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**COMPANY EXPECTATIONS AND BUSINESS SUCCESS
FACTORS**

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Abstract

The current economy of knowledge and the dynamics of change requires different approaches to strategic management of companies. A company's success and competitiveness are determined by factors and competencies which increase its potential and performance. The aim of this article is to compare and present selected results of the research conducted by the BIBS University from 2011–2015, whose goal was to find companies' expectations and business success factors. More than 300 companies participated in the survey in the form of non-selective questionnaires. The results of the surveys show that business success factors, areas of company development potential, and companies' core competencies change over the monitored period, and stress the influence and importance of human resources as well as the ability and readiness of the company to change. Companies evaluate the success of companies rather in the long-term view, they require long-term stability and growth in the companies' value. They are aware of areas of potential development and competencies which companies need to increase their performance. In conclusion, the results of selected survey items were compared from the viewpoint of the owner, top management and middle management and their influence on the quality of the company's management. The results of the surveys are presented by BIBS University in study programs and serve as a basis for decision making in the management of a long-term efficient and successful company.

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Keywords: Company success criteria, company performance, internal potential of the company, core competencies, strategic models.



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1. Introduction

Fast changes in the turbulent environment of the knowledge society put new challenges on managers' professionalism and initiate a search for suitable internal strategies of the business success development potential. The BIBS University focuses on general principles of strategic management as well, both at the level of education of professional managers and in the form of cooperation in the implementation of new managerial methods and techniques. With respect to this, results of important projects concentrating on generally applicable procedures and instruments of modern managerial techniques which lead to a business success are monitored systematically.

The aim of this article is to compare, and present selected results of the research conducted by the BIBS University in the years 2011–2015, whose goal was to find companies' expectations and business success factors, and to compare the results of the monitored periods. The research included a prediction of the development of the external environment and of the significance of companies' strategic management as well as an identification of the competencies which the companies consider to be crucial for their success. The years 2011 and 2015 were chosen as the reference period for this article.

One of the fundamental tasks of a management is to ensure a long-term prosperity and business success. Therefore, factors bringing the prosperity and success are sought and specified. Empirical approaches mainly focus on internal factors and call them "business success factors" or critical success factors". The critical success factors (CSF) have been discussed by many authors and defined using many meanings, terms, and within various topics. According to Foster and Rockart (1989), these factors have been used over decades, if not over centuries. For the first time, the idea of a success factor was presented in 1961 by Ronald D. Daniel, followed by other authors and publications in which CFS were defined. For example, Rockart (1979) defined CSF as those few key areas of activity in which results, if they are satisfactory, will guarantee successful competitive performance for organisation. According to Boynton and Zmud (1984) CSF are those few things that must go well to ensure success. Blažek (2014) argues that the critical success factors are specific characteristics of a company which either enable or disable it to achieve above-average results and ensure its competitiveness. Similarly, Vodáček and Vodáčková (2013) treat the issue, while other authors divide the business success factors into key factors and critical factors; the critical factors are those which can endanger company's success and prosperity while key factors are those on which the future success of the company can be based (Kotler & Keller, 2013; Raravi, Bagodi, & Mench, 2013; Veber, 2014). Yet another approach stresses the importance of so-called core competencies. The critical success factors are those aspects of the strategy in which the company must stand out from its competitors and, at the same time, which are propped by core competencies enabling to carry out specific activities or to manage the relations between the activities (Johnson, Scholes, 2000; Collins & Porras, 2016). These CSF definitions can be applied to any type of a sector and can be of a potential use in all types of organizations (Wronka, 2013). However, the bibliography shows that the CSFs differ depending on a sector (Marais, du Plessis, & Saayman, 2017). Research shows (Freeman & Thomlinson, 2014; Ferreira & Fernandes, 2015; Rus et al., 2016) that the identification of the critical success factors may result in many advantages. On the other hand, some authors ask whether the factors which condition the company's success exist at all (Smejkal & Rais, 2013).

Complex approaches to company success management are based on management concepts which concentrate on identifying and specification of company success factors from various points of view. Regarding the functional management, the success factor concepts proceed from the managerial function concept (Veber, 2014), the 7S concept (Peters & Waterman, 2001; Blažek, 2014) and the SHO concept: strategy, human resources, and operation system (Chung, 1987; Ulrich, Brockbank, Younger, & Ulrich, 2014).

