

Business excellence models: a comparison

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Abstract. *A new approach, called “business excellence”, has emerged in the business world and scientific literature in the past decades. Facing an increasingly turbulent and chaotic environment, more and more companies have implemented business excellence strategies and made quality a key element of their business philosophy. Modern measurement frameworks were created and developed by national or international bodies such as the excellence business models. These models provide guidelines and criteria for evaluation and are used by companies across the world as groundwork for continuous improvement. The paper aims to present and compare three well-known business excellence models in the world: Malcolm Baldrige National Quality Award, the Australian Business Excellence Framework and the European Foundation for Quality Management Excellence Model. In this respect, the authors have displayed the key elements of each business excellence model, followed by their comparison. In order to achieve the previous goals, the paper uses two methods: analysis and comparison. The information were obtained from multiple secondary sources of data- books and academic journal articles from the domains of total quality management and production economics found in libraries and electronic databases- through a desk research based on a significant literature review. The paper contributes to a better understanding of the business excellence models and may help managers to design and implement business excellence strategies. The paper shows that business excellence models provide a holistic approach to continuous improvement for any type of organization. These models are based on sound values, concepts and principles and have proved their viability during the time. Consequently, they gave birth to frameworks that allow organizations to benchmark their performances and demonstrate best practices in their field of activity. Also, the research findings indicate that the American model constituted a landmark for other business excellence models around the world.*

Keywords: business excellence model, Malcolm Baldrige National Quality Award, European Foundation for Quality Management Excellence Model, Australian Business Excellence Framework, company

Introduction

In the past decades a new approach called “business excellence” has emerged both in the business world and literature. Facing an increasingly turbulent and chaotic environment, more and more companies have implemented business excellence strategies and made quality a key element of their business philosophy (Cobb, 2003) as quality leads to improved business performance (Dale et al., 2016). The design, formulation, implementation and evaluation of these strategies have required the rethinking of the way businesses are organized and managed (e.g., continuous improvement). In this respect, the growing adoption of various methods and techniques, such as business process re-engineering (BPR), balanced scorecard, enterprise resource planning (ERP), lean

management or Six Sigma, has shown the need to implement an integrated approach to business excellence at the organizational level (Porter and Tanner, 2004).

As the global business environment is changing at an unprecedented pace, the scientific research has tried to provide a new understanding to companies around the world of how to better perform in the twenty-first century (Laihonen, 2015). This is why new business models and tools has been designed and used in order to make the adaptation easier to this continuous change and to supply relevant performance measurements for any company. On the other hand, modern measurement frameworks were created and developed by national or international bodies such as the Malcolm Baldrige National Quality Award, the Singapore Business Excellence Framework, the Australian Business Excellence Framework or the European Foundation for Quality Management Excellence Model. These excellence business models provide guidelines and criteria for evaluation and are used by companies across the world as groundwork for continuous improvement (Sampaio et al., 2012). Moreover, last years have witnessed the emergence of several initiatives to design a specific approach of business excellence for small and medium enterprises (Sternad et al., 2017).

The purposes of the paper are to present and compare three of the main worldwide business excellence models. To achieve these objectives, the following two research questions were identified:

- What are the frameworks of the three business excellence models?
- What are the common criteria used by these business excellence models?

The paper is organized into five sections. In the second section, a literature review explores the nature and structure of business excellence models. The third section deals with the research methodology. Results and discussion are presented in the fourth section. The paper ends with conclusions.

Literature review

This section briefly describes three well-known business excellence models, namely the Malcolm Baldrige National Quality Award (MBNQA), the Australian Business Excellence Framework (ABEF) and the European Foundation for Quality Management Excellence Model (EFQM). As performance measurement has constituted a topic of interest in the business literature in the last decades (Kanji, 2006), business excellence has become a major concern for any company (Boys et al., 2004). Implementing business excellence at the organizational level is easier in the case of companies that have already built simple and informal organizational structures (Bauer et al., 2005). In their famous book *In Search of Excellence- Lessons from America's Best-Run Companies*, Peters and Waterman (1982) asserted that the success criteria behind excellence are both software (systems, shared values, skills, staff and style) and hardware criteria (strategy and structure). Business excellence is:

- "a long-term process, concerned with key strategic issues such as developing core functional processes, to be the best, to get people performing better, and to develop a quality framework in order to provide excellent customer service" (Ritchie and Dale, 2000, p. 244).
- "an evolution of total quality management (TQM) since it is built on the same values" (Kanji, 2002, p. 4).

