

## **Added value of the Slovenian Business Excellence Prize**

Gordana Žurga, Ph. D.

Ministry of Economic Development and Technology  
Metrology Institute of the Republic of Slovenia  
Metrology and Business Excellence Division  
Tkalska ulica 15, 3000 Celje, Slovenia  
gordana.zurga@gov.si, www.mirs.gov.si

### **Abstract**

In Slovenia, recognizing and awarding business excellence will celebrate its 20th anniversary next year. The annual procedure is known as the PRSPO (*in Slovene: Priznanje RS za poslovno odličnost, in English: Business Excellence Prize of the Republic of Slovenia*). The procedure is managed by the PRSPO Board appointed by the Government, and professionally supported by the Metrology Institute of the Republic of Slovenia (MIRS). As excellent organizations add value to competitiveness of national economy, Slovene Government finances the PRSPO procedure and supportive processes in this regard and enables applying organizations to enter into the competition process free of charge. In the year 2017, national business excellence strategy is being developed for the period 2018 – 2030 in order to contribute to the competitiveness of the economy and to wellbeing of the citizens.

In this paper, we present and discuss different aspects of added value of the PRSPO procedure to the organizations that take part in it. Special attention is given to the gains and lessons learnt for management, employees, assessors and assessment teams, improvement teams, and contribution to organizational culture. We will also discuss some challenges at organizational and system level that may – when adequately addressed – support organizations on their path towards excellence.

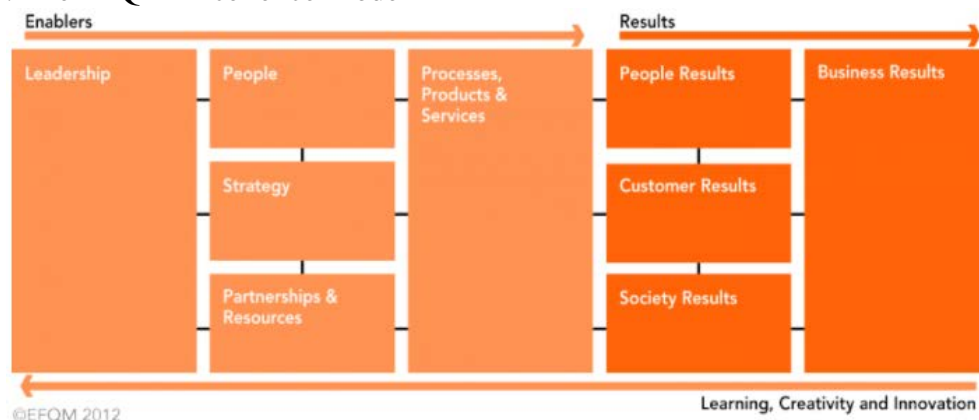
Keywords: business excellence, business excellence prize, PRSPO, EFQM, MIRS, Slovenia.



## 1 Introduction

Recognizing and awarding business excellence (BE) in Slovenia is based on the EFQM Excellence model. 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. Nowadays, the EFQM model presents bases for national BE awards in almost all European Union member states (Žurga, 2008); at the global level, EFQM Global Excellence Award is organized. 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 the current reality of organizations, but to enable, support and address also organizational future opportunities.

Figure 1: The EFQM Excellence Model



Source: EFQM, [www.efqm.org](http://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 results<sup>1</sup>.

Business excellence is usually understood as outstanding practice in managing the organization, leading to outstanding and sustainable results. We consider business excellence also as a mean for successful operations of organizations and for achieving sustainable results; sustainable results are those results that address the organization as well as the society. This is well in line with the definition of social responsibility, stating 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<sup>2</sup>.

<sup>1</sup> More information on the EFQM model is available at the EFQM's webpage [www.efqm.org](http://www.efqm.org). Documentation in Slovene language is available at the Metrology Institute of the Republic of Slovenia (MIRS) – see [www.mirs.gov.si](http://www.mirs.gov.si).

<sup>2</sup> In 1999-2000, the EFQM issued *Excellence One Toolbook on Corporate Social Responsibility* to additionally address social responsibility in organizations. In 2000, Slovene translation was provided by the SPFO, entitled as *Priročnik z orodji za družbeno odgovornost podjetij* (Zarnik, & Hrast).



