

Excellent Performance Realization Methodologies (EPRMs): Elements and Framework

Alaa M. Ubaid and Fikri T. Dweiri

College of Engineering, University of Sharjah, University City, Sharjah, UAE

aubaid@sharjah.ac.ae, fdweiri@sharjah.ac.ae

Abstract

Business excellence and excellent performance realization on organizational level has been attracting many researchers in the last two decades. Business Excellence models (BEMs) and their related methodological issues subjected as well to deep investigation. However, in the state of the art literature, it has been proved that BEMs still have some methodological issues that need to be resolved. In the current paper, as part of ongoing project to evaluate BEMs' EPRMs efficiency and effectiveness, Excellence Performance Realization Methodologies (EPRM) terminologies analyzed, and then EPRM defined. Affinity diagram used to extract the necessary information from the reviewed literature, organize it, and remove the duplicated information in order to identify the main elements of EPRMs. Based on the conducted analysis, six elements of EPRMs proposed namely Equipment, Fundamentals, Performance management, Inputs, Process, and Outputs, then conceptual framework for applying EPRMs elements proposed. The proposed framework gives an insight, to the researchers and practitioners in organizational excellence scope, about the elements need to be exist in any model/methodology adopted to realize excellent performance. For future work, the proposed elements and frameworks will be use to evaluate BEMs' EPRMs to improve BEMs' efficiency and effectiveness.

Keywords

Excellence, Performance Realization, Methodology, Performance Improvement.

1. Introduction

In Business Performance Improvement Resource (BPIR) website (EPIR.com), which is a knowledge management tool for global benchmarking and best practice formed originally by BPIR.com Limited & Massey University, and many international partners, Business Excellence Models (BEMs) are defined as “frameworks that if applied in an organization, can help to focus thought and action in a more systematic and structured way that should lead to increased performance” (BPIR.com Limited & Massey University., 2002).

Many researchers proved in their research that BEMs still have some methodological issues that need to be resolved. For instance, Rusjan, (2005) stated that EFQM excellence model, one of the main excellence models over the world, “*is appropriately structured to perform the first phase of the analysis, i.e. identification of a problematic situation, but on the other hand, the model does not offer any specific guidelines about the second phase, i.e. problem identification. The model offers no structured approach about how to exploit strengths or about how to classify or prioritize areas of improvement*”. Grigg and Mann, (2008) stated that most of custodians, and Business Excellence Frameworks (BEFs) users agreed on the need to conduct major reviews on the BEMs. However, the period of those reviews different from country to other with majority agreed that it should take place each five years. Grigg and Mann, (2008) stated as well that to conduct the major review process, the stakeholders should be consulted in the review process. Stakeholders includes clients, evaluators, research experts on business excellence scope, BEMs custodians, research experts on economic/management trends; influential associations/membership associations, government, and businesses not using the framework and Business Excellence (BE) consultants.

Therefore, this paper aims to identify the elements that should be available in Excellent Performance Realization Methodologies (EPRMs) and propose a EPRMs' framework. The proposed elements and framework will be used in the future work to evaluate EPRMs used by dominant BEMs, and identify the gaps and potential improvement areas in those methodologies. As a result of analysis conducted in this paper, any EPRMs should consist of six elements namely Equipment, Fundamentals, Performance Management, Inputs, Process, and Outputs. In addition, a framework proposed to give a roadmap for EPRMs implementation stages and its elements and sub-elements. This paper is structured as follows: first, research questions derived; second, research methodology explained; third, literature

review conducted; fourth, literature review results analyzed; fifth, EPRMs' framework proposed; finally, conclusions and future research directions presented in the conclusions section.

2. Research questions

To define EPRMs, we have to identify the elements of EPRMs, and propose EPRMs' framework, the following research questions derived to guide the literature review process and ensure objectives fulfillment:

Q1: What EPRMs is?

Q2: What are the elements of EPRMs?

Q3: EPRMs' framework, what it should be consist of?

3. Research Methodology

The methodology used in this paper consist of three stages. In the first stage, literature review will be conducted based on the EPRMs keywords. In the second stage, literature review results will be analyzed by use of affinity diagram, to define EPRMs, and identify the elements of EPRMs. In the third stage, authors will propose EPRMs' framework.

