CHAPTER 3: A LITERATURE REVIEW OF QUALITY MODELS

3.1   Introduction

Although they may differ slightly, quality models worldwide are based on **fundamental concepts** that underpin them. These values and concepts are embedded beliefs and behaviours found in high-performing organisations. They are the foundation for integrating key organisational requirements within a results-oriented framework that creates a basis for action and feedback.

In the higher education sector, these fundamental concepts like **visionary leadership**, **customer driven excellence**, **people development and involvement**, **continuous learning, innovation and improvement** form the basis of the vision and mission of many higher education institutions. Worldwide, these fundamental concepts are basic requirements that will ensure that not only organisations but also higher education institutions become and remain part of the global village.

3.2   The establishment of quality models

Quality models are not a new concept. The first model was established in Japan in the 1950s and was soon followed by other countries as listed below:

- 1951 – Deming prize – Japan
- 1981 – Malcolm Baldrige National Quality Award – USA
- 1988 – Australian Quality Award
- 1992 – European Foundation Quality Award
- 1994 – United Kingdom Quality Award
- 1997 – South African Excellence Model

(www.saef.co.za 2/6/03)

**3.3.   United States Malcolm Baldrige Quality Award (MBNQA)**

3.3.1   Establishment

The Baldrige National Quality Program website (www.quality.nist.gov 2/6/03) provides a comprehensive overview of the Award. The Malcolm Baldrige National Quality Award was created by Public Law 100-107 and signed into law on August 20, 1987. The Award Program, responsive to the purposes of Public Law 100-107, led to the creation of a new public-private partnership. Principal support for the programme comes from the Foundation for the Malcolm Baldrige National Quality Award, established in 1988.

The Award is named for Malcolm Baldrige, who served as Secretary of Commerce from 1981 until his tragic death in a rodeo accident in 1987. His managerial excellence contributed to long-term improvement in efficiency and effectiveness of government. The Findings and Purposes Section of Public Law 100-107 states that:

- a national quality award program of this kind in the United States would help improve quality and productivity by:
  - o helping to stimulate American companies to improve quality and productivity for the pride of recognition while obtaining a competitive edge through increased profits;
  - o recognising the achievements of those companies that improve the quality of their goods and services and providing an example to others;
  - o establishing guidelines and criteria that can be used by business, industrial, governmental, and other organisations in evaluating their own quality improvement efforts; and
  - o providing specific guidance for other American organisations that wish to learn how to manage for high quality by making available detailed information on how winning organisations were able to change their cultures and achieve eminence.

Fig 4: The MBNAQ
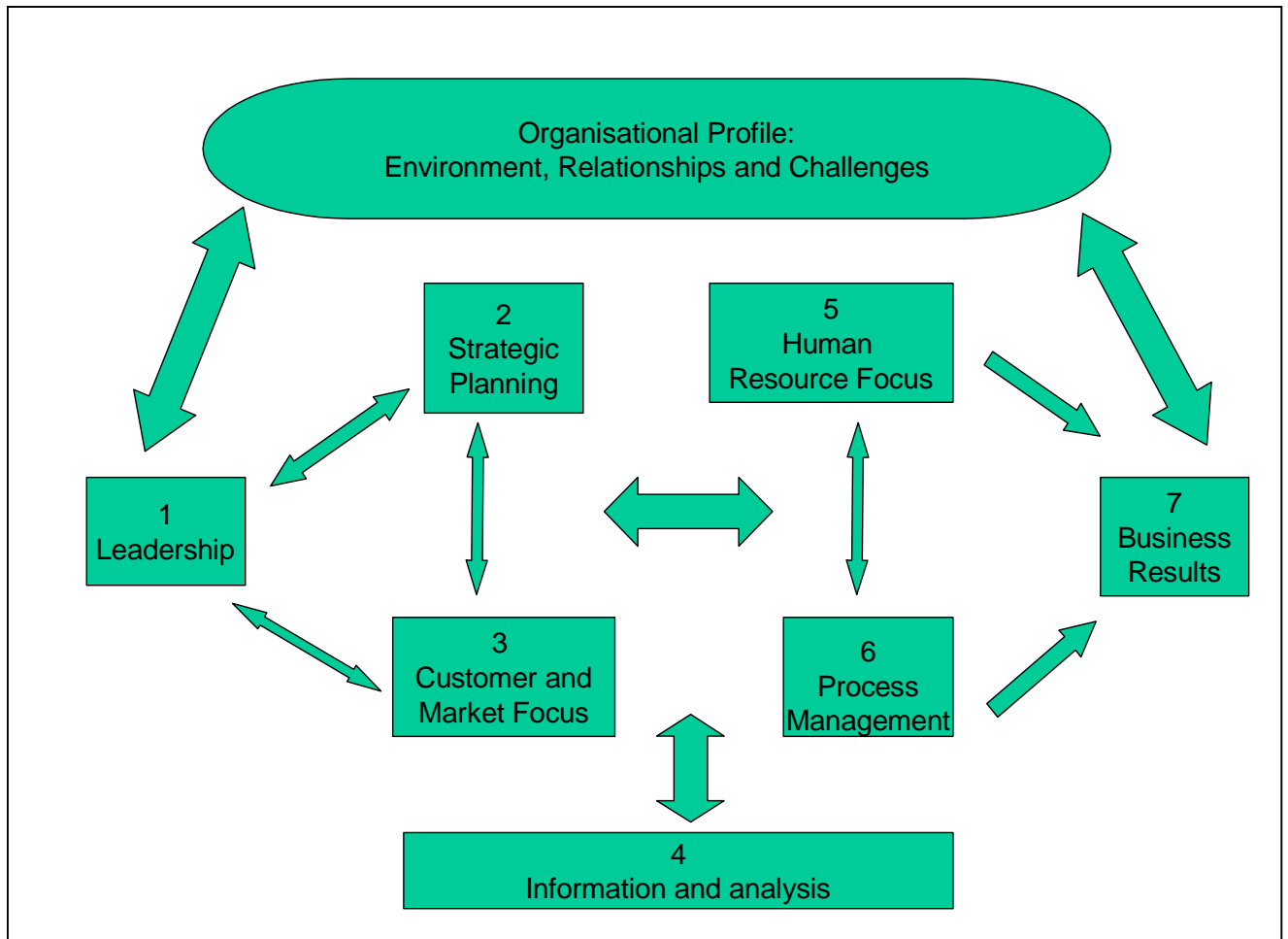
3.3.2   The MBNQA

The MBNQA as depicted in Fig 4 comprises the following elements:

Organisational profile

The organisational profile sets the context for the way the organisation operates. The environment, key working relationships, and strategic challenges serve as an overarching guide for the organisational performance management system.

System

The system is composed of the six Baldrige Categories in the centre of the figure that define its organisation, its operation, and its results.

Leadership (Category 1): Strategic Planning (Category 2); and Student, Stakeholder, and Market Focus (Category 3) represent the leadership triad. These categories are placed together to emphasise the importance of a leadership focus on strategy, students, and stakeholders. Senior leaders set the organisational direction, create a learning environment for the organisation and seek future opportunities for the organisation.

Faculty and Staff Focus (Category 5), Process Management (Category 6) and Organisational Performance Results (Category 7) represent the results triad. The organisation's faculty and staff and its key processes accomplish the work of the organisation that yields the performance results.

All actions point toward Organisational Performance Results – a composite of student, stakeholder, budgetary and financial, and operational performance results, including faculty and staff results and public responsibility.

The horizontal arrow in the centre of the framework links the leadership triad to the results triad, a linkage critical to organisational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Organisational Performance Results (Category 7). The two-headed arrow indicates the importance of feedback in an effective performance management system

Information and analysis

Information and analysis (Category 4) are critical to the effective management of the organisation and to a fact-based system for improving performance. Information and analysis serve as a foundation for the performance management system.

Criteria structure

The seven criteria categories shown in the figure are sub-divided into Items and Areas to address.

The award is not given for specific products or services. Three awards may be given annually in each of these categories: manufacturing, service, small business, and, starting in 1999, education and health care.

While the Baldrige Award and the Baldrige recipients are the very visible centerpiece of the US quality movement, a broader national quality program has evolved around the award and its criteria. A report, Building on Baldrige: American Quality for the 21st Century, by the private Council on Competitiveness, said: "More than any other program, the Baldrige Quality Award is responsible for making quality a national priority and disseminating best practices across the United States."

The United States Commerce Department's National Institute of Standards and Technology (NIST) manages the Baldrige National Quality Program in close co-operation with the private sector.

Achievement of goals

The criteria for the Baldrige Award have played a major role in achieving the goals established by Congress. They now are accepted widely, not only in the United States but also around the world, as the standard for performance excellence. The criteria are designed to help organisations enhance their competitiveness by focusing on two goals: delivering ever improving value to customers and improving overall organisational performance.

The award program has proven to be a remarkably successful government and private-sector team effort. The annual government investment of about $5 million is leveraged by a contribution of over $100 million from private-sector and state and local organisations, including $10 million raised by private industry to help

launch the program and the time and efforts of hundreds of largely private-sector volunteers.

