



Quality excellence model: A review of researches in Developing countries

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ABSTRACT

There have been fundamental changes in management since 1950, and these changes are still affecting enterprises around the globe. Quality as the main issue of these changes has received special consideration. The European foundation for quality management (EFQM) was established in 1988 in order to achieve quality leadership and continuous improvement. EFQM is a model which is designed for all kinds of organization and with utilizing self assessment as a strategic tool helps companies to identify their weaknesses, strengths and areas of improvement. This paper reviews some of the studies conducted in developing countries about applying EFQM in enterprises with special attention to small and medium-sized enterprise (SMEs). The main purpose of this study is to find whether EFQM model have been successful in building winning and efficient organizations in developing countries. Due to the situation of global market and competitive environment, SMEs in developing countries realized that they need to have a proper quality model in order to recognize their weaknesses and strengths, and the areas of their improvement to be able to compete in the international market. The results indicates EFQM gives better outcome for private organizations in comparison with public organizations and the best excellence model which fits developing countries' SMEs is EFQM model.

Key words: EFQM, Developing Countries, Quality leadership, Competitive Advantage.

INTRODUCTION

To accomplish the interest of stakeholders, partners, managers, staff, customers and societies, quality is used as a powerful tool by all organizations. Quality is regarded as fundamental strategy to support and improve the competitiveness of organizations (Camison, 1996). Since 1950, Japanese effort to reconstruct their economy has brought fundamental changes to management, which still affecting enterprises around the world. Reflecting quality as a duty for all departments in the company, preventing rather than inspecting, customer orientation, continuous improvement and quality leadership are key characteristic of a company that implementing quality management which where applied by Japan and very fast followed by U.S and Europe companies (Gomez, 2010). The Japanese Deming

prize was the result of important attribute to quality management in the country. Very soon U.S and Europe established their own quality awards, MBNQA for US and EFQM for Europe (Joaquín Gómez Gómez, 2010). After that many countries created their own national awards which were designed based on the first three (Curkovic, 2000). Despite European countries applying EFQM as an excellence model many other countries are applying EFQM. These countries have their own standards and excellence model but currently many companies applying EFQM to be more competitive and efficient in the global market.

As developing countries are moving quickly toward applying globally accepted excellence models, a revision of EFQM application in SMEs of developing countries will be done through this paper.

EFQM

The European foundation for quality management (EFQM) was established in 1988 in order to help European companies to be competitive in international market. At its very beginning this foundation decided to create a quality award similar to American MBNQA (Conti, 2007). The fundamentals of quality awards are almost the same because all of them are representing the TQM philosophy, however in different countries quality awards some how differ from each other (Joaquín Go´mez Go´mez, 2010). For instance in fewer developed countries these awards give less attention to portions like social responsibility and more to leadership, but in Europe, the model stick more relevance to social impact and human resource management (Tan, 2002). The EFQM model assumes that any organization regardless of its sector, size, structure and etc. should have a sound management system to be successful. Consequently, EFQM can be used as an instrument to makeup the management system of an organization by conducting self- assessment (Joaquín Go´mez Go´mez, 2010). Self-assessment is comparing activities and results of the company with the excellence model (Hillman, 1994). Self- assessment helps companies to find strengths and improvement eras in order to develop their improvement plans which should be included in organizational strategic plan (Dale, 2000).

The EFQM model is a non-prescriptive model which is based on nine criteria divided into two parts; five are enablers (how jobs are being done in organization), and four are results (what have been achieved by organization). (See figure 1). The model accepts that there are many ways to achieve sustainable excellence in all features of performance, and it is on the basis of that excellence results with respect to performance, customer, people and society which are accomplished through partnership recourses and processes. Arrows are showing dynamic nature of the model, which means innovation and learning, facilitating the improvement of enablers which direct the organization to get better results (Joaquín Go´mez Go´mez, 2010). There are two important characteristics of EFQM model:

- EFQM takes into consideration all features and mechanism of organization, including leadership, partnership, strategy, staff and process. As a result, it can be used as a frame work to recognize the areas of improvement and as a self-assessment tool for the quality award.
- Applying EFQM is not limited to the size of organization and its sector; it can be used by all types of organizations.

The most important benefit that the organizations can get by applying EFQM model is recognizing the organization and its employee's strengths and weaknesses, which help the organization through its improvement plans (Tajri, 2005). There are some advantages of EFQM model, which are listed below:

- Management base.
- Assessing the facts.
- Helping organization to obtain results.
- Moving toward organizational excellence by using self-assessment (Engineering, 2005).

There is a note here that some of the researches find that the EFQM model gets better results in private sector than

public sector (Ehsan Sadeh, 2010; Joaquín Go´mez Go´mez, 2010; Nour Mohammad Yaghoubi, 2011). Over all EFQM, model leads organizations to organizational excellence by identifying the areas which they can improve (in regard to continuous improvement), and their strengths and weakness through conducting the self- assessment in organizations. Then these improvement areas and strengths points will be integrated in company's strategic plans in order to eliminate the weaknesses and keep improving in improvement areas.

APPLICATION OF EFQM MODEL IN DEVELOPING COUNTRIES

Due to the high interdependence in the modern economy organizations can't produce high-quality products if they don't have proper understanding of quality, and they haven't applied an accurate and competitive quality model to lead their organizations to excellence (Lewis, 2006).