4. Literature Review

4.1 Basic Concepts

To understand what BEMs is? and what the elements of EPRM are? the readers should know what quality is? What excellence is? what is the difference between Total Quality Management (TQM) and BEMs?

Two decades back, since the 1999 version of quality award for European Foundation for Quality Management (EFQM) released with quality word replaced by excellence word in all contents of the quality award model (Nabitz, Quaglia and Wangen, 1999), many papers published to discuss this issue in order to find out if it is really needed change or it is for commercialization sake only. Quality defined as ratio between the performance and expectations, usually performance determined by organization and expectations decided by the customers/end-users. If the performance higher than expectation, customer will be satisfied and vice-versa. Many definitions introduced in the literature to define quality, which may vary depending on the concept of quality prevailing during definition introduction. Quality defined as a "conformance to specifications, conformance to requirements, loss avoidance, defect avoidance, fitness for use, meeting and/or exceeding customers' expectations"(Talwar, 2011). On the other hand, excellence defined as an optimum utilization of internal and external resources to meet and exceed customers' requirements as well as achieving sustainable business development(Ionica et al., 2010). Or "*Excellence is about doing your best at every day*" (EFQM, 2016).

Many researchers over the years discussed the reasons of shift from quality to excellence, e.g. Dale, Williams and van der Wiele, (2000) , "*Marginalization of quality: is there a case to answer?*", discussed the emergence of excellence term, and if TQM is fallen star and its outdated. The authors discussed many pros and cons of TQM and BEMs and proved that TQM is still the key issue and it represent the base of all excellence models. TQM defined as a "*both philosophy, and a set of guiding principles that represent the foundation of a continuously improving organization*". In TQM, the customer considered as a core of organization business. It is worth to say that two types of customers' concept introduced in TQM philosophy namely internal customers (employees) and the external customers (product or service's end-users). TQM built on six main principles. TQM principles start with customer focus; then the rest of principles are, top management commitment; employees involvement or in other words employees empowerment; continuous improvement; treating suppliers as a partners; and establish performance measures to give the necessary feedback system to ensure sustained business improvement (BesterField et al., 2015). The B.G. dale, M. Zairi, (2000) stated that excellence word replaced quality word and BEMs replace TQM in order to overcome the pitfalls of TQM models, and classic quality would reborn in USA under other name namely "Six sigma". In contrary position, Adebajo, (2001) stated in his paper "*TQM and Business Excellence: is there really conflict?*" that BEMs were created based on TQM principles, and quality and excellence should co-exist. Moreover, he proved that excellence partly responsible for increase demand on quality. Other researchers stated that BEMs expanding the narrow quality-oriented concept of TQM into holistic management concept (Young Kim, Kumar and Murphy, 2010). Actually, many researchers over the years proved through their research that adopting excellence models will help to achieve excellent performance in all organization levels and sustain it (Akyah, Sumerli and Uygur, 2013).

4.2 EPRMs' Elements

To define EPRMs and identify EPRMs' elements, each one of EPRMs terminologies/keywords should be defined separately, and then final definition of EPRMs will be consolidated from terminologies' definitions.

Excellent definition already given in the basic concepts section. Mohamed Zairi, (2009), author explained in his book the *"4Ps of Organizational Excellence"*, that the fundamental concepts of excellence that underpin EFQM model encompasses balanced satisfaction of all stakeholders, focus on customers and market requirements, organization's leaders should be committed to excellence, ensure unity of purpose, and create the necessary environment for people to excel. In addition, other fundamentals points are managing organization by facts and processes, i.e. use performance indicators and specific processes' measures, empowering people to be involved in development process, be innovative and maintain continuous improvement, establish strong partnership relations, and be committed to adopt ethical approaches that meet and exceed the expectations of community (Mohamed Zairi, 2009).

