

## Investigation Various Effects of Using EFQM Model on Industries' performance

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**Abstract:** This Paper analyzes various effects due to using European Foundation for Quality Management (EFQM) model which is of the most successful self-evaluation model all over the world. This descriptive paper written through gathering information about self-evaluation model, and it's noteworthy that industries can evaluate their success in implementing their improving programs in different times and compare their own performance with each other. The total score in the excellence model is 1000. Enabler criteria and results criteria can separately gain 50 percent of the total scores which equals to 500 scores for each set of criteria.

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### Introduction:

EFQM Model was introduced on 1991 as a business excellence model in which a framework for the industrial self-assessment and finally for winning the European quality award was presented. This process was operationalized on 1992 for the first time. EFQM model shows constant advantages which any excellent industry has to capture. The model was welcomed by the European companies. On 2003 a new edition of EFQM model was published which had significant differences from 1999 edition in its sub-criteria and guidelines. All the members of EFQM Central Committee are among the top European managing directors. This model includes 9 criteria. 5 criteria are enablers (including leadership, policy and strategy, people, partnership and resources, and processes) and 4 criteria are the results (including customers' results, staff's results, society results, and the key performance results). Enabler criteria make and cover whatever an industry does. They are the factors that enable the industry to reach the excellent results. On the other hand, results criteria are the results which are gained by the industry. This set of criteria implies the advances in the proper implementation of the enablers (European Foundation for Quality Management, 1999). There are, in short, two main reasons for it having spread so widely: on the one hand, the successful diffusion of ISO 9000 standards for the implementation and certification of quality management systems, standards that have been associated to the TQM paradigm.

Using industrial excellence model is implementing in many countries and industries for several years. In these industries, the evaluating the whole industry is being done by the requirements of the excellence model through which the strengths and improvement-needed areas of the industries are being extracted. Successful diffusion of self-evaluation

models and, specifically in Europe caused that the dissemination of the self-evaluation model promoted by the European Foundation for Quality Management (EFQM).

The aim of this article is to analyze the diffusion process of the TQM paradigm, and, moreover, to evaluate the specific dissemination process of the EFQM self-evaluation model. Therefore, the article is structured as follows: following this introductory section, the evolution of the TQM paradigm is analyzed; in the following –third– section, a short introduction to the EFQM self-evaluation model is presented; in the fourth, the adoption of the EFQM self-evaluation model across Europe is analyzed; in the fifth are to be found the discussion and conclusions drawn from the article; the sixth and last section contains the bibliographical references.

### Self-assessment in EFQM model

Self-assessment is a continuous, systematic and comprehensive review in industry activities whose results are based on a performance model like EFQM. Self-assessment informs the industry about its strong sides as well as permits to identify areas which should be improved. Self-assessment process allows the industry to detect Strengths and improvement-needed points in clear. There are several methods for self-assessment in the industries excellence model including the followings:

*Questionnaire method:* this method is being done rapidly and inexpensive. The questions extracted from the components of nine criteria can be simply in yes/no form. In this approach, the excellence model is being considered in form of a bunch of questions and the repliers have to complete the questions on the basis of the existing evidences.

*Workshop method:* in this method, the members of self-assessment team gather the information and present it to each other in a workshop. In this

workshop, the members review and progress the executive programs, score the programs and then come to an agreement. This approach is usually being implemented at the level of companies' managers. Generally speaking, companies may resort to different approaches to self-assessment: questionnaires, workshops, and pro-forma and award simulation. Irrespective of the approach chosen, the generic stages of self-assessment are as follows (EFQM, 2003): developing management commitment, communicating self-assessment plans, planning self-assessment, establishing teams and training, conducting self-assessment, establishing action plans, implementing action plans and reviewing.

*Performa method:* since more individuals of different industry departments are involved in information gathering, this approach enjoys higher precision than the other approaches. This approach is simpler than award simulation method. Management (EFQM) model is used to evaluate firms according to

the development of their TQM philosophy and system. Industries need to establish appropriate management systems in order to be successful. Thus, it established a frame of reference which allows industries to evaluate themselves according to determined criteria grouped into facilitators and results.

*Award winning simulation method:* In short, EFQM model, also known as the EFQM Excellence Model, is a framework for industrial management systems, promoted by the European Foundation for Quality Management (EFQM). The EFQM model is a non-prescriptive assessment framework that can be used to gain a holistic overview of any industry regardless of size, sector or maturity (EFQM, 2010). This method is being implemented on the basis of the process that is recommended for winning the European quality award. In this method, the scoring is highly accurate. This method is a copy of award winning process and can be used for evaluating the industry.

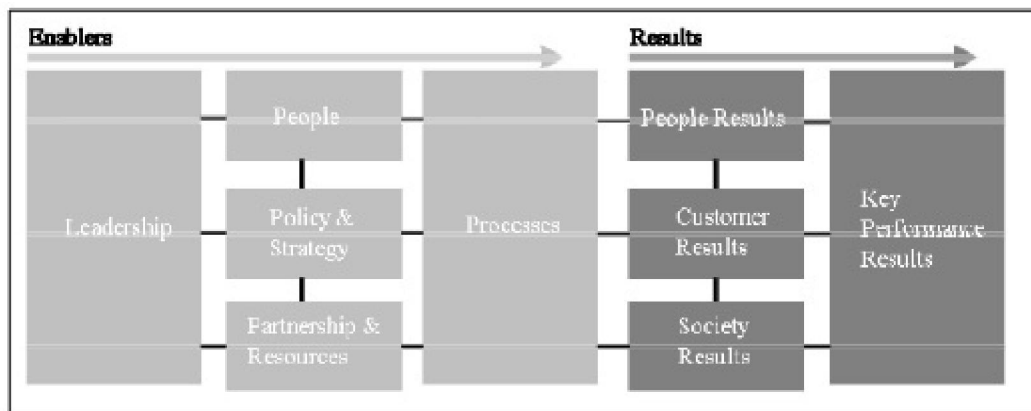


Fig. 1: EFQM self-evaluation excellence model

Before conducting the analysis regarding usage of the EFQM model in the European arena, we will briefly refer to the complex scheme of acknowledgments currently in force from the European Foundation for Quality Management, EFQM.

