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Benchmarking the South African Excellence Model against worldclass best practice business Excellence Models

Abstract

This study benchmarks South African Excellence Model (SAEM) against selected similar models in developed economies. The primary research question is: Why are South African small and medium enterprises (SMEs) not performing well in comparison to similar businesses in developed economies? The objectives of the study are to compare SAEM against worldclass best practice business excellence models, measure and rate SMEs management performance criteria.

Random sampling was used to select SMEs in the construction industry. The findings revealed SAEM as equally a good model as worldclass best practice models. Empirical results revealed low management performance scores in comparison with those of worldclass best practice. Recommendations included aggressive marketing of SAEM and introducing continuous performance management improvement strategies on poorly rated criteria.

Keywords: benchmarking, business excellence models, developed economies, management performance, small and medium enterprises.
JEL Classification: L26, O1, L25.

Introduction

Comparing apples with oranges was, for many years, thought to be impossible. True as it may be in some areas, for business excellence however, this is possible and should be encouraged. Benchmarking world class best practice with those businesses in developing economies like South Africa could be equated to comparing apples with oranges. 'Cutting and mixing the two to make a fruit salad' is even a more brilliant innovation for business growth and sustainability to be realized.

This study benchmarks the South African Excellence Model (SAEM), which was developed to measure business management performance (SAEF, 2005, p. 2; Smit, Cronje, Brevis & Vrba, 2011, p. 45) against selected similar models that do the same in developed economies (Arefjev and Strucheuskaya, 2006, p. 29; Santos-Vijande and Alvarez-Gonzalez, 2007, p. 33). That is, the models used in developed countries serve as benchmarks. These benchmark models are comprehensive and seem to have similar management performance measurement criteria. Each of these models is developed and, at times, adapted to their local environment. The argument is: Unless the two economies mix their resources and learn from each other, there would be no cross-fertilisation of innovative ideas that are needed for continuous improvement, growth and sustainability of these economies.

The challenge is that, although both developing and developed economies have good business excellence models (BEMs), which measure similar businesses' management performance, the survival rate of new businesses in South Africa is low (Smit, et al., 2011, p. 19). Furthermore, management performance of small and medium-sized enterprises (SMEs) in South Africa seems not to be performing well in comparison with similar businesses in developed economies (Smit, et al., 2011, p. 19). There seems to be a huge gap in management performance between the two economies. The study seeks to benchmark the management performance of South African SMEs against those in the developed economies.

The primary research question is: Why are South African SMEs not performing well in comparison to similar businesses in the developed economies? Although South Africa is categorized under developing economies, the study area (Gauteng Province) is more developed than most provinces and fits most criteria for developed countries, given its relatively high level of economic growth and security. Developed countries are industrialized and technologically advanced, highly urbanized, relatively wealthy, and have generally evolved through both economic and demographic transitions (Botha and Musengi, 2012, p. 24).

Measuring management performance of South African SMEs, and benchmarking their performance against worldclass best practice would provide a better understanding of management performance gaps in comparison with other economies like the United States of America and Europe, for example. Addressing these gaps could play a role in continuous improvement of SMEs in South Africa.

The primary objective of the study is to benchmark the management performance of South African SMEs against similar businesses in developed economies. Secondary objectives are to compare the South

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African Excellence Model against worldclass best practice business excellence models, measure the management performance of South African SMEs using the SAEM and recommend strategies to improve South African SMEs' management performance.

1. Literature review

This section provides an overview of business Excellence Models (BEM). Business Excellence Models are frameworks that when applied within an organization, can help to focus thought and action in a more systematic and structured way that should lead to increased performance (Business Excellence Tools, 2015). Several business excellence models exist worldwide. While variations exist, these models are all remarkably similar. The most common include the Malcolm Baldridge National Quality Awards (MBNQA), the European Foundation for Quality Management (EFQM), the Singapore Quality Award Model, the Japan Quality Award Model, the Canadian Framework for Business Excellence and the Australian Business Excellence Framework (ABEF) (Business Excellence Tools, 2015). The South African Excellence Model was the latest (in 2002) to be recognized by the Global Excellence Model Council as one of international Excellence Models (Francis, 2012). The Global Excellence Model (GEM) Council, whose members are the guardians of the premier Excellence Models across the globe, serves as a global fraternity in the field of Excellence. This is done through a formalized approach for sharing their knowledge, experience and information.

An overview of these common BEMs across the globe, including SAEM, is briefly explored.

1.1. Japan Quality Award Model. The Union of Japanese Scientists and Engineers established the Deming Prize (DP) in Japan in 1951. This Prize was named in honor of the American statistician and father of the worldwide quality movement W. Edwards Deming (Oschman, 2004, p. 78).

The DP does not provide a model framework for organizing and prioritizing criteria. The evaluation includes 10 equally weighted points that each applicant must address. These points involve the following categories: policies, institution, information, standardization, human resources, quality assurance, maintenance, improvement, effects and future plans. Expert panel members judge performance against these points. While the Deming Prize does not provide a model per se, the categories are similar to those of the other award models (Dale, 2003, p. 477; Oschman, 2004, pp. 77-79).