Performance encompasses three stages namely input (competencies), process (behaviors), and outcomes (results) (Shields, 2007), page 4. In addition, three performance levels identifiable namely individual performance, work group performance, and organizational performance (Shields, 2007), page 4, and (Globerson, 1985) as cited by Mohamed Zairi, (2003), page 10. In the current paper, the objective is to focus on organizational performance. Organizational inputs (competencies) include core competencies, and people capabilities. Organizational process (behaviors) include customers-focus, corporation, and creativity. Organizational outcomes (results) include profitability, customers' satisfaction, and market share (Shields, 2007). Kaydos, (1991) emphasized, as cited by Mohamed Zairi, (2003), that *"market demands should be the core and the starting point in developing performance measures, then performance measures should be translated to organization strategy via key performance indicators. These indicators should then be cascaded down the hierarchy to departmental and sub-departmental measures"*. Actually, Mohamed Zairi, (2003), stressed that world class performance can be achieved and maintained by best practices' benchmarking, and emphasized that criteria embedded in quality awards and BEMs represent a reference for organizations wish to reach and sustain world class performance. Nevertheless, Mohamed Zairi, (2003) stated that most of awards and BEMs adopted those criteria in their frameworks/methodologies with some differences in focus, and listed the criteria, i.e. best practices, adopted by most of awards' winners, which are as follows:

1. **Leadership:** Organization's leaders should be committed and be an example for organization teams. They should create vision, mission, policy, strategy, values, and business models that set organization directions and focus, and then communicate it to all organization levels.
2. **People Management:** Organization management should empower people, agree with them and include them in business goals' setting, set individual and teams' goals, and link it with business goals.
3. **Policy:** Vision, mission, and values should drive organization strategy. Moreover, the inputs to the strategy should come from *"customers, suppliers, employees, competitor analysis, benchmarking and financial data"*.
4. **Resources:** Balanced resources' measures between sales, revenues, assets, costs and liabilities need to be assured. Moreover, the awareness of quality should be raised by publicizing the cost of quality.
5. **Processes:** Adopt ISO 9000 system, identify the key processes, create processes' measures that facilitate processes' effective management, map the processes, and create the necessary flowcharts to facilitate benchmarking and other analyses.

Self-assessment/ Self-audit considered a very important step as well to attend excellent performance level as many researchers showed in their research. Actually, researchers in the literature studied the differences between quality audit, self-audit, and self-assessment (Karapetrovic and Willborn, 2001; Karapetrovic and Willborn, 2002), emphasized on the importance of conducting self-assessment process on operational level (MacKerron, Masson and McGlynn, 2003a), discussed the strengths and weaknesses of the self-assessment methodologies used by organization whom in ongoing process to adapt EFQM model (Ahmed, Yang and Dale, 2003), then, proposed an improved self-assessment/ Self-Audit methodologies that able to identify strength and weaknesses areas in the organization and give directions for continuous improvement process (Karapetrovic and Willborn, 2001; Karapetrovic and Willborn, 2002; MacKerron, Masson and McGlynn, 2003b; Ahmed, Yang and Dale, 2003).

Realization, the meaning of realization term in Google dictionary is *"an act of becoming fully aware of something as a fact"* or it is *"the achievement of something desired or anticipated"*, i.e. to realize the excellent performance, we should anticipate what our goals and objectives and take the necessary actions to achieve it.

Methodology term in Google dictionary defined as “a system of methods used in a particular area of study or activity”. Business process management (BPM) methodology defined by Al-Mashari and Zairi, (2000), as cited by Mohamed Zairi, (2009), as an “organized set of methods, techniques and tools, developed to guide the whole life-cycle of a process to achieve its objectives”. The author of book “Performance Excellence: A Practical Handbook”, presented a comprehensive details of methodologies used for performance measurement, management, and improvement like Six sigma, quality costing measurement, the balanced scorecard, Benchmarking, quality awards, and BEMs (Mohamed Zairi, 2003).

5. Literature Review Results’ Analysis

To consolidate the results of the conducted literature review, affinity diagram will be used. Affinity diagram assist researcher to analyze the complex or too large issues and organize the ideas or parameters into their natural relationships (BesterField et al., 2015). As result of using affinity diagram, authors able to identify **six main elements of EPRMs namely equipment, fundamentals, Performance management, input, process, and output**, and 32 sub-elements. The EPRM’s affinity diagram, elements, and sub-elements shown in the figure (1) a, and b.