Several empirical researches proved positive impact of total quality management and business excellence on results of organizations. However, in this article we do not deal with positive influences in general. We rather focus on the added value that co-operation in national competition for national BE prize brings to the organizations involved.

## 2 Business Excellence Prize of the Republic of Slovenia

In Slovenia, Business Excellence prize has a long tradition; it was first awarded in 1998. The whole competition and awarding process is known with the name PRSPO (*in Slovene: Priznanje RS za poslovno odličnost, in English: Business Excellence Prize of the Republic of Slovenia*). Its origin is in the Slovenian National Quality Programme from 1993, with Slovenian national strategic goal “Excellent Quality” until 2020.

Since its beginning, Slovenian BE prize is based on the EFQM model. In the period of twenty years, the PRSPO evolved and developed according to two dimensions.

Firstly, due to the development of the EFQM model itself the methodology for evaluation of organizations applying in the PRSPO was always as accurate as possible, and followed the internationally recognized model, concepts and scoring criteria.

Secondly, the PRSPO procedure was initially established for organizations in economy sector. After a successful PRSPO pilot project for public administration in 2004, the scope of Slovenian BE prize was widened also to the public sector (Žurga, 2007). Since then, the two categories are *private sector* and *public sector*, each having two subcategories: *organizations with more than 250 employees* and, *organizations with 250 employees or less*.

The PRSPO procedure takes place annually. It is regulated by the law<sup>3</sup> and under the auspices and management of the Board appointed by the Government. The PRSPO Board consists of ten members<sup>4</sup>: minister in charge of the economic affairs, minister in charge of science and technology, minister in charge of public administration, president of the Slovenian Chamber of craft and small businesses, representative of the Slovenian Chamber of commerce, trade union representative, two directors/members of management board of a company, and two directors of public sector organizations that have proved their business excellence. The PRSPO Board – inter alia – decides on the business excellence prize winners. At the awarding ceremony, the BE prize and/or diplomas are handed to recipients by the President of the Government and/or by the minister in charge. Giving recognition at that level is logical as Slovenia strives for competitiveness of national economy, and excellent organizations are seen as its drivers and its ambassadors.

Although the PRSPO procedure is open for all organizations to apply whereas the sector, not every organization is capable or mature enough to do so. Despite that total quality management (TQM) principles are being exercised in organizations, their maturity levels (may) differ. We illustrate this by the *excellence pyramid* where it is evident that not all organizations reach the top. However, to have as many organizations as possible in the top area, different TQM tools, models and approaches have to be exercised throughout the system.

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<sup>3</sup> The Republic of Slovenia Business Excellence Prize act.

<sup>4</sup> Rules on the activities of the Republic of Slovenia Business Excellence Prize Board.



Figure 2: Excellence pyramid



### 3 Added value to organizations that co-operate in the competition process of the PRSPO

#### 3.1 Direct facets of added value

In this paragraph, we present added value to organizations that compete in the PRSPO procedure in Slovenia, at different layers. The added value differs for organization as a whole, and for groups of internal stakeholders: management, employees, assessors and internal assessment teams, improvement teams. Added value for them is presented in the Table 1, where organizational benefits are stated upon their time-frame. At the end, benefits to organizational culture are added.

Table 1: Added value to organizations that co-operate in the PRSPO competition process

<i>Layer / Group</i>	<i>Added value</i>
Organization	<p>Immediate:</p> <ul style="list-style-type: none"> <li>▪ Report from the external assessment team with indications and ideas for further improvement and development;</li> <li>▪ Evaluation of achieved BE maturity level in national context, based on the well-established international BE model.</li> </ul> <p>Long-term:</p> <ul style="list-style-type: none"> <li>▪ Further international recognition and visibility;</li> <li>▪ Increased benchmarking possibilities;</li> <li>▪ Strengthening the image;</li> <li>▪ Easier inclusion in competition for the Global Business Excellence Award.</li> </ul>
Management	<ul style="list-style-type: none"> <li>▪ Opportunity to receive external view on organization's strategy, strengths and areas for improvement;</li> <li>▪ Possibility for organization's strategy adjustment;</li> <li>▪ Recognizing and learning about causalities between actions taken and results achieved.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>▪ Strengthening the awareness of importance of every organizational member for achieving the results;</li> <li>▪ Contribution to team-building and corporate spirit.</li> </ul>
Assessors and	<ul style="list-style-type: none"> <li>▪ Improving 'objectivity' in future self-assessment activities;</li> </ul>