This Model has, however, its own strengths and weaknesses. Relative strengths and weaknesses were summarized by Oschman (2004, p. 58). Some of these strengths are the Model emphasises removal of barriers to employee participation, provides a systematic and functional logic, which identifies stages in quality improvement and stresses that management comes before technology. Some of the weaknesses of the Model are that action plan and methodological principles are sometimes vague, the approach to leadership and motivation is seen by some as idiosyncratic and does not treat situations that are political or coercive.

1.2. Malcolm Baldrige National Quality Award Model. The Malcolm Baldrige National Quality Award (MBNQA) was created to promote quality awareness, identify the requirements for quality excellence, and share information about successful quality strategies and benefits (Oschman, 2004, p. 79). Arefjev and Strucheuskaya (2006, p. 29) echoed similar sentiments when they reported that "MBNQA is used in a number of TQM studies as a means to measure quality practices and performance. The validity of the MBNQA model has been tested by many scholars".

The Baldridge Model is the most popular and influential model in the Western world. There are more than 25 countries, including the United States and New Zealand that base their frameworks upon the Baldridge Model (Business Excellence Tools, 2012).

The Model has two triads: the leadership and the results triads. The leadership triad includes the leadership, strategic planning, and customer and market focus categories. The results triad includes the human resources, process management and business results categories (Dale, 2003, p. 480).

There are, however, perceived barriers to using the MBNQA criteria that Heaphy and Gruska (1995, p. 382) mentioned are: time constraints, fear of assessment findings, no perceived need and lack of trained examiners to do the assessment.

1.3. European Foundation for Quality Management Model. The European Foundation for Quality Management (EFQM) model has its roots in the philosophy of Total Quality Management (TQM). The potential of TQM is a means of gaining competitive advantage. This potential inspired fourteen leading European businesses in 1988 to form the European Foundation for Quality Management. Their objectives were "to stimulate, and, where necessary, to assist management in adopting and applying the principles of TQM, and to improve the competitiveness of European industry" (Lamotte & Carter, 1999, p. 5).

This Model is used throughout Europe. The EFQM believes that in Europe alone, at least 30,000 organizations are using the EFQM model. This figure is based on the number of EFQM members, the members of its national partners, and those organizations that they know are using the model in their business (Business Excellence Tools, 2012).

The EFQM consists of nine criteria: five categories in the quality improvement enablers and four categories in the results side. The quality improvement enabler categories are leadership, people management, policy and strategy, resources and processes. The results categories are people satisfaction, customer satisfaction, and impact on society and business results (Oschman, 2004, p. 80).

The advantages of the EFQM Model from the empirical research perspective reported by Santos-Vijande and Alvarez-Gonzalez (2007, p. 24) are: the model is regularly revised and updated, incorporating the contributions of EFQM consultants. Therefore, the set of constructs underlying the model is not limited to a single researcher's view of TQM, which also guarantees its comprehensiveness, dynamism and tracking of the latest developments in TQM. It provides an extensive set of sub-criteria to detail the exact meaning of each criterion. This facilitates the items' identification in the scale development.

In spite of the advantages and contributions of the EFQM, Williams, Bertsch, van der Wiele, van Iwaarden and Dale (2006, pp. 1288-1289) reported a range of concerns about the European Excellence Model and the self-assessment process. Organizations were questioning the relevance and usefulness of assessing themselves against its criteria and weightings.

The following main types of criticisms were amongst others stated by Williams et al. (2006): an increasing 'points score' against the criteria of the model was no guarantee that the number of internal and external defects noted, or the number and the vehemence of customer complaints, would diminish. Suppliers who were award winners and those known to be keen advocates of the model and the self-assessment process were not only delivering products and services with defects, but also seemed incapable of rectifying the things that had gone wrong. Management and staff were becoming bored by the self-assessment process and, after the third or so cycle of assessment had been completed, there appeared to be little added value from the committed resources. Top management used the model to assess their unit managers rather than to improve business performance. Large sums were spent on training staff as assessors, assembling data, and preparing reports, but unit managers' focus was far more on meeting the minimum number of points set by top management than on accurate diagnostics and implementation of action plans that would result in improvement of unit performance.

In spite of criticisms levelled against the EFQM excellence model, its relevance and importance cannot be disputed. Williams et al. (2006., p. 1287) asserted that "over the last 20 years, business excellence models have become very popular and have been widely used in self-assessment with the aim of improving organizational performance".

This view is supported by Santos-Vijande and Alvarez-Gonzalez (2007, p. 33) when they stated that the EFQM model is receiving an ever-growing number of applications for recognition at its different levels (committed to excellence, recognition for excellence, and the EFQM excellence award).

1.4. Australian Business Excellence Framework (ABEF). The Australian Business Excellence Framework (ABEF) is an integrated leadership and management system that describes the elements essential to organizations sustaining high levels of performance. It can be used to assess and improve any aspect of an organization, including leadership, strategy and planning, people, information and knowledge, safety, service delivery, product quality and bottom-line results (SAI Global Limited, 2012).