The co-operative nature of this joint government/private-sector team is perhaps best captured by the award's Board of Examiners. Each year, more than 300 experts from industry, educational institutions, governments at all levels, and non-profit organisations volunteer many hours reviewing applications for the award, conducting site visits, and providing each applicant with an extensive feedback report citing strengths and opportunities to improve. In addition, board members have given thousands of presentations on quality management, performance improvement, and the Baldrige Award.

The Baldrige Award winners also have taken seriously their charge to be quality advocates. Their efforts to educate and inform other companies and organisations on the benefits of using the Baldrige Award framework and criteria have far exceeded expectations. To date, the recipients have given more than 30 000 presentations reaching thousands of organisations.

3.3.3 Fundamental concepts of the MBNQA

The criteria are built upon the following set of interrelated **core values and fundamental concepts**. These values and concepts are embedded beliefs and behaviours found in high-performing organisations. They are the foundation for integrating key organisational requirements within a results-oriented framework that creates a basis for action and feedback. These concepts are contextualised for higher education institutions in chapter 4.

- **Visionary leadership**

  An organisation's senior leaders should set directions and create customer focus, clear and visible values and high expectations. The directions, values and expectations should balance the needs of all the stakeholders.

- **Customer-driven excellence**

  Quality and performance are judged by an organisation's customers. The organisation must take into account all product and service features and characteristics and all modes of customer access that provide value to the customer.

- **Organisational and personal learning**

  Achieving the highest level of organisational performance requires a well-executed approach to organisational and personal learning. Organisational learning includes both continuous improvement of existing approaches and adaptation to change, leading to new goals and/or approaches.

- **Valuing employers and partners**

  An organisation's success depends increasingly on the knowledge, skills, creativity and motivation of its employees and partners.

- **Agility**

  Success in globally competitive markets demands agility- a capacity for rapid change and flexibility. All aspects of e-commerce require and enable more rapid, flexible and customised responses.

- **Focus on the future**

  A focus on the future requires understanding the short- and longer-term factors that affect the organisation and marketplace.

- **Managing for innovation**

Innovation means making meaningful change to improve an organisation's products, services and processes and to create new value for the organisation's stakeholders.

- **Management by fact**

Organisations depend on the measurement and analysis of performance. Such measurements should derive from organisational needs and strategy, and they should provide critical data and information about key processes, outputs and results.

- **Public responsibility and citizenship**

An organisation's leaders should stress responsibilities to the public, ethical behaviour and the need to practice good citizenship. Leaders should be role models for the organisation, focussing on organisation ethics and protection of public health, safety and the environment.

- **Focus on results and creating value**

An organisation's performance measures need to focus on key results. Results should be used to create and balance value for key stakeholders-customers, employees, suppliers and partners, the public and the community.

- **Systems perspective**

The criteria provide a systems perspective for managing the organisation to achieve performance excellence. The core values and the categories form the building blocks and the integrating mechanism for the system.

3.3.4 The MBNQA criteria

The Baldrige performance excellence criteria are a framework that any organisation can use to improve overall performance. Seven categories make up the award criteria as depicted in Fig 4:

- **Leadership**

  Examines how senior executives guide the organisation and how the organisation addresses its responsibilities to the public and practices good citizenship.

- **Strategic planning**

  Examines how the organisation sets strategic directions and how it determines key action plans.

- **Customer and market focus**

  Examines how the organisation determines requirements and expectations of customers and markets.

- **Information and analysis**

  Examines the management, effective use, and analysis of data and information to support key organisation processes and the organisation's performance management system.

- **Human resource focus**

  Examines how the organisation enables its workforce to develop its full potential and how the workforce is aligned with the organisation's objectives.

- **Process management**

  Examines aspects of how key production/delivery and support processes are designed, managed, and improved.

- **Business results**

  Examines the organisation's performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, and operational performance. The category also examines how the organisation performs relative to competitors.

The criteria are used by thousands of organisations of all kinds for self-assessment and training and as a tool to develop performance and business processes. Almost 2 million copies have been distributed since the first edition in 1988, and heavy reproduction and electronic access multiply that number many times.

For many organisations, using the criteria results in better employee relations, higher productivity, greater customer satisfaction, increased market share, and improved profitability. According to a report by the Conference Board, a business membership organisation, "A majority of large US firms have used the criteria of the MBNQA for self-improvement, and the evidence suggests a long-term link between use of the Baldrige criteria and improved business performance."

Some recipients of the award

- 2001 – Clarke American Checks, Incorporated, Pal's Sudden Service, Chugach School District, Pearl River School District, University of Wisconsin-Stout
- 2000 – Dana Corp-Spicer Driveshaft Division, KARLEE Company, Inc, Operations Management International, Inc, and Los Alamos National Bank

- 1999 – STMicroelectronics, Inc.-Region Americas, BI, The Ritz-Carlton Hotel Co, LLC, and Sunny Fresh Foods
- 1998 – Boeing Airlift and Tanker Programs, Solar Turbines Inc, and Texas Nameplate Co, Inc
- 1997 – 3M Dental Products Division, Solectron Corp, Merrill Lynch Credit Corp, and Xerox Business Services

Establishment of the education and health care categories

Both categories were introduced in 1999. Since then, a total of 37 applications have been submitted in the education category and 25 in the health care category.

Selection of recipients

Organisations that are headquartered in the United States may apply for the award. Applications for the award are evaluated by an independent Board of Examiners composed of primarily private-sector experts in quality and business. Examiners look for achievements and improvements in all seven categories. Organisations that pass an initial screening are visited by teams of examiners to verify information in the application and to clarify questions that come up during the review. Each applicant receives a written summary of strengths and areas for improvement in each area addressed by the criteria.

"The application and review process for the Baldrige Award is the best, most cost-effective and comprehensive business health audit you can get," says Arnold Weimerskirch, former chair of the Baldrige Award panel of judges and vice president of quality, Honeywell, Inc.

Excellence and profits

Studies by NIST, universities, business organisations, and the United States General Accounting Office have found that investing in quality principles and performance excellence pays off in increased productivity, satisfied employees and customers, and improved profitability – both for customers and investors. For

example, NIST has tracked a hypothetical stock investment in Baldrige Award winners and applicants receiving site visits. The studies have shown that these companies soundly outperform the Standard & Poor's 500.

The Baldrige Award and ISO 9000

The purpose, content, and focus of the Baldrige Award and ISO 9000 are very different. The Baldrige Award was created by Congress in 1987 to enhance US competitiveness. The award program promotes quality awareness, recognises quality achievements of United States organisations, and provides a vehicle for sharing successful strategies. The Baldrige Award criteria focus on results and continuous improvement. They provide a framework for designing, implementing, and assessing a process for managing all business operations.

ISO 9000 is a series of five international standards published in 1987 by the International Organisation for Standardization (ISO), Geneva, Switzerland. Companies can use the standards to help determine what is needed to maintain an efficient quality conformance system. For example, the standards describe the need for an effective quality system, for ensuring that measuring and testing equipment is calibrated regularly and for maintaining an adequate record-keeping system. ISO 9000 registration determines whether a company complies with its own quality system. Overall, ISO 9000 registration covers less than 10 percent of the Baldrige Award criteria.

3.4   The European Foundation for Quality Management (EFQM)

3.4.1   Establishment

The European Foundation for Quality Management (EFQM) website (www.efqm.org 2/6/03) provides a comprehensive overview of the EFQM. The EFQM was introduced at the beginning of 1992 as the framework for assessing applications for The European Quality Award. It is the most widely used organisational framework in Europe and has become the basis for the majority of

national and regional Quality Awards. A detailed description of the Excellence Model criteria and sub-criteria is given below.

Whilst Quality Awards are a focus for some users, the true measure of the EFQM Excellence Model's effectiveness is its widespread use as a management system and the associated growth in the key management discipline of organisational self-assessment.

Regardless of sector, size, structure or maturity, to be successful, organisations need to establish an appropriate management system. The EFQM Excellence Model is a practical tool to help organisations do this by measuring where they are on the path to excellence; helping them understand the gaps; and then stimulating solutions.

Self-assessment has wide applicability to organisations large and small, in the public as well as the private sectors. Increasingly organisations are using outputs from self-assessment as part of their business planning process and use the model as a basis for operational and project review. It is not easy to determine exactly how many organisations are currently using the model, but the number is growing rapidly and exceeds 20 000 across Europe.

The EFQM is committed to researching and updating the model with the inputs of tested good practices from thousands of organisations both within and outside of Europe. In this way we ensure the model remains dynamic and in line with current management thinking. The last major revision was launched in April 1999. This revision included a new scheme for evaluating performance against the model, best described by its acronym RADAR (Results, Approach, Deployment, Assessment and Review). This method is described in detail in Chapter 4.

Over the years a number of research studies have investigated the correlation between the adoption of holistic Models, such as the EFQM Excellence Model, and improved organisational results. The majority of such studies show a positive linkage. One of the most comprehensive of these was carried out by Dr Vinod

Singhal of the Georgia Institute of Technology and Dr Kevin Hendricks of the College of William and Mary.

3.4.2   Overview of the EFQM

The EFQM is a non-prescriptive framework based on nine criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organisation does. The 'Results' criteria cover what an organisation achieves. 'Results' are caused by 'Enablers' and feedback from 'Results' help to improve 'Enablers' as depicted in Fig 5.