The approaches based on the processes react to the previous static models and create new concepts: the dynamic 7S concept (D'Aveni & Gunther, 1994), the concept of soft and hard success factors (Ulrich et al., 2014, Calvo, Picon, Ruiz, & Cauzo, 2014), the Porter's Value Chain model (Kotler & Keller, 2013; Kotter, 2015) and Morton's dynamic MIT 90's success factor concept (Codin, 2017).

The oncoming epoch of the knowledge age exponentially increases the turbulences of the market environment changes. The instruments of the functional and process management models do not meet the requirements of the current society. Thus, businessmen and managers have started to seek new ways of ensuring the long-term business success. As a result, new concepts of business success emerge, which are based on the principles of the knowledge society and which see knowledge as the priority source of competitive advantage and of success (Hammer, 2003; Kim & Mauborgne, 2015). The core competencies concept is based on those skills, assets or technologies of a company which bring value to customers (Magretta, 2012). Drucker's idea of management by objectives (Drucker, 2009) can be traced in the concept of shared responsibility (Ulrich et al., 2014), which is applied to the success factors.

A more complex attitude to the company success based on studying and understanding the causalities in the company and their impact on the company's success is accentuated in the successful company philosophy, in the Model of European Foundation of Quality Management EFQM and in the philosophy of a learning organization (Janišová, 2013). The model of a highly successful company is based on the company performance improvement hike as well as on creating values for the interest groups.

The EFQM model provides a framework for self-evaluation and improvement in companies so that they can become outstanding (Calvo, Navaro, & Perianez, 2015; Escrig & Menezes, 2015). The concept of a learning organization adopts a similar approach, which is based on a continuous testing and assessment of experience; consequently, this is transformed into knowledge and made accessible to the whole company (Senge, 2014).

Nowadays, companies deal with the issue of how to prepare for future challenges, which are hardly predictable in the turbulent environment. The only solution to secure a long-term success is to focus on increasing the inner potential of a company. A preparation of the company for future challenges of the 21st century lies in aiming primarily at a creation of a strong positive and, in the long-term view, target-oriented company culture which deals with the change management and the development of persons, relations, and company processes systematically. The social energy of people and new knowledge of processes create the competitive potential which is capable of mastering quick changes in the business environment (Collins & Porras, 2016; KimMauborgne, 2015; Magretta, 2012; Welch, & Welch, 2015).

2. Material and Methodology

In 2011-2015, the BIBS University in cooperation with other partners conducted a research focused on companies' expectations and on company success factors. The research dealt with predicting the external environment development and with identifying the factors which companies consider to be crucial for achieving and maintaining their successes. The surveys were conducted every year. The focus of the research was maintained during all the years so that a continuity of the results was ensured and so that the results could be compared over the time. In the individual years, the research was completed with hot issue thematic areas, such as the area of managerial education, the status of women in management or innovations in companies.

The aim of this article is to compare the selected research results from the monitored period and to verify in practice the relevance of the goals and of managerial theories in their simplest form (e.g. McGrath, Bates, 2015). The selection of areas and issues which were included in the research and which have been compared for the purposes of this article reflected the relevance of the conclusions of the managerial theories to the stability of companies and to their business successes.

More than 300 respondents participated in the survey each year; they were surveyed with regard to their position in the company (an owner, a top manager or a middle manager—a specialist) as well as with respect to the ownership structure of the company (a domestic or a foreign company, the companies were specified according to their size and sector).

Each year, the data collection was carried out in April and May of the respective year by means of a non-selective questionnaire survey using an electronic questionnaire of the specialized on-line instrument SurveyGizmo.com.

The respondents answered the following areas of questions:

- What do the owners and the managers of the company expect regarding the next macro-environment development?
- What are the most frequent metrics of the company's success?
- Where does the company see its biggest reserves for its future success?
- Which factors are perceived as critical for the future success of the companies?

In the individual years, the assessment was done using standard tools and standard statistical methods.

For the purpose of this article, selected results of the years 2011 and 2015 have been used; these were compared over the monitored period using a comparative method.

In 2015, the topical part of the research was the company's strategy.

In 2015, the research sample comprised 365 respondents in total. Almost a half of the total was represented by owners (47%), 2/5 by top managers (39%) and more than a third was represented by middle managers and specialists (14%). Compared with the preceding years, there was an increase in the share of the company owners.

