

QUALITY MANAGEMENT – A WAY TO BUSINESS EXCELLENCE

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1. Introduction

Quality constitutes a basic prerequisite to pursue excellence [1, p. 317–318]. Quality should be a way of life, a way of behaving so that individual and collective contribution is maximized along with personal and organizational advancement through continuous improvement and learning. Harmony, creation of stability in a dynamic self improving circle, constant monitoring, team working, continuous learning and personal advancement through reflection and conjecture are factors that explain and describe “excellence”. The different excellence models and frameworks can help in the identification of suitable and dynamic performance dimensions, relevant quality criteria and the transformation of human behaviour and action through a mentality of excellence. In this aspect quality management in organization constitute a way to business excellence. The goals of Total Quality Management (TQM) are to satisfy customers, prevent poor quality rather than correcting problems, develop an attitude of continuous improvement, understand the value of measuring performance to identify opportunities and maintain improvements, and to eliminate chronic sources of inefficiencies and costs. These goals could be achieved if there is a total commitment by entire organization (including top-management and employees) as well as principles of TQM are fully understood by them [2, p.564]. It is highly obvious that there are striking similarities between the TQM and the content of excellence. It can be observe, that in the time the concept of quality and quality management has changed and evolved. A path of quality management development is going to be a way to business excellence.

2. Quality management and business excellence

Previously quality management focused only on quality inspection. Quality inspection deals with counting, grading and sorting to ensure that customers do not receive defective products. Than quality inspections included quality assurance and finally total quality management (TQM). Quality control applies various statistical techniques such as control charts and sampling plans to monitor processes. Quality assurance emphasizes process control to conform to customer requirements. The traditional quality management approach was reactive and result-oriented, whereas the modern approach to quality management is broader and now also emphasizes quality at source or process control, at every stage, to prevent any errors that could cause defects. The latter is a proactive process-oriented approach [3, p.252].

In the literature we can see, that the term “control” was replaced by “management”. This was because quality is not only a control issue, but also a management issue and TQM concept was introduced. Many countries have developed this further by developing their own TQM frameworks, which are used as the basis for national quality award criteria, to promote quality awareness and to improve their business sectors such as the Malcolm Baldrige National Quality Award (MBNQA) or European Excellence Award. In the literature there are defined different levels of TQM development. For instance, quality management can be classified according to set of five levels: could do better; room for improvement; promising; vulnerable; potential winners; and world class [3, p.252]. Achieving a business excellence is not easy – it is a great challenge to whole organization. Probably it is not achievable at all. It requires often a change in management and leadership skills at every level of an organization.

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Category of excellence has been the subject of interest many generations of thinkers – philosophers, researchers, practitioners. Its roots began in the distant times, and attempts to define the category of excellence concern different aspects. Excellence is a change in philosophy, culture or strategy. It is a form of conceiving the business world. Excellence can be understood and developed in several ways. Philosophers saw the main source of human excellence in human's wisdom. Excellence in the tradition of Greek philosopher is closely linked with the idea of good, which may be defined by specific characteristics or actions which describes. According to Confucius self-controlling and self-development through long life training and education are seen as a method of execution of the entire human potential and as a way of achieving harmony in society in general. He underlined the unique role of leaders – the brilliant people, excellence people. Excellence in this context means doing ordinary, everyday things and it is not depends on comparing the results with others. It should refer to the human's efforts how they constantly mobilize themselves, are excellent and use their ability throughout the whole life.

In the organization's management literature can be found many attempts to define the concept of excellence and to build models that contribute to the exploitation of the possibilities and capabilities for achieving business excellence. Phenomenon of excellence is not easy to "catch" and evaluate. Authors in a similar way define the category of excellence and improvement. And so for example: improvement refers to raising the efficiency of the functioning of the organization [4, p.28]; improvements are the areas that changes in the activities of each organization [5, p.258]; excellence means each deliberately implemented improvement placed in the executive and management system of the organization, aimed at improving the efficiency of organizational functioning [6, p.116]; organization's improving means raising organizational efficiency of its functioning, it is not related only to changes in the environment. It is an integral part of the operation of the company and is part of the strategy [7, p.17]. Such understanding of excellence category implies system approach including system thinking as cause-effect method which allows organization to realize continues improvements. In process of continuous improvement is important to be aware that it is always unfinished. This is precisely the potential of excellence models as an optimal orientation for the strategic management of competitive companies.