The model, which recognises there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

Excellent results with respect to Performance, Customers, People and Society are achieved through Partnerships and Resources, and Processes.

Fig 5: The EFQM Model
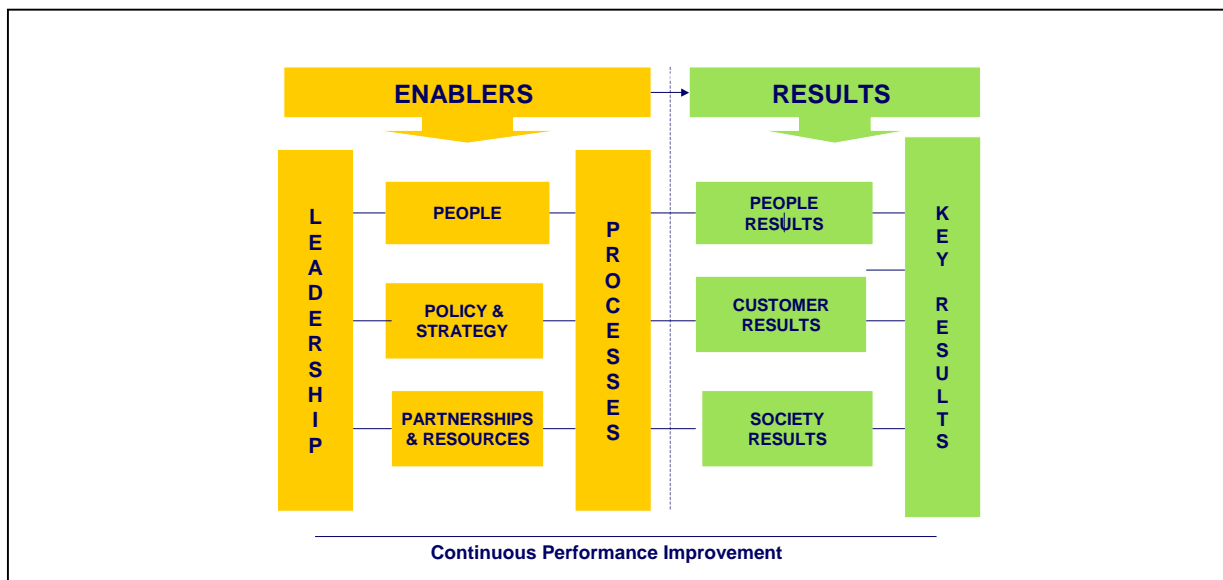
(www.efqm.org)

The arrows emphasise the dynamic nature of the model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

The Model's 9 boxes, shown above, represent the criteria against which to assess an organisation's progress towards excellence. Each of the nine criteria has a definition, which explains the high level meaning of that criterion.

To develop the high level meaning further each criterion is supported by a number of sub-criteria. Sub-criteria pose a number of questions that should be considered in the course of an assessment. Finally, below each sub-criterion are lists of possible areas to address. The areas to address are not mandatory nor are they exhaustive lists but are intended to further exemplify the meaning of the sub-criterion.

3.4.3 The fundamental concepts of excellence

The EFOM Model is a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence. Within this non-prescriptive approach there are some **fundamental concepts** which underpin the EFQM Model. The criteria are built upon the following set of interrelated **core values and fundamental concepts**. These concepts are contextualised for higher education institutions in Chapter 4.

- **Results orientation**

  Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders (this includes the people employed, customers, suppliers and society in general as well as those with financial interests in the organisation).

- **Customer focus**

  The customer is the final arbiter of product and service quality and customer loyalty, retention and market share gain are best optimised through a clear focus on the needs of current and potential customers.

- **Leadership and constancy of purpose**

  The behaviour of an organisation's leaders creates a clarity and unity of purpose within the organisation and an environment in which the organisation and its people can excel.

- **Management by processes and facts**

  Organisations perform more effectively when all interrelated activities are understood and systematically managed and decisions concerning current operations and planned. improvements are made using reliable information that includes stakeholder perceptions.

- **People development and involvement**

  The full potential of an organisation's people is best released through shared values and a culture of trust and empowerment, which encourages the involvement of everyone.

- **Continuous learning, innovation and improvement**

  Organisational performance is maximised when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.

- **Partnership development**

  An organisation works more effectively when it has mutually beneficial relationships, built on trust, sharing of knowledge and integration, with its Partners.

- **Public responsibility**

    The long-term interest of the organisation and its people are best served by adopting an ethical approach and exceeding the expectations and regulations of the community at large.

3.4.4   EFQM criteria

As depicted in figure 2 above, the model comprises 9 criteria:

1   Leadership

Excellent leaders develop and facilitate the achievement of the mission and vision. They develop organisational values and systems required for sustainable success and implement these via their actions and behaviours. During periods of change they retain a constancy of purpose. Where required, such leaders are able to change the direction of the organisation and inspire others to follow.

2   People

Excellent organisations manage, develop and release the full potential of their people at an individual, team-based and organisational level. They promote fairness and equality and involve and empower their people. They care for, communicate, reward and recognise, in a way that motivates staff and builds commitment to using their skills and knowledge for the benefit of the organisation.

3   Policy and strategy

Excellent organisations implement their mission and vision by developing a stakeholder focused strategy that takes account of the market and sector in which it operates. Policies, plans, objectives and processes are developed and deployed to deliver the strategy.

4   Partnerships and resources

Excellent organisations plan and manage external partnerships, suppliers and internal resources in order to support policy and strategy and the effective operation of processes. During planning and whilst managing partnerships and resources, they balance the current and future needs of the organisation, the community and the environment.

5   Processes

Excellent organisation's design, manage and improve processes in order to fully satisfy, and generate increasing value for customers and other stakeholders.

6   People results

Excellent organisations comprehensively measure and achieve outstanding results with respect to their people.

7   Customer results

Excellent organisations comprehensively measure and achieve outstanding results with respect to their customers.

8   Society results

Excellent organisations comprehensively measure and achieve outstanding results with respect to society.

9   Key performance results

The measures are key results defined by the organisation and agreed in their policy and strategies.

3.4.5 EFQM-RADAR process

The EFQM Excellence Model is underpinned by the fundamental concept of continuous improvement and by the PLAN, DO, CHECK, ACT cycle of Deming. The institution looks at what it is doing against the framework of the Model to identify the things that it is doing well (strengths) and the things it could improve (areas for improvement) There is also the option to derive the score using the RADAR process. In the HEFCE *Benchmarking Methods and Experiences* (2003:9), the RADAR process is explained as "a scoring matrix and an evaluation tool, which assists discipline and consistency in self-assessment. RADAR is the acronym for Results, Approach, Deployment, Assessment and Review".

In a higher education context, the institution should:

- Identify and quantify the **R**esults it needs to achieve its policies and strategies
- Have sound **A**pproaches to deliver planned results
- **D**eploy the approaches in a systematic way to full implementation
- **A**ssess approaches based on monitoring and measurement of results, including learning
- **R**eview results and identify, prioritise, plan and implement improvements needed

RADAR demands quantification and evidence, anecdotal evidence or no evidence will not do. Used wisely and honestly, it is a powerful tool for self-assessment, learning, improvement and innovation.

3.5 South African Excellence Model (SAEM)

3.5.1 Establishment

The South African Excellence Foundation (SAEF) website (www.saef.co.za 2/6/03) provides a comprehensive overview of the South African Excellence Model (SAEM).

The SAEM is a framework for assessing the "excellence" of an organisation. The model is based on the concept that an organisation will: "Achieve better results by involving all the people in the organisation in continuous improvement of their processes."

Self-assessment using a model or framework is not a new idea. Similar models have been in use in America, Europe, Japan and many leading companies such as Xerox, for a number of years.

The SAEM was developed by the South African Excellence Foundation (SAEF) in 1997, and builds on the experience of the Malcolm Baldrige National Quality (MBNQA, USA) and the European Foundation for Quality Management (EFQM, EU). The SAEM has been adopted throughout the South African Development Community (SADC) countries and is duly recognised by both the MBNQA and EFQM.

Objectives

The SAEF aims to:

- Maintain and promote the SAEM in support of national economic competitiveness and good governance
- Train assessors in the use of the Model and
- Manage a national Awards process

The Foundation supports organisations throughout South Africa to participate in self-assessment and continuous improvement activities, by applying the SAEM as a diagnostic framework in order to achieve:

- overall competitiveness;
- good governance;
- satisfied customers, employees, suppliers and partners;
- credibility as trading partners;
- business and community approval;
- significant gains in business results and productivity.

Vision

To establish a Culture of Excellence throughout South Africa thereby enhancing the country's overall economic performance and promoting the well being of all its people.

Mission

- To stimulate and support organisations throughout South Africa to participate in continuous improvement activities leading to excellence in customer satisfaction, employee satisfaction, impact on society, supplier and partnership performance and business results.
- To support all stakeholders of South African organisations in accelerating the process of making excellence a decisive factor in achieving global competitiveness.

Rationale

South Africa's low ranking in the global competitiveness report is a source of national concern. The pursuit of excellence in all spheres of business has become a matter of urgency for any organisation hoping to survive in the increasingly competitive global market. A suitable tool had to be found whereby South African organisations, big and small, could upgrade their business practices and find a meaningful way of benchmarking their performance against world standards. This requires the use of internationally recognised benchmark measures, which focus on sustained improvement, rather than short-term gains.