Regarding the ownership structure, the biggest share (almost 80%) created the companies owned by either exclusively or prevalingly by a domestic owner, specifically by a single private owner in 43% and by 2-5 co-owners (private, public/mixed) in 38%.

Taking the sector into consideration, most companies operated in the area of services (40%) and of industry (35%).

According to the size of companies, the individual groups—i.e. the small companies (up to CZK 10 million), the middle-sized companies (CZK 10-300 million), and the large companies (more than CZK 300 million)—were represented almost equally, each of them taking a third.

3. Research Questions

The following chapter deals with the evaluation of the selected areas of the research conducted in the years 2011 and 2015 and with their comparison over the time.

Figure 1 depicts the respondents' answers to the question: Which are the company success criteria from the company owner's point of view?

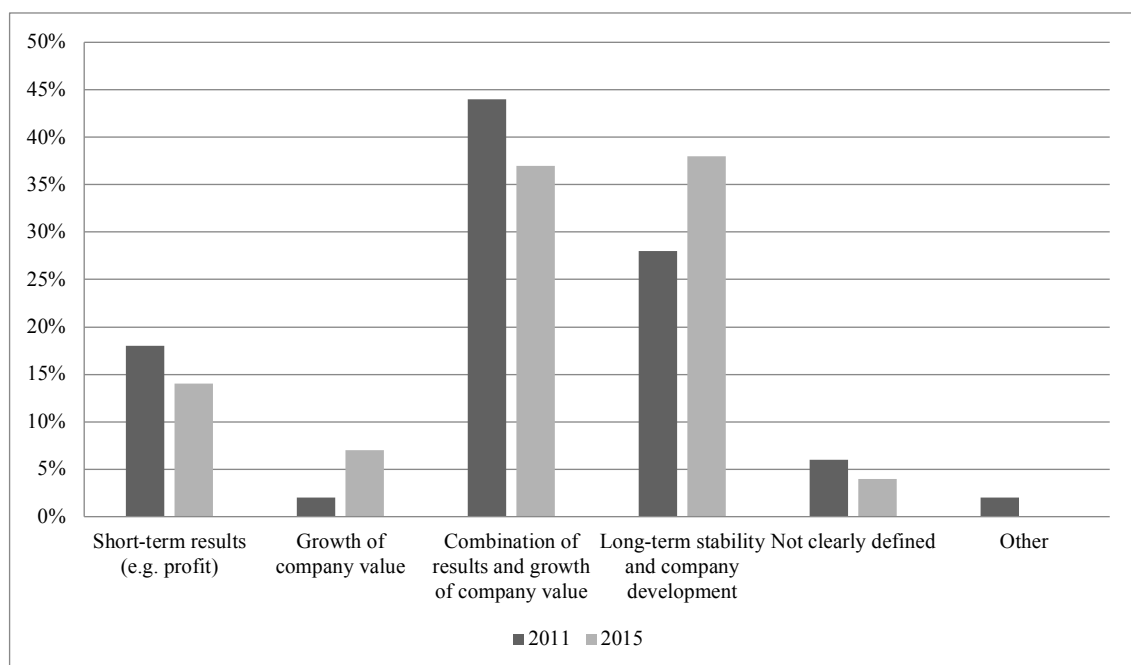


Figure 01. Criteria for the companies' success assessed in the years 2011 and 2015

In 2011, the most frequently mentioned criterion of a company success was the combination of results and of an increase in the value of the company (44%). In 2015, there was a significant shift in perceiving the company success since the long-term stability and company development became the most important criteria (38%) together with the combination of the company's results and the increase in its value (37%). There was also a decrease the importance of the short-term results criterion; in 2011, this criterion was considered to be the metric of a success by 18% of the respondents, but only by 14% in 2015.

This shift in the individual criteria signifies a change in the perception of the company success criteria; the combination of factors aimed at the long-term stability, company development, and an increase in the value of the company became the priority criterion. Concentrating on the short-term results

and on an increase in the value of the company became less important factors in the evaluation of the company success.

Figure 2 illustrates the answers to the question: In which areas of the company do you see the biggest potential (reserve) to increase its performance?

