
Editorial: Business excellence in the 21st century

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Biographical notes: Dr. Angappa Gunasekaran is a Professor of Operations Management, and the Chairperson of the Department of Decision and Information Sciences at the Charlton College of Business, University of Massachusetts-Dartmouth (USA). He teaches undergraduate and graduate courses in operations management and management science. Dr. Gunasekaran has 200 articles published in 40 different peer-reviewed journals. He has presented over 50 papers and published about 50 articles in conferences and given a number of invited talks in more than 20 countries. Dr. Gunasekaran is on the editorial board of 20 journals. He edits journals in the operations management and information systems areas. He has edited a number of special issues for highly reputed journals. Dr. Gunasekaran is currently interested in researching benchmarking, management information systems, e-commerce (B2B), information technology/systems evaluation, performance measures and metrics in new economy, technology management, logistics, and supply chain management. He is also the Director of Business Innovation Research Center (BIRC) at the University of Massachusetts – Dartmouth.

1 Welcome to the inaugural issue of IJBEX

I am pleased to introduce this inaugural issue of the *International Journal of Business Excellence (IJBEX)*. *IJBEX* proposes and fosters discussion on business excellence, with emphasis on performance measurement and metrics, benchmarking and best practices, and their implications on organisational productivity and competitiveness in the global market. Changes in both manufacturing and services have led to global outsourcing, strategic alliances and partnership in order to be competitive in terms of price, quality, flexibility, dependability and responsiveness. This forces the organisations to develop suitable business strategies, tools and methods with the objective of effectively managing the available resources for improving organisational productivity and competitiveness. Moreover, developments in Information Technology (IT) and Information Systems (IS) such as the Enterprise Resource Planning (ERP) and Radio Frequency Identification (RFID) have significant impact on the business performance and competitiveness. Due consideration should be given to the research studying the impact of IT/IS in the effective

management of business performance. *IJBEX* is a double-blind refereed and authoritative reference dealing with excellence in business as well as emerging issues of interest in performance measures and metrics, benchmarking and best practices to professionals and academics in the field.

In the 21st century, companies have to excel in their business practices in order to compete in global markets. Business excellence is the application of quality management strategies, techniques and tools to achieve the world-class performance in managing business. The best performance in business can be realised by identifying suitable performance measures and metrics, systematically measuring the performance, comparing the performance with the best-in-class performing companies and then eventually determining the best practices and their effective implementation framework. Some of the best practices should include continuous and breakthrough improvement, proactive management, and management by objective and facts. There are several successful tools that could be employed for business excellence and some of them include balanced scorecard, Six-Sigma, process reengineering, supply chain management, and project management.

Business excellence refers to outstanding practices in managing the organisation and achieving results, based on a set of concepts such as results orientation, customer focus, leadership and constancy of purpose, management by processes and facts, people development and involvement, continuous learning, innovation and improvement, partnership development, and public responsibility European Foundation for Quality Management (EFQM). Business excellence involves self-assessment to identify improvement opportunities, areas of strength, and to determine ideas for future organisational development. The critical links between business excellence models, best practice, and benchmarking are fundamental to the success of the models as tools of continuous improvement.

Business excellence heavily relies on the type of strategies, techniques and tools for measuring and benchmarking the business performance. Subsequently, identifying the best practices and their implementation processes eventually decide the excellence in business. Understanding the importance of business excellence, a journal devoted to the performance evaluation and best practices, especially in order to be competitive in the so called global market is essential. *IJBEX* will act as a forum for exchange of new developments in business excellence and best practices, and methodologies to determine such excellences and best practices in both manufacturing and service organisations. The journal also aims to promote and coordinate developments in the field of business excellence and creative economy. Due attention will be given to business excellence through performance measures, metrics, benchmarking and best practices in both private and public sector organisations. Global dimension is emphasised with the objective of overcoming various cultural and political barriers and in turn meets the needs of effective management of business resources in the global market through appropriate technological and organisational changes. *IJBEX* will provide the executives and academics with the state of the art of business excellence strategies, techniques and tools. Systems perspective is emphasised with the objective of developing new business excellence concepts and technologies to meet the needs of organisational changes in the global markets.