Thus, **EPRMs** can be defined as a (system of methods, techniques, tools, and self-assessment approaches, used by organizations to build necessary performance management system and excellent performance fundamentals that encompasses creation of necessary core competencies, people capabilities, innovative culture, strong partnership relations, customer focus business model, top management commitment, ISO system adoption, optimum resources utilization, and managing organization behaviors. Then, use equipment, fundamentals, and performance management system, as foundation to convert organization inputs to output through process to achieve and sustain excellent organizational performance).

Based on the derived definition and affinity diagram analysis, EPRMs’ elements will be as follows:

Equipment element: Represent all methods, tools, techniques, and self-assessment approaches available in the literature that can be used to create the fundamentals and used in the process to convert input to output.

Fundamentals element: Represent all sub-elements that should be created by organization, and used as a foundation for achieving and sustaining excellent performance. The sub-elements of the fundamentals element listed in the figure (1), b.

Performance Management: Represent management system established to create, measure, and manage performance measures, indicators, and sub-indicators. Performance management system represent key element that necessary to give feedback to improve all other EPRMs’ elements. Performance management and measurement system necessary to monitor, control, and improve plans progress.

Inputs element: Vision, mission, policy, and values represent sub-elements embedded in the input element and should be created by organization management and used to create strategy. In addition, the inputs from customers, suppliers, employees, competitor analysis, and financial data represent other sub-elements should be used for strategy creation embedded in the input element. Moreover, best practices benchmarking, and employees’ input represent other two sub-elements embedded in the input element.

Process element: Process element encompasses strategy creation, goals and objectives setup, and action plans creation to achieve goals and objectives.

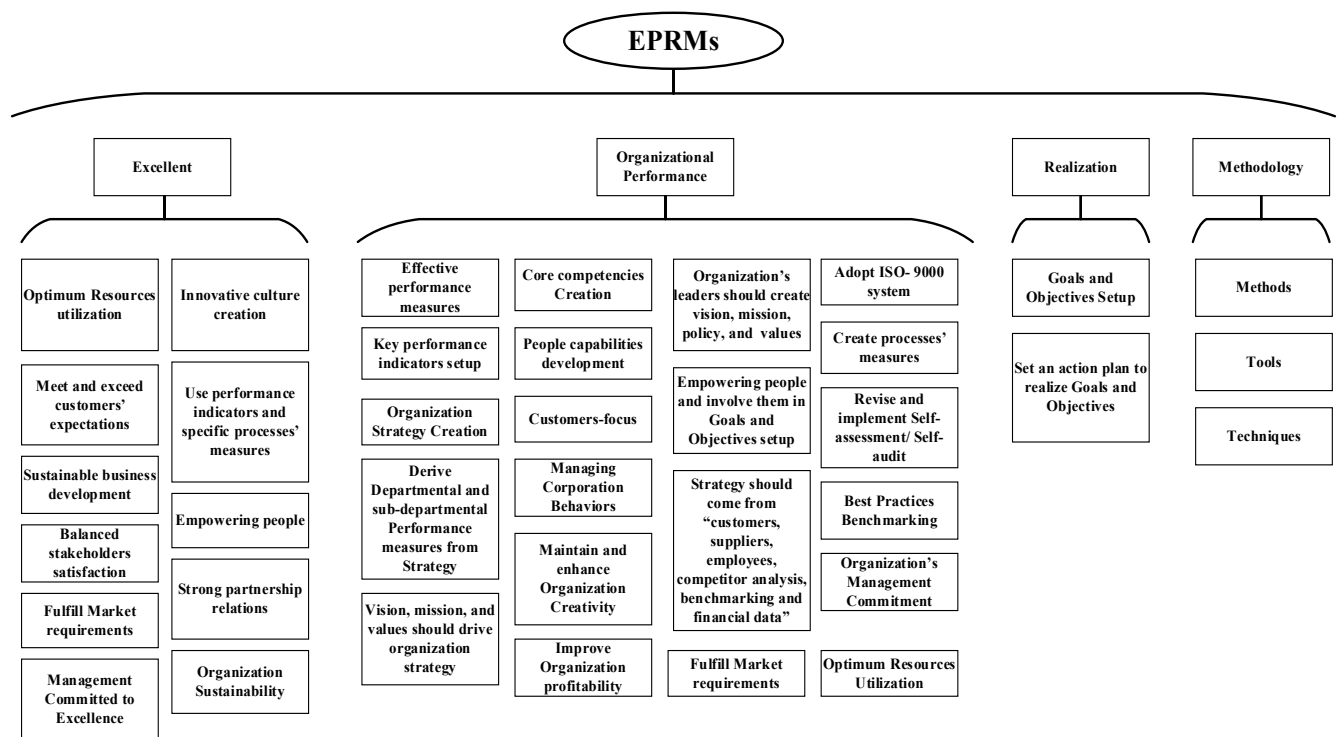
Output element: Output element encompasses many sub-elements, listed in the figure (1), b, which represent all anticipated output results should be achieved and sustained to attend excellent performance.

