Organizational Excellence: Approaches, Models and Their Use at Czech Organizations

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ABSTRACT

Purpose: The paper brings a set of original information related to analysis and description of the current state in the area of excellence models implementation in Czech organisations. It defines these terms, analyses results of special research in Czech organisations and proposes a comprehensive and generic framework how to achieve the organisational excellence. The principal goal of this paper is to present the main possibilities, benefits, limitations and risks related to the practical use of excellence models in Czech organisations.

Methodology/Approach: Brainstorming conferences, field research and relevant data analysis, seminars with quality professionals and other managers, comparative literature analysis and interviews were used to reach the principal goal.

Findings: The organisational excellence concept is now widely discussed and implemented throughout the world. Unlike, the real situation in most Czech organizations is rather else. Level of knowledge and overall people awareness related to this concept and various excellence models is very low. This finding supports the assumption that is necessary to change company culture towards never-ending excellence effort in Czech organisations by way of systematic knowledge (including best practices) sharing among all levels of organizations staff.

Research Limitation/implication: Special research activities focused on analysis and description of current state in area of excellence models implementation, which was performed on a sample of 321 Czech organisations (with more than 20% response rate). Such level of response rate was seriously influenced by the fact that practical use of various excellence models in Czech organisations is rather limited in present days. However, we can suppose the obtained results should be valid or interesting also for another organization, not only in the Czech Republic.
Originality/Value of paper: The paper brings an original set of information from special market research as well as the development of a creative and generic framework of the organisational excellence tailored to Czech organisations.

Category: Research paper

Keywords: organizational excellence; excellence models; quality; risks; benefits

1 INTRODUCTION

Organizations in today’s ever-changing and global business environment need to focus on creating new approaches to their development. Such approaches should provide confidence in the organisation’s ability to achieve long-term and sustained success. So-called “organisation excellence” represents one of the most recognised concepts which can assure such ability. The organisational excellence ensures all organisational systems are aligned and functioning cohesively together.

We can find a lot of opinions and definitions related to the organisation excellence. For example, M. Webster says that “organisational excellence is delivering, and sustaining the delivery of, outstanding value to all key stakeholders” (Webster, 2016). Experts from American Society for Quality argue that “organisational excellence refers to ongoing efforts to establish an internal framework of standards and processes intended to engage and motivate employees to deliver products and services that fulfil customer requirements within business expectations” (ASQ, 2015). D. M. Bailey wrote: “The excellence is a cultural journey” (Bailey, 2014). Moreover, according to European Foundation for Quality Management – EFQM: “Excellent organisations are those that achieve and sustain outstanding levels of performance that meet or exceed the expectations of all their stakeholders” (EFQM, 2012). These four statements create only very small sample of opinions focused on the area of the organisational excellence concept but anyway they prove the organisational excellence has been being an actual phenomenon throughout the world!

On the contrary, we are afraid of fact the journey to excellence is the only exception and rare opportunity for most of the Czech companies now. A lot of Czech organisations are strongly oriented only to quality management systems according to ISO 9001 standard, and various excellence models are looked upon vain instruments. Therefore, it seems to be rational to explore the reasons and consequences of this situation. The primary purpose of this paper is to present interesting findings from special field research in the area of the organisational excellence concept implementation as well as to bring original excellence framework tailored for Czech organisations environment and culture.
2 METHODOLOGY

After necessary literature review and mutual comparison of five known excellence models, the authors used a questionnaire field survey as the instrument to collect data from 321 Czech organisations. Production, as well as service organisations, were included into this sample on the basis of randomly drawn. A quantitative and qualitative approach were used in the data processing. The EFQM Excellence Model was used as an example of a time-tested approach to reaching the organisational excellence. Findings enabled to create original excellence framework as basic of Czech journey to excellence.

3 LITERATURE REVIEW

When consulting serious literature resources in the area of the organisational excellence or excellence models, we can discover huge amount of various opinions and experience. Let us remind only some of them.

Experts from the International City/County Management Association (ICMA) for example recommend focusing on eight areas in case organisations strive to achieve organisational excellence:

1) Delight your customers.
2) Get results from vision and strategic planning.
3) Create a culture from your values.
4) Understand and incorporate both leadership and management.
5) Pay attention to engagement and passion.
6) Maximizing performance.
7) Measure progress.
8) Manage changes.