- “some superiority achieved by the enterprise towards the market where it operates ” (Mele and Colurcio, 2006, p. 481).
- “about developing and strengthening the management systems and processes of an organization to improve performance and create value for stakeholders ” (Mann et al., 2012, p. 1)

In sum, business excellence can be seen not only as the next step after TQM or a new quality understanding (Zink, 1998) but also as an umbrella term that takes into consideration a wider spectrum of issues such as the social and environmental outcomes of a company (Boys et al., 2005).

The last two decades have witnessed the increasing application of business excellence models as more companies have learned how to use them and to obtain superior performances (Dahlgard et al., 2013). Several business excellence models have been created and developed since the end of the Second World War.

In 1951, the Union of Japanese Scientists and Engineers (JUSE) launched the Deming Prize (Union of Japanese Scientists and Engineers, 2017), the first globally known model (Talwar, 2011). W. E. Deming, one of the American quality guru, was invited by JUSE in 1950 to conduct quality control seminars for Japanese engineers and top management (Ishikawa, 1993). He taught the basics of statistic quality control and provided the basis for the development of quality control in Japan. As his lectures made a deep impression on the Japanese participants, K. Koyanagi, the managing director of JUSE, decided to fund a prize in his honor. Finally, the first Deming Prize was awarded in 1951 (Ishikawa, 1985).

Later, the Canada Awards for Excellence (CAE) was introduced in 1984 (Excellence Canada, 2017), followed by the establishment of MBNQA in the United States of America (USA) in 1987 (American Society for Quality, 2017), the Australian Quality Award in 1988 (SAI Global, 2017), the National Quality and Excellence Prize in Israel in 1989 (Standards Institution of Israel, 2017), the National Quality Award in Mexico in 1989 (Qualtop Mexico, 2017), and the European Quality Award in 1992 (European Foundation for Quality Management, 2017a). Other countries, especially from Asia, instituted their own awards in the 1990s, such as the Rajiv Gandhi National Quality Award in India in 1991 (Bureau of Indian Standards, 2017), the National Quality Award in Brazil in 1992 (National Quality Foundation, 2017), the United Kingdom Excellence Award in 1994 (British Quality Foundation, 2018), the Singapore Quality Award in 1995 (SPRING Singapore, 2018) or the Philippine Quality Award in 1997 (PQA, 2018).

Established by the U.S. Congress to raise awareness of quality management, the MBNQA is awarded annually to organizations that prove passion for quality and obtain performance excellence. The Baldrige framework aims to help organizations to achieve excellence. It is based on several core values and concepts, and provides the Baldrige Criteria for Performance Excellence that comprises seven critical areas (Table 1). During the time these criteria have proved to constitute a “powerful set of guidelines for running an effective organization” (Brown, 2008, p. ix).

On its turn, the ABEF represents a framework for leadership and helps organizations to achieve and maintain high levels of performance. It was tailored to correspond to the specific business and cultural context of Australia (Grigg and Mann, 2008). The ABEF consists on nine Principles of Business Excellence (e.g., lead by example, continuously improve the system, understand what markets and customers value etc.) and uses seven main categories as follows (SAI Global, 2017):

- Leadership.
- Customers and Stakeholders.
- Strategy and Planning.
- People.
- Information and Knowledge.
- Process Management, Improvement and Innovation.
- Results and Sustainable Performance.