In the book, “4Ps of Organizational Excellence” the authors stated that “Policy and planning, people, process, and performance” factors represent the “logical and progressive way of looking at the factors that drive organizational excellence in modern times” (Mohamed Zairi, 2009). The 4Ps methodology presented by in the aforementioned book encompasses the following elements:

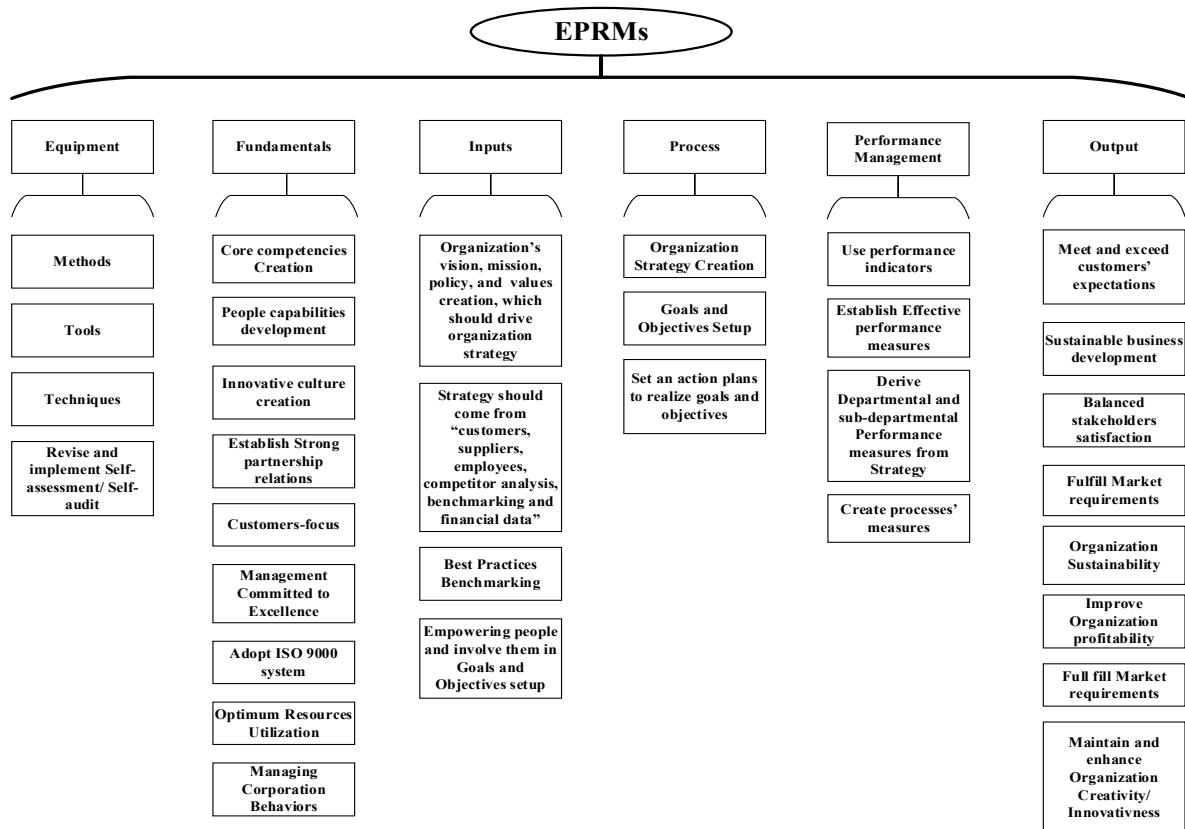
1. *Policy and planning:* Organization senior management should “govern, steer, monitor, and control path to success”, create organization strategy, and implement long term plans guided by visioning process that able to deliver organization’s goals and objectives.