See (ICMA, 2016) for additional details. Some findings from field research projects revealed a significant impact of organizational excellence on overall performance (Musa and Tulay, 2008) or (Kiitam and Tammaru, 2012), human force productivity (Shirvani and Iranban, 2013), company culture creating (Al-Dhaafri, Al-Swidi and Al-Ansi, 2016; Zgodavova, Hudec and Palfy, 2017) and other features of organizations. A lot of other interesting perceptions and beliefs are continuously presented through permanent chatting on www.researchgate.com. Some special approaches were developed on purpose of organisational excellence level assessment. Let us remind only three of them: the RADAR logic as EFQM (2012) developed a dynamic assessment framework and Duffy (2016) have proposed five excellence maturity levels and similar approach is also recommended by the latest version of ISO 9004:2018 standard, which comprises a special annex entirely oriented on organizational self-assessment (ISO 9004; 2018). By the way: this standard brings a new term “quality of an
organisation” as the degree to which the inherent characteristics of an organisation fulfil the needs and expectations of its customers and other interested parties, to achieve sustained success. In our opinion, this term is broadly speaking close to the organisational excellence.

Unfortunately, data relating to the economic impact of the organisational excellence are presented only seldom. For example, results of a particular survey oriented to change of performance indicators show as interesting itself. This survey was executed in 2007 by some specialists from George Washington University (Washington D.C.) They are summed up in Tab. 1.

*Table 1 – Effects of Organisational Excellence (Adapted from GWU, 2017)*

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Average Annual Positive Performance Improvement (%)</th>
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<tbody>
<tr>
<td>Timeliness of delivery</td>
<td>4.7</td>
</tr>
<tr>
<td>Errors or defects</td>
<td>10.3</td>
</tr>
<tr>
<td>Cost of quality</td>
<td>9.0</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>1.4</td>
</tr>
<tr>
<td>Safety and Health</td>
<td>1.8</td>
</tr>
<tr>
<td>Overall customer satisfaction</td>
<td>2.5</td>
</tr>
<tr>
<td>Customer complaints</td>
<td>11.6</td>
</tr>
<tr>
<td>Market share</td>
<td>13.7</td>
</tr>
<tr>
<td>Sales per employee</td>
<td>8.6</td>
</tr>
<tr>
<td>Return on assets</td>
<td>1.3</td>
</tr>
</tbody>
</table>

However, such data cannot be confirmed by similar research in Czech organisations at all. Impact of organisational excellence to overall performance was discovered by another research, conducted by a team from the University of Leicester at 120 European organisations. The European Quality Award winners were compared against organisations, where the EFQM Excellence Model was not introduced yet. Detailed results are available at (Eraclitus, 2005). According to our investigation, up to now, the broadest qualitative research focused on the real impacts of the organisational excellence was provided by Asian Productivity Organization. Strengths, as well as weaknesses, were precisely identified in five areas:

- impact of business excellence,
- design of business excellence frameworks,
- awareness of business excellence,
- application of business excellence,
• business excellence awards (see Mann (2011) for more details).

Journey to the organisational excellence can also bring some serious risks or obstacles; there is no doubt about it. P. Hoskote (2015) nicely identified 12 essential reasons for possible failing, including misunderstanding and misuse tools, no benchmarking activities, no accountability, etc.

In the course of time, various excellence models have crystallised as a fundamental and critical instrument for promoting and practical implementation of all excellence principles. Such models have already discussed and developed in more than 90 countries throughout the world. Ladzani (2016) has made some interesting comparisons of different versions of excellence models. According to our investigations, it is possible to distinguish two different groups of these models:

a) Models which are launched and presented by institutions and serves not only as guidelines but also as a set of criteria for national or international quality awards. Only three of them were selected for the next investigation:

- Deming Prize Model (JUSE, 2017),
- Malcolm Baldrige National Quality Award Model (ASQ, 2017),
- EFQM Excellence Model (EFQM, 2012).

