

QUALITY AWARDS: AN IMAGE OF BUSINESS EXCELLENCE

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Abstract: *Across the world, increasingly more governmental organizations and industrial are doing everything possible to promote quality and to survive, the basic principle remains customer satisfaction and even more than that, it speaks of the principle of customer delight. In this sense, quality has become the source of sustained competitive advantage that provides organizations the supremacy of the global markets characterized by competition which becoming more and more intensified. Juran, one of the highest quality gurus say that "just as the twentieth century was the century of productivity, the twenty-first century will be the quality century" which is a very relevant and comprehensive statement of the economic reality of the past and a profound forecast for future business of the twenty-first century. In this regard, in order to achieve this competitive advantage, quality must be managed and this is accomplished through Total Quality Management (TQM). Quality awards models are instruments of total quality management through which quality can be assessed and improved, thus, knowing the quality awards models is critical for findings the new ways to improve the quality and performance of the organizations. The present paper aims to illustrate the best practices on quality improvement in this respect we intend to present the general framework of the quality awards for business excellence. In this sense we present the most important international quality awards, namely: "Malcolm Baldrige National Quality Award", "European Quality Award" and "Romanian Quality Award J. M. Juran". For this purpose we used as main sources of analyzing the structure and the operation mode of these three important quality awards, Juran's work (which is probably the most important work in the field of quality) and other relevant sources in total quality management which treats issues related to quality awards and also we used as sources of updated information the official websites of institutions and foundations who organizing the deployment of these awards.*

Keywords: quality awards; TQM; quality excellence; Baldrige quality award; European quality award; Romanian quality award.

JEL classification: M1; M10.

1. Introduction

Research on quality aim to answer the following question: Why an economic organization must be involved in quality management activities. Regardless of the area in which they operate, the organization aims to improve quality due to a number of reasons, some of which are generated by the competition that exists on the market and some of the responsibility to customers.

Widening acceptance and implementation of TQM is based on a number of major trends recorded in contemporary society, such as (Ilieș, 2003):

- increasing competition nationally and internationally;
- strategy orientation towards quality companies perceived as a major competitive

advantage;

- increasing customer requirement goods and services purchased.

The price has ceased to be the essential factor in the choice of customers. Recent research (Ilies & Crisan, 2011) shows that 80% of international buyers on industrial market, considers quality as having at least equal importance as price in making the decision to purchase. Many large companies have recognized the need to develop a distinct strategies, regarding quality, which means adopting TQM theory as a management philosophy. Many firms still addressing customer satisfaction in a narrow way, referring exclusively to product quality.

Total Quality Management, consists in integrating all functions and processes within an organization in order to achieve continuous improvement of goods and services quality to achieve customer satisfaction. In many countries, industries, and companies TQM has appeared to evolve through several distinct steps or phases. These phases include a focus on product quality, on product process quality, service quality, service process quality, business planning, strategic quality planning, and integrated strategic quality planning (Juran, 1999:14.4).

According to Hafeez, Malak, & Abdelmeguid (2006) changing from detection to prevention required not only the use of a set of quality management tools and techniques, but also the development of a new operating philosophy that required a change in the way companies were managed. Total Quality Management (TQM) means achieving quality in terms of all functions of the enterprise. This includes interaction between all the components of the organisation as well as the components themselves. Without insisting we point below for the crystallization in understanding the concept of quality, the travel path to the concept of quality controlled to total quality management. In this regard we can see the next steps in the evolution of the concept of quality in figure 1.

TQM is seen as a way to transform the economies of some countries to be more competitive than others. However TQM does not and will not produce results overnight, it is not a panacea for all the problems facing the organization. TQM requires a change in organizational culture, which should focus on meeting customer expectations and increasing the involvement of all employees to achieve this objective, as an expression of ethics for continuous improvement (Hoyle, 2007).

According to Juran (Juran, 1999:14.2) many companies have found that all of their radical restructuring, reengineering, downsizing, and numerous quality programs may have helped them survive, but they still do not have a distinctive quality advantage.

Their future will be determined by three key areas: alignment, linkage, and replication. Combined with the fundamental concepts of quality management (continuous improvement, customer focus, and the value of every member of the organization), their work in these three key areas is transforming the way they are managing the entire organization. The almost universally accepted goals of total quality are lower costs, higher revenues, delighted customers, and empowered employees.