2. *People*: People should be recruited, developed, engaged and involved, retained, awarded, and recognized in the right way.
3. *Process*: In the 4Ps approach, process orientation presented as third pillar of organizational excellence. The objectives of this pillar is creation of “*seamless, transparent, simplified, and optimized value chain, which focus entirely on customers and their needs*”.
4. *Performance*: Performance measurement and management considered as fourth pillar of organizational excellence in the 4Ps approach.

The comparison of 4Ps approach with EPRMs' elements proposed in this research reveals that all 4Ps' pillars already included in EPRM elements, especially the process. The supply chain management, business process re-engineering, and enterprise resource planning (ERP) systems mentioned in the 4Ps book as part of process-pillar, could be part of equipment element in the EPRMs.



(a)



(b)

Figure 1: Affinity diagram for EPRM

6. EPRMs' Framework

By defining EPRMs and its elements, the first and second research questions has been answered. For third question, in the figure (2), authors proposed a framework for implementing EPRMs. In this framework, all methods, tools, techniques, and self-assessment/Self-audit methods available in the literature represent the equipment element that will be used to establish necessary foundation (fundamentals), and create performance management system for the available performance indicators. Equipment element, fundamentals' element, and performance management system's element used to create inputs' element. Inputs' element used along with fundamentals' element, and performance management system's element as an inputs to process element to create strategy, goals and objectives, and action plans in all organization levels, which lead to generate all targeted outputs under output element. Performance management system will monitor the efficiency, effectiveness, gauge progress, and monitor actions of the input, process, and output elements (Mohamed Zairi, 2009), pages 192-194. The bi-directional arrows in the framework selected to emphasize on the importance of communication and bi-directional information flow in all framework elements, which represent one of the main successful leadership and management's pillars (BesterField et al., 2015), pages 40-42.