The place of excellence category can be seen following through evolution of the quality concept [8, p.136]: inspection; quality control (emphasis 1st: prevention; emphasis 2nd: product and processes); quality assurance (emphasis 1st: customer; emphasis 2nd: continuous improvement); total quality; excellence (emphasis on ethics aspects and social commitment). Another describe a so-called evolution of excellence based on a series of phases started form the pre-excellence and leading to today's excellence 5.0 which is describe as an "innovative integrated development which is fundamentally viewed as a combination of strategic management and change".

In Management Sciences excellence as important issue has become a subject of interest for many researcher representing both science and practice of management. The category of excellence was took up by such authors as for example: T. Peters, R. Waterman, S.M. Dahlgaard-Park and J.J. Dahlgaard, J.S. Oakland, N.L. Frigon and H.K. Jackson, as well as representatives of such organizations as: School of St. Gallen, Mc Kinsey or Toyota. Some eminent thinkers, e.g. Deming, Ishikawa, Peters, Imai etc. have advocated a quality as the foundation stone of excellence; where as other eminent experts like Juran, Crosby have focused on the immediate needs of the business [9, p.4].

In the organizational context, business excellence is a framework that offers systemic view, asks for high engagement of human resources, enables self improvement and evolution and thus it contributes to constant change and conformance to new situations through quality monitoring at each stage and every process of the organization. From the management perspective, excellence acquired different meanings according to the dominating school of thought each time (table 1).

Also the review of business excellence models of the organization shows that they can be divided into some different groups. On the basis of our study there were identified three main groups of

business excellence models: international and national Quality Awards (European, American, Japan, Polish, etc.), ISO Standards and works of scientists, researchers and practitioners. Table 2 shows three main groups of business excellence models of the organization.

Tab. 1. Views on excellence – review the evolution of excellence in management

School of thought	View on excellence
Classical	Work division, mechanistic orientation, hierarchical coordination Peters and Waterman (1982) “Excellent companies present the strengths of innovation, ability to change and a leadership that excels through their vision and values”
Behavioural	Emphasis on human, motivation of Workers Peters and Austin (1985)
Socio-technical	The enrichment of tasks and the implications of the actors in defining the socio-technical organizational environment (under a dynamic perspective) Peters (1988)
Structural/systems	Global treatment, combination of management theory and hard sciences Xerox Excellence Models (1990, 2002)
Neo-classical	Combination of learning from the classical and behavioral school Senge (1990) influenced by Argyris, Forrester, Deming and Dewey
Sociological	Analysis of organizational actors, their behaviours, the importance of power can lead to excellence Aubert and de Gaulejac (1992)
Models/frameworks suggested by McKinsey 7S 1980	Excellence through strategy, structure, systems, staff, shared values, skills and style Deming Prize 1951 MBNQA 1987 EQA 1991
Pascale and Athos, 1981	Focus on human and superior values to form a guiding vision The 4P model Dahlgaard and Dahlgaard-Park (1999, 2003); Toyota 4P model Likert, 2004

Source: Anninos L.N., The archetype of excellence in universities and TQM, Journal of Management History, 2007. – Vol. 13. – No. 4. – P. 317–318.

Tab. 2. Three main groups of business excellence models

Excellence models according to		
Quality Awards	ISO Standards	Academics, researchers, practitioners
<p>1. Most famous Business Excellence Models (BEM) used as global reference models:</p> <ul style="list-style-type: none"> EFQM Excellence Model in Europe (European Foundation for Quality Management) MBNQA in USA (Malcolm Baldrige National Quality Award) Deming Prize in Japan <p>2. National Quality Awards (NQAs), e.g.:</p> <ul style="list-style-type: none"> Polish Quality Award 	<ul style="list-style-type: none"> Requirements of standard ISO 9001 Self assessment according to ISO 9004 Self assessment according to ISO 10014 	<ul style="list-style-type: none"> T. Peters, R. Waterman J.S. Oakland H.J. Leavitt P. Senge S.M. Dahlgaard-Oakland Park and J.J. Dahlgaard, N.L. Frigon and H.K. Jackson School of St. Gallen Mc Kinsey Toyota, etc.

Source: own work.

These three main groups of business excellence models were describe below.