The ABEF provides organizations with assurance of their sustainable performance and is Australia's preferred framework for leadership and governance. It is proven to bring about powerful changes in organizational performance and culture. Organizations using the ABEF are able to develop business resilience and an integrated focus on sustainable performance (SAI Global Limited, 2012).

The ABEF, like all other BEMs, has benefits and limitations. ACELG (2011, p. 9) reported one council that summarized the benefits that all 18 surveyed councils derived from adopting the ABEF as follows:

Other than being instrumental in introducing a continuous improvement culture, the tangible benefits have been substantial and long standing from both strategic and operational viewpoints. A shared understanding of future direction, understanding community expectations, employee empowerment and understanding and improving processes gives a confidence in the organization's ability to adapt to changing circumstances.

In addition, they described the ABEF as providing a structured process for continuous improvement, a facilitator of better communication, a tool for team building and aligning the organization to corporate priorities, a catalyst for finding financial savings, and a vehicle for providing access to best practice.

A similar survey identified some gaps and barriers with the ABEF. Some of the barriers include the difficulty of many staff in understanding that to improve the system, you need be able to step outside of what you have always done and look at the system from outside. This means time away from doing the tasks to reviewing how the tasks are completed. Further critical comments included the level of resources required over time, the lack of applicability of the framework language to the local government context, an insufficient coverage of community governance and political factors, and commercial copyright restrictions preventing better exchange of information.

1.5. Singapore Quality Award (SQA) Model. The Singapore Quality Award (SQA) is modelled on the best features of the MBNQA, European Quality Award (EQA) and the Deming Prize (DP). As a symbol of world class business excellence, the SQA encourages organizations to strengthen their management system to improve their competitiveness (Hanaee, 2011, p. 43). This framework is used as a basis for assessing Singapore's organizations to the highest standards of quality and business excellence. The award aims to establish Singapore as a country committed to worldclass business excellence. The framework and award is administered by SPRING Singapore (BPIR, 2011).

The SQA framework includes seven key categories: leadership, planning, information, people, process, customer and results. There are 75 excellence indicators under these seven categories which give companies practical directions. According to Woon (2000), based on the experience of 240 Singapore Quality Class organizations, and Quazi et al. (1998), based on 33 Singaporean organizations, Singapore has a fairly high level of TQM practices.

There is, however, still criticism on the implementation of TQM in Singapore. Feng, Prajogo, Tan and Sohal (2006, p. 271) reported the following: Yong and Wilkinson (2001) thought Singapore still has a long way to achieve a TQM culture. They point out that there was a reactive nature of QM practitioners, low employee involvement and low QC circle participation rate compared to the early TQM adopter, such as Japanese companies. The level of TQM development may be influenced by the level of economic development and the length of TQM implementation in Singapore (Woon, 2000). The adoption of TQM in Singapore is viewed to be relatively recent when compared with Japan.

1.6. Canadian Framework for Business Excellence. The Canadian Framework for Business Excellence was established by Excellence Canada. Excellence Canada was formed in 1992 as a not-for-profit partnership between the Government and leading private sector organizations. The Framework provides criteria for best practices that can help Canadian organizations to achieve worldclass performance. This was motivated by strong evidence at that time that Canada was losing competitive ground internationally. A national commitment to quality was needed in order to refocus and energize the private sector to move to a quality-based, globally-competitive economy (Excellence Canada, 2015).

The framework is administered by the National Quality Institute. The framework consists of seven categories: leadership, planning, customer focus, people focus, process management, supplier partner focus and business performance. BPRIM (2015) summarized eight principles that form the foundation for long-term improvement and excellence and permeate the Canadian Framework for Business Excellence. These principles are: leadership through involvement, primary focus on stakeholders/customers and the market place, cooperation and teamwork, prevention-based process management, factual approach to decision-making, continuous learning and people involvement, focus on continuous improvement and breakthrough thinking and fulfil obligations to all stakeholders and society.

1.7. The South African Excellence Model. The South African Excellence Model (SAEM) is a product of the South African Excellence Foundation (SAEF)[*]. The SAEF was an association not-for-gain, incorporated under section 21 of the South African Companies Act, No. 61 of 1973. It was launched on 28 August 1997 and commenced business on 14 August 1998 (SAEF, 2004, p. 2).

The SAEM was developed by, amongst other organizations, the CSIR, Eskom, Standard Bank of South Africa and Mercedes Benz companies to deal with the issue of performance excellence in organizations (Smit, et al., 2011, p. 45). It was developed by using the MBNQA in the United States of America and the EFQM as a point of departure. It is a diagnostic self-assessment tool that allows organizations to identify their strengths and areas for improvement. It scores business performance against internationally recognized criteria for performance excellence. The SAEM is a non-prescriptive framework for management education, organizational self-assessment and continuous performance improvement for all organizations (SAEF, 2004, p. 4).

[*]The SAEF was liquidated in 2006.

