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WHICH TOOLS MAY INCREASE THE PERFORMANCE RELATED TO THE CUSTOMERS PERSPECTIVE?

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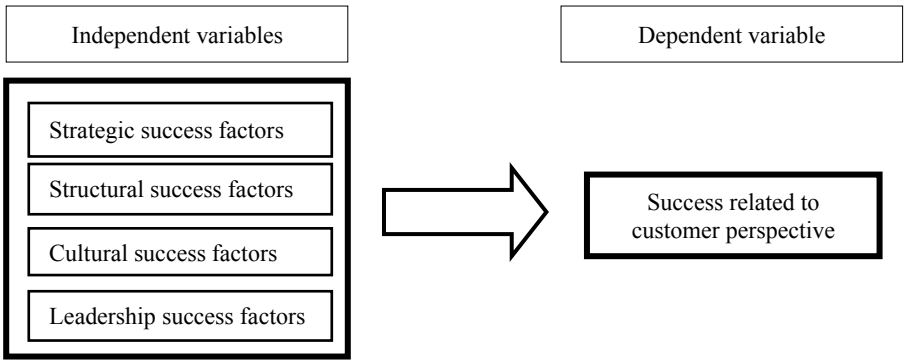
Summary: Competition among companies has gotten fiercer and much faster than earlier. Those wishing to achieve success primarily aim at satisfying customers' needs to the highest extent. This is what brings revenue; financial indicators of organisations can improve this way, which is a fundamental expectation of shareholders. Currently the system has become rather unsteady due to what has been happening in the economy in the past years. Therefore different things have become key factors than previously. Hence it is essential to identify which tools help company leaders at present to achieve their target objectives. The study brings into focus a part of company success research, which is related to the customer perspective. The aim of this section is to work out a model showing, which success factors have an impact on performance related to the customer perspective and in what ways, as well as to find out how a company can become successful from a customer's point of view. The research focuses on companies operating in the processing industry in Hungary. The analysis of the effects of success factors has been carried out via path analysis and logistic regression. Knowing the results it may be stated that strategic factors have the highest impact on success both in a direct and in an indirect way. This means that those organisations, which fine-tune their strategy and time pace their activities, achieve better results from the customer perspective. Customers will become more satisfied, there will be fewer complaints, the number of customers will increase and these will generate better financial results.

Keywords: balanced scorecard, customer satisfaction, leadership, strategy

1. Research Assumptions

The research analyses companies operating in the processing industry, having more than 50 employees. The reasons for that are that these organisations set the pace for the market, they are the largest employers, thus the scanning of these companies may offer useful results for the largest number of people. Success factors will be the independent variables of the research, whereas the success of customer perspective will be the dependent variable. The model will be built up this way (Figure 1). The results of research projects on success concluded in the past years will formulate the basis for identifying success factor variables, whereas in case of success the starting point will be the sustainability balanced scorecard. Based on the research on literature specialised on the subject the key issue is what kind of correlations can be revealed between particular success factors and the performance related to customer perspective. The answer will be put into shape stemming from the hypothesis that strategic success factors have the highest impact, because with companies it is primarily the assessment of customers' needs and actions plans aiming at satisfying these, which serve as the basis for the creation and development of strategy.

Figure 1: The Model of the Research



Source: by author

2. Methodology of Research

Collection of data necessary for the analysis has been conducted via a query of questionnaires. After the tests have been concluded leaders of companies set in the focus of research filled in the final questionnaire. Following the returns a sample of 200 pieces satisfying the minimum requirements was disposable for statistical analyses.
Success factors have been recorded based on earlier research projects on success. Only those identified tools remained in the research, which were measurable and scannable. The identification and grouping of remaining tools was carried out by factor analysis resulting in five factors. The factor of external strategic success factors, which brings external changes, fine-tuning and time pacing into focus. The factor of internal strategic success factors, which means long-term plans and raising the awareness for them. The factor of structural success factors, which includes the organisational structural solutions of facilitating service and continuous improvement. The factor of cultural success factors meaning organisational standards and values, based on which work itself and the organisation of work is carried out. These are teamwork, intuitive work organisation and the training of multi-skill labour force. And the factor of leadership success factors, which concentrates on the ways leaders develop their co-workers and subdivide tasks. Following that impacts on performance have been defined via path analysis and logistic regression. The instrument for measuring performance was the sustainability balanced scorecard, where this research put customer perspective in the centre. The scanning of customer perspective was conducted via several indicators. What was the percentage of customer satisfaction, how many prizes, official appraisals were given to the company, with how many per cents did its number of clients increase, what was the percentage of complaints related to the overall performance and what was the rate related to the fulfilment of its obligations in a timely manner in the past few years?