The SAEM combines the best of the respective models and incorporates a local emphasis in accordance with national priorities. The model provides a non-prescriptive framework for management education, self-assessment and continuous improvement for all organisations. It is a powerful diagnostic tool which allows organisations to assess their levels of efficiency and effectiveness, identify gaps in their processes, and institute significant performance improvements to achieve higher levels of competitiveness.

Founders

In pursuit of this ideal, and after considerable research and consultation throughout South Africa and abroad, a group of far sighted organisations decided to develop an indigenous South African approach. The South African Excellence Foundation (SAEF) was launched during 1997 as a Section 21 (not-for-gain) company with the support of local industrial and public sector leaders. The founding organisations are DaimlerChrysler South Africa, Honeywell SA, Ingersoll-Rand SA, CSIR, SABS, SAQI, Armscor, Eskom, Standard Bank, ABSA Bank, the Greater Pretoria Metropolitan Council, Technikon SA, SA Society for Quality, Ideas Management and Groman Consulting.

Recognition of the SAEM

The SAEM combines the best of the United States and European Union Foundations' respective Models (which differ in emphasis rather than in content), and incorporates a local emphasis in accordance with national priorities. The US and EU have both recognised the South African Excellence Model, and have committed to mutual co-operation and pledged their continued support for promoting the system in Southern and South Africa.

Locally the Department of Trade and Industry has recognised the South African Excellence Foundation (SAEF) as the custodian of the Model and the SADC Council of Ministers has approved in principle the use of the SAEM as a basis for a SADC Quality Award in the near future.

Good governance is a collective term, covering the achievement of world-class results through sound leadership, focusing on policy and strategy, customers and markets, the organisation's own people, available resources and on appropriate top class processes, while taking due cognisance of supplier and partnership relationships and the organisation's impact on the community.

The model provides a non-prescriptive framework for management education, self-assessment and continuous improvement for all organisations, large and small,

public or private, service or manufacturing. It is a powerful diagnostic tool, which allows organisations to assess their levels of efficiency and effectiveness, identify gaps in their processes, and institute significant performance improvements to achieve higher levels of competitiveness.

3.4.2 The SAEM

The SAEM as depicted in figure 3 is based on the concept that an organisation will: "achieve better results by involving all the people in the organisation in continuous improvement of their processes". The model comprises 6 enablers and 5 results criteria.

Fig 6: The South African Excellence Model
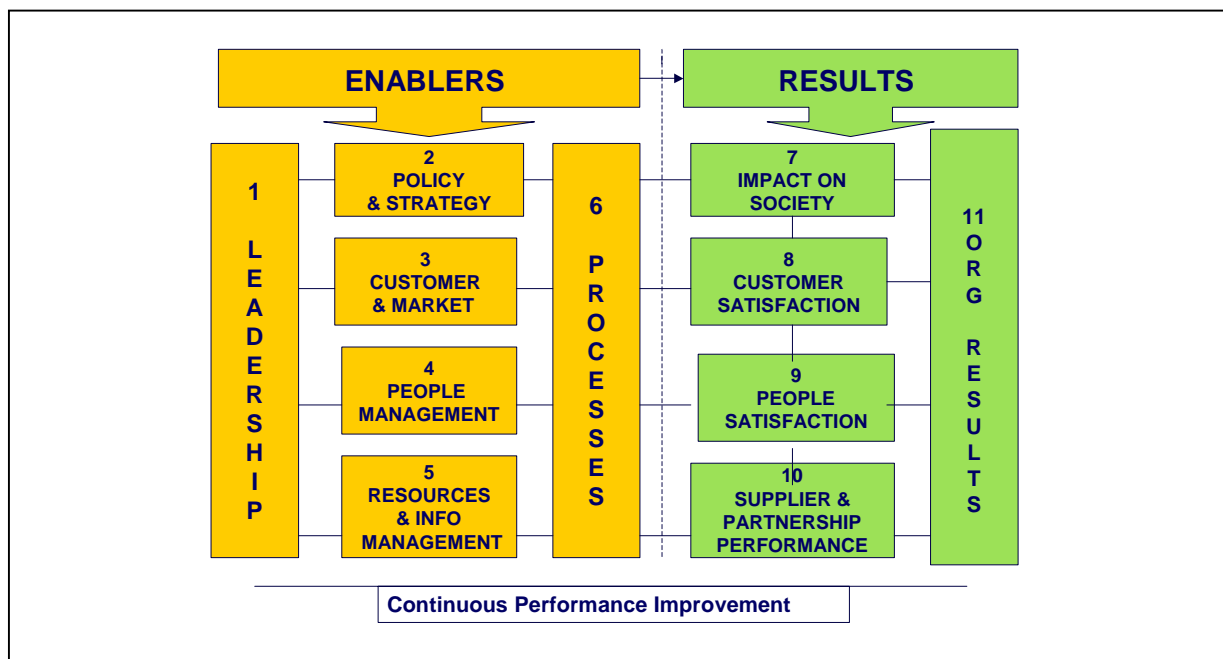
(SAEF Y2002/1 Self-Assessment Questionnaire and Workbook for Public Service Performance Excellence Level 3)

3.4.3 The fundamental concepts of the SAEM

The model is based on the following concepts:

- **Results orientation**

  Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders (this includes employees, customers, suppliers and society at large as well as those with a financial interest in the organisation).

- **Customer focus**

  The customer is the final judge of the product and service quality. Customer loyalty, retention and market share gain are best optimised through a clear focus on the needs of current and potential customers.

- **Leadership and constancy of purpose**

  The behaviour of an organisation's leaders creates a clarity and unity of purpose within the organisation and an environment in which the organisation and its people excel.

- **Management by processes and facts**

  Organisations perform more effectively when all interrelated activities are understood and systematically managed and decisions concerning current operations and planned improvements are made using reliable information that includes stakeholder perceptions.

- **People development and involvement**

  The full potential of an organisation's people (employees) is best released through values and a culture of trust and empowerment, which encourages the involvement of everyone.

- **Continuous learning, innovation and improvement**

    Organisational performance is maximised when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.

- **Partnership development**

    An organisation works more effectively when it has mutually beneficial relationships, built on trust, sharing of knowledge and integration with its partners.

- **Social responsibility**

    The long-term interest of the organisation and its people are best served by adopting an ethical approach and exceeding the expectations and regulations of the community at large pertaining to its social responsibility.

3.5.4   SAEM criteria

**What is the basis for the criteria?**

- Criteria are developed from state-of-the art knowledge of private and public sector organisations that are working to achieve organisational quality and performance excellence.
- The criteria represent validated, leading-edge practices for achieving performance excellence.

Criteria principles

The SAEM maintains that: "Customer satisfaction, people (employee) satisfaction, impact on society, supplier and partnership performance are achieved through leadership, driving policy and strategy, people management, customer and market

focus, resources and information management and processes leading ultimately to excellence in business results." This process is depicted in Fig 7.

Fig 7: SAEM criteria principles
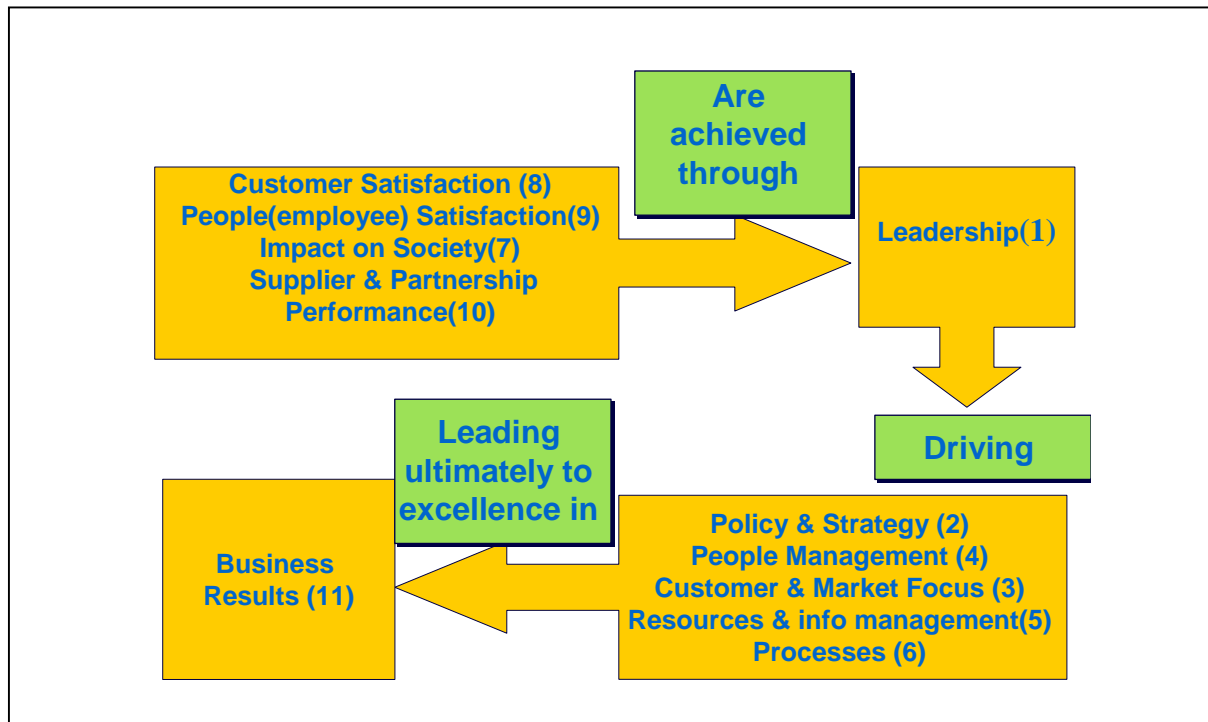
1   Leadership

Considers how leaders of all levels inspire a culture of continuous improvement through their behaviour and the example they set. A key element is visible involvement in the setting and supporting of client-orientated goals, balanced with political targets. Leaders need to show a clear understanding of who their various clients and stakeholders are and their differing requirements. Leaders should demonstrate clear commitment to staff, clients and stakeholders.