Currently, these models are widely known and respected.

b) Models which were developed and are promoted by individuals, well-known experts. These models usually serve as a tool of organisational inspiration and support. As examples of such models can be introduced:

- Kanji’s Business Excellence Structural Model (Kanji, 2015),
- 4P and 3C Model (Oakland, 2014).

We have studied and mutually compared these models. Essential features are described in Tab. 2.

Table 2 – Basic Features of Selected Excellence Models

<table>
<thead>
<tr>
<th>Excellence Model</th>
<th>Basic Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deming Prize Model (JUSE, 2017)</td>
<td>- It represents probably the oldest model throughout the world. It has been continuously developing and using since 1951.</td>
</tr>
<tr>
<td></td>
<td>- It accents broad application of the statistical approach to data processing.</td>
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<td></td>
<td>- Established criteria are a little bit unspecific.</td>
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<tr>
<td></td>
<td>- This model is mostly applied in countries in South-East Asia.</td>
</tr>
<tr>
<td>Malcolm Baldrige National Quality Award Model</td>
<td>- It was created in 1987 with the strong support of the US government.</td>
</tr>
</tbody>
</table>
### Excellence Model | Basic Features
--- | ---
(ASQ, 2017) | - Criteria were gradually developed for different areas (business, education, healthcare, etc.) and they are permanently refined.  
- This model is highly respected especially in North America, but its implementation could also be discovered in other continents.

EFQM Excellence Model (EFQM, 2012) | - The first version of this model was launched in 1991 as the European Model of TQM.  
- Its criteria are fully generic, and it is recognized as the most exacting excellence model at present.  
- All criteria are divided into two parts: enablers, as well as results.  
- It is widely used particularly in European countries and also serves as the fundament of many national quality awards.

Kanji’s Business Excellence Structural Model (Kanji, 2015) | - Kanji has already launched the first version of his model in 1998.  
- The leadership role is appreciated as a key one.  
- It is a set of reasonably intangible recommendations.  
- This model is known and applied to different organisations in Europe and Asia.

4P and 3C Model (Oakland, 2014) | - Primarily, soft items of management are stressed by this model.  
- The leadership role is strongly oriented to the overall development of company culture.  
- Practical implementation of this model asks for the manager’s creativity.

In practice, many discussions may be held about mutual relationship or differences between the ISO 9000 family of standards concept and organisational excellence concept. Fonseca published some findings in this area (Fonseca, 2015). Our investigation proved his findings, additionally; we can stress three crucial differences:

a) All excellence models (as instruments aimed at achieving the organisational excellence) have dynamic nature. They are upgraded and refined continuously. Unlike, especially ISO 9001 standard is looked upon rather static set of requirements – revision intervals are much longer in comparison to excellence models’ development.

b) While ISO 9001 standard aims to product’s quality, all excellence models face quality of an organization. Only ISO 9004 standard (mentioned above) is related with the organisational quality.

c) Most of the excellence models recognise ISO 9001 standard as one of the suitable tools, no more, no less.
Finally, we can say the excellent organisations can be distinguished through the following features:

• they highly exceed „mere average“ of performance within the relevant branch of business,
• their leaders can reach organisational identity with the support of the clear vision, mission and values through,
• they understand that adding the highest stakeholders’ value is their primary reason for being,
• they are strongly oriented to all stakeholders’ requirements, not only external customers,
• they see that excellent results are reached as a logic effect of advanced and continuously developed management systems,
• they are distinguished through the highest level of overall company culture,
• soft items of management are usually preferred to hard methods and tools there,
• instead „ex-post“ actions, a prevention principle is in place everywhere,
• systematic manner exploits all suitable approaches to organisation’s learning,
• they are strongly oriented to products and processes innovations and people creativity,
• they systematically stipulate, manage and improve critical processes,
• they are aware of their role in the sustained development of the regional and national economy,
• corporate social responsibility is fundamental basis of a relationship with the community.

4 RESULTS OF EMPIRICAL FIELD RESEARCH

We performed empirical field research in Czech organisations from November 2017 till February 2018. A principal goal of this research was to investigate how the excellence models are practically perceived, used and assessed by Czech managers from the point of effects and risks.

For this purpose, we declared three primary hypotheses:

\( H_1: \) Excellence models are applied only seldom at Czech organisations.