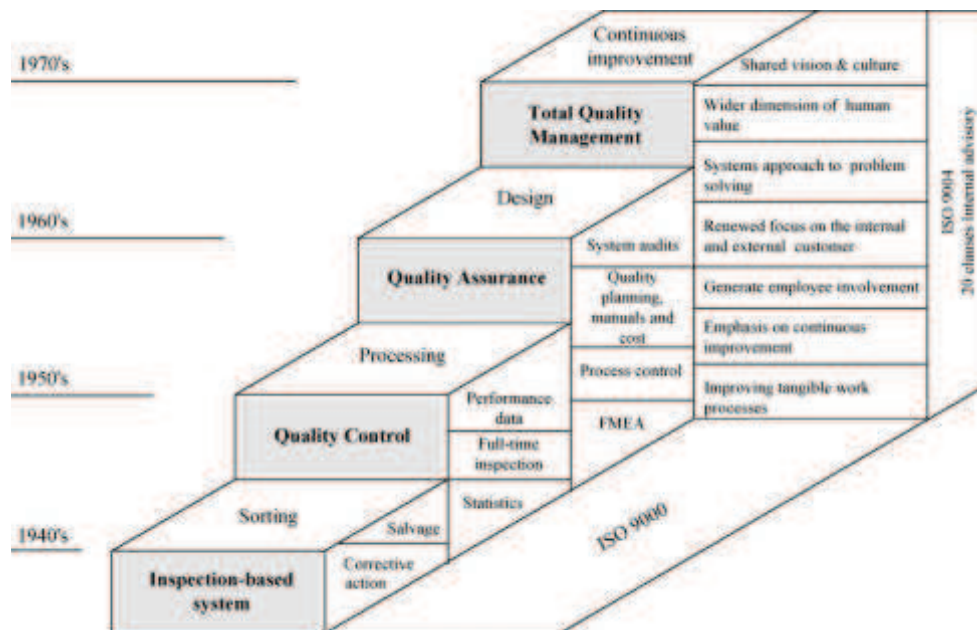


Figure 1. Evolution of total quality management
Source: (Hafeez, Malak, & Abdelmeguid, 2006:1214)

TQM requires a change in organizational culture, which should focus on meeting customer expectations and increasing the involvement of all employees to achieve this objective, as an expression of ethics for continuous improvement. The mechanisms of change are: education; communication; recognition performance; managers' behaviour (Hoyle, 2007).

2. The Malcolm Baldrige National Quality Award

A number of individuals and organizations proposed such an award, leading to a series of hearings before the House of Representatives Subcommittee on Science, Research, and Technology. Finally, on January 6, 1987, the Malcolm Baldrige National Quality Improvement Act of 1987 was passed. The act was signed by President Ronald Reagan on August 20, 1987 and became Public Law 100-107. This act provided for the establishment of the Malcolm Baldrige National Quality Award Program (Juran, 1999:14.18).

Malcolm Baldrige National Award for Quality (MBNQA) was created to promote quality excellence and to share successful strategies in quality. No other award for business success or progress in management theory is not up to the Baldrige Award.

Over twenty states have begun to develop regional programs for quality, taking as reference the MBNQA prize. Award established a national standard in terms of quality and hundreds of corporations use the Baldrige criteria as a basic guide to improving the quality award programs effectively created a set of quality standards in American industry.

The MBNQA award criteria, is a basic guide to how firms can produce quality. Employment in these criteria is not easy. The values and concepts embodied in the award criteria are (Juran, 1999:14.19):

- customer-driven quality
- leadership
- continuous improvement and learning
- valuing employees

- fast response
- design quality and prevention
- long-range outlook
- management by fact
- partnership development
- corporate responsibility and citizenship
- results focus

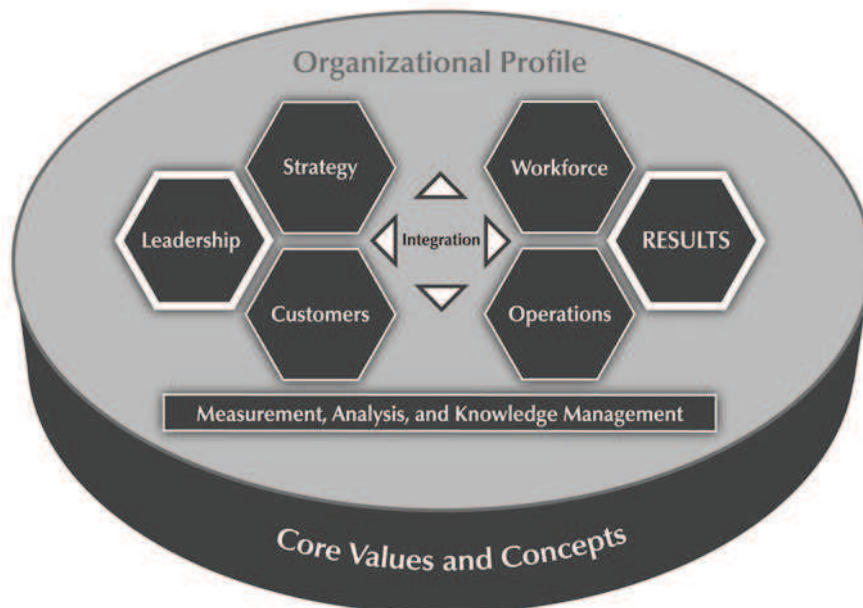
The prize is awarded to three categories: manufacturing, services and small business, cannot be granted more than two awards per year for each category. Applicants should provide details about their quality management system and show results and improvements in the following areas (Prybutok, 2004):