2   Policy and strategy

How the institution formulates, deploys, reviews and turns policy and strategy into plans and actions. Policy and strategy will address internal culture, structure and operations with regard to the priorities, direction and needs of clients, stakeholders, community and politicians. Institutions should establish and describe

their policy and strategy including their processes and plans and show how they are appropriate, as a cohesive whole, to their own circumstances.

3   Customer and market focus

How the institution:

- determines the needs, requirements and expectations of clients and stakeholders.
- enhances relationships and determines satisfaction of clients and stakeholders.

4   People management

The people of the institution include all the staff and others who directly or indirectly serve clients. It is about what an institution does to release the full potential of its people. It considers the development of people, their empowerment to deliver improvements and considers dialogue up, down and across the institution.

5   Resources and information management

How the organisation manages and uses resources and information effectively and efficiently.

6   Processes

How processes are identified, designed, managed, evaluated and improved. Critical processes relate to the delivery of key services and the support processes essential to the running of the organisation. A key to the identification, evaluation and improvement of processes should be their contribution and effectiveness in relation to the mission of the institution.

7   Impact on society

What an institution achieves in relation to local, national and international society at large. This includes the perception of the institution's approach to:

- quality of life
- environment and the conservation of global resources
- institution's own internal measures of effectiveness
- its relations with other authorities and bodies which affect and regulate its business

8   Customer satisfaction

What the institution is achieving in relation to the satisfaction of its external clients and stakeholders. What levels of client satisfaction does a higher education institution achieve? Eg what does measurable student feedback show? What image do students have of the institution?

9   People satisfaction

Demonstrate the performance of the institution in satisfying the needs, requirements and expectations of its people. This should be done by presenting results, trends, targets and comparisons with competitors or "best in class" institutions. Information on the relevance of the measurement to the institution's people should also be presented.

10   Supplier and partnership performance

What an institution is doing to ensure that suppliers and partners are providing optimum service.

11   Organisational results

What the organisation is achieving in relation to its planned business objectives and in satisfying the needs and expectations of everyone with a financial interest or other stake in the organisation.

Enabler criteria

The six enablers assess and question whether an organisation has the appropriate approaches in place to achieve the targets it has set. The detail of the Model provides a framework for rigorous analysis that questions whether, in each area, the organisation can demonstrate that chosen approaches and strategies:

- are effective and efficient in delivering results
- are deployed to their full potential
- demonstrate continuous improvement

Each of the enablers is broken down into **criterion parts**, with guidance points within these criterion parts to help develop and support knowledge and learning in that particular area. The criterion parts are then broken down into **areas to address**:

The HEFCE *Applying Self-Assessment against the EFQM Excellence Model in Further and Higher Education* (2003:5) provides the following figures:

Fig 8: The enabler criteria
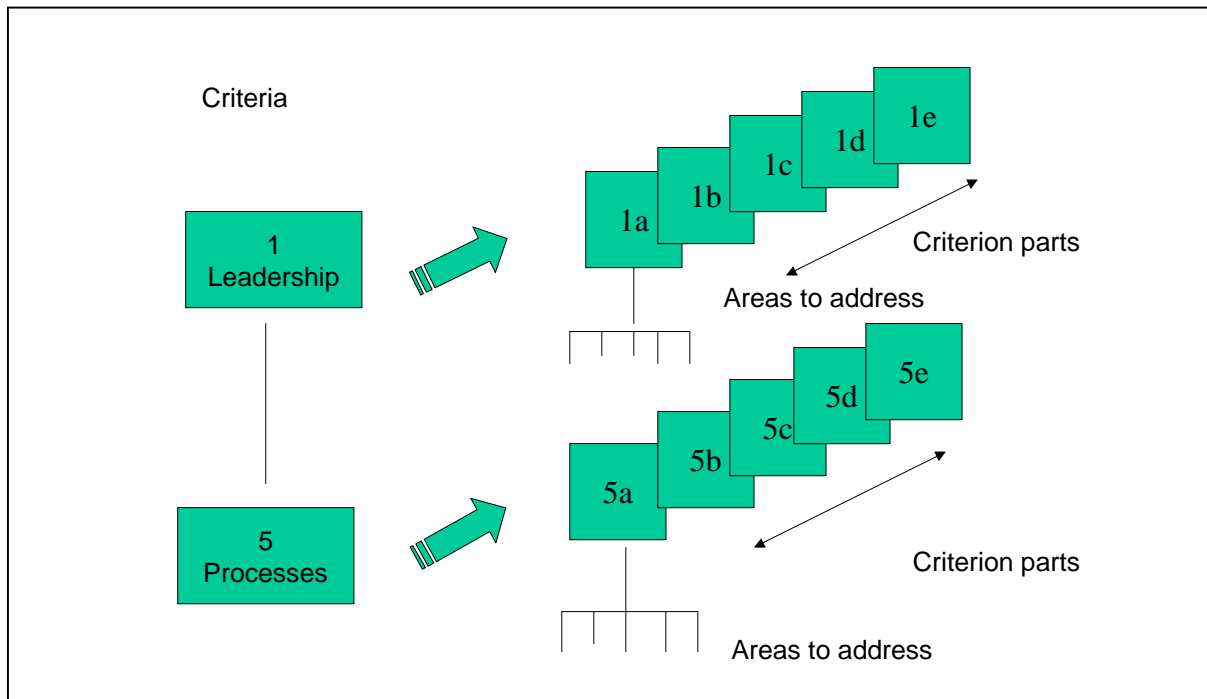
Results criteria

The five Results criteria question whether there are comprehensive measures in place that can monitor and track performance, and assess whether objectives have been met. The Results criteria also question the extent to which benchmarking against the best in class is undertaken and used to enhance learning and improve performance. The criteria challenge to what extent an organisation can show that the chosen indicators:

- comprehensively measure what is important to customers and others who receive a service from the organisation
- demonstrate continuous improvement against target and results

Fig 9: The results criteria
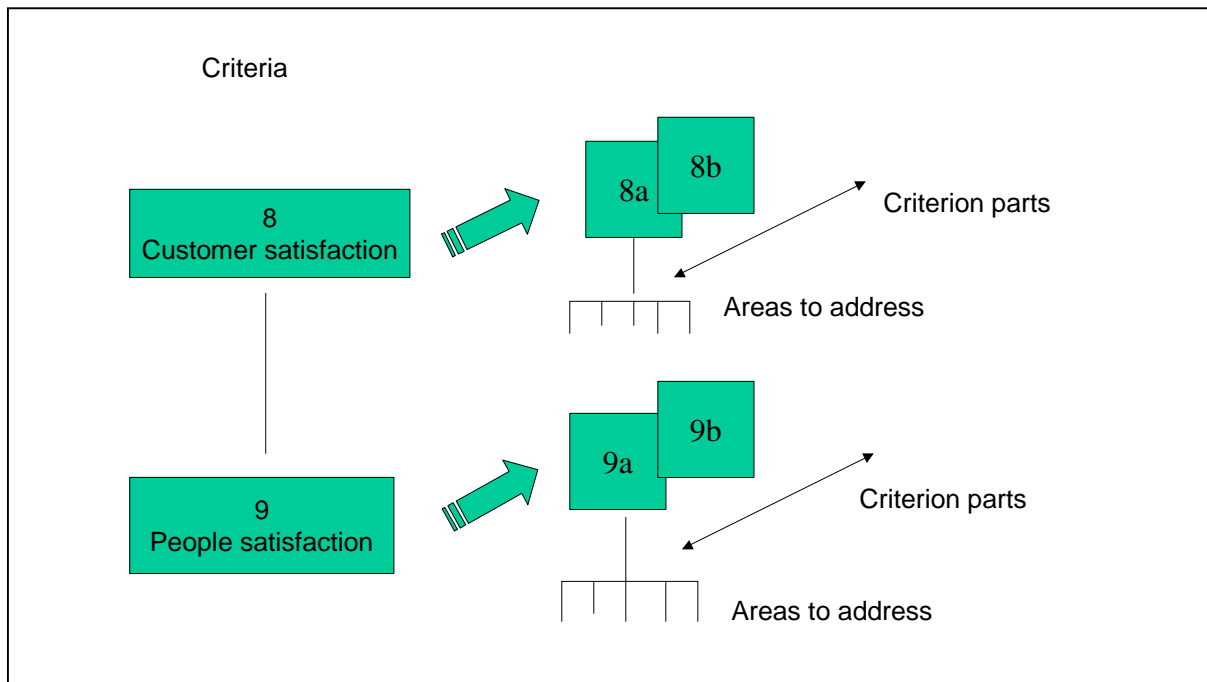
3.5.5   Scoring the SAEM

3.5.5.1   Enablers

Respondents have to rate the **enablers** of the organisation on a 4 point scale within a context of **approach** and **deployment**.

