieved. Findings of such studies and research may be used at the organizational level to improve organizational performance and sustained success, and at the national level to support those policies, projects and initiatives that provide most added-value to the competitiveness of the national economy within certain circumstances and conditions.

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