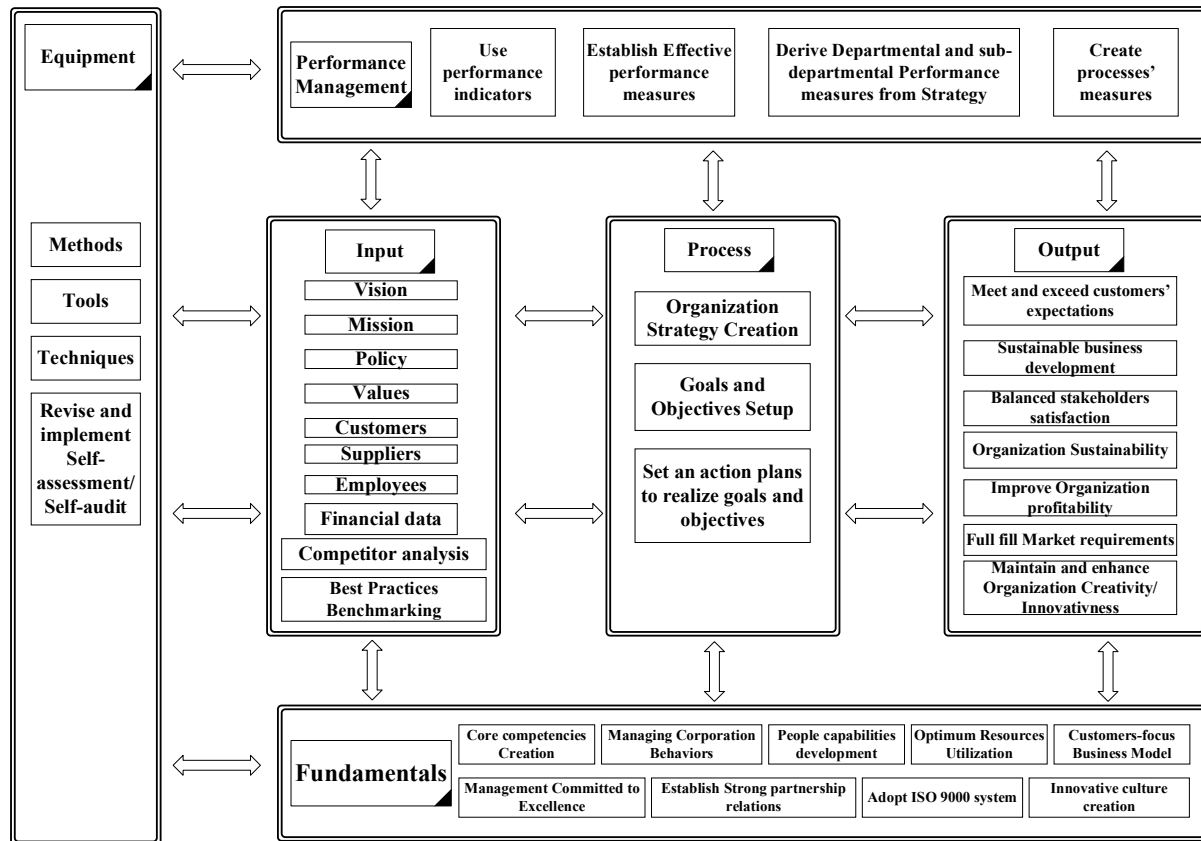


Figure 2: EPRM implementation framework

7. Conclusions

Business excellence and excellent performance realization on organizational level has been attracting many researchers in the last two decades. BEMs and their related methodological issues subjected as well to deep investigation. However, in the state of the art literature, it has been proved that BEMs still have some methodological issues that need to be resolved. In the current paper, as part of ongoing project to evaluate BEMs' EPRMs efficiency and effectiveness, authors defined EPRM after they analyzed the terminologies of EPRM, and reviewed its related literature. After that, affinity diagram used to extract the necessary information from the reviewed literature, organize it, and remove the duplicated information in order to identify the main elements of EPRMs. Based on the conducted analysis, six elements of EPRMs proposed namely Equipment, Fundamentals, Performance management, Inputs, Process, and Outputs. Moreover, EPRMs' elements used to propose a conceptual framework for applying EPRMs elements. The proposed framework gives an insight, to the researchers and practitioners in organizational excellence scope, about the elements need to be exist in any model/methodology adopted to realize excellent performance. For future work, the proposed elements and frameworks will be use to evaluate BEMs' EPRMs to improve BEMs' efficiency and effectiveness.

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Biographies

Alaa M. Ubaid is the Senior Administrative officer in the College of Engineering, University of Sharjah (UoS). Before joining UoS, he was the Production Manager in the LIN SCAN Advanced Pipeline and Tank Services Co, Sharjah, UAE, since June 2012 until April 2013. He has about 12 years' extensive experience in industrial sector in managing production lines, professional staff, and organizations resources' management. He obtained his MSc and BSc in Production Engineering from University of Technology, Iraq. He is a PhD candidate in Engineering Management Program in Sharjah University, Department of Industrial Engineering and Engineering Management. He has minor experience in teaching and few publications. His current research interests include several areas in business excellence, optimization, and innovation management.

Fikri T. Dweiri is the Vice Dean of College of Engineering and Founding Chairman for the Industrial Engineering and Engineering Management Department at the University of Sharjah, UAE. Before that, he served as the Dean of the School Technological Sciences at the German-Jordanian University and the Founding Chairman of the Industrial Engineering Department at Jordan University of Science and Technology. His research interest includes quality management, supply chain management, organization performance excellence, multi-criteria decision making and fuzzy logic.