- leadership
- information and analysis
- strategic planning quality
- human resources management and development
- management of product quality
- quality and operational results
- focus on client satisfaction and its

To define quality performance, National Institute of Standards and Technology (NIST) developed a set of principles for quality management, including quality determined by consumer, leadership, continuous improvement, satisfaction of employees, quality and design prevention, plans for the future, responsibility company, and results. Baldrige award administrators considers that these criteria form a framework for performance and excellence. The criteria used to assess the performance of a company is divided into seven categories which provides strategic direction of the entire system. These categories are: leadership, strategic plan, focusing on the market and the consumer, measurement, analysis and knowledge management, focusing on human resources, process management and results, as shown in Figure 2.

Leadership, strategy and customers represent the leadership triad. These categories are placed together to emphasize the importance of a leadership focus on strategy and customers. Workforce, operations, and results represent the results triad. A company's employees and its supplier partners through its key processes accomplish the work of the organization that yields the business results. All company actions point towards business results— a composite of customer, financial, and nonfinancial performance results, including human resource results and public responsibility. The seven categories are further subdivided into 20 examination items, each focusing on a major requirement. Each item contains one or more areas to address. There are 29 areas to address. (Juran, 1999:14.22).

Companies that have won are required to present their successful strategies and other companies. The way in which this award affect firms in improving the quality, refers to severe criteria regarding quality assurance of goods and services provided by suppliers. They are a critical link in the chain is Total Quality Management processes.



From Baldrige Performance Excellence Program, 2015. 2015-2016 Baldrige Excellence Framework: A Systems Approach to Improving Your Organization's Performance. Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology. <http://www.nist.gov/baldrige>.

Figure 2. The Baldrige Award Criteria

Source: (http://www.nist.gov/baldrige/publications/education_criteria.cfm)

Baldrige Award is designed to highlight US companies that excel in quality. The award aims to promote:

- quality consciousness;
- understanding the requirements on quality improvement;
- sharing information about successful strategies and profit gained from their implementation.

Unlike ISO 9000, the award focuses on nonprocedural quality aspects such as e.g. leadership, human resource management, authority and employee morale and customer satisfaction (consumers).

Baldrige Award basic purpose is to enhance business results and to ensure customer satisfaction (consumers), taking into account the results achieved by competitors to attract and retain customers and to contribute to increased market share companies (companies). To obtain the award, applicant organizations must use a model of self-evaluation. The model is based on the evaluation results, taking into account the following areas (Ilieş, 2003):

- customer satisfaction;
- employee satisfaction;
- business performance

3. The European Quality Award

Recognizing the importance of quality, 14 European major companies formed the European Foundation for Quality Management (EFQM) in 1988 with the approval of the European Commission (Mohit, 2012).

European Quality Award (EQA) was introduced in 1991 and first awarded in 1992. It is a competition that can enter the next economic organizations, public authorities and higher education institutions. It is awarded according to the degree of excellence of the organization relative to a reference point: its self-evaluation model. This pattern has

unanimity EU Council and the EFQM (European Foundation for Quality Management). To develop this reference point EFQM appealed to over 1,000 people including many managers, consultants and academics. The research took into account the opinions of specialists Deming Prize and M. Baldrige Award. To explain the European model of "total quality", we first present a simple way of quality in figure 3 which requires the involvement of all staff to continuously improve the process.