The SAEF (2000a, p. 6) states that the SAEF model was adapted for SMEs by a task team that was funded by the Department of Trade and Industry (DTI). After the model had been adapted, it was tested and evaluated by organizations in engineering and manufacturing, amongst others. The organizations represented in the SME Project Team included the Business Systems & Metrics, C.V. Francis & Associates, CSIR, DaimlerChrysler South Africa, DTI, First National Bank of Southern Africa, Honeywell Southern Africa and Ntsika Enterprise Promotion Agency.

The SAEM has eleven criteria to evaluate management performance. These criteria are leadership; policy and strategy; customer and market focus; people management; resources and information management; processes; impact on society; customer satisfaction; people satisfaction; supplier and partnership performance, and business results (SAFRI, 2004, p. 1).

All the mentioned models stress the importance of self-assessment (Oschman, 2004, p. 77). Self-assessment is briefly explained below.

Balbastre and Moreno-Luzón (2003, p. 369) define self-assessment as a comprehensive, systematic and regular review of the activities and results of an institution, contrasted with an excellence model. Pun (2002, p. 761) points out that self-assessment can enhance the making of comprehensive, systematic and regular reviews of an institution's activities that ultimately result in planned improvement actions. The assessment process helps institutions to identify their strengths and areas that need improvement as well as best practices where they exist (Oschman, 2004, p. 77).

This study, however, focuses on comparing only three of the most prominent and comprehensive business excellence models discussed above. These models are the MBNQA, EFQM and SAEM.

The SAEM is the result of a researched combination of two well-known international Models, namely, the USA Malcolm Baldrige National Quality Award (MBNQA) model and the European equivalent model, the European Foundation for Quality Management (EFQM). The SAEM was customized to better represent the South African needs. In this regard, the SAEM uniquely provides for three levels of Excellence Criteria - not found in any other model. In this sense, it is applicable to South Africa as a developing economy, and, at the same time, provides for global "best-in-class" benchmarking (see Figure 1).

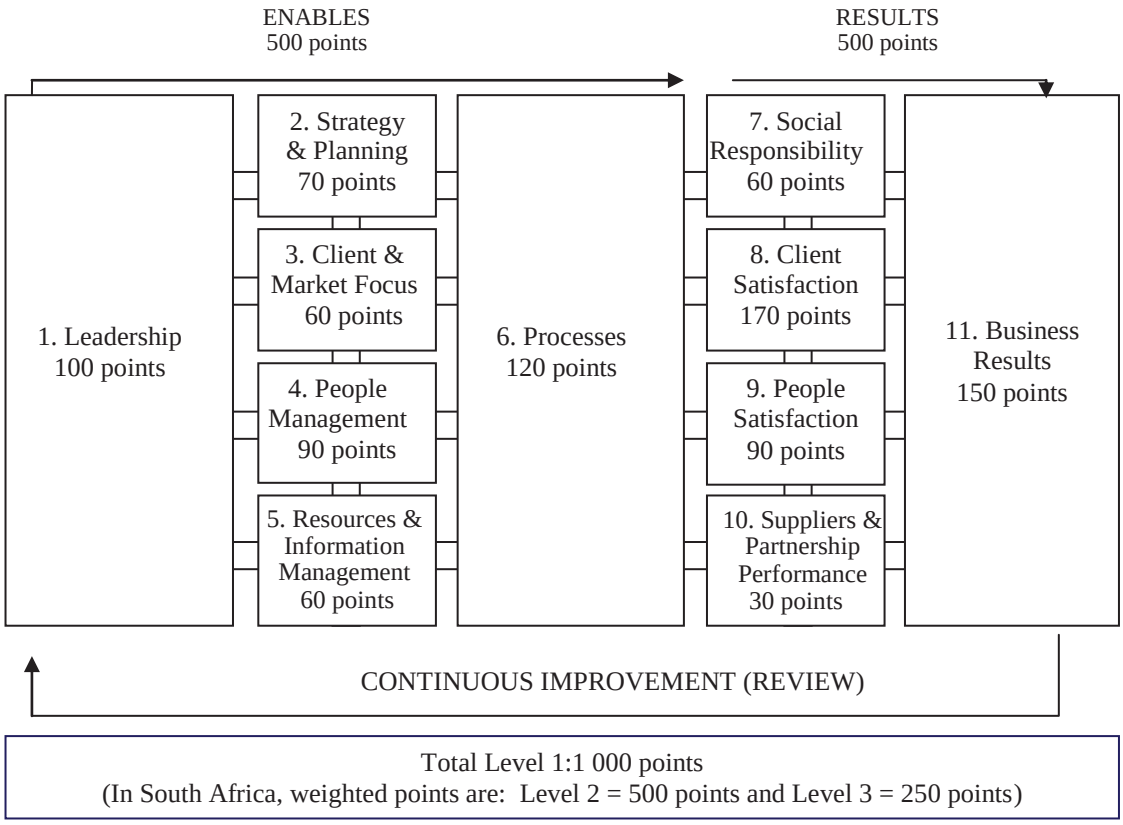

Fig. 1. South African Excellence Model

Adapted from SAEF (2000a, p. 14).

