

STRATEGIES FOR SUCCESSFUL BUSINESS EXCELLENCE ADOPTION

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Abstract- The aim of this study was to investigate the different tools and techniques used by organizations at different levels of business excellence (BE) maturity. Organizations across the five Asian countries of China, India, Japan, Singapore and Thailand participated in a survey, discussion groups and interviews. The results suggest that organizations with high BE maturity significantly outperform those with lower levels of BE maturity. It was found that the two different sets of organizations used both different tools and different strategic approaches to BE; this information can be of great use to those wishing to understand how to improve their level of BE maturity.

Keywords - Business Excellence, Adoption, Success Factors

I. INTRODUCTION

This paper aims to improve our understanding of how business excellence (BE) is adopted and used across organizations. There have been numerous previous studies on the importance of BE and how it can be used in organizations (including Leonard and McAdam [1], Ritchie and Dale [2], Hakes [3], Brown [4], Blazey [5], Mohammad, et al. [6], Naylor [7], Talwar [8]). There is, however, a dearth of studies that compare organizations with an “awareness to progressing” level of BE maturity (which for simplification purposes we will refer to as “low” BE Maturity) to those with a “competence to advanced level of BE maturity” (which for simplification purposes we will refer to as “high” BE Maturity). Similarly, Yong and Wilkinson [9] and Arumugam et al. [10] mention that the vast majority of previous studies on BE focus on western organizations with very few focusing on their Asian counterparts. This study rectifies these issues by comparing two sets of organizations (those with low BE maturity and those with high BE maturity) across the Asian region. Data for this study was collected via a survey, discussion groups and interviews with organizations across the five Asian countries of China, India, Japan, Thailand and Singapore.

A. Background

BE has evolved from the concept of TQM, which was made popular in the 1980s due to its ability to increase organizational competitiveness and productivity. A number of widely accepted TQM models were introduced soon after, the most popular being the Malcolm Baldrige Criteria (1987) in the US and then the EFQM model (1991) in Europe. These models (along with their associated award schemes) were developed in order to promote quality standards within their regions and it wasn't long before numerous Asian countries followed suit. South Korea

and China developed similar models in 1989 and 1990 [11], India introduced its first award in 1994 and Singapore, Japan and Thailand brought out similar models in 1994, 1996 and 2001 respectively.

Vora [12] states that implementing BE requires a significant amount of effort; however, while some scholars believe that applying for these award schemes can detract from an organization's main business objectives [13], others have found that those that win BE awards outperform those that do not [14], [15], [16]. In terms of detailed benefits achieved from BE adoption, Hendricks and Singhal [16] found that award-winners reaped the rewards of higher operating income, improved sales growth, improvements in controlling costs, increased capital expenditures and higher growth in both employment and total assets than those organizations that had not received an award. Others have found that BE has a positive impact on operational performance, innovation and organizational learning, regardless of sector or size of organization [17-19]. Others still have found that BE award-winners benefit from increased share value, revenue and sales, a reduction in costs and operating income [20] as well as job satisfaction [21]. Positive impacts on performance in terms of operations, cost, delivery, flexibility and technology management [22] as well as employee relations, operating procedures, customer satisfaction and financial results [14] have also been reported.

The four research questions to be answered by this research are as follows:

1. Does BE maturity affect organizational performance?
2. Does the level of BE maturity have an impact on the tools used by organizations?
3. Does the level of BE maturity have an impact on the effectiveness of these tools?
4. Does the level of BE maturity affect the BE strategy of the organization?

II. METHODOLOGY

A mixed-methods approach was used whereby senior managers from organizations that have adopted BE were identified across the 5 countries of China, India, Japan, Singapore and Thailand. Once identified, these senior managers participated in a survey, discussion groups and semi-structured interviews. The mixed-methods approach was used after recommendations by Gerring [23] who states that the use of multiple sources of information increases the verification of research findings.

The survey consisted of both a hard copy and an online version. 74 completed surveys were returned, of which 30 came from organizations that had won a National BE Award at some stage. Of these 30 Award Winners, 60% were from the private sector. The surveys were translated into several languages to avoid the questions being lost in translation and all survey respondents were given the opportunity to attend a workshop where the researcher's clarified the meaning of all questions, increasing the accuracy of the answers obtained.

The discussion groups occurred during BE workshops organized in each of the countries. Six discussion groups were conducted in India, 4 were conducted in each of China, Singapore and Thailand and 3 were conducted in Japan. Each group consisted of 4-8 senior managers who were actively involved in BE in their respective organization.

Finally, senior executives from BE award-winning organizations were interviewed in order to understand the tools and techniques used to successfully adopt BE. In total, 13 interviews were conducted; 3 were conducted in each of India, Japan, Singapore and Thailand and 1 as conducted in China.

The quantitative data collected was analyzed through use of the IBM SPSS Statistics software package; this helped identify comparisons in the tools and techniques used between award winners and non-award winners. The qualitative data was analyzed by triangulating the results with those of the quantitative data as suggested by Yin [24].

III. RESULTS AND DISCUSSION

This section is organized in order to answer the four research questions identified earlier.