\( H_2: \) Time and various resources demands represent the most critical barriers to organisational excellence establishing.
H3: Reaching the excellence as a whole helps to organisations’ performance improvement.

321 Czech organisations from various areas of business were randomly selected. Data gathering was based on a structured questionnaire which could be filled mostly by electronic aid. Additionally, interviews with some quality professionals were also held. A response rate was 19% what means that 61 organisations gave us relevant data for next processing. Tab. 3 shows the organisation’s distribution from the business area point of view.

**Table 3 – Organization’s Distribution from the Business Area Point of View**

<table>
<thead>
<tr>
<th>Business area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive industry</td>
<td>24.72</td>
</tr>
<tr>
<td>Machinery</td>
<td>23.60</td>
</tr>
<tr>
<td>Healthcare</td>
<td>8.99</td>
</tr>
<tr>
<td>Electronic industry</td>
<td>5.62</td>
</tr>
<tr>
<td>Food industry</td>
<td>5.62</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>4.49</td>
</tr>
<tr>
<td>Education</td>
<td>4.49</td>
</tr>
<tr>
<td>Metallurgy</td>
<td>3.37</td>
</tr>
<tr>
<td>Public service</td>
<td>3.37</td>
</tr>
<tr>
<td>Other</td>
<td>15.73</td>
</tr>
</tbody>
</table>

22.95% from this sample were large organisations (it means with more than 500 employees), 57.37 employed from 50 to 500 people and 19.67 of respondents were representatives from small organisations. Only 5.93% of all organisations had not established and certified quality management system minimally against relevant management systems standard (ISO 9001, IATF 16949, ISO/TS 16949, ISO 14001 or so).

There are some interesting findings:

a) Only about 16% of Czech organisations work with some excellence models. Majority of Czech organisations (about 84%) still strongly depend on some of the standards, as ISO 9001 or IATF 16949 only! On the contrary, more than 64% of Czech organisations included declared their awareness of excellence models although this awareness shallow very often.

Causes of insufficient awareness are plotted in Fig. 1. Nearly 46% of organisations look at the most important problems lack of resources and information and lack of top managers concern. Insufficient knowledge of
employees also seems to be grave reason related to insufficient awareness about excellence models.

The fact that only 16% of Czech organisations work with some excellence model despite 64% of them have specific awareness about such models is an apparent discrepancy. It should be explained by the reluctance of many Czech companies to be interested in the area of the organisational excellence (briefly: none of the management standards’ requirement asks for such effort!). Additionally: about 75% of organisations included in research have no intention to implement some excellence model in the future!

b) Top managers’ strategic decisions need for next quality management development and overall organisation’s performance increasing were the most frequent impulses for some excellence model implementation.

c) On the contrary, some severe barriers to successful implementation of excellence models were discovered through our field research (Fig. 2) for their description. The total lack of employees is an unpleasant reality in every Czech company due to rapid decreasing of unemployment level. However, a little bit surprising is a high percentage of top managers’ mistrust and a declaration that advanced quality management system is not a priority for them. Such mental obstacles should be difficult to overcome!
More than 86% of Czech organisations are a hundred per cent sure that effort in the area of the organisational excellence will bring them serious performance increasing. Fig. 3 draws it.

When exploring the main benefits of excellence models’ implementation, Czech managers primarily stressed quality improvement of the management system. Also, some other positive effects were described. They are briefly presented in Fig. 4 and are mostly linked to the area of certain stakeholders’ perception.
e) A final question of our research targeted to main areas of improvement. Surprisingly, only about 11.5% of Czech organisations consider profit is increasing as the most crucial area. On the other hand, overall cost reduction is preferred by nearly 19% of organisations. Moreover, about 16% of respondents declared customer perception as the most important challenge. See Figure 5 for more details. Practically, all experience throughout the world confirmed that excellence models assure such kinds of improvement from a long-term perspective. Moreover, it can be recognised as another argument for systematic establishing of excellence models at Czech organisations!