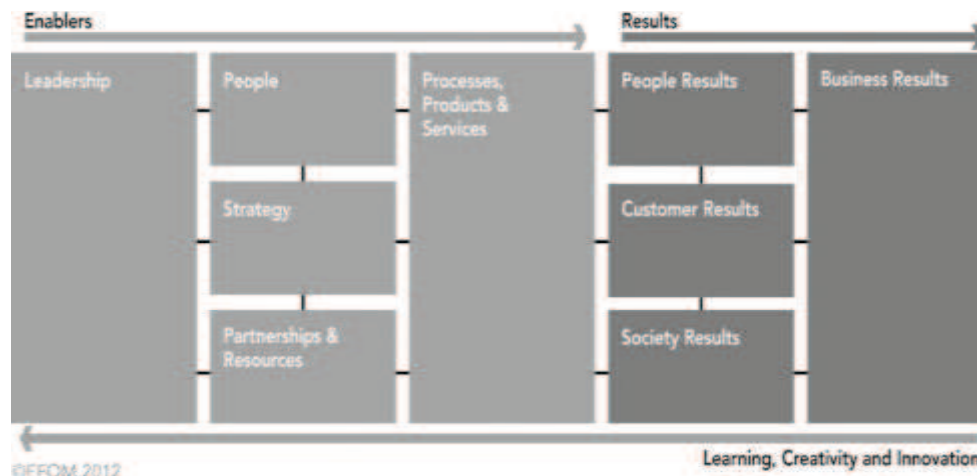


Figure 3. The European Quality Award Criteria

Source: (<http://www.efqm.org/efqm-model/model-criteria>)

As shown in the figure above award criteria are:

- *Leadership* refers to how the management team together with all other employees are oriented towards continuous quality improvement processes within the organization.
- *People* addresses how the organization manages, develops and builds its own staff skills at individual, team and organization and plan these activities in order to support its policy and strategy and the effective operation of its processes.
- *Strategy* refers to the perception of organizational values and strategic orientation and the means by which it performs. It concerns how the organization implements its mission and vision.
- *Partnerships and Resources* it addresses how the organization plans and manages its external partnerships and its internal resources to support its policy and strategy and the effective operation of its processes.
- *Processes, products and services* addresses the way in which the organization designs, manages and improves processes to support its policy and strategy and meet customers and other stakeholders for generating added value.
- *People results*, it addresses how the organization is perceived by its employees and their attitude towards it.
- *Customer results*, refers to how customers perceive external organization's products and services.
- *Society results*, refers to the way in which the organization is concerned about the community in which it operates, are included social responsibility actions.
- *Business results*, illustrate what actually performs the organization in relation to its planned performance.

The first element is leadership which drives people management, policy and strategy, and resources. These, in turn, drive all processes which drive people satisfaction, customer

satisfaction, and impact of society. These three drive business results.

This model of self is, above all, an instrument of TQM. The EQA is divided into factors and results. The factors concerning how the organization addresses each element and how the results are achieved. Each factor is subdivided into criteria covering several fields. Each of these criteria relate to certain aspects of the activities carried out.

The results relate to what so or organization well-defined periods as medium and long term trends. The results should be expressed in terms such as (Conti, 1993):

- actual performance of the organization;
- goals;
- comparisons with the results of competitors;
- comparisons with the results of the best organizations in their field.

European Quality Award criteria allow obtaining and sustaining a competitive advantage, resulted in (Vokurka, et. all, 2000):

- achieving excellence in complete satisfaction of the client;
- dynamic staff within the organization to pursue excellence;
- identify strategic directions for improving the activity in the future;
- the progress achieved in the field of TQM;
- comparisons with the best organizations.

4. The Romanian Award for Quality “J. M. Juran”

At the initiative of a group of 11 professional organizations, non-political and non-profit, some specialized engineering and quality management, other large national professional representative in 1998 came into being the Foundation "PRC - JMJ" and in February 1999 acquired legal personality. Joseph Moses Juran (JMJ) - Romanian-born American citizen, was born on December 24, 1904 in Brăila, Romania and grew up in Romania, and around age of 8 immigrated to the US where he became one of the great spiritual masters of quality - is recognized internationally as one of the leading experts in quality management. Honorary Member of the Romanian Academy J. M. Juran gladly accepted the Romanian Award for Quality bear his name (PRC - JMJ foundation website: <http://www.fundatia-juran.ro/>).

Romanian Award for Quality, is similar conceptually and functionally with "European model of business excellence" used by the organization EFQM (European Foundation for Quality Management) to assess candidates for European Quality Award.

The strategic objective is to stimulate economic organizations, organizations of education and research sector - development, various organizations in the public, private and civil society in Romania, in order to implement the most effective methods of management and quality management in particular and validation of managerial excellence levels achieved by these.