internal assessment team(s)	<ul style="list-style-type: none"> <li>▪ Trained assessors may involve themselves and co-operate as external assessors in future PRSPO procedures, or in different (international) EFQM schemes. Through this, they improve expertise, gain domestic and/or international experience, may benefit their organizations, and assist their individual careers.</li> </ul>
Improvement team(s)	<ul style="list-style-type: none"> <li>▪ Changing established patterns of thinking;</li> <li>▪ Improved ability to see things from different perspectives;</li> <li>▪ Enhanced creativity and new ideas;</li> <li>▪ Widening the pool of internal experts for problems' solving activities.</li> </ul>
Organizational culture	<ul style="list-style-type: none"> <li>▪ Motivation for creativity and innovation;</li> <li>▪ Culture of change;</li> <li>▪ Learning organization.</li> </ul>

In 2015, a survey was conducted at the MIRS among Slovenian organizations that co-operated in the PRSPO between 1998 and 2013 and achieved high scores that put them among the PRSPO finalists, and some of them even won the PRSPO prize. The main result of the survey was that all respondent organizations reported on improved business results, both in financial terms and in successful projects' realization (Rozoničnik, Stanonik, & Leon, 2015, p. 4).

The EFQM states the following value added for organizations that enter formal recognition schemes based upon the EFQM model: creating enthusiasm for improvement, developing a culture of excellence, independent feedback on organizational strengths and areas for improvement, and improving the competitiveness by focusing on what matters. As reported from one of the 2016 EFQM Excellence prize winner in sustaining outstanding results and creating a sustainable future, added value came from (EFQM, 2016, pp. 10-11): outside-in perspective on their activities, valuable feedback as input to further improvement, and good practice visits.

### 3.2 Derived and related added value

In this paragraph, we present added value to organizations derived from the fact that Slovenian Business Excellent Prize is based upon the EFQM model.

Messages that organizations that use the EFQM model communicate to their stakeholders and customers, are that they:

- Give quite an emphasis on the results. Not only business results are important, but also customer results, people (employees) results, and society results;
- Lean on the underlying concepts presented earlier;
- Embrace also other modern concepts such as – at least: social responsibility and sustainable development as they are already incorporated in the model;
- May easily support other concepts that lean on the previous two and assure necessary governance, processes and results, as for example circular economy, or green economy.

One of the most valuable values added includes undoubtedly the strengthened possibilities for innovation ideas based on information from completely different angles. And, as described already, entering into the PRSPO competition reflects the social responsible behaviour of organizations, too.



Additional benefits (added value) for organizations that use EFQM model may be achieved through regular-based training of EFQM national partners and representatives, developmental and support activities of the EFQM, and through EFQM's different additional activities and initiatives.

In July 2017, the Global Excellence Index (GEI) was launched by the EFQM. All organizations that entered into formal EFQM Recognition schemes and/or competitions at national or European levels, in the last three years, may benefit. The GEI is a web platform that enables information on organizations and their excellence, at four levels: platinum (over 700 points), gold (over 600 points), silver (over 500 points), or bronze (over 300 points). The GEI enables not only benchmarking but also greater visibility and promotion of organizations that decided to co-operate. Each organization in the GEI is included in one of the four categories, and is described by:

- Few key features upon the organizational selection that give the first insight into reasons for which the organization is so excellent;
- Short statement of the CEO;
- Vision, mission, values;
- Short descriptions of core business, products & services, and people;
- Company data: sector, size, operating globally or locally, and location;
- Link to organization's website.