Table 1. The Baldrige framework

Core values and concepts	Critical areas
<ul style="list-style-type: none"> • Systems perspective • Visionary leadership • Customer-focused excellence • Valuing people • Organizational learning and agility • Focus on success • Managing for innovation • Management by fact • Societal responsibility • Ethics and transparency • Delivering value and results 	<ol style="list-style-type: none"> 1. Leadership: Senior leadership (the role of senior leaders, role-model senior leaders), Governance and societal responsibilities (organizational governance; legal compliance, ethics and risks, public concerns, conservation of natural resources, societal responsibility, community support). 2. Strategy: Strategy development (a context for strategy development, a future oriented-basis for action, competitive leadership, work systems), Strategy implementation (developing and deploying action plans, performing analyses to support resource allocation, creating workforce plans, projecting your future environment, projecting and comparing your performance). 3. Customers: Voice of the customer (customer listening, actionable information, listening/learning and business strategy, social media, customer and market knowledge, customers’ satisfaction with competitors), Customer engagement (engagement as a strategic action, customer relationship strategies, brand management, complaint management). 4. Measurement, Analysis, and Knowledge Management: Measurement, analysis, and improvement of organizational performance (aligning and integrating your performance management system; the case for comparative data; selecting and using comparative data; reviewing performance; analyzing performance; aligning analysis, performance review, and planning; understanding causality), Information and knowledge management (information management, data and information availability, knowledge management, organizational learning). 5. Workforce: Workforce environment (workforce capability and capacity, workforce support), Workforce engagement (high performance, workforce engagement and performance, drivers of workforce engagement, factors inhibiting engagement, compensation and recognition, others indicators of workforce engagement, workforce development needs, learning and development locations and formats, individual learning and development needs, customer contact training, learning and development effectiveness). 6. Operations: Work processes (work process requirements, key product-related and business processes, work process design, in-process measures, process performance, key support processes, process improvement, supply-chain management, innovation management), Operational effectiveness (cost control, managing cybersecurity, workplace safety, business continuity). 7. Results: Product and process results (measures of product performance, examples of product measures, product performance and customer indicators, process effectiveness and efficiency measures, measures of organizational and operational performance), Customer-focused results

	(your performance as viewed by your customers, results that go beyond satisfaction), Workforce-focused results (workforce results factors, workforce capacity and capability, workforce engagement), Leadership and governance results (importance of high ethical standards, results to report, sanctions or adverse actions, measures of strategy implementation), Financial and market results (senior leaders' role, appropriate measures to report).
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Source: American Society for Quality, 2017; National Institute of Standards and Technology, 2017.

The EFQM MEM also provides a framework that stimulates continuous improvement and represents the foundation for obtaining excellence in any type of organization. It comprises eight fundamental concepts and nine criteria (Table 2).

Table 2. The EFQM MEM framework

Core concepts	Criteria
<ul style="list-style-type: none"> • Adding value for customers • Creating a sustainable future • Developing organizational capability • Harnessing creativity & innovation • Leading with vision, inspiration & integrity • Managing with agility • Succeeding through the talent of people • Sustaining outstanding results 	<p>1. Enablers:</p> <ul style="list-style-type: none"> • Leadership: leaders, type of leaders, empowerment to lead, what leaders do and how they put leadership into practice (role models, clear vision, good at communicating, ethical behavior, agents of change, set the mission, instill values etc.), reviewing and improving leadership etc. • Strategy: identifying and understanding the needs and expectations of stakeholders, understanding internal performance and capabilities, setting clear goals and objectives, using specific tools and techniques (e.g., surveys, focus groups, benchmarking, balanced scorecard, SWOT analysis) etc. • People: employees, knowledge and competencies, skills, personal development and training, empowering people, rewarding, reviewing and improving people management etc. • Partnerships & resources: partnerships with suppliers, customers, educational institutions, non-governmental organizations etc.; management of finances, using specific tools (e.g., risk management, sensitivity analysis, cost benefit analysis, internal rate of return); management of buildings, equipment and material; management of technology etc. • Processes, products & services: identifying key processes, building a process model of the organization, managing and reviewing processes etc. <p>2. Results:</p> <ul style="list-style-type: none"> • Customer results: customers' perceptions of the organization etc. • People results: people's satisfaction, leadership performance etc. • Society results: society's perception of the organization etc. • Business results: revenue growth etc.