2. Methodology

This section explains the methodology used in collecting secondary and primary data. The type of tests to determine the variations in responses were also explained in this section. The population, sampling and data collection methods were explained.

Comparative and content analysis research designs were used for data collection and analysis. First, secondary data (mainly theory) were collected through studying and analyzing prominent business excellence models. Three of these models (SAEM, MBNQA and EFQM) formed part of the study.

Then, primary data, forming the empirical part, were collected through face-to-face interviews using the Performance Excellence Self-Assessment Questionnaire (PESQ). The PESQ is a standardized questionnaire that was adapted from the South Africanr Excellence Model (SAEM). Sixty-four randomly selected SMEs in the construction industry were investigated. In total, 326 employees participated in the self-assessment process of the sampled SMEs. These employees were purposely selected based on the total number of employees in a particular sampled business. They represented staff at all levels, namely, top management, middle management, lower-level management and laborers. The number of employees interviewed per sampled business varied from 1 to 21 employees. The reason for this variation was that some businesses employ fewer employees than others.

Equality of variance tests were conducted to determine the variations in responses where only one respondent represented a SME compared to where the SMEs were represented by several respondents. Levene's test of variances (Field, 2000, p. 6) was used for this purpose. Levene's test revealed that the requirement of homogeneity was met on the basis of standard deviations in samples as small as one employee to several employees.

Two sub-populations of SMEs in Gauteng were used for the study, namely, the Gauteng Master Builders Association (GMBA) and the Construction Industry Development Board (CIDB). SMEs in these sub-populations were randomly selected.

The study used probability sampling. A stratified random sample was selected from each of the identified sub-populations.

The SAEF (2000b, p. 4) presents five main approaches to the self-assessment process: the Matrix, the Questionnaire, the Workshop, the Pro Forma and the Award Simulation. The Matrix and the Questionnaire are perception-based. The rest of the approaches are fact-based. These approaches are costly and time consuming.

This study followed the Matrix approach, because it is an effective and efficient tool for getting a quick idea of where an organization is at the moment.

The Questionnaire used for the Matrix approach includes each of the eleven criteria and their components. The participants in the self-assessment process read each question and wrote down what the business is doing in terms of that specific criterion and "focus areas".

The participants had to provide proof in the form of descriptive evidence of what they are doing in the business. The participants, then, wrote the relevant score in each area to reflect the progress made (see Figure 2 and sample of questionnaire for the different scores).

Scoring descriptions and options			
Standard method	Scoring options		Scoring descriptions
	Levels	%	
	0	0%	Not started … across potential implementation area.
	1	≤ 25%	Some progress … across about ¼ of potential implementation area.
	2	≤50%	Good progress …across about ½ of potential implementation area.
	3	≤75%	Substantial progress … across about ¾ of potential implementation area.
	4	≤100%	Fully achieved … across entire potential implementation area.

Fig. 2. Scoring description and options

Source: Adapted from Ladzani (2009, p. 73).

When scoring the management performance of the business, areas of improvement are scored zero (0) and one (1). Score zero (0) is when someone has no ideas, or has ideas, but not acted on them. When there is some evidence of soundly based approaches and prevention-based systems, subject to occasional review, the score is one (1) (SAFRI, 2004, p. 5).

The strengths of the business management performance are the scores of two (2), three (3) and four (4). When there is evidence of soundly based, systematic approaches and prevention-based systems, subject to regular review with respect to business effectiveness, integrated into normal operations and planning well established, the score is two (2). The score is three (3) when there is clear evidence of soundly based, systematic approach and prevention-based systems, clear evidence of refined and improved business effectiveness through review cycles. This score is usually associated with best in the Southern Africa Development Community (SADC) (SAFRI, 2004, p. 5).

Worldclass best practice is a score of four (4). When a business gets such a score, there is clear evidence of soundly based, systematic approach and prevention-based systems, clear evidence of refined and improved business effectiveness through review cycles and the approach has become totally integrated into normal working patterns (SAFRI, 2004, p. 5).

Findings

Content analysis revealed that the selected three models (SAEM, MBNQA and EFQM) originated from the Total Quality Model (TQM). The MBNQA and EFQM Models were, respectively, developed for the American environment and the European markets. In 1997, the SAEM was developed by using the MBNQA and the EFQM as a combined point of departure. The study revealed that the SAEM is as good management performance measurement instrument as the MBNQA and the EFQM.

Empirical research established that 73.4 percent of the sampled SMEs formally measured their management performance. The measurement tools they used were, however, not effective enough for measuring SMEs' management performance. None of the sampled SMEs knew about or used the SAEM, which the researcher found to be more effective and yields more reliable outputs.

Similarities between the three selected models are that all are mostly non-financial and comprehensive measures for Quality / Excellence Awards. There are, however, many more companies that use these models for their own internal self-assessment, because they are good for performance measurement.