Depending on the extent and clarity of evidence, score each question as follows:

Table 4: How to score the questions

Areas of improvement (1-2)	• Not started (1) Someone may have some good ideas, but nothing has happened yet. • Some progress (2) You have started doing something in a part of your organisation. Evidence exists that some progress reviews are taking place. Improvements are being made in this area.
Strengths (3-4):	• **Good progress** (3) This is being done well in most, but not all areas of the organisation. Progress reviews take place regularly. Organisation performance is much better in this area. • **Fully achieved** (4) An excellent approach that you are achieving in this area. Although improvement is possible, you are the "**role model**" for others.

Approach

With regard to "Approach" respondents have to consider actions in relation to the following elements of approach:

• Do we use methods, tools and techniques that are appropriate for our organisation?

• Do we do things in a systematic way and prevent things from going wrong?

• Do we regularly review and challenge what we do in each area?

• Do we implement "good ideas" to obtain continuous improvement in all areas of our organisation?

• Do we integrate our approach into the everyday operations of our organisation?

Deployment

With regard to "Deployment" respondents have to consider how well the organisation has implemented the approach element in the organisation. Attention must be given to how it has been applied on the following levels:

• Vertically, throughout all the relevant levels in the organisation

• Horizontally, throughout all the relevant levels in the organisation

- To all the relevant processes that are used in the organisation
- To all the relevant products and services

Fig 10: Scoring enablers
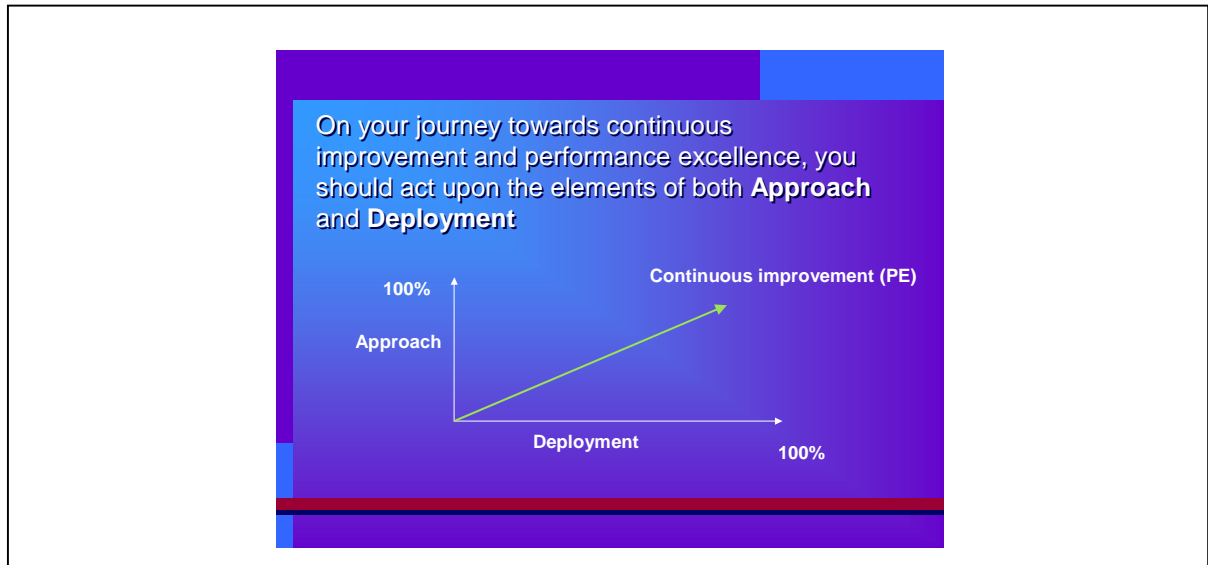
(SAEF Y2000/1 Self-Assessment Questionnaire and Workbook for Public Service Performance Excellence level 3)

3.5.5 2   Results

Respondents have to rate the **results** of the organisation on a four-point scale within a context of **scope** and **excellence**.

Depending the extent and clarity of evidence on the organisation's "achievements", score each question as follows:

Table 5: How to score

Areas of improvement (1-2)	• **Not started** (1) Nothing is happening. You have no information about this at all. • **Some progress** (2) You have started collecting data, but do not have enough information to establish a trend. If you do have sufficient information, your results are negative at this stage.
Strengths (3-4)	• **Good progress** (3) Your results are showing a positive trend or good continuous performance over a period of 12 to 24 months. • **Fully achieved** (4) Your results are showing an excellent, continuous positive trend over a 24 to 48-month period. Although improvement is possible in this area, you are the "role model" for others.

Scope

The scope (width and depth) of the results in each criteria, should include:

- **All** the relevant areas of your organisation.

- A full **range** of results in each area.

- An understanding why each result is important in your organisation.
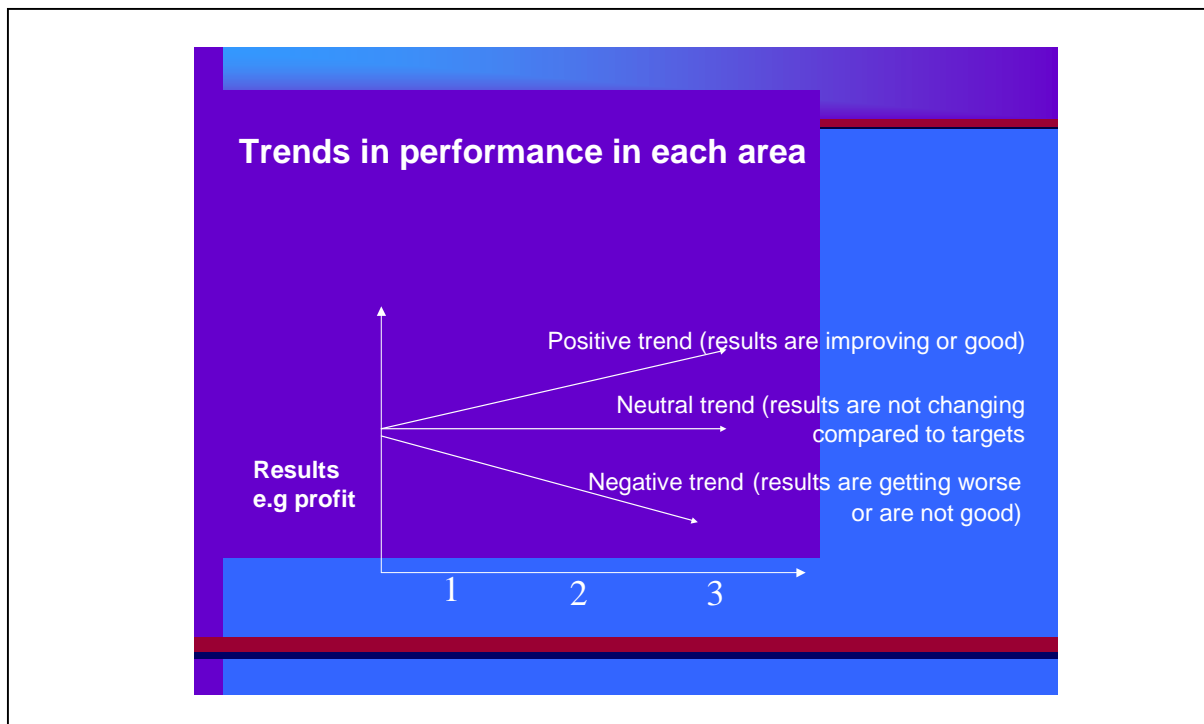
Excellence

When determining the "excellence" of results, the following elements should be considered:

- Do our results show positive trends, or good continuous performance in each area?

- Do we meet our improvement targets?

- Do we compare our achievements with other organisations?

- If we have any negative trends, do we know why, and take corrective action?

- Can we maintain and further improve good performance in all areas?

- Do we evaluate how our approach has caused the results?

When you look at how **excellent** your results are, remember:

- You must compare the institution's **actual results** with its own targets (and similar institutions if possible).

- You are looking for **positive trends**, or good, **continuous performance improvement** in each area.

- If there are any **negative trends**, you must know **why**, and take **corrective action**.

- Your institution must be able to **maintain** good performance in any area.

- That you need to **evaluate** how your **approach** has **caused the results**.