Another initiative was the study on organizational agility launched as a preparation for presenting the 'Agility Pulse' at the EFQM Forum 2017, and to support the conference theme 'Excellence through Agility'. Invitation for co-operation in the survey was opened to all interested organizations, with direct added value to respondent organizations in the form of a personalized report of their degree of agility and comparison with similar organizations by size or sector, nationally and internationally as participating organizations, including identification of the main gaps and comparisons with external organizations.

#### **4 National strategy of business excellence for the period 2018 – 2030**

We are aware that not all organizations in Slovenia that strive for excellence and/or use the EFQM model for their journey also apply for the PRSPO competition. This is understandable as entering into the competition process requires not only resources but also a certain maturity level. Despite some attempts in previous years to establish EFQM recognition schemes in Slovenia those efforts took place in rather difficult times and in the time of crises. As a consequence, in Slovenia we do not yet dispose with the platform that would provide smooth continuation from starting excellence maturity levels into more demanding PRSPO competition process. On the other hand, there are several organizations in Slovenia with excellent performance in global environment however not motivated enough to be evaluated within the PRSPO.

To overcome this gap and foremost, to support the Slovenian national economy in the light of its competitiveness, a new national business excellence strategy is being developed. The whole process started in 2016 when special work task was established, and is supported by the MIRS. On 20<sup>th</sup> July 2017 the proposal of the National business excellence strategy for the period 2018 – 2030 was launched into public consideration until the end of August. According to the time schedule, the responses, comments and proposals on draft strategic document are to be processed and included in the strategic document that will be discussed and considered at the PRSPO Board session in September 2017.





The Proposal of the National business excellence strategy for the period 2018 – 2030 is based on the vision of the Republic of Slovenia to become a wealthy and innovative society and economy. In this regard, business excellence has an important role. Ambition of the national BE strategy is that BE 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 levels and schemes for business excellence recognition;
- (3) To systematically develop business excellence in the society;
- (4) To have public sector that is example of excellence.

The first strategic goal is addressing the need to properly institutionalize this area, and to provide adequate organizational and contextual support to all stakeholders involved. Rationale behind is to have a “system integrator” that could and would act as integrating force beyond sector division or operations’ motives, with credibility and position to act, and with power to safeguard BE in the overall national developmental documents and initiatives.

In respect to establishing recognisable and transparent system of recognition levels and schemes that lead to BE at higher (and the highest) levels the purpose is to cover *excellence pyramid* in a way that BE journey is adequately supported at all maturity levels, and from different starting points. The rationale here is to establish the mainstream track leading to the national BE competition PRSPO, and to identify sector specific schemes in line with this. Alongside to this, identifying and measuring of excellent organizations at different levels becomes possible, and realization of the third strategic goal becomes much easier.

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Indeed, acknowledging and understanding the importance of business excellence is vital for developing business excellence in the society – BE as a value and BE as a desired state. The third strategic goal is therefore addressing and encouraging organizations for their excellence journeys, promotion activities, conferences and other events, as well as systematic exchange of good practices.

The fourth strategic goal is addressing public sector as an example of excellence. Purpose of this goal is to provide and establish public sector as a role model (1) and equally important – to promote business excellence in all spheres of public domain accordingly (2).

## **5 Concluding remarks**

The evidence shows that introducing total quality management and business excellence principles, models and tools do contribute to better organizational performance, and at several layers of operation: in respect to people, processes, relations to customers and stakeholders, and business results as well. Organizations that want to develop, grow and prosper do use different tools and models in this respect and – depending on the level of their maturity – use less or more formalized approaches. Also the impact of such organizations that strive for excellence in competitiveness of national economy is known and confirmed. The challenge at national level is how to support and encourage organizations to embrace excellence as their strategic way for better performance and sustainable results, to enter into excellence recognition schemes and in the national PRSPO process. Added value for organizations that contribute in the PRSPO competition for national excellence prize is also evident. It refers to



organizations as a whole and to different organizational layers such as management, employees, assessors and internal assessment teams, improvement teams and – last but not least – it contributes to further development of organizational culture and organizational learning.

To additionally support practical endeavours for more competitive organizations and national economies, possibilities for further investigation and research of business excellence are seen both on the side of the method(ology) and on the side 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 success, and at national level to support those policies, projects and initiatives that provide most added value to the competitiveness of national economy within certain circumstances and conditions.

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