Table 1. Summary of selected management evaluation models

No.	Business Performance Model	What the model measures: strengths	Weaknesses	Number of criteria perspectives of evaluation
1	MBNQA	Non-financial and comprehensive	Do not cover financial measurement sufficiently … Reconsider … See comment relating to par 17.	Seven
2	EFQM	Non-financial and comprehensive		Nine
3	SAEM	Non-financial and comprehensive		Eleven

Source: Adapted from Ladzani (2009, p. 62).

Comparison of the three models is reflected in Table 2 below.

Table 2. Comparison of Criteria for the Excellence Models

Criteria	MBNQA Model	EFQM Model	SAEM Model
1	Leadership	Leadership	Leadership
2	Strategic planning	Policy and strategy	Policy and strategy
3	Customer and market focus	-	Customer and market focus
4	Human resources development and management	People	People management
5	Information and analysis	Partnership and resources	Resources and information management
6	Process management	Processes	Processes
7	-	Society results	Impact on society
8	-	Customer results	Customer satisfaction
9	-	People results	People satisfaction
10	-	-	Supplier and partnership performance
11	Business results	Key performance results	Business results
No. of criteria	7	9	11

Adapted from Lamotte and Carter (1999, p. 6), Oschman (2004, pp. 80, 81, 82), and Bond (2006, p. 3)

The MBNQA, EFQM and SACEM originate from TQM. They are all measures of quality awards. The MBNQA was developed for the American environment, whereas the EFQM was developed for the European markets. SAEM was developed for the South African environment.

These models have differences, especially in terms of their criteria (see Table 2 above).

Williams et al. (2006, p. 1290) argue that there is no model that could be used across all countries and situations as follows:

…there is no one best worldwide award structure. The national awards vary on the dimensions used, the weightings given to the dimensions and on the number of different awards needed in order to cover different industry and service segments. It is also suggested that differences found are related not only to national culture, but also to a country's stage of economic development.

Table 3. Responding SMEs total annual turnover in rand value

Annual turnover	Frequency	Percentage	Valid percent	Cumulative percent	Sub-sector
Less than R150 000	6	9.3	9.3	9.3	Micro
R0.15m < R2.00m	14	21.9	21.9	31.2	Very Small
R2.00m < R5.00m	19	29.7	29.7	60.9	Small
R5.00m < R20.00m	20	31.3	31.3	92.2	Medium
More than R20.00m	5	7.8	7.8	100.0	Large
Total	64	100.0	100.0		

Source: Researcher's own construction.

The first and the last columns of Table 3 show the annual turnover and sub-sector compositions of SMEs based in the construction industry as per the schedule of the National Small Business Act Number 102 of 1996. Of the respondents, 31.3 percent had a turnover of between R5.0 million and R20.0 million; 29.7 percent had a turnover of between R2.0 million and R5.0 million, and 7.8 percent had a turnover of more than R20.0 million. The rest of the respondents had a turnover of less than R2.0 million.

This analysis indicated that of the respondents, 61 percent could be classified as small and medium-sized enterprises. Very small enterprises fall in the interval R0.15 to R2.0 million. Only 9.3 percent of the respondents were micro-enterprises (turnover of less than R150 000).

Distinguishing SMEs is, however, mainly based on economic (or qualitative) and statistical (or quantitative) guidelines. Table 3 used only quantitative guidelines to establish the sector or sub-sector of SMEs. There is usually an overlap, where some of the SMEs that are in a certain category, should, in fact, be in the other. For example, the category where the turnover is more than R20 million, falls under SMEs when all other guidelines are used.

Table 4. SMEs' management performance measuring instruments

Performance instruments	Extent of use	
	Number of SMEs	Percentage
Balance scorecard	5	9.4
ISO 9000	1	1.9
Quality management	12	22.6
Value chain management	2	3.8
SA Excellence Model	-	-
Financial statements	31	58.5
Other	2	3.8
N	53	100

Source: Researcher's own construction.

The responding owner-managers were asked to indicate the management performance measurement instruments used in their respective businesses. A total of 53 SMEs responded to this question. Of those SMEs that responded to this question, 31 (58.5%) used financial statements; 12 (22.6%) used quality management; five (9.4%) used balance scorecards; two (3.8%) used value chain management and other (unspecified) performance management instruments, respectively, and only one (1.9%) used ISO 9000. None of the respondents used the South African Excellence Model.

Table 5 shows the worldclass best practice and the South African / SADC management performance benchmarked scores against the respondents' SMEs management performance scores achieved. Each of the criterion scores in the worldclass best practice equals to 100 percent and those of the South African/SADC best practice equal to 75 percent (see columns 1 and 2). The 75 percent is a realistic achievement for management performance and describes worldclass best practice (SAFRI, 2004, p. 5). Since industry weighted averages for SMEs were not available, preliminary industry benchmark was, thus, set at 75 percent management performance for all the Criteria.

The overall management performances of the responding SMEs are shown in column 3. Columns 4 and 5 show deviations from worldclass and South Africa / SADC best practices.