This inaugural issue of *IBEX* contains twelve articles discussing a wide range of issues dealing with business excellence through performance management, benchmarking and best practices. While no unifying theme for the articles exists, each makes a unique contribution to the extant literature in the field. A brief overview of the 12 papers is provided below.

During the last few years Supply Chain Flexibility (SCF) has been a topic of interest for academicians and practitioners. In order to be competitive, Indian manufacturing industries have already started implementing flexibility in different segments of the supply chain by several means and ways. More, Subash Babu and Hemachandra in their paper, 'Business excellence through supply chain flexibility in Indian industries: an investigative study', report the results of a survey was carried out among Indian manufacturing organisations to learn about their experience and perceptions related to SCF. The issues of importance identified are the triggers (stimuli) which force an organisation to seek higher flexibility, the means (enablers) which facilitate realising SCF and the hurdles (inhibitors) which hinder progress in SCF. The data collected revealed that different organisations perceive SCF differently and also practice various policies.

Ha and Muthaly in their paper, 'Alternative retailer-partner relationships: the role of satisfaction', attempt to build an alternative model for understanding Business-to-Business ('B2B') relationship process, where satisfaction is a key mediator between antecedents of both commitment and trust. Their empirical testing supports the alternative theorisation of the role of satisfaction as a cornerstone of building a successful relationship by showing that satisfaction is directly related to trust when all of these constructs are considered collectively.

The paper, 'Understanding the sub-cultures key to ERP implementation: an empirical investigation', by Kosalge and Motwani examines two such companies with severe operational problems that were considering ERP implementation. According to them, traditional process maps could not unearth any operational problems. This stymied ERP implementation as process analysis gave no hope for any major performance improvements. Further analysis of the operations revealed issues located in the organisational subcultures, leading to the root of the process performance failures. This study provides the impetus for reengineering process analysis methods to include the humanistic side of the business operations, leading to better ERP implementation.

Kylaheiko *et al.* in their paper, 'Valuing technological capabilities – strategic options perspective', look at the pros and cons of using the real options approach as a tool when dealing with some of the most important strategic management issues that in turn are the basis for successful performance in turbulent international environment. In terms of some technology management illustrations they emphasise some strategic advantages related to the use of the real (or even more preferably strategic) options. However, there are also pitfalls related to the uncritical valuation use of this approach, especially when strategic 'game-theoretic' manoeuvres of rivals drastically shape the strategic action space thus decreasing or even destroying the opportunities to use the former price volatility history of underlying real or strategic assets.

The paper, 'Barriers to innovation faced by manufacturing firms in Portugal: how to overcome it for fostering business excellence', by Silva *et al.* aims to identify the barriers to innovation that influence the innovation capability of Portuguese manufacturing firms. The literature review about innovation makes use of two reference approaches: (1) the systemic; and (2) the networks and interorganisational relationships. The database is

obtained through the Community Innovation Survey II (CIS II) conducted by EUROSTAT. Furthermore, from the results several policies are proposed in order to overcome the restraining factors of the entrepreneurial innovative capability and to promote business excellence, at the firm level, especially, alternative financing sources, incentives for innovation activities and open innovation networks.

The objective of the paper, 'Critical incidents in the development of quality management in steel manufacturers' production', by Tervonen *et al.* was to examine the development of quality management in Rautaruukki Plc's Production division. The idea is to describe critical incidents in the development of quality management in the light of the historical development, current state and theoretical framework, as well as analyse whether this description follows the development process described in the literature. The theoretical framework – development through the literature – describes the historical development of quality management, the development and assessment models of quality management as well as some essential sectors, tools and techniques of quality management presented in the literature. The case study is based on ten interviews made in four production sites of the case organisation. The interviews were used to create a description of the historical development and the applications of different sectors of quality management.