Fig 11: Scoring results

(SAEF Y2000/1 Self-Assessment Questionnaire and Workbook for Public Service Performance Excellence level 3)

3.5.6   SAEM awards

Based on assumptions that initially South African organisations would score low (e.g. less than 300 points) it was decided to introduce three levels to which organisations could apply for the SAEM:

- Level 1: Awards

- Level 2: Prizes
- Level 3: Certificates

Each year awards, prizes and certificates are awarded in the following categories:

- Business Sector (including Defence Industry): Companies/organisations or operational units thereof, run as independent business units such as factories, assembly plants, sales and marketing organisations, research units, NGOs or not-for-gain organisations.
- Public Sector: Organisations that are units operating at Central and Provincial levels.
- Local Government Sector: Units operating at Local Government level.
- SME Sector: Companies that are whole or part organisations employing less than 250 people. Winners share their best practices and lessons learned, without giving away proprietary information, and serve as role models which help to create an culture of excellence to the ultimate benefit of the national economy and welfare.

All these sectors can apply for either a level 1 (1 000 points), level 2 (5 000) points or a level 3, entry level (250 points).

Table 6: SAEM sectors and levels of participation

SECTOR	LEVEL	RECOGNITION FOR WINNERS	MAXIMUM SCORE	NUMBER OF CRITERION PARTS TO BE ADDRESSED	MAXIMUM APPLICATION DOCUMENT LENGTH (ONE-SIDED PAGES
BUSINESS	1	Award	1000	41	80 pages based on the SAEM Business Sector
	2	Prize	500	29	60 pages based on the SAEM Business Sector
	3	Certificate	250	21	40 pages based on the SAEM Business Sector
DEFENCE INDUSTRY	1	Award	1000	41	80 pages based on the SAEM Business Sector
	2	Prize	500	29	60 pages based on the SAEM Business Sector
	3	Certificate	250	21	40 pages based on the SAEM Business Sector
SME SECTOR	1	Award	1000	34	80 pages based on the SAEM Business Sector
PUBLIC SERVICE SECTOR (Central and parastatal)	1	Award	1000	41	80 pages based on the SAEM Business Sector
	2	Prize	500	29	60 pages based on the SAEM Business Sector
	3	Certificate	250	21	40 pages based on the SAEM Business Sector
PUBLIC SERVICE SECTOR (Provincial government)	1	Award	1000	41	80 pages based on the SAEM Business Sector
	2	Prize	500	28	60 pages based on the SAEM Business Sector
	3	Certificate	250	21	40 pages based on the SAEM Business Sector
LOCAL GOVERNMENT	1	Award	1000	41	80 pages based on the SAEM Business Sector
	2	Prize	500	29	60 pages based on the SAEM Business Sector
	3	Certificate	250	21	40 pages based on the SAEM Business Sector

(*http://www.saef.co.za*)

3.6   Self-assessment

3.6.1   What is organisation self-assessment?

The HEFCE *Applying self-assessment against the EFQM excellence model in further and higher education* (2003:6) defines self-assessment as:

- "A comprehensive, systematic and regular review of an organisation's activities and results referenced against a model of performance excellence.
- The self-assessment process allows the organisation to clearly identify its strengths and areas in which improvements can be made. Self-assessment is about **continuous performance improvement** of an organisation.
- The most critical phase of the process is **action planning** and **implementation**."

3.6.2.   The self-assessment process

The goals of Total Quality Management (TQM): customer satisfaction, continuous improvement and organisational excellence, are dynamic targets. They do not have a pre-fixed level. An organisation must, therefore, be able to assess its current total quality performance against its past performance. This requires a rigorous self-assessment process and a suitable TQM framework by which to do it. Thousands of organisations across the world now use self-assessment on a regular basis. Self-assessment is not only a means of measuring continuous improvement, it also provides an excellent opportunity for integrating TQM into normal business activity (Porter and Tanner 1996:6).

Quality models such as the EFQM and the Malcolm Baldrige define self-assessment as "a comprehensive, systematic and regular review of an organisation's activities and results referenced against a model of business excellence" (Lascelles and Peacock 1996:11).

3.6.2   Self-assessment potential benefits list

The HEFCE *Applying Self-Assessment against the EFQM Excellence Model in Further and Higher Education (2003:3)* provide the following summary of the key benefits of using self-assessment:

- Clear identification of stakeholders and their requirements
- Engagement of students and other customer groups
- Identification of and improved engagement with partners
- Improvement of business planning, through the appropriate integration of self-assessment which leads to a greater clarity of focus and more resourceful and strategically focused plans
- Improvement activities which are planned, undertaken and reviewed
- Improved internal and external communication
- Sharing of good practice across organisations, and within organisations
- Systematic gathering of data to inform internal and external quality assessments
- A change in culture to one of openness, sharing and continuous learning, innovation and improvement

3.6.4   Self-assessment approaches

All the quality models have basically **five** approaches to be considered and they all have advantages and disadvantages. Self-assessment can be initiated in the organisation as a whole or an independent unit of the organisation. The culture and structure of the organisation as well as the benefits desired, will influence the particular approach that is adopted.

Whichever approach is used, the key point to remember is that self-assessment is about **continuous performance improvement** of an organisation. The most critical phase of the process is **action planning** and **implementation**. Having completed the self-assessment, the following responses should be considered:

- What identified **strengths** should be:
  - o **maintained** to maximum effect?
  - o **developed** and exploited even further?

- What identified areas for improvement do we acknowledge:
  - o And see as **paramount for us to address?**
  - o But will not pursue because they are *not core to our organisation*?

- How are we going to **monitor progress** against the agreed improvement actions?

The SAEF provides the following overview of the five approaches in the *Self-assessment Questionnaire and Workbook:*

3.6.4.1 An award simulation approach

This approach means that a self-assessment is conducted and the findings documented. The self-assessment may be for the whole organisation or an independent unit only. The format of the submission document is described in the SAEF documents. An internal process similar to that employed for the **Award application** is then established. **Trained assessors** conduct the assessment which is based on the written submission. For an independent unit, the assessors could originate from another division of the organisation. If the whole organisation is involved some **external assessors** could be used.

3.6.4.2 A pro forma approach

One way of reducing the amount of work in undertaking and documenting the self-assessment is to create **a set of pro formas**, for example, one page for each of the criterion parts, making 41 in total. The description of the *criterion* and *criterion parts* would be printed at the top of the page with areas to address beneath it. The rest of the page would be divided into sections for *strengths*, *areas for improvement* and *evidence*.

3.6.4.3 A workshop approach

The advantage of this approach is that it requires the active involvement of the management team of the unit performing the self-assessment.

The *management team* is responsible for gathering the data and presenting to peers the evidence gathered at a workshop. This provides the starting point for the management team to reach consensus. Experience has shown that two people, fully trained as assessors, are needed to facilitate the process. Ideally, one of the assessors should be from that part of the organisation being assessed and the other from another part of the organisation.

There are **five components** of the process:

- training
- data gathering
- scoring workshop
- agreeing on improvement actions
- reviewing progress against action plans

3.6.4.4   A questionnaire approach

SAEF has developed a comprehensive multi-choice questionnaire, "Determining performance Excellence: A Questionnaire Approach" which covers all aspects of the SAEF Model for Performance Excellence.

3.6.4.5   A matrix chart approach

This approach involves the creation of an organisation specific achievement matrix within the framework of the SAEF Model for Performance Excellence. It typically consists of a series of statements of achievement against a number of points on a scale 0-100% or similar.

3.7   Quality models and the Balanced Scorecard (BSC)

There has been much debate as to whether quality models and the Balanced Scorecard are mutually exclusive or if they work together to bring added value to an institution.

3.7.1   What is the BSC?

The BSC is a prescriptive framework. It is a system of linked objectives, targets and initiatives that collectively describe the strategy of an organisation and how that strategy can be achieved. As well as a framework, it is a process that an organisation uses to foster consensus, alignment and commitment to the strategy by the management team and the people within the organisation at large. It is a tool designed to enable the implementation of an organisation's strategy by translating it into concrete and operational terms which can be measured.

Kaplan and Norton, the two founders of the BSC state that "traditional financial accounting measures like return-on-investment and earnings-per-share can give misleading signals for continuous improvement and innovation – activities that today's competitive environment demands. The traditional financial performance measures worked well for the industrial era, but they are out of step with the skills and competencies companies are trying to master today" (1998:125-127).

The BSC includes financial measures that tell the results of actions already taken. It complements those financial measures with operational measures on customer satisfaction, internal processes and the organisation's innovation and improvement activities – operational measures that are the drivers of future financial performance.