Source: European Foundation for Quality Management, 2017b.

Research methodology

The paper aims to present and compare three well-known business excellence models in the world: MBNQA, ABEF and EFQM. In this respect, the authors have displayed the key elements of each business excellence model, followed by their comparison. In order to achieve the previous goals, the paper uses three methods: analysis, synthesis and comparison (Cooper and Schindler, 2006; Lapan and Quartaroli, 2009). The information were obtained from multiple secondary sources of data- books and academic journal articles from the domains of total quality management and production economics- through a desk research based on a significant literature review. The literature review was carried on especially in libraries where numerous electronic databases (e.g., Taylor and Francis, Springer) were found and consulted.

Results and discussion

In this section the authors perform a comparative analysis of the frameworks of the previous three business excellence models by taking into account their evaluation criteria. In order to identify similarities and differences among these models each criterion was analyzed as follows:

- (1) Leadership. All three models address this issue.
- (2) Strategy. The MBNQA and EFQM include this item. The ABEF also include it, but adds the word “planning”.
- (3) Customers. Only the MBNQA and ABEF include this item, but the ABEF adds the word “stakeholders”.
- (4) Measurement, Analysis, and Knowledge Management. The MBNQA is the single model that concentrates on this issue. On its turn, the ABEF deals with “Information and knowledge”.
- (5) Workforce. All three models address this issue- the ABEF and EFQM use the name “People”.
- (6) Operations. All three models address this issue- the EFQM uses the name “Processes, products & services” while the ABEF utilizes the name “Process Management, Improvement and Innovation”.
- (7) Results. All three models address this issue- the ABEF adds the syntagma “sustainable performance”.

The vast majority of criteria are to be found in all three business excellence models. All the models start with the criterion “Leadership” and end with the criterion “Results”.

In spite of the fact that the three business models have evolved during the time their core values, concepts and principles remained the same. The criteria used by these models underline their commitment to business excellence. They provide the key elements that constitute the bedrock of a successful organization.

The appearance of the MBNQA in the USA gave an impetus to other countries to design and implement their own business excellence models. However, the ABEF and EFQM were deeply inspired by the American model. It is worth to emphasize that these models are managed by different bodies as follows:

- The MBNQA is administered by the National Institute of Science and Technology, an agency of US Department of Commerce.
- The ABEF is managed by SAI Global, an Australian public company founded in 2003.

- The EFQM is administered by the European Foundation for Quality Management, a non-for-profit foundation established by several CEO/Presidents of European companies in 1989.

During the time, the MBNQA and EFQM have become the business excellence models with the largest spread in the world. They have been adapted and improved to face the new realities of the 21st century society, in general, and of the business environment, in particular. In spite of the fact that the Deming Prize was the first globally recognized quality management model, the Baldrige framework constituted the starting point for the design and development of business excellence models all over the world. Thus, the MBNQA has remained the oldest and most popular business excellence model worldwide.

Conclusion

The paper shows that business excellence models provide a holistic approach to continuous improvement for any type of organization. These models are based on sound values, concepts and principles and have proved their viability during the time. Consequently, they gave birth to frameworks that allow organizations to benchmark their performances and demonstrate best practices in their field of activity. In the beginning, the business excellence models were adapted to the needs of big businesses, but in time, new attempts have been made in order to create and develop these models for small and medium enterprises.

Also, the research findings indicate that the MBNQA constituted a landmark for other business excellence models around the world. The comparative analysis the authors have conducted among three business excellence models reveals that these models encompass in a high proportion the same critical areas and criteria.

The paper contributes to a better understanding of the business excellence models and may help managers to design and implement business excellence strategies. As the paper analyzes only three business excellence models, future research may focus on expanding their number by taking into account other models.

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