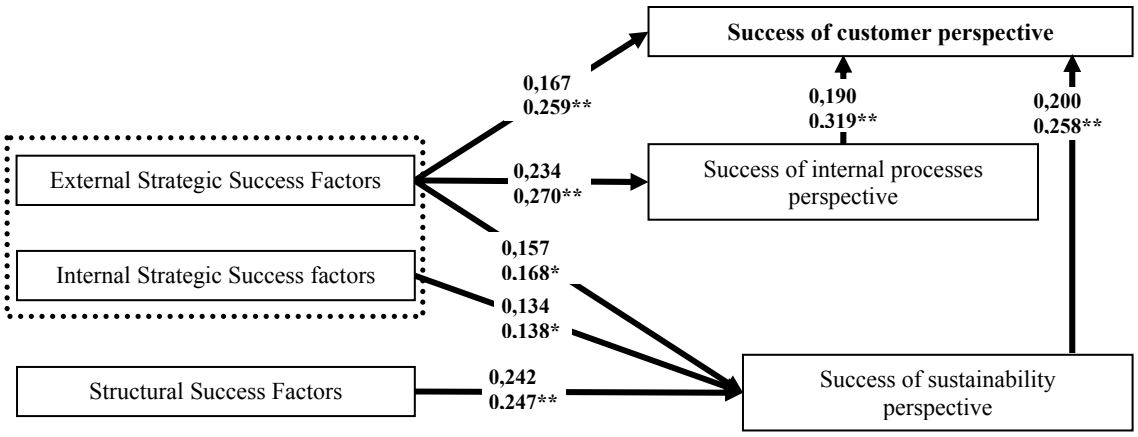
3. Results of Research

3.1 Path Analysis

The analysis of impacts related to customer perspective was conducted first via path analysis. Linear regression analysis could not be used, because the determination of dependent variables was done with the help of the balanced scorecard. Perspectives are in constant connection with each other and they are not independent (Kaplan and Norton, 2000; Kaplan and Norton, 2002). According to the significance test related to the validity of regression models each model is significant. The examination of conditions concerning variables and error terms has been conducted and it showed conformity in each and every case. The

heteroskedasticity of error terms was tested with the White-test. The inspection of the effects of success factors on success criteria was conducted by path analysis due to the relationships between dependant variables set by the balanced scorecard. First relationships have been determined based on the correlations among factors, with the help of which linear regression models used for the path analysis could be outlined, thus defining the internal effects. With the results identified paths having an impact on success related to customer perspective can be laid down (Figure 2).

Figure 2: Path Model Evolved via the Analysis



Source: by author

The numbers in the higher position on the arrows in the figure show the β value indicating the slope of the regression line, whereas the numbers below them are the values of the Pearson product-moment correlation coefficient related to the strength of correlation. In case of correlation the double asterisk following the numbers indicates 1 per cent significance level, while single asterisk denotes 5 per cent significance level.

External strategic success factors have both a direct and an indirect effect on customer satisfaction in a positive way, the indirect way being the fact that they improve the internal processes perspective. Accordingly the fine-tuning and pre-planned time pacing of strategy envisages a higher customer satisfaction. Internal strategic and structural success factors have less effect in an indirect and positive way. These factors make an impact via the sustainability success factor. Hence long-term plans and their clear communication to everyone involved, as well as organisational solutions facilitating service and ideas of improvement, increase sustainability performance and thus they have a positive impact on the customer perspective too (Table 1).

Table 1: The Effect of Success Factors on the Customer Perspectives

Independent variables	**Success of customer perspective**		
	Direct	**Indirect**	**Total**
External strategic success factors	0,167	0,076	0,243
Internal strategic success factors	-	0,027	0,027
Structural success factors	-	0,048	0,048
Cultural success factors	-	-	-
Leadership success factors	-	-	-

Source: by author

3.2 Logistic regression

The examination of the impact of success factors on success from the point of view of customer perspective was carried out via logistic regression too. The research analysed, whether the success of a company related to the customer perspective depends on the identified success factors. It revealed which tools improve it with which probability. The study inspects the improvement of value ratios generated by success factors earlier identified via factor analysis. Afterwards it analyses the partial effects of factors, i.e. how many times the influence increases the chances that the performance of a company related to the customer perspective goes above average, that it becomes outstanding. In order to do that it is necessary to decide what kind of result may be called successful or outstanding. So as to make this decision data related to companies operating in the processing industry provided a benchmark. The analysis and the assessment of results concerning companies included in the research determined that in case of success of customer perspective a company may be called successful if its performance related to customer perspective as an aspect of success exceeds the average results of companies present on the market concerning the same aspect by 10 per cent. Consultations with members of top management have confirmed this statement and the resulting categorisation as well. Accordingly two groups have been defined based on the standardised success indicators related to the principal components of indicators describing performance concerning customer perspective. These two groups are: companies with outstanding performance and those with average or poor performance.
When analysing the individual impacts of factors, the Wald statistics shows significance (Table 2). It can also be pointed out that the impact of internal strategic, external strategic, structural and cultural success factors is significant in this case (Table 3).