The BSC provides answers to four basic questions:
- How do customers see us? (customer perspective)
- What must we excel at? (internal perspective)
- Can we continue to improve and create value? (innovation and learning perspective)
- How do we look to shareholders? (financial perspective)

Fig 12: The Balanced Scorecard
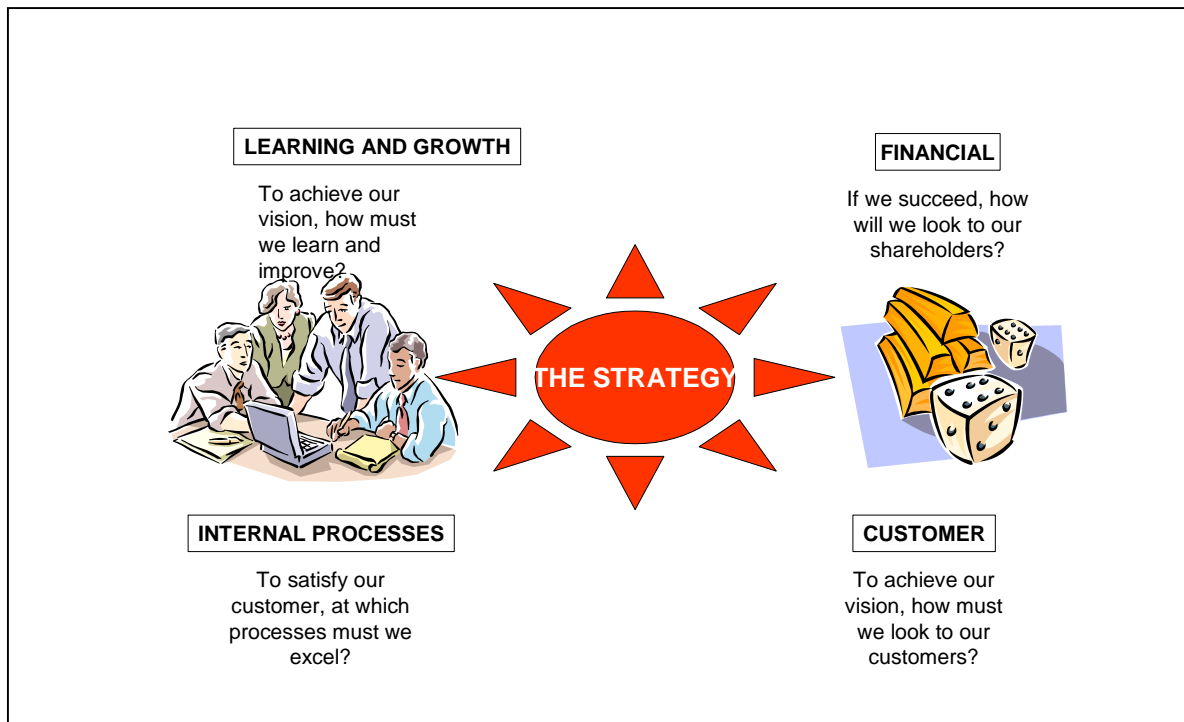
(Kaplan R and Norton D 1992:7)

The BSC explicitly identifies the critical few drivers of success, which cut across an organisation and together drive the creation of shareholder value. It reflects the interests of the whole organisation starting with the strategy by examining the financial and shareholder requirements, the customers' needs, internal processes and enablers such as company culture, information and infrastructure. It forces a focused debate about the key drivers of success that will deliver the organisation's strategy and vision using the four perspectives of the model which represent the different facets of the organisation linked together by cause and effect.

An organisation's BSC identifies both financial and non-financial measures to assess strategic performance. It balances the short term with the longer-term strategic goals using both driver and outcome measurement. It enables a management team to manage performance pro-actively, the team learns continuously about its strategic performance and thus is in a position where it can adjust the strategy before end of year results are in. When used effectively, the BSC becomes the management team's on-going strategic agenda that is reviewed and discussed on an on-going dynamic basis.

What do organisations look to gain when adopting the BSC approach? They want to:

- Translate their strategy into focused, operational, measurable terms

- Make strategic implementation happen

- Focus management time and effort on key issues and create a basis for more consistent decision making

- Provide a management team with the means to coalesce around a common strategic agenda, gain focus, alignment and build consensus

- Enable a clear strategic link between organisational/operational units strategy and 'corporate' to create strategic continuity

- Define a platform to communicate strategic priorities across an organisation

- Provide a means for teams and individuals to know how they contribute to the success of the strategy, ultimately linking reward and compensation to performance

- Improve the bottom line by making better resource allocation and investment trade-offs

- Learn continuously from the organisation's performance to assess and redirect strategic goals systematically

Fig 13: Example of a completed BSC template

	Objective Statement of what must be achieved if the strategy is to be successful & the vision realised	Measure How success in achieving the objectives will be measured and tracked	Target The level of performance or rate of improvement needed over a specific time-scale	Initiative Key action programmes required to achieve objectives
Learning & innovation	Promote image of….	% satisfaction of new and existing clients	1998 60% 2000 90%	Marketing and communication strategy
Internal processes	Cross-sell products	% revenue from new products	1998 15 % 2000 50%	Train staff on new product offerings
Customer	Clients first choice brand	Client satisfaction index	1998 7/10 2000 9/10	Focus groups
Financial	Organic revenue growth	Revenue from existing businesses	1998 R110m 2000 R 150m	Re-packaging of existing products

3.7.2 Linking quality models to the BSC

According to a document by the EFQM, *Are the Renaissance Balance Scorecard and the EFQM Excellence Model mutually exclusive or do they work together to bring added value to a company* (1999:2), the Balanced Scorecard and the quality models seem to be very similar on the surface: similar aspirations, similar concepts, similar labels and boxes. Both approaches share a number of characteristics:

- are measurement based
- encourage a dialogue about performance improvement
- strive to act as catalysts for change and action
- based on principles of on-going review, learning and feedback
- long term success in implementing either model depends on management's ongoing commitment to improving on-going organisational performance
- both talk about cause and effect, enablers and results
- each follows a structured process often facilitated by third parties (assessors or consultants)

Whilst the BSC and quality models espouse common beliefs about what constitutes good management and support broadly similar views on how to drive performance within an organisation, the BSC and quality models come at it from different angles. Each approach has a distinct history, seeks to deliver different key benefits and supports a rather different dialogue about performance improvement with the stakeholders of a company.

The basic premise of all quality models is that "Excellent results with respect to organisational results, customer satisfaction, people satisfaction and impact on society are achieved through leadership driving policy and strategy, people, partnerships, partnerships and resources and processes."

Organisations use the quality models as an internal diagnostic tool regardless of any plans for entering for an award and thus was born the process that has become known as self-assessment.

The process of self-assessment is comprehensive, systematic and performed periodically, typically annually. Using self-assessment an organisation can identify its own strengths and areas for improvement and compare its overall performance to widely accepted levels of what constitutes "good practice". The benefits of this all-encompassing approach include the creation of enthusiasm within the organisation at all levels to improve performance, the provision of a mechanism to share good practice internally and externally as well as the provision of a framework against which to learn and continuously improve performance.

Initially, using the self-assessment process, it was to get that "moment in time" picture of where the organisation stood. It gave them the opportunity to periodically look at themselves in the mirror to see if they liked what they saw. Phase two saw the start of the move from the excellence model as a management tool to its use as a management model. Organisations began to realise that for the outcomes of the process to have maximum value, it needed to be linked with their business planning process.

The fundamental difference between quality models and the BSC lies in that the BSC is designed to communicate and assess strategic performance, whereas the quality models and self-assessment process focus on encouraging the adoption of good management practice across the operations, processes and activities of the organisation.

For example, as part of assessing good management practice, the quality model would seek to establish how well a company manages the process of strategic planning by determining whether it is a formally established process, which is reviewed regularly and appropriately deployed at different levels. It would however, not seek to pass judgement on the quality of the strategy itself or assess the organisation's performance in delivering the strategy.

Conversely, whilst the BSC would state the validity of the strategy and monitor the organisation's performance against achieving it, it would not be its primary aim to assess the quality of the strategic planning process itself.

The self-assessment process provides a critical and comprehensive account of the **current** processes within an organisation. It gives a thorough assessment of a company's current strengths and areas for improvement and as a result provides a steer as to where the organisation might choose to focus some of its effort in the future.

Conversely, the BSC identifies performance objectives, which an organisation needs to achieve to reach its vision two or five years out. The BSC is **future** looking.

An organisation using the quality models will have a good and broad understanding of its own strengths and weaknesses at the process level. As a result of the assessment, an organisation will have an indication as to where it may need to improve significantly, where it performs adequately and where it excels against the ideal benchmark. However, it may not have a strong sense of where to invest as a strategic priority, or where the improvement will make the biggest impact in organisational performance and results. The BSC can be used at this point to provide the strategic focus needed to prioritise action and allocate resources. In this scenario, the BSC complements the self-assessment in providing a strategic prioritisation tool. By using both self-assessment and the BSC, an organisation can do the right things in the knowledge that they will be doing them well.

Lamotte and Carter conclude that self-assessment and the BSC can add a useful dimension to the other by leveraging the knowledge and insights that each of them brings to the organisation. Indeed, it is about enriching the management dialogue and process by providing additional sources of intelligence. In using the two, a management team can foster a deeper dialogue about performance supported by an end-to-end analysis of the organisation's performance from strategy to operations and process quality. Both models clearly have their place within the strategy and organisational planning spectrum.

3.8   Summary

In this chapter the three quality models were discussed. A detailed overview was provided of the United States Malcolm Baldrige National Quality Award (MBNQA), European Foundation for Quality Management (EFQM), and the South African Excellence Model (SAEM).

The award system for the various sectors was also explained. It was pointed out that the SAEM does not currently have a sector for higher education institutions, whereas the MBNQA and EFQM both have higher education sectors.

A comparison of the three models indicates that they are very similar, but the SAEM has two additional criteria.

In the following chapter the major quality developments in higher education will be discussed.

Specific reference will be made to the USA Malcolm Baldrige Award where criteria for the education sector have been formulated. These criteria are being extensively used by higher education institutions in the USA.

Reference will also be made to the UK Higher Education Funding Council for England (HEFCE) where two consortiums are using the EFQM with great success.