As long as EFQM is a good and qualified model for all types of organizations, especially private sector, since several years ago the many small and medium-sized enterprises in developing countries are using the model for organizational assessment (Hossaini, 2004; Razani, 2002). Due to the situation of global market and competitive environment SMEs in developing countries realized that they need to have a proper quality model in order to recognize their weaknesses and strengths, and the areas of their improvement to be able to compete in the international market (Nour Mohammad Yaghoubi, 2011). EFQM model was chosen by many SMEs; since it was widely used by Europe and other countries, and developing countries could observe the flexibility of the model and results of applying EFQM model in many countries after choosing EFQM as an excellence model tool there have been a significant move toward using EFQM among developing countries SMEs. Small to medium sized enterprises choose EFQM because of its suitable assessment system, which utilizes management system and quality system. Now many small and large companies are applying EFQM model to lead their organizations toward organizational excellence and high-quality performance (sadeh, 2010). Empirical studies stated that the important role of high quality production and performance in competitive international and domestic market, motivated developing countries' enterprises to improve their standards in order to be able to compete with their foreign and domestic rivals. SMEs are the most important for applying EFQM. Many large companies in developing countries have adopted EFQM and they have got acceptable results from that, and now to complete the movement toward quality and excellence SMEs should apply the excellence model (Ehsan Sadeh, 2010; Mohd Nizam AB rahman, 2005).

Interrelationships among EFQM Excellence Criteria in Industrial SMEs is one of the important features during applying the model(see figure 2) , some researches have been done in this field and major findings of these investigations reveal that leadership is the most effective factor an it is not affected by any other variables which confirms the statement by TAN that says: For instance in fewer developed countries these awards give less attention to portions like social responsibility and more to leadership (Tan, 2002). And also findings shows that key performance

results have no impact on other factors and they are easily influenced by other concepts. According to the results; leadership, policy & strategy, people and partnership & recourses which have positive value are included in cause group. Processes, customer results, people results and key performance results with negative value are included in effect group. Also results derived from these researches are confirming pervious studies and backed by original EFQM excellence model which represents TQM philosophy. On the other hand considering the capabilities of EFQM are essential to be for applying it in developing countries. Several empirical researches have been conducted on the capabilities of EFQM model; these studies are stating that EFQM is a good model due to its assessment system which indentifies the strengths and weaknesses, and also the areas of improvement in the company. Researches utters that it is important for organizations to realize those strengths and weaknesses point, and improvement areas in order to integrate them in their strategic plan to be competitive and efficient. Results of these studies indicate that there is a significant empowerment in the organization after applying EFQM model and the companies will move toward organizational excellence. In one of the companies the results are supported by the consultant evaluation stating that the company has improved from 2006 to 2008 in its performance. This evaluation showed that there is a growth of 40% and continuous improvement in the company (Nour Mohammad Yaghoubi, 2011) . These studies results are also in conformity with pervious researches result about improvement in organization and studies about the effect of EFQM on organizational development.

from their experiences or mistakes to innovate new ways in order to avoid repeating mistakes and failures.

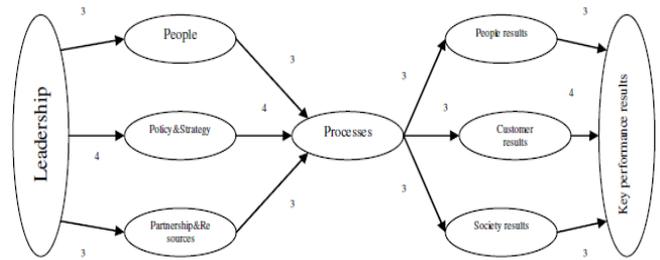


Figure 2: Cause and effect diagram (Nour Mohammad Yaghoubi, 2011)

This is inline with the TQ philosophy and continuous improvement toward organizational excellence and high quality performance. But also there is a note here which should be taken in to consideration and that is based on previous researches; EFQM gives better results for private organizations in comparison with public organizations (Ehsan Sadeh, 2010; Joaquín Gómez Gómez, 2010; Nour Mohammad Yaghoubi, 2011). As a result, for developing countries SMEs the situation is the same and they have realized that in order to be efficient and competitive in international and domestic market aside from their own standards they need to apply some other efficient and useful international excellence model. Based on the researches done in developing countries the best excellence model which fits their SMEs is EFQM model (Ehsan Sadeh, 2010; Nour Mohammad Yaghoubi, 2011). By applying this model developing countries SMEs can move toward organizational excellence through utilizing continuous improvement and TQ philosophy.

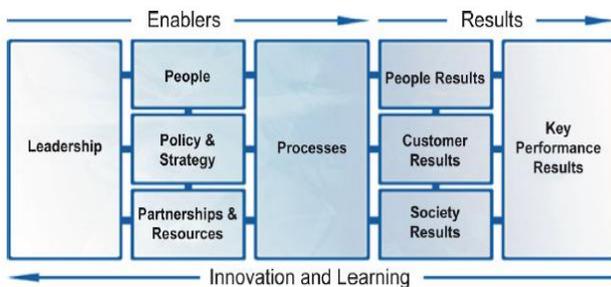


Figure 1: The EFQM excellence mode (Eskilden, 2001)

CONCLUSION AND RECOMMENDATION

Since high quality performance and production is a crucial factor for companies to survive in the present competitive and ever changing market, and it is one of the most important requirements by the customers and societies to be satisfied with organizations’ products and services, all organization from small to large, private or public should apply and follow a suitable excellence model which fit to their organizations and lead them toward organizational excellence.

EFQM is a model which is designed for all kinds of organization and with utilizing self assessment as a strategic tool helps companies to identify their weaknesses, strengths and areas of improvement. With including these factors in the organizations’ strategic plans, organizations can achieve continuous improvement toward organizational excellence. By using the dynamic system of EFQM companies can learn

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