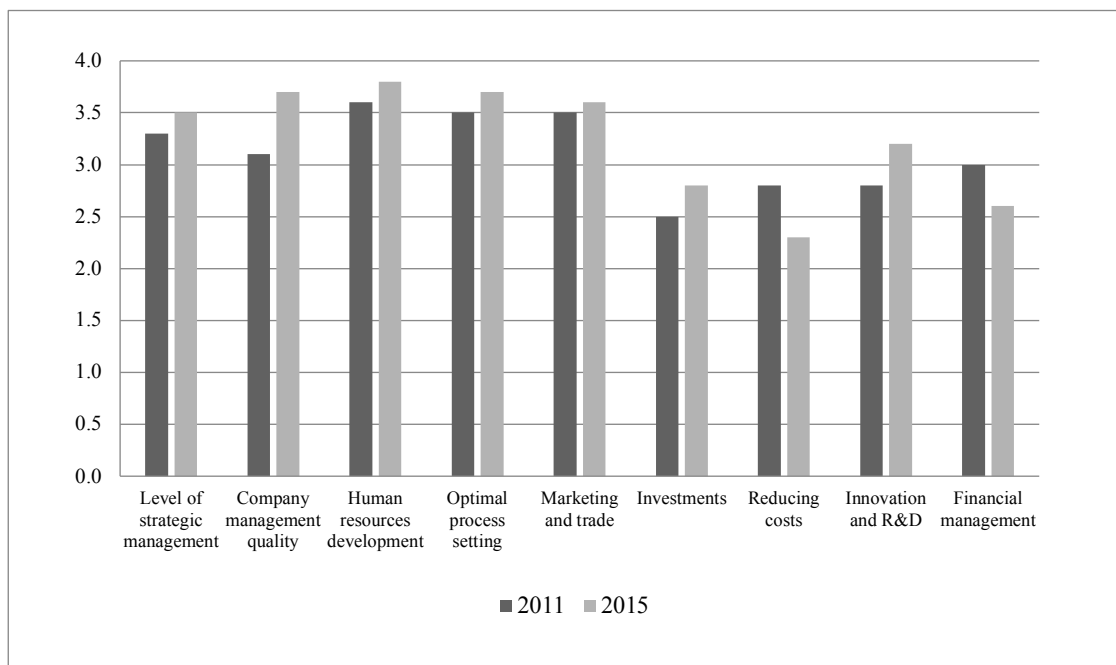


Figure 02. Areas with the biggest potential for a productivity increase in the years 2011 and 2015
 Note: (1 – the smallest potential / 5 – the greatest potential)

The most important areas, in which the companies see their biggest potential to increase their performances, differ just slightly. In 2011, the companies thought their biggest potential (reserve) was in the area of human resources development (3.6), in the optimal setting of processes (3.5), and in marketing and trade (3.5). During the development potential assessment in 2015, the area of human resources development (3.8) remained the most important area for a company development. It was followed by the area of optimally set processes (3.7) and the area of the company management quality (3.7). The biggest increases were in the area of the company management quality (by 0.6) and in the area of innovations (0.4); the biggest drop was in the area of cost decreasing (by 0.5). In the long-term view, the companies see in cost decreasing, financial management, and investments rather a smaller company potential.

Comparing the survey results of the years 2011 and 2015, it is evident that the company development potential in the individual areas is perceived very similarly over the time; there were only slight changes in the scoring of the individual areas.

What is interesting is how differently the potential for an increase in the company's performance is perceived by the individual groups of respondents—the owners, the top managers, and the middle managers; the difference is depicted in the following table 1. The results were elaborated on the basis of the survey of 2015.

Table 01. Differences in perceiving the potential of individual areas by the groups of respondents

Owner		Top management		Middle management	
Marketing and trade	4.0	Human resources development	4.2	Optimally set processes	4.0
Human resources development	3.8	Marketing and trade	3.7	Company management quality	3.9
Company management quality	3.6	Company management quality	3.6	Level of strategic management	3.6
Optimally set processes	3.6	Optimally set processes	3.5	Human resources development	3.5
Level of strategic management	3.3	Level of strategic management	3.5	Marketing and trade	3.2
Innovation and R&D	3.1	Innovation and R&D	3.5	Innovation and R&D	3.0
Financial management	2.9	Investments	3.0	Investments	2.7
Investments	2.8	Financial management	2.7	Reducing costs	2.3
Reducing costs	2.2	Reducing costs	2.4	Financial management	2.2

Note: (1 – the smallest potential / 5 – the greatest potential)

While the company owners see the biggest potential in marketing and trade, the top managers see it in the human resources development and the middle managers in the optimally set processes. The differing perceptions of the individual areas of the company development potential can be seen in the importance which the individual groups of respondents ascribe to those areas as well as in the expectations of the respective groups.

