Focus on the Workforce in Business Excellence

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Abstract

Over the past decades, Malcolm Baldrige National Quality Awards (MBNQA) has assisted organizations in managing as well as reviewing seven dimensions which are leadership, planning, information, customer, people, process and results that are related to business sustainability. The pursuit of business life has been extended to excel in every way as a competitive advantage. Therefore, the objective of this study is to explore the literature on business excellence (BE) in various industries. Indonesian State-Owned Enterprises (BUMN) which act as the government representative in managing wealth of the country and monitoring the performance of government enterprises has strongly encouraged their limited liability companies and its subsidiaries to implement BE. Based on one Indonesian case that involved with BE, this study discussed its journey which focused on human sustainability in work environment. There were evidences that MBNQA had been a great tool for them. The success of the implementation could be seen in their past years performance at the international level.

Key Words: Business excellence, workforce, sustainability, indonesia.
1. Introduction

Business excellence (BE) is much more than having a quality system in place. BE models were first called Total Quality Management models. This model is now used in countries across the globe as a key mechanism to help businesses to assess strengths, areas for improvement and guide them on what to do further. It also has the potential to provide management with a holistic method in managing businesses and getting buy-in to key decisions which will lead to sustainable and measurable successes aligned with the organization’s objectives as well as taking current thought on best practices into account.

BE meant “excellence” in strategies, business practices, and stakeholder-related performance results that have been validated by assessments based on specific models proven to support the challenging journey towards excellence. In addition, BE is a comprehensive management practices standard developed to assist companies assess readiness and compliance to excellence practices in their quest to enhance business performance. More than 60 nation and state awards based their frameworks upon the Baldrige criterias, it has been recognised for the attainment of this standard.

The Baldrige model provides a systems perspective; seven categories such as leadership; strategic planning; customer and market focus; measurement, analysis and knowledge management, human resources focus; process management; and business results. It ensures understanding of performance management and reflects validated, leading-edge management practices against which an organization can measure itself. With their acceptance nationally and internationally as referential model for performance excellence, the Baldrige criteria represent a common language for communication among organizations for sharing best practices and designed to help organization improve their competitiveness by focusing on two goals: continually delivering value to customers, and improving overall organizational performance. Three important roles of the Baldrige model are to help improving organizational performance practices, capabilities and results, to facilitate communication and sharing of best-practices information among and within organization of all types, to serve as a working tool for understanding and managing performance, and for planning and learning opportunities learning.

The effective and efficient human resource management for business excellence in various organizations was discussed by many scholars. Vouzas and

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Gotzamani (2005) drew attention in utilizing human resources among the highest rated motives for the recipient of European Quality Award. Talwar (2011) mentioned that organizations have to strategize in utilizing their workforce to the maximum potential. In fact, it is important to focus on human resource issues for quality strategy formulation and implementations.

Previous scholars stated that BE models are still evolving from measurable perspective due to the changing demands of today’s business landscape. Moreover, there are higher ignorance among organizations of their national excellence framework, but the concern from governments are increasing as the value besides being sustainable is significant. By promoting benchmarking among BE practitioners, it provides operational insights concerning problematic areas in businesses.

The link of BE initiatives and its variance in outcomes is understudied. In addition, there are internal and external issues as barriers to long-term commitment towards business excellence. However, it can be overcome by a

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greater promotion of identified enablers including better education, training and involvement of higher senior management\textsuperscript{18}. Furthermore, BE also supports other quality initiatives but it should be well understood\textsuperscript{19}.

Realizing the importance of businesses to nations, it is best if it has a structured programme which encompasses important core values. Therefore, the authors aimed to achieve these objectives through this paper by exploring the importance of workforce pillar in Indonesian businesses.

2. Method

The authors required different types of information that qualitative studies can provide which is rich in detail. Thus, the information was gathered through in-depth interviews as an interpretative approach with one business that was listed under Indonesian State-Owned Enterprises (BUMN). These businesses existed nearly two decades. Interviews were conducted at its own premises that lasted for an average of one hour. The results of each interview were transcribed immediately after each session. Initially, to crystallize the responses, further analysis using NVivo software mainly involved the data with the aim of identifying and classifying feedbacks regarding the above-mentioned objectives is used. The results of interviews and its discussion will be elaborated in the following sections.

3. Findings

The company’s continuous growth has brought positive consequences to PT Wijaya Karya (WIKA) in implementing its management of human resources as human capital. The human capital management (HCM) supports achievements of vision to become the best company in Southeast Asia. In its execution, it always go along with meeting the well-being of employees, holding development programs which includes conducting training and education activities. Rating an individual as a complete human being is believed to foster appreciation, happiness, working spirit and corporate sense of belonging. Thus, it will push for the creation of excellent performance.