Table 5. SMEs' management performance criteria scores

Management Performance Criteria	Worldclass best practice		South African / SADC best practice		SMEs scores achieved		Deviations from worldclass best practice		Deviations from South African / SADC best practice	
	Actual scores	Equivalence (%)	Actual scores	Equivalence (%)	Actual scores	Equivalence (%)	Actual scores	Equivalence (%)	Actual scores	Equivalence (%)
Leadership	25	100%	18.75	75%	18	72%	7	28%	0.75	3%
Policy & strategy	17	100%	12.75	75%	2	11.8%	15	88.2%	10.75	63.2%
Customer & market focus	15	100%	11.25	75%	10	66.7%	5	33.3%	1.25	8.3%
People management	23	100%	17.25	75%	7	30.4%	16	69.6%	10.25	44.6%
Resources and information management	15	100%	11.25	75%	10	66.7%	5	33.3%	1.25	8.3%
Processes	30	100%	22.50	75%	13	43.3%	17	56.7%	9.50	31.7%
Total for enabler (action) criteria	125	100%	93.75	75%	60	48.5%	65	51.5%	33.75	26.5%
Social responsibility	15	100%	11.25	75%	0	0.0%	15	100%	11.25	75%
Customer satisfaction	43	100%	32.25	75%	32	74.4%	11	25.6%	0.25	0.6%
People satisfaction	22	100%	16.50	75%	7	31.8%	15	68.2%	9.25	43.2%
Supplier & partnership performance	7	100%	5.25	75%	2	28.6%	5	71.4%	3.25	46.4%
Business results	38	100%	28.50	75%	3	7.9%	35	92.1%	25.50	67.1%
Total for results (achievement) criteria	125	100%	93.75	75%	44	28.5%	81	71.5%	49.50	46.5%
TOTAL SCORES	250	100%	187.50	75%	104	38.5%	146	61.5%	83.25	36.5%

Source: researcher's own construction.

The difference between maximum and scored points, criteria priority scores (where the lowest number indicates higher priority) and achievement in percentage form are shown in these columns.

The worldclass best practice actual scores against the sampled SMEs actual scores achieved shown in Table 5 above (see columns 1 and 3) are further represented graphically in Figure 3 below.

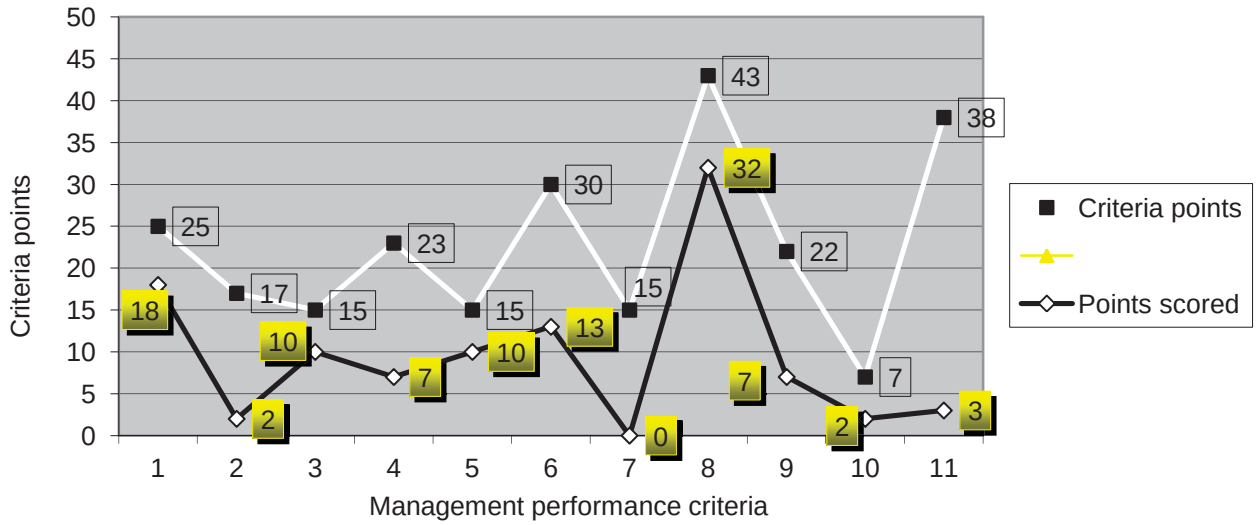

Fig. 3. Worldclass best practice versus respondents' Criteria points

1: Leadership; 2: Policy & Strategy; 3: Customer & Market Focus; 4: People Management; 5: Resources & Information Management; 6: Processes; 7: Impact on Society; 8: Customer Satisfaction; 9: People Satisfaction; 10: Supplier and Partnership Performance; 11: Business Results.

Source: Researcher's own construction.

Figure 3 shows the respondents' position in terms of management performance criteria. The criteria points (highest points per criterion) are the worldclass best practice points. Below each grid (highest point per criterion) are the average points scored by all the sampled SMEs.