Another interesting fact is the big differences in the perception of importance of the human resources area for the company development by the respondent groups. It was ranked 1st by the top managers and 2nd by the owners; the middle managers, however, consider this area to be average (5th rank). The potential of cost decreasing is perceived in the same way by all the respondent groups; all the groups saw it as the least beneficial.

The last comparable part of the surveys of 2011 and of 2015 targeted at the assessment of the core competencies necessary for achieving a company success. The respondents answered the following question: Which are the core competencies for achieving the company's success in next three years?

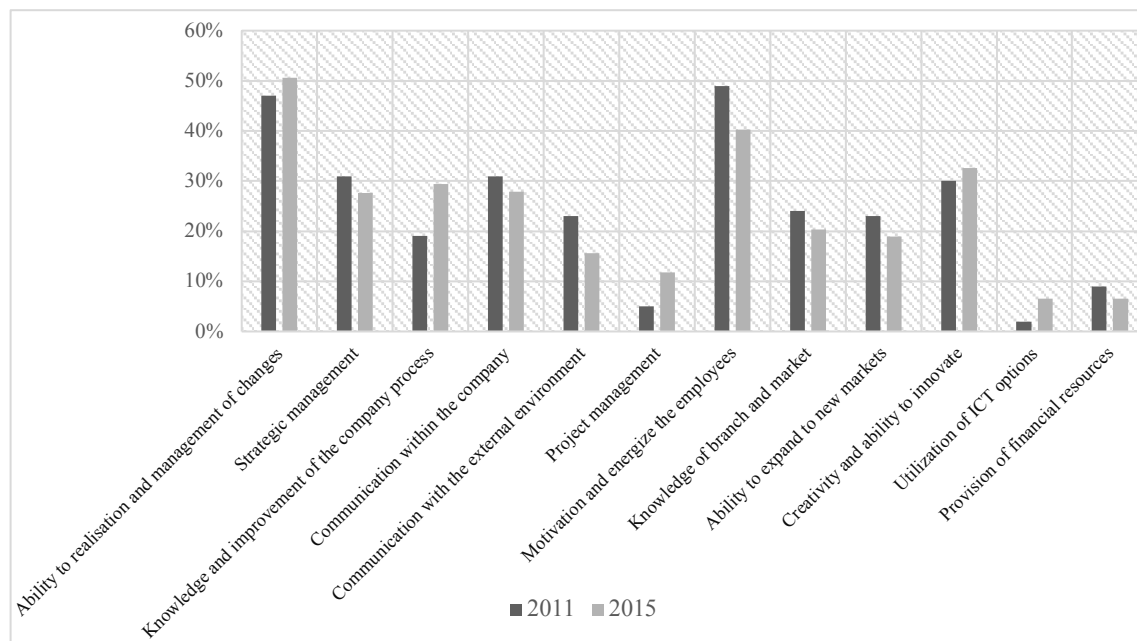


Figure 03. An overview of companies' core competencies according to the evaluation of the years 2011 and 2015

According to the respondents of the surveys of 2011 and of 2015, the most significant core competencies were the ability to implement changes together with the ability to motivate and energize the employees (see figure 3). In 2015, the ability to manage changes became the most important competence of a company (51%). This corresponds to the current turbulent environment, in which the companies operate, and which influences their successes. Creativity and ability to innovate (approximately 30% in both 2011 and 2015), and strategic management (ca 30% in both 2011 and 2015) were also considered to be important competencies. The competence of knowledge and of improving company processes experienced the highest increase in its value, from 19% in 2011 to 29% in 2015. The company competencies linked with financial fund securing, with the use of ICT technologies, and with the project management were considered the less substantial.

The following table 2 provides a comparison of the differing views of the significance of the individual competencies by the management and by the owners based on the assessment of 2015.