Table 2: Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 0 Constant	-0.648	0.139	21.767	1	0.000	0.523

Source: by author

Table 3: Variables in the Equation

Step 0	Score	df	Sig.
External Strategic Success Factors	6.021	1	0.014
Internal Strategic Success Factors	4.140	1	0.042
Structural Success Factors	4.638	1	0.031
Cultural Success Factors	4.853	1	0.028
Leadership Success Factors	1.014	1	0.314
Constant	18.760	5	0.002

Source: by author

It can be stated in the first phase that if we know nothing about the sample, it can be determined randomly with a 65.7 per cent certainty, whether a company is successful concerning customer perspective or not. The second phase, however, reveals that when knowing the variables included in the research, this certainty increases to 69.1 per cent. In this phase already partial effects emerge. Hence the created model this way is significant (Table 4). The value of the Nagelkerke R Square shows that the combination of the five independent variables explains 11.3 per cent of the variance of the dependent variable (Table 5). The 3.4 per cent increase of probability shows that success factors earlier identified have an effect on success related to customer perspective and if deliberately used, the chances of achieving success grow by 3.4 per cent (Table 6). Since the real business environment is complex and

success is thereby the resultant of many internal and external impacts, this change is remarkable. This may be stated also, because the analysed success factors are related to subtle details and the objective real life situation can be completely covered with these as well.

Table 4: Omnibus Tests of Model Coefficients

	Chi-square	**df**	**Sig.**
Step	19.636	5	0.001
Block	19.636	5	0.001
Model	19.636	5	0.001

Source: by author

Table 5: Model Summary

Model Summary	**-2 Log likelihood**	**Cox and Snell R Square**	**Nagelkerke R Square**
Step 1	276.289	0.082	0.113

Source: by author

Table 6: Classification Table Difference

Overall Percentage Correct		
Block 0: Beginning Block	**Block 1: Method = Enter**	**Difference**
65.7%	69.1%	3.4%

Source: by author

The second phase revels exactly which success factors influence success and what provides a 3.4 per cent increase. They are the external strategic and structural success factors, whose impacts are significant in case of partial analysis too. The odds ratios (Exp (B)) denote what the chances of success are, if the effect of the other variables is kept under control. Results provided that way (Table 7) prove that companies included in the research, which fine-tune their strategy due to changes in social trends, time pace their activity and move with the market will belong to successful organisations from the point of view of customer perspective by a 46.5 per cent larger chance than those not dealing with these actions. A customer-oriented organisational structure encouraging proposals for improvement increases this chance by 37.9 per cent. However those companies, which disregard individuality, put only teamwork into focus, are not willing to employ experts and lay an emphasis only on enabling co-workers to carry out more tasks on a mediocre level as well as do not encourage a more systematic work organisation belong to successful companies from the aspect of customer perspective with a 29.9 per cent less chance.

Table 7: Variables in the Equation

Step 1	**B**	**S.E.**	**Wald**	**df**	**Sig.**	**Exp (B)**
External Strategic Success Factors	0.382	0.167	5.202	1	0.023	1.465
Internal Strategic Success Factors	0.306	0.169	3.290	1	0.070	1.358
Structural Success Factors	0.321	0.159	4.074	1	0.044	1.379
Cultural Success Factors	-0.355	0.169	4.394	1	0.036	0.701
Leadership Success Factors	0.118	0.172	0.470	1	0.493	1.125
Constant	-0.712	0.148	23.186	1	0.000	0.490

Source: by author

4. Discussion and Conclusion

Knowing the results the significant effect of external strategy initiates concordance with the Evergreen Research Project, which identifies fine-tuning as a success factor (Joyce, Noria and Robertson, 2003). It also supports the results of the research of Eisenhart and Brown, who denote time pacing as a determinative tool (Eisenhardt and Brown, 1999) and declare that companies must pay a close attention to changes. What is done is very important and when it is done, otherwise a good idea may not bring such an advantageous market position it could have induced.

When summarising the results of path analysis and logistic regression, the following may be stated: If a company continuously follows new social trends, makes slight modifications in its strategy in accordance with them, has ready-made scenarios for transitions, makes its plans for a longer term and clearly communicates the strategy making that happen to all involved, it will achieve better performance related to the customer perspective and its chances of becoming successful will significantly increase. Logistic regression analysis complements that with the fact that besides experts focusing on a single field, systematic work organisation and teamwork, the use of individual work will also foster success in the analysed aspect. However, this impact is not as strong as that of strategic and structural factors.

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