A. Does BE maturity affect organizational performance?

Analysis of the survey responses indicated that highly mature BE organizations performed better in their product and service results ($p = 0.018$), customer-focused results ($p = 0.019$), workforce focused results ($p = 0.019$) and leadership results ($p = 0.008$). These results are supported by the findings of the discussion groups and interviews with CEOs. The vast majority of the discussion group participants agreed that BE

models were of the highest importance, so much so that they believed that organizations that successfully adopted these models were more likely to obtain their strategic goals than those that did not. Similarly, one discussion group believed that the concept of benchmarking alone lead to a dramatic improvement in organizational efficiency. These points were further supported by the interviews whereby interviewees of award-winning organizations stated that BE had increased their organization's focus on excellence and enabled the organization to obtain its short and long-term goals.

These findings support those of other studies that have found that award-winning organizations outperform non-award winning organizations [14-16]. However, the results of this study also found that there were no statistically significant differences between the two types of organization in terms of financial and market results ($p = 0.245$), process effectiveness results ($p = 0.089$) and social responsibility results ($p = 0.562$). One reason for this could be the small sample size; Process Effectiveness was very close to being a statistically significant result and may well have been had the sample size been larger. Similarly, Financial and Market results could be influenced by factors beyond the control of the organization, as might Social responsibility results (which are more likely influenced by governmental policy than BE tools and techniques).

B. Does the level of BE maturity have an impact on the tools used by organizations?

The results showed that highly mature BE organizations are statistically more likely to use the following 10 tools when compared to their less mature counterparts: Informal Benchmarking ($p = 0.023$), Performance Benchmarking ($p = 0.001$), Best Practice Benchmarking ($p = 0.002$), Knowledge Management ($p = 0.015$), Lean ($p = 0.021$), Mission and Vision Statement ($p = 0.022$), Quality Cost ($p = 0.007$), SWOT Analysis ($p = 0.041$), Total Productive Maintenance ($p = 0.014$) and BE Self-assessments ($p = 0.064$). These findings support those of McAdam and Jackson [25] who found that the level of quality maturity of the UK and Irish organizations had a direct influence on the levels of utilization of process management techniques.

In this regard, it could be said that the 10 tools identified here are the differentiators that allow organizations to improve their level of BE maturity. These tools are used to understand current organizational performance (e.g. Quality Costs, BE Self-assessments and Performance Benchmarking), learn from other, better, organizations in order to improve (e.g. Informal and Best Practice Benchmarking) and capture this knowledge in order to share and retain it (Knowledge Management). The increased use of Mission and Vision Statements and SWOT Analysis in highly mature organizations is

somewhat of a surprising result, as these would normally be considered standard tools used by all organizations, regardless of BE maturity.

The authors can therefore suggest that any organization wishing to improve their level of BE maturity should consider adopting the tools identified here.

C. Does the level of BE maturity have an impact on the effectiveness of these tools?

The results showed that 4 tools in particular showed statistically significant differences in terms of perceived effectiveness; Balanced Scorecard ($p = 0.026$), Customer Surveys ($p = 0.044$), Knowledge Management ($p = 0.019$) and BE Self-Assessment ($p = 0.004$). Highly mature BE organizations ranked these 4 tools more highly than their less mature counterparts in terms of perceived effectiveness. This is possibly due to their staff being more supportive of change, receiving better training and having more information available to them thus allowing them to use these tools more effectively. If this is the case, it is difficult to understand why only 4 tools (out of a possible 24 available on the survey) were seen as more effective by the highly mature organizations, especially given the large sample size of organizations in the study.

The implication of these results is that organizations with low BE maturity will be able to improve the effectiveness of these tools as they start to utilize an increased selection of BE tools (as identified in the previous section) and therefore become more mature. In support of these findings, the interviews found that BE was useful in helping organizations to incorporate the use of such improvement tools into their organizational strategy. One interviewee explained: "We leverage on our BE framework so that we have a strong foundation of operating systems, measurements, and controls to ensure operational excellence across processes, geographies, and business units".

D. Does the level of BE maturity affect the BE strategy of the organization?

There are a number of statistically differences in terms of the level of an organization's BE maturity and the BE strategies they adopt. These include Education and Training ($p = 0.000$), BE Self-Assessments ($p = 0.038$), External Assessments ($p = 0.038$), Assessment via Applying for a BE Award ($p = 0.004$), Regular BE Assessments ($p = 0.037$), Use of Improvement Teams ($p = 0.013$), Implementing Improvements based on Improvement Team Findings ($p = 0.009$), Involvement of Senior Managers ($p = 0.000$) and Creating a Culture of Excellence ($p = 0.014$).

In terms of education and training, 76% of the highly mature organizations ensure the majority of

their staff receive the correct level of training, compared to the 28% of less mature organizations. It has been suggested that this could be due to a lack of commitment to BE or a lack of understanding of the benefits of BE. If a BE initiative is to be successful, every employee within an organization is required to be given sufficient training and education, a point that was further supported by the discussion groups.

