



2nd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and  
TOURISM, 30-31 October 2014, Prague, Czech Republic

## Criteria for Excellence in Business

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### Abstract

In this paper we address business excellence, the significant elements of this term, and the criteria by which companies are analysed to obtain the status of "Excellence in Business". Concerns for approaching the business excellence in both academic and practical manner began to be developed in the 60s. Business excellence for a company were presented and analysed in close connection with: decisions and strategic management, customer care, quality, ethics in management and organizational culture, social responsibility and environmental actions. In theoretical and practical terms, business excellence is treated in several ways, and to achieve this level it requires a plurality of values achieved and maintained on long term. Business excellence does not mean a maximum profit or lower priced products, excellence in business is a complex approach from an economically, technically and socially point of view. Thus, in this paper will be presented the most important contributions in defining and studying business excellence by a number of experts and organizations in the field, such as Thomas Peters and Robert Waterman, Robert Heller, Jim Collins, European Foundation for Quality Management (EFQM), The Malcolm Baldrige National Quality Award (MBNQA).

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Selection and/ peer-review under responsibility of Academic World Research and Education Center

*Keywords:* business; excellence; quality; leadership; strategy; customer.

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### 1. About excellence and business excellence

"Good" is the enemy of "Excellent"; this is how Collins (2010) begins his reference work "GOOD THE GREAT: Why Some Companies Make the Leap...and Others Don't". He says that most companies do not achieve excellence because they are good and pretty good and they satisfied with that.

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*Excellent companies* are characterized by excellent financial and economic results compared to the good results of the good companies in the same industry, while having the same opportunities and similar resources.

In the Dictionary of neologisms of the Romanian Academy, the excellence is defined as an "honorary title granted to individuals or a high degree of perfection: the quality of being excellent, very good, exceptionally admirable, wonderful".

In theoretical and practical terms, business excellence is treated in several ways, and to achieve this level it requires a plurality of values achieved and maintained on long term. Business excellence does not mean a maximum profit or lower priced products, excellence in business is a complex approach from an economically, technically and socially point of view.

In today's business environment there are more and more concerns from major companies to focus on elements that bring them the business excellence rating.

Excellence in business for a company, which in literature is understood that a firm may be called as having the title of "business excellence", can be the company " that is maintained in an exemplary situation - success, profit for a long a period of time and correctly and efficiently adapts to the demands of the socio-economic environment. Moreover, in specialized American literature, this is really how the term "business excellence" is understood for companies, as being those companies that perform exceptional long term if not for life, not the companies that perform exceptional good in one year or in a short period of time.

In the following pages we will structure the elements significant to this term, that of business excellence.

## 2. Approaches to business excellence

Concerns for approaching the business excellence in both academic and practical manner began to be developed in the 60s. Business excellence for a company were presented and analysed in close connection with: decisions and strategic management, customer care, quality, ethics in management and organizational culture, social responsibility and environmental actions.

The most important contributions in defining and studying these aspects belong to:

- the Americans Thomas Peters and Robert H. Waterman with the paper *In Search of Excellence*, (1982).
- Robert Heller, with the paper *In Search of European Excellence*. The 10 Key Strategies of Europe's Top Companies (1997); Jim Collins of *Good The Great: Why Some Companies Make the Leap...and Others Don't* (2001); *European Foundation for Quality Management*, Joseph Moses Juran.

### 2.1. Criteria for business excellence according to Thomas Peters and Robert Waterman

A relevant study on business excellence was made by Thomas Peters and Robert Waterman on a sample of 62 large American companies for a period of twenty years, during the period from 1961 to 1980, analyzing the six indicators:

- Balance increasing in sheet assets
- Real growth of assets (accumulated)
- Average growth rate of the wealth of the respective companies (increased market value)
- Average utilization efficiency of capital (net income / total invested capital)
- Average income after paying creditors (net profit / rights due to shareholders after payment of creditors)
- Average income on sales

The findings of the study were reflected in the paper *In Search of Excellence* (1982). In this study, the authors concluded that only a certain number of companies satisfied the conditions for business excellence. These conditions were defined in eight criteria or attributes for business excellence (Peters and Waterman, 2011, p.8-10).

*The eight attributes* of excellence according to Peters and Waterman are:

- Predisposition towards business *A bias for action*, active decision making - 'getting on with it'
- *Remaining Close to the customer* - learning from the people served by the business
- *Autonomy and entrepreneurship* – promoting and sustaining innovations in company
- *Productivity among people* - treating rank and file employees as a source of quality

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