The paper, 'Optimising performance with distributor managed inventory in a Fast Moving Consumer Goods (FMCGs) supply chain', by Saab *et al.* deals with the flow of information and material throughout a four-level supply-chain. They conclude that under certain circumstances, the coordination of information and material flows along the supply chain should be done by the distributor, in an arrangement called Distributor-Managed Inventory (DMI), a significant departure from the more traditional concept of Vendor-Managed Inventory (VMI). They analyse a DMI model from both the strategic and the economic perspectives and also analyse its dynamic behaviour by using a numerical simulation model built for this specific purpose.

During the last decade, US manufacturing firms have gone through major changes in organisational restructuring, workplace culture and manufacturing practices. The paper, 'Business practices and performance in US manufacturing companies: an empirical investigation', by Mandal *et al.* is based on a national survey of manufacturing companies, presents an overview of the present state of US manufacturing practices and firms' performances. Statistical techniques are employed to analyse and ascertain if there are significant relationships between process management practices, product quality, organisational culture, financial performance, technology and innovation.

A major quality problem faced by tea packaging units is the control of weight variation in the tea packets. When the weight variation in tea packets is high, it is likely that buyers get under weight packets in some segments of the market and over weight packets in some other segments. Although control charts are well suited to help control such weight variation, their successful implementation at the machine requires a user-friendly approach for the operators who need to maintain it on a daily basis. The paper, 'Implementation of statistical process control in an Indian tea packaging company', by Rai discusses one such application where using X-sum control chart, out-of-control situations are reduced drastically.

A great deal of literature acknowledges the importance of the Malcolm Baldrige National Quality Award (MBNQA) either by comparing it to other awards, tests the validity of the theoretical models underlying the Baldrige Criteria, or measures its impact on stock performance. The paper, 'Business excellence through a world-class

organisational structure: experience from the Baldrige National Quality Program', by Miguel examines some organisational practices employed by the Baldrige National Quality Program (BNQP). It presents the structure of the BNQP, its vision, mission, and core values, customer groups, products and services, organisational processes, teamwork environment, and organisational practices.

The paper, 'The influence of empowerment, commitment, job satisfaction and trust on perceived managers performance', by Zeffane and Al-Zarooni reports an empirical study that examine factors affecting Perceptions of Managers' Performance (PMP) in a local government organisation operating in the United Arab Emirates. The data was based on responses from 217 employees from a cross-section of departments in that organisation. In particular, the study explored the relative impacts of goal clarity, culture, employee empowerment, organisational commitment, and trust on perceived managers' performance. Results of stepwise regression analysis revealed that Trust, Goal Clarity, Culture and Organisational Commitment were the variables which most significantly affected PMP. Goal clarity and organisational culture tend to affect empowerment, the degree of trust as well as job satisfaction which in turn affect organisational commitment. In the last resort, perceptions of managers' performance are shaped by all of these, but through convictions or organisational commitment.

The paper, 'The effect of the ISO 14001 environmental management system on corporate financial performance', by Zhao employed a quasi-experimental design to compare ISO companies with the matched comparison companies on the effect of ISO-14001 registration (independent variable) on financial performance (three dependent variables): Return on Revenue (ROR), Return on Assets (ROA), and Operating Revenue (OPR). Eighty-one pairs of companies (N = 162) were collected from the S&P database, which had at least one ISO certificate and for whom five years of financial data were available. Data on ISO registration indicated strong pattern of distribution by industry, by years, and by the size of company. Control for initial difference, the results of statistical analyses indicated that registration of ISO-14001 led to lower ROR and ROA in the two year period, and no change in the third year period. OPR did not change. Early adoption, length of ISO registration, and size of company did not affect the relationship of ISO registration and financial performance.