Highly mature organizations are more likely to conduct BE self-assessments, which could explain their superior organizational performance. Self-assessment can have a better effect than external assessments, as the increased involvement of internal members of staff increases buy-in and commitment thereby encouraging better performance. There may be a number of reasons why less mature organizations are less likely to use self-assessment, including a lack of awareness / understanding of how to conduct these internal reviews. The interviews with CEOs found that self-assessment was used by highly mature organizations to measure organizational progress, drive improvement and align business strategies across partners and suppliers one such award-winning organization fund the self-assessment tool so powerful that they carried out mandatory assessments on a quarterly basis. It is important to note that selecting an appropriate self-assessment approach can be difficult; however, there are numerous self-assessment tools that can be used to overcome this problem [2].

Highly mature organizations are also more likely to apply to be externally assessed by consultants or BE award evaluators. This finding is not particularly surprising given that the majority of highly mature organizations will apply for a BE award and therefore have to be externally assessed.

In terms of regular BE assessment, 60% of the highly mature organizations review their progress on an annual basis with a further 20% reviewing every 2 years. This is probably due to them understanding the importance of continual assessment and also the fact that award winners are required to track BE performance on a regular basis in order to retain their award. In comparison, only 38% of less mature organizations review their performance annually and only 16% review every 2 years. The Indian and Thai discussion groups in particular highlighted the importance of regular assessment, with one participant explaining that they allow for the identification of "clear steps that help companies to advance towards business excellence".

Highly mature organizations are also more likely to make use of improvement teams as well as ensuring that the findings of these teams are highlighted and their suggestions implemented. One CEO in Japan explains: "We set our own assessment indicators in each category and also implement benchmarking with other companies to improve in these areas. The indicators include examples such as the ratio of establishing management visions/policies,

employee satisfaction ratio, the ratio of revealing information, the ratio of energy consumption reduction, the ratio of development of techniques/skills....”.

In terms of the role of senior managers, 79% of highly mature organizations ensure their senior managers are fully involved in BE activities compared to 38% of less mature organizations. It is likely that highly mature organizations recognize that successful BE needs to be driven from the top of an organization; as was discovered in the discussion groups, less mature organizations are more likely to see BE as an initiative or a project rather than an overarching approach that requires senior involvement in order to succeed. The discussion groups in India, Japan and Thailand found that senior executives must buy-in to the concept of BE and be involved in its implementation in order to overcome adoption barriers and maximize the benefits obtained from BE.

Finally, highly mature organizations are more likely to feel that they have created a culture of excellence within their organization that allows them to feel confident that they do not need to use specific BE tools and techniques in order for the organization to succeed. This suggests that once an organization reaches a given level of excellence, BE becomes an integral, integrated part of the culture within the organization and becomes “the normal way of operating”. Comments from the survey on this question in support of this include: “We do not deliberately distinguish business excellence as a separate activity. Rather, it is part and parcel of how we do our business” and “Business excellence is ‘seen’ as a project when we prepare for the application and assessment. Otherwise, the approach is part of what we normally do”.

CONCLUSION

This paper has identified a number of significant differences between organizations with a high BE maturity and those with a low BE maturity across the Asian region. These differences include organizational performance, approaches to BE, the tools used (and their respective effectiveness) and the strategies used.

The findings have indicated that BE improves organizational performance and has also suggested a number of tools and strategies that can be implemented in order to improve an organization’s level of BE maturity. In particular, an important finding of this research is that it is not only about the individual tools that are adopted but the strategy that is implemented that ensures an organization increases their competitive advantage.

In summarizing the answers to the research questions:

1. Does BE maturity affect organizational performance?

Yes. In general, highly mature organizations significantly outperform their less mature counterparts in the business areas of product and service results, customer-focused results, workforce focused results and leadership results.

2. Does the level of BE maturity have an impact on the tools used by organizations?

Yes. Highly mature organizations make use of more advanced BE tools with the following 10 being significantly more likely to be used by highly mature organizations: Informal Benchmarking, Performance Benchmarking, Best Practice Benchmarking, Knowledge Management, Lean, Mission and Vision Statement, Quality Cost, SWOT Analysis, Total Productive Maintenance and BE Self-assessments.

3. Does the level of BE maturity have an impact on the effectiveness of these tools?

Only 4 tools showed statistically significant differences in terms of effectiveness between highly mature and less mature organizations. These 4 tools were: Knowledge Management, Customer Surveys, Balanced Scorecard and BE Self-assessments. All of these were rated as more effective in highly mature BE organizations.

4. Does the level of BE maturity affect the BE strategy of the organization?

Yes. BE strategies differ significantly between the two sets of organization. Eight key differences were found in the areas of Education and Training, BE Self-Assessments, External Assessments, Assessment via Applying for a BE Award, Yearly BE Assessments, Use of Improvement Teams, Implementing Improvements based on Improvement Team Findings Involvement of Senior Managers and Creating a Culture of Excellence.

In summary, for organizations with low levels of BE maturity, it is suggested that they adopt both the tools and strategies used by the more mature organizations as identified by this study. This will allow them to improve their level of BE maturity and thereby improve their business performance.

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