One of the important aspects in the HCM is to maintain the sustainability of the availability of workforce. Therefore, WIKA keeps on recruiting new employees, which is carried out using the “MAKE” and “BUY” patterns. The “MAKE” pattern recruits the employees through scholarship programs which they will receive special education through the Prospective Employee Training Program. The “BUY” pattern recruits experienced employees by assigning special tasks


matching with their competencies.

One of the components in the economic value that is distributed to stakeholders is the salary and other benefits including the pension funding program. Until the end of 2013, some retirement programs were held for WIKA employees, such as follows.

- Employees who joined before January 1, 2007 had been enrolled to the Fixed Benefit Retirement Program managed by WIKA’s Pension Fund Foundation.
- Employees who joined the company from 1 January 2007 and on had been enrolled in the Fixed Levy Retirement Program, managed by Manulife’s Financial Institution Pension Fund.
- Skilled employees were enrolled in the Fixed Levy Pension Program.

In order to improve the company’s performance, WIKA conducted a study which showed leadership was a key factor that gave great contribution to its performance. Therefore, it is important to make sure the leaders in the work environment are those who have proper competencies. For such purpose, a leader shall be intentionally created not “incidentally”. Certainly, a competent leader has to be created through a series of appropriate development programs, either in the form of systematic trainings or job assignments. To deal with it, WIKA has arranged a special program for preparing leader candidate through Advance Leadership Program (ALP) gradually ranging from the Head up to the General Manager/Subsidiary Manager. This leadership development program is part of the WIKA’s talent management system.

ALP provides hard and soft competencies required by a leader candidate in WIKA. Training for hard competency is provided in the form of trainings in class, practices, site visits and job assignments. Additionally, training for soft competency is provided in Wikasatria Leadership Centre located at West Java as a part of the personnel quality which is important for a leader to perform his/her role. WIKA has held 1,785 hours of training with 1,749 employees as participants, so the average of training hours for each employee is 67 hours throughout the year 2013. It has improved from year 2012 which 1,334 participating employees had 1,101 training hours with an average of 59 training hours for each employee. WIKA conducted various studies under cooperation with the academicians, sociologists, as well as the humanists to figure out the good character of successful Indonesian leaders in the royal golden era, colonialism and independence. WIKA absorbed those precedents and learned from the local wisdom of Indonesia personality. In addition to the good qualities of the national leaders, the values of each ethnicity's culture in Indonesia were also adopted and applied as good governance. The essence of these values is virtuous attitude.

During 2013, WIKA has continued its Wellbeing activities, which balance the employee’s eating habits, way of thinking and way of life. This activity has
been popularized since 2011, which initially focused on eating patterns that refer to the Balanced Nutritional General Guide. The activity was designated for all employees during lunch and within WIKA’s working unit. The following program of Wellbeing is the Health Talk on awareness of illnesses, such as cancer. To support the Wellbeing program, WIKA accommodated it through WIKA’s wellbeing website which can be accessed by the entire employees from any location.

Competency Based–Human Capital Management System (CB-HAMS) was an option the company has taken to achieve the need of the organization as well as individual called “win-win solution”. The activities performed by Human Capital Department comprised of organization development, recruitment and placement, learning and development, employee relations, performance management, total reward, talent and succession, and retirement. Other concept applied excellent service under a motto of Speed and Care, meaning that all matters and all services are provided immediately to the employees, and that the employees’ need should reach the company’s attention. Furthermore, this concept was measured through engagement survey by independent institution.

Employees are invaluable assets who help to achieve company’s success. Therefore, WIKA has been giving great efforts to the development of their employees’ competency by training, coaching, regular mentoring and counselling, providing national and international certification program, and preparing for education overseas. WIKA demands/ encourages all of its employees to be competent, innovative, and highly committed. With this, WIKA’s employees can support WIKA in being a competitive global company. The sustainability activities carried out by WIKA have made steady favourable results on employee perceptions of leadership’s ethical behaviour. WIKA has also received few awards: BUMN & CEO BUMN Award - 3rd Best CEO 2005, Top 1 CEO Category 2006, The Best CEO 2008 by Swa Leadership Forum, Aon Hewitt Consulting - The Best Employer 2011, The Best Employer 2011 by BUMN, Aon Hewitt – Best Employer Indonesia 2013, Performing Construction CEO 2013 by Warta Ekonomi, and Indonesian Most Admired CEO 2014.

4. Conclusion

Enforcement of BE by Indonesian State-Owned Enterprises (BUMN) is a good practice to ensure business continuity. BE provides healthy competition to achieve these companies’ vision and become a role model to other businesses. These companies has been implementing BE as a guidance in enhancing its competitiveness and excellences in all of their operation. Through the implementation of BE based on MBNQA, they were able to manage and measure the performances of their business based on the company objectives and also towards their business processes. Based on aforementioned of the three cases, the companies are not only able to meet the challenges but actually excel in it and continuously improves their businesses by utilizing the processes and tools from BE.
References