3. Excellence according to national and international Quality Awards

There are business excellence models described by the criteria used in national and international Quality Awards, such as: the European Quality Award – EQA (with the EFQM Excellence Model), the Malcolm Baldrige Quality Award (USA), W.E. Deming’s Prize (Japan) or the Polish Quality Award. The Deming Prize was the first award, established in 1951. It was set up by the Union of Japanese Scientists and Engineers (JUSE) to commemorate W.E. Deming’s contribution to the Japanese industry in quality area and to promote further the continuing development of quality control in Japan. The Prize is given to companies that have achieved distinctive performance

through the application of company-wide quality control [10, p.463; 11, p.22–24]. The MBNQA (Malcolm Baldrige National Quality Award) was established in 1987 by the US government as a statement of national intention to provide quality leadership and improve the competitiveness of the USA companies. The European Quality Award (EQA), known as the EFQM Excellence Model, was established in 1991 with the support of the European Organisation for Quality and the European Commission [10, p. 463–464]. The EFQM Excellence Model is a management framework, often used as a diagnostic tool to implement the principle of continuous improvement for organizations which implemented TQM strategy [12, p.1,6]. In the 1990s there were very few scholars exploring the EFQM model. Studies on the EFQM model were actively started in 2000, because the majority of papers were published during that time [13, p.690]. The EFQM Excellence Model is based on 9 criteria divided into two areas of "potential" and "results" [14, p.117].

The Deming Prize, MBNQA and EFQM excellence model are the famous and recognized worldwide quality awards. With the objective of helping industries to enhance competitiveness in their respective countries, several national governments and industry associations came forward and established national (NQA) and regional (RQA) quality awards to serve as business excellence models. Most European countries adopted the EFQM excellence model as the basis for national quality awards during the period 1994-1998; however, there has been a tendency towards home-developed national quality awards or modified EFQM models during the decade 2000 onwards. Simultaneously with Europe, several countries in Asia evolved their own business excellence models too, mostly using the EFQM excellence model and MBNQA as their reference (e.g. India in 1994, Singapore and Japan in 1995, Philippines in 1997, Fiji in 1998, Thailand in 2001). The study of Talwar allowed identifying 100 BEMs/NQAs being used in 82 countries worldwide [11, p.22–24]. Some findings of this study shows that: three major BEMs (i.e. MBNQA, EFQM and the Deming Prize) are recognized worldwide and used as the basis of most BEMs in various countries; BEMs/NQAs are dynamic, are reviewed periodically, and have also changed over the years; the objectives and core values of most of the BEMs/NQAs are similar, and focus on enhancing the global competitiveness of companies of their respective countries; evaluation criteria of most of the BEMs/NQAs are similar although they differ in the relative criteria scores; there are identified three new criteria for BEMs – “values & process flow”, “universal wellbeing” and “sustainable success”; the Deming Prize follows a hand-holding approach and is highly prescriptive supported with “TQM diagnosis” by the assessors - in contrast, most BEMs, including MBNQA and EFQM, are non-prescriptive by nature [11, p.28–29].

Carrying out the process of self-assessment is one of inseparable conditions to receive the prize. Self-assessment makes the extraordinary opportunity for organization to identify and often to discover their strengths and weaknesses (so-called potential improvements). Continues improvements help organization following the right path towards excellence, they make a right step in right direction on the "excellence roadmap".

4. Excellence according to ISO standards

On the other hand there are some ISO standards. ISO 9001 is the most famous standard. In this standard there are requirements for quality management system. Meeting the requirements of ISO 9001 standard allows moving organization closer to excellent. There are some similarities and differences between quality award models and ISO 9001.

In terms of main similarities: the quality award models (the EFQM and the MBNQA models) and ISO 9001 follow the principles of TQM that have ramifications for all functions of organizations. All three models encourage also companies to conduct value-added audits and emphasize process management to achieve organizational performance [13, p.686]. With regards to the differences, the three models have different purposes and managerial areas. Other differences are in importance of each category, scoring scheme and in maturity level [13, p. 686–687].

There are also other ISO standards, which contain e.g. ISO 9004, ISO 10014. The self-assessment

process is presented in these standards and outlines a path for building excellence in organization. The main criteria of self-assessment process according to ISO 10014 concern eight quality management principles while in ISO 9004 criteria are taken from quality management system requirements. Process of self-assessment, similarly to self-assessment process in quality award models, makes a lot of opportunity to the organizations and lead organizations to try sustaining the excellence. This process is continuous and never ending.

5. Excellence according to academics, researchers and practitioners of management

The category of excellence in the context of the organizational management and organizational results was presented for the first time 25 years ago by T. Peters and R. Waterman in their book "In Search of Excellence...". Model for analysis used by T. Peters and R. Waterman was a model of McKinsey – well known as McKinsey's 7S framework. This model consists of the seven criteria of success needed for achieving excellence in the organization divided into two groups: hardware which included: strategy and structure; software which included: style, systems, staff, skills, shared values [15, p.10]. Although T. Peters and R. Waterman did not define the category of excellence but through manager's work observation they came to the conclusion that managers are able to do more when they are careful about all 7S, and not only about hardware (structure and strategy). Additionally they noticed that real changes in large institutions are a function of manager understands of the organizational complexity and relationships between all key success criteria in 7S framework.