The weakest link in the study area was criterion 7 – Impact on society.. This criterion scored an average of zero points as against the 15 maximum points for the worldclass best practice management performance. It was, thus, ranked the lowest of the eleven management performance criteria. The strongest link was customer satisfaction that scored 32 out of the maximum of 43 points. Deviations between the actual best practice scores and the actual achieved scores in the study area are clearly revealed, as shown in Table 5 and Figure 3.

These findings, where deviations of the achieved scores from "best practice scores", are established are good indications to prioritize action plans for management performance improvement.

Conclusions and recommendations

Secondary research benchmarked management performance of SAEM against worldclass best practice BEMs (specifically MBNQA and the EFQM) and SAEM was found to be on a par as a good management performance measurement instrument. Since efficient financial management is core to the success of any business lack of knowledge and sufficient focus on financial management, therefore, deprive any business of achieving their basic objective to be successful (De Beer, Kritzinger, Venter, Steyn, Labuschagne, Ferreira, Groenewald & Stapelberg, 2002, p. 31). All three Models, however, lack comprehensive financial management measures.

The empirical study measured the management performance of SMEs in the study area. While SAEM is, in fact, "better" than the two other models, by virtue of the fact that it was adapted from the two models, the management performance results showed low scores in comparison with worldclass best practice scores.

This could be attested to the fact that SAEM is not utilized amongst South African SMEs (construction industry) as a means of "self-assessment" followed by direct action to improve on areas that require improvement. The findings of the study further revealed unparalleled gaps between the South African SMEs management performance against those of worldclass best practice management performance.

None of the responding SMEs used SAEM to measure their management performance. It is recommended that SMEs' stakeholders aggressively market SAEM, given its role and benefits to improving business excellence when appropriate actions are taken. It is further recommended that SMEs' support mechanisms should be packaged in such a way that they include the training on the use of SAEM in their businesses.

The SAEM should also be strengthened by including two financial management criteria. The one criterion of financial management (financial planning and management) should be on the input side, (that is, Enablers) and the other side (financial management output) on the output side (that is, results).

SMEs' owner/managers should be encouraged to prioritize and make interventions on those management performance criteria that recorded poor ratings. Priorities should be considered in terms of both criteria's low scores and the scores of the individual focus areas in each criterion (note: each criterion has ten focus areas – see sample of SAEM questionnaire attached in the appendix).

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Appendix

Table 1. Sample of South African Excellence Model questionnaire

Matrix chart assessment sheet To be completed by all (BS) participants		
1. Leadership		
How the behaviour and actions of the executive team and all other leaders inspire, support and promote a culture of Performance Excellence.		
Step	Description	Score
10	All managers are pro-active in sustaining continuous improvement.	
9	Managers are able to demonstrate their external involvement in promotion of total quality management as a business philosophy based on their own experience.	
8	Managers have a consistent approach towards continuous improvement across the unit.	
7	The management team are proactive in valuing, recognising and rewarding all employees for continuous improvement	
6	Managers are visibly involved in the development and support of improvement teams and act as champions.	
5	A process is in place to ensure managers are working with customers and suppliers, and that the effectiveness of this process can be assessed.	
4	A process is in place to ensure managers are visibly involved as role models in organization improvement within the unit. The effectiveness of the process is reviewed.	
3	A process is in place to ensure mutual under-standing of organization issues through two-way communication, both vertically and horizontally throughout the unit.	
2	A process is in place to create and continually increase an open awareness of organization issues throughout the unit.	
1	The management team have a process in place to develop their own awareness of the concepts of,ie Total Quality Management.	
Score (Assessment) descriptions & options		↑
Not started … or little progress across potential implementation area.		0
Some progress … across about ¼ of potential implementation area.		1
Good progress … across about ½ of potential implementation area.		2
Substantial progress … across about ¾ of potential implementation area.		3
Fully achieved … across entire potential implementation area.		4

Matrix chart assessment sheet To be completed by all (BS) participants		
1. Leadership		
How the behaviour and actions of the executive team and all other leaders inspire, support and promote a culture of Performance Excellence.		
Step	Description	Score
10	All managers are pro-active in sustaining continuous improvement	
9	Managers are able to demonstrate their external involvement in promotion of Total Quality Management as a business philosophy based on their own experience.	
8	Managers have a consistent approach towards continuous improvement across the unit.	
7	The management team are proactive in valuing, recognising and rewarding all employees for continuous improvement.	
6	Managers are visibly involved in the development and support of improvement teams and act as champions.	
5	A process is in place to ensure managers are working with customers and suppliers, and that the effectiveness of this process can be assessed.	
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2	A process is in place to create and continually in-crease an open awareness of organization issues throughout the unit.	
1	The management team have a process in place to develop their own awareness of the concepts of,ie Total Quality Management.	
Score (ssessment) descriptions & options		↑
Not started … or little progress across potential implementation area.		0
Some progress … across about ¼ of potential implementation area.		1
Good progress … across about ½ of potential implementation area.		2
Substantial progress … across about ¾ of potential implementation area.		3
Fully achieved … across entire potential implementation area.		4