As a whole, findings from our investigations convincingly confirmed all three hypotheses! However, they also revealed that most of the Czech managers and other groups of people have entirely insufficient knowledge in the field of excellence models’ development and implementation.
Figure 5 – The Most Important Areas for Improvement of Czech Organisations

5 EXCELLENCE FRAMEWORK

Such aspects as lack of information, insufficient knowledge, managers’ mistrust, etc. are coupled with low level of people awareness in the area of the organisational excellence. Many people at Czech organisations simply do not understand the fundamentals, principles and meaning of this way to long-term success. We are sure an overcoming this obstacle through patient explanation and permanent discussion with all levels of employees is a crucial factor of more intensive work with excellence concept at Czech environment! Such communication needs an appropriate supporting tool. That is why a simple excellence framework tailored to the Czech environment and culture was designed. It is outlined by way of the scheme in Fig. 6.

A logic linkage that follows from this picture is not difficult to understand: if we want to assure the long-term success of any organisation, the best way is to adopt an organisational excellence concept. A common effect of this concept is a significant improvement of all organisations’ results (financial and non-financial too). Better results are caused by the serious improvement of all stakeholders’ perception, especially through external customers loyalty increasing. However, such perception changes must be considered as effects of necessary preconditions focused on permanent and agile improvement and innovations related to all aspects of advanced management systems. Management style, real value delivered to stakeholders, employees’ knowledge development, individual processes capability and performance, or optimisation of material, information and natural resources consumption create the most significant aspects of improvement and innovation at present.
Figure 6 – Excellence Framework for Czech Organisations

Naturally, despite this scheme seems to be very simple, practical implementation can be a questionable effort. A lot of various problems and difficulties can occur. Just a quick troll through the problems linked to customer loyalty measurement at Czech companies is enough to illustrate one subjective limitation (Vykydal,
Halvarová and Nenadál, 2013). Nenadál has already analysed some additional problems of excellence models implementation (Nenadál, 2016).

6 CONCLUSIONS

Organizational Excellence provides a competitive advantage - it is what makes one organization different from all of the other organizations in certain marketplace that provide similar products or services. Continuous commitment to the organizational excellence provides the tools to aggressively enhance your product or service, which in turn will assist you in building loyal customer relationships. Our investigation occurred that most of Czech organizations (including production companies) are not aware of this reality. Therefore, some final remarks concerning possible implications are directed to very them:

a) Journey to excellence is not only “the latest fad” or short-term campaign with risky effects. Working towards excellence means essential reducing costs through individual processes performance increasing and ability to deliver excellent value for any stakeholder;

b) development of advanced quality management strongly supports this journey (Goetsch and Davis, 2015);

c) various excellence models are widely applied not only at production companies, but also at other branches of business, healthcare (Markulik and Nagyová, 2012), education institutions or other service area (Gouthier, Giese and Bartl, 2012) or (Zgodavova and Colesca, 2007);

d) this lead to improving shareholder’s returns (Bolboli and Reiche, 2013), caused by improving all key financial indicators as return to equity, assets and capital, etc. (Dahlgard and Dahlgard, 2013);

e) unfortunately, these impacts cannot be exactly confirmed in the Czech environment due to the insufficient number of organizations engaged in excellence models’ implementation;

f) the most of criteria included in excellence models can be difficult to understand by organization’s staff and clear, deep and permanent communication or learning seems to be the only possible way how to overcome this barrier;


g) when adopting certain excellence model, all internal and external aspects (an organization’s context) and rapidly changing business environment should be under consideration. In case we ignore such changes, huge effort should fail completely;

h) lack of money is not decisive limitation for the most of Czech companies when discussing barriers of journey to the organizational excellence. On the contrary: lack of knowledge was discovered and proved as crucial weakness. Knowledge management (focused on tacit knowledge first of
all) should be considered as necessary precondition for all Czech organizations;

i) all findings presented at this article should come into support of the assumption that concept of the organizational excellence promoted by all excellence models can lead to important increasing not only quality of management but also to better quality of life!

Briefly to say: organisational excellence cannot be considered as overcomplicated matter, not even approach which is not suitable for Czech companies. It must be seen as an excellent opportunity for long-term business success! To successfully implement some excellence model, it does not matter of lack of money, not even lack of hardware. It is a matter of people engagement, education, training and motivation!

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