Table 02. The difference in the view of the company's core competencies as seen by its management and its owners

Owner	%	Top management	%	Middle management	%
Ability to realisation and management of changes	41.2	Ability to realisation and management of changes	51.4	Ability to realisation and management of changes	59.1
Motivation and energize the employees	41.2	Motivation and energize the employees	38.6	Motivation and energize the employees	40.9
.	31.8	Creativity and ability to innovate	34.3	Knowledge and improvement of the company process	31.8
Knowledge and improvement of the company process	27.1	Strategic management	32.9	Communication within the company	31.8
Strategic management	24.7	Communication within the company	27.1	Creativity and ability to innovate	31.8
Communication within the company	23.5	Knowledge and improvement of the company process	25.7	Strategic management	22.7
Communication with the external environment	23.5	Ability to expand to new markets	18.6	Knowledge of branch and market	22.7
Knowledge of branch and market	21.2	Knowledge of branch and market	17.1	Ability to expand to new markets	18.2
Ability to expand to new markets	20.0	Project management	15.7	Project management	13.6
Provision of financial resources	9.4	Communication with the external environment	14.3	Communication with the external environment	9.1
Utilization of ICT options	8.2	Utilization of ICT options	7.1	Utilization of ICT options	4.5
Project management	5.9	Provision of financial resources	5.7	Provision of financial resources	4.5

The opinions of the owners, the top managers, and the middle managers are relatively similar. All the three groups consider the ability to implement changes as well as the ability to motivate and energize the personnel to be the core competencies. Small differences in the perception of the importance of the individual competencies by the individual groups can be traced in the less significant competencies.

In 2015, determining the significance of strategy as of the factor of a long-term companies' success was also incorporated in the research. The following was detected from the results:

96% of the respondents consider the company strategy to be a substantial factor in the long-term success. Taking into consideration the level and the form of elaboration of the company strategy, 52% of the companies have their company strategy in the form of a specific document, 37% of the companies

have not formalized their strategies, and 11% of the companies do not have company strategies but believe that it is necessary.

As for the creation of the strategy, 67% of the companies which have formulated their strategy did it themselves, 20% of the companies cooperated on the creation of their strategies with external consultants, and 10% of the companies have their strategies defined by their superordinate bodies. The most frequently stated reasons for not having a company strategy were the following: a lack of support by the owner (43%, the most frequent argument provided by the top managers), missing competencies of the management (32%, the most frequent argument stated by the middle managers), and a lack of sources (18%, the most frequent argument mentioned by the owners).

At the end of that part of the survey, the respondents were asked to choose a strategy model which they had used to form their strategies. The following models were offered: the BCG matrix, the Balanced Scorecard, the BIBS model, the EFQM model, MBO, the spiral model, the scenario technique, a model by a renowned consultant company, an own model, a modified model, and other. The uses of the respective models were evenly distributed; each of them being used in approx. 10%; the scenario technique (14%) and the BIBS model (12%) were the most frequently used models.

The prevailing use of those models can be explained by their simplicity and their easy application in various conditions. The BIBS model emerges from the hierarchic structure of the strategy and can be used in all functional areas of management.

4. Conclusion

A successful company of the 21st century “wants and can” create conditions to continuously increase its potential for company’s success. Long-term metrics based on the long-term stability and development of the company prevails in the assessment of company’s success. Above all, the companies see the potential for increasing their performance in the area of human resources development followed by the areas of marketing and trade, of the management quality, and of the process setting. The respondents regard the ability to implement changes and to motivate and energize the personnel to be the core competencies. With respect to the strategic management, a half of the monitored companies creates and formulates strategies and uses various strategic models.

The BIBS University intends to use the results and, above all, the conclusions of the individual parts of their survey in the university conditions. A number of the conclusions become topical at various levels of managing the school as a company; the results of the survey will be used to update the curriculum of the individual study programmes, the MBA programme in particular. The concept of strategic planning is promoted, and the human resources development is supported, both by means of specific solutions; a special emphasis is put on marketing and trading. The university is aware of the fact that a sharp increase in a company’s performance also depends on the quality of its management as well as on optimally set processes. The survey provided interesting conclusions related to the impact of owners and managers on the quality of the company management. The aim of the university is to put the determined conclusions to use in the conditions of BIBS as well as in the study programmes for managers so as to support increasing the quality of companies’ performance.

As a university specializing in the strategic management, BIBS present the survey results in its study programmes and offers its students potential solutions to the discovered situations for an effective and successful company management in the long-term view.

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