In 1985 T. Peters as co-author with N. Austin published work concerning excellence: "A Passion for Excellence". The conclusions of previous studies have been simplified by the authors and presented by less complex model. According to T. Peters and N. Austin excellence is conditioned by four key success indicators. These are: employees, customer care, continuous innovation and leadership (Management by Wandering Around – MBWA) which combines the first three indicators by gaining experience in the functioning of the entire organization and its knowledge at all levels [16, p.374].

TQM Model according to J.S. Oakland includes such items as: planning, process, performance, people (4P) and culture, communication and commitment (3C) [17, p.26–27]. 4P belong to hardware group should be integrated with software (3C) group. Only through high organizational culture, reliably and quickly communication and suitable commitment of all people in the organization can understand its processes, plan its development, control and achieve its determined performance.

Another proposal for a model of excellence is proposed by S.M. Dahlgaard-Park and J.J. Dahlgaard [16, p.372]. Their excellence model of organizational excellence is based on following "the 4Ps": people; partnership; processes; products. The 4Ps model consists of five components, among which leadership is a basis for organizational excellence [18, p. 11]. This model suggests that the basis for achieving the organizational excellence is to have excellent people, led by the leaders. Excellence people create the excellent partnership that creates excellence processes and products. This all elements together are the basis for defining the characteristics of excellent organization, which over time can become a foundation for building excellent communities and societies (excellent world). According to S.M. Dahlgaard-Park excellence can be attained if you: care more than others think is wise; risk more than others think is safe; dream more than others think is practical and expect more than others think is possible [18, p. 5–6].

Other organizational excellence model was presented by St. Gallen School [19, p.179]. This model joined hard elements from 4P model of McKinsey (strategy, structure, systems) with other three soft elements (culture of the organization, management style, problem solving).

Another approach to the construction of a model of organizational excellence can be found in the

work of the N.L. Frigon and H.K. Jackson [20, p.8]. In their model of Enterprise Excellence they used ideas from previously models of excellence and expanded them by adding others elements of value chain. Other elements which one can take into consideration during the building the excellence model may be those which are presented in the "4P Model of the Toyota Production System (TPS). The 4P Model of the TPS developed by Toyota Corporation is based on: the philosophy of management, processes, people and partners and problem solving. Listed above 4P of Toyota are based on the 14 principles of management formulated also by Toyota. The 14 principles of management were divided into four categories. The 4P Model can be considered as a validated example of organizational excellence model because of many years' standing using it in practice. It confirms large experience of Toyota corporation on the road to the excellence on the automobile market.

According to P. Senge there are five basic techniques (disciplines) of self-improvement of the organization. These are: personal mastery; mental models; building shared vision; team learning; systems thinking. Each of the presented above disciplines are needed to achieve excellence. It means that one cannot build the organization without a continuous learning of the organization. Organizations learn only through learning of individuals. This does not mean that learning of individual guarantees a learning of whole organization, but in general without individuals learning does not occur the learning of the whole organization. Individual learning is a precondition for organizational learning and organizational "walking" towards excellence. To activating cycle of deep learning are needed five basic disciplines of learning.

6. Conclusion

Business excellence is become the aim of the organizations. Excellence category follows evolution of the quality concept. In Management Sciences business excellence as important issue has become a subject of interest for many academics, researchers and practitioners, such as: T. Peters, R. Waterman, S.M. Dahlgaard-Park and J.J. Dahlgaard, J.S. Oakland, N.L. Frigon and H.K. Jackson, School of St. Gallen, Mc Kinsey or Toyota. There were identified three main groups of business excellence models: international and national Quality Awards (European, American, Japan, Polish, etc.), ISO Standards and works of scientists, researchers and practitioners which are the roadmap for organizations to strive after excellence. There was shown also the evolution concept of quality from quality management to business excellence. Because of this trend – comprehensive strive after excellence – a comprehension of good and excellence become a basic priority for every nation across the globe, for every organization and for every human being [1, p. 310].

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Summary

The purpose of the paper is to show the change in quality concept which evolved from quality inspection, through quality management to business excellence. The paper presents also evolved perceptions of excellence in management theory during the time and some different groups of business excellence models. The main research methodology is the literature review regarding business excellence.

Keywords: quality control; quality management; total quality management (TQM); business excellence.

UD classification: 339.137.24: 338. 2

Date of acceptance: 10.11.2012