Romanian model of business excellence (figure 4) is represented by nine criteria (PRC - JMJ foundation website: <http://www.fundatia-juran.ro/index.php?idcat=72&menu=2>):

- *Determinants (how was obtained?)*
 - leadership (10%)
 - strategy and planning (8%)
 - staff management (9%)
 - resources (9%)
 - quality systems + processes (14%)
- *Results (what was achieve?)*

- customer satisfaction (20%)
- satisfaction staff (9%)
- impact on society (6%)
- business results (15%)

The fundamental logic of this model, applied since year 2000 to assess candidates of Romanian Quality Award is: exceptional business results, characterized by customer and employee satisfaction through expected impact on society and an positively effect on the organization will be achieved only through a management able to inspire, support and foster a specific TQM culture, properly directing employees and ensuring, through an appropriate strategy and planning, proper management resources and processes.

To win Romanian Quality Award candidates must prove that they are on the path of business excellence implementation, over a number of years, and have met the expectations of stakeholders. These stakeholders are customers, employee's suppliers, shareholders (owners) and at the same time, the company in which the organization operates (Ilieş, 2003).

Evaluate and score awarded to the candidate, are based on the following fundamental aspects for business excellence model: maximum score obtainable is 1000 points. The importance of each criterion is expressed by the ratio (percentage) to which this criterion occurs in the maximum score that can be awarded. The 9 criteria are used to assess the performance of the organization on the path to business excellence.

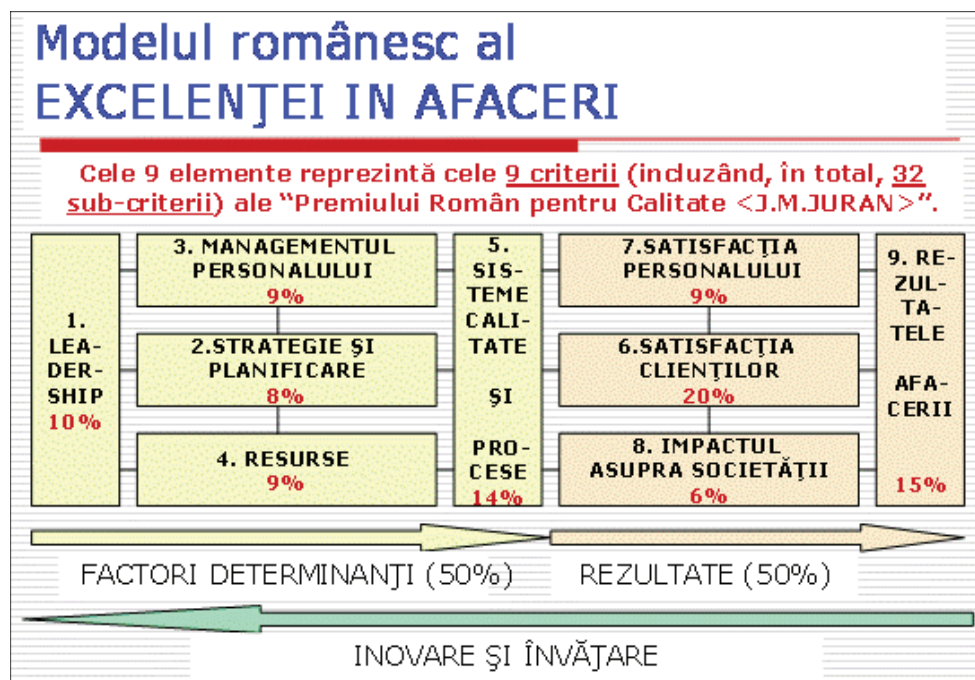


Figure 4. The European Quality Award Criteria

Source: (<http://www.fundatia-juran.ro/index.php?idcat=72&menu=2>)

As shown in Figure 4 and evaluation criteria for Romanian Quality Award are (Ilieş, 2003:388):

- *Leadership* - leaders develop the vision, mission and values, and act as an example for a culture of excellence and motivate employees
- *Strategy and Planning* - are based on information from the measurement of efficiency, market research and activities geared towards learning and

- development of creativity
- *Resources* - are planned, managed and improved
- *Quality systems and processes* - the processes are improved if necessary, using innovations aim to satisfy all customers and other stakeholders
- *Employee satisfaction* - measuring the personnel results
- *Customer satisfaction* - measuring the customer results
- *Impact on society* - measuring the organizational results
- *Business key results* - results and indicators of the organizational effectiveness

5. In conclusion

Quality has become the source of sustained competitive advantage that provides organizations the supremacy of the global markets characterized by competition which becoming more and more intensified. Juran, one of the highest quality gurus say that "just as the twentieth century was the century of productivity, the twenty-first century will be the quality century".

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6. Acknowledgements

This work was cofinanced from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

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