2 Invitation to *IJBEX*

Globalisation of market and operations including outsourcing led to global business excellence that is closely related to the success of a company. Business excellence or best practices play a significant role in improving organisational competitiveness. Hence, there is a need for an integrated business excellence strategies, tools, technologies, and techniques. *IJBEX* aims to facilitate the exchange of information on the advances in business excellence incorporating performance measures and metrics, benchmarking and best practices among researchers and practitioners. *IJBEX* will have a strong methodological approach and application focus of business excellence that will concentrate on all types of industries.

2.1 Objectives

The main objective of the journal is to promote research and application of new developments in business performance measures, metrics, benchmarking and best practices. Moreover, developing suitable implementation framework is a challenge for the successful results with best practices. *IJBEX* aims to help professionals working in the field of business, academic educators, industry consultants, and practitioners to contribute, to disseminate and to learn from each other's work. Global business perspectives and the implications of business excellence are emphasised in developing appropriate strategies, tactics, techniques, tools and operational policies for being successful in achieving the best performance. *IJBEX* will also:

- raise the awareness of business excellence in emerging economies
- focus on the excellence in creative economy and industries
- provide insights regarding the latest business excellence and best practices
- offer a networking forum for academics, professionals and entrepreneurs.

2.2 Readership

IJBEX is a forum to assist professionals, chief executive officers, and corporate heads of firms, managing directors, senior general managers, board of directors, academics and researchers in business, information directors, quality managers, and human resource directors. This journal will enable academics and practitioners working in the field of business excellence, to discuss important ideas and concepts, and disseminate information for mutual learning and continuous improvement.

2.3 Content

The journal publishes original papers, review papers, conceptual framework, industrial papers, news, case studies, empirical research, viewpoints, and book reviews. Special Issues devoted to important topics in business performance measurement, metrics and best practices and their implications on global business are welcome. Articles that deal with excellence in various business disciplines such as accounting and finance, marketing, management information systems, organisational management, operations, supply chain, logistics, government, entrepreneurship, sustainable technology development, business infrastructure development, ethical and environmental laws and standards, health services, international business, manufacturing, education, energy, mining, sports, and transportation are encouraged for *IJBEX*.

2.4 Subject coverage

IJBEX is a refereed journal that acts as a forum and source of information in the field of business performance measures, metrics, benchmarking and best practices, and their implementation framework. The following are the list of topics (but not limited to) that would be considered for publication in *IJBEX*:

- performance measures and metrics in business management
- methodologies and tools for performance measurement
- benchmarking business performance
- business excellence in various functional areas
- best practices in business management
- world-class business and operational strategies and techniques
- alignment between different levels of strategies
- understanding the customer requirements
- process design and management
- knowledge management for improved performance
- systems approach for determining the best practices
- Six-Sigma, QFD, Taguchi method and TQM
- data warehousing and mining in business excellence
- measuring performance in creative industries
- best practices in creative economy and industries
- information technology/systems in business excellence
- innovation and quality management
- assessment for business excellence
- leadership and corporate governance for excellence in business
- communication and sharing of best practices
- small business excellence
- performance excellence criteria
- Baldrige criteria for performance excellence
- lean and supply chain management
- knowledge transfer and best practices
- balanced scorecard
- training and incentive programmes for business excellence
- learning organisation
- relationship development for excellence in business
- strategic performance measures
- tangible and intangibles performance measures and their implications

- activity/value-based management
- award programmes for business excellence
- strategy development
- strategy alignment and performance management systems
- business process management
- creative thinking and innovative process redesign
- change management
- ISO 9000 standards
- total organisational excellence.

Academics and practitioners are invited to forward their contributions in business excellence areas for possible publication in *IJBEX*. The journal also encourages papers on industrial experience or on the implementation of business excellence strategies, tools and techniques. Potential editors are welcome for guest editing special issues in emerging areas of business excellence. Please direct all your communication to the Editor-In-Chief (agunasekaran@umassd.edu).

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