The EFQM Excellence Model is based on 9 criteria (see Figure 1). Five of those are “Enablers” and four are “Results”. On the one hand, the “Enabler” criteria cover what an industry does, and, on the other hand, the “Results” criteria cover what an industry achieves, outcomes which the company target, measure and achieve. Foundation for Quality Management, EFQM, in 2006 30,000 European industries were using the EFQM self-evaluation model. Likewise, the European Foundation for Quality Management claims in their webpage that “the EFQM Excellence Model is being implemented by over 30,000 industries in the world”, but this industry gives

that information without any kind of reference to the source of the data. In other words, “Results” are caused by “Enablers” and “Enablers” are improved using feedback from “Results”. The ideal achieving a maximum of 1,000 points in the nine criteria is the purpose of EFQM.

Through this process an industry should be better able to diagnose its priorities, assign resources and generate realistic business plans. Otherwise self-assessment has wide usefulness to big or small industries, in the public as well as the private sectors.

Increasingly industries are using outputs from self-assessment as part of their business planning process and use the EFQM model as a basis for operational and project review. This is the only general reference found regarding the use of the model, since there is not much quantitative material available. Contrary to what is happening with the international standard ISO 9000, it is much more difficult to carry

out a descriptive analysis of how widespread use of the EFQM self-evaluation model is, since it is not a certification-oriented reference, and there are therefore no unified records of firms applying this model.

Firstly, there are the “EFQM Excellence Awards”, which are the main prize, previously known as the “European Quality Awards”. These are the awards the European Foundation presents annually, and they constitute the maximum recognition awarded by this institution. This acknowledgment is awarded in three different fields: “Large Industries, Business and Operational Units”, “Public Sector” and “Small and Medium-Sized Industries”. Each year an industry obtains this maximum acknowledgment for each of the aforementioned fields (called “Excellence Award Winner”), and below this there are two other awards, Volume 11, Issue 5, December 2010 Review of International Comparative Management 976 the “Excellence Award Prize” and the “Excellence Award Finalist”, this latter being a special mention for industries that reached the final stage but did not achieve the levels of the other awards. Besides these annual awards, the Foundation also employs a system of acknowledging “Levels of Excellence”, which are organized in two levels:

“Committed to Excellence” (C2E), awarded to industries that score less than 400 of the 1000 points the model awards and demonstrate commitment, having implemented a process of self-evaluation and improvement activities with tangible results; and “Recognized for Excellence” (R4E), for industries scoring over 400 points. According to the data available from the EFQM Foundation, between 1992 and 2006, close to 1000 European acknowledgments were granted in the different fields (this figure includes both “EFQM Excellence Awards” and “Levels of Excellence”, in both of its fields).

In matters such as this, the only possible way of analyzing usage of the EFQM self-evaluation model consists of analyzing the evolution of different acknowledgements awarded on the basis of this model, both those of the European Foundation itself as well as, if possible, different national and regional awards presented in Europe. Besides the data regarding acknowledgments received, it would also be interesting to obtain data about the companies who apply for this type of recognition.

The Malcolm Baldrige Award is presented to industries across five categories: manufacturing, services, small businesses, education and healthcare. If we analyze the name and the characteristics of the awarded companies, we would see that a whole range of small, medium-sized and large public and private industries from industry and the services sectors has been involved in spreading the EFQM model.

Having analyzed the trajectory of Malcolm

Baldrige Awards presented from 2002 to 2011, we have been able to establish that the category of manufacturing has received the most awards, followed by the small businesses category and services. It must also be borne in mind that, in its beginnings, the prize was limited to Japanese firms, although lately, it has been broadened to include international firms in response to the interest these have shown in the prize. With a more specific analysis, there is no significant difference between the total percentage of award-winning industries belonging to the industrial sector (52.11%) and the service sector. On the other hand, the Deming Prize is awarded to individuals or firms that have been outstanding in their work of promoting quality management. There are three categories: for firms or divisions of firms, for individuals and for units operating in quality control. Industrial firms have claimed an overwhelming majority of the prizes: 182 out of a total of 193 prizes awarded between 1951 and 2006 went to firms in the industrial sector. It is interesting to compare this distribution of awards by sector with the other two most recognized international awards in the field of TQM, namely the Malcolm Baldrige, awarded in the USA and the Deming Prize

#### **Discussion and conclusion**

If the wave of media attention on TQM is analyzed, it is observed that the TQM paradigm could be close to its saturation. Nevertheless, the use of the EFQM model across Europe seems to be far away from its process of decline, if we take into account the documentation and data provided by the EFQM. On the other hand, it seems that the use of the EFQM self-evaluation model is greater in industrial industries than in firms in the service sector. Moreover, we specified the improved and improvement-needed areas as. According to the findings of the research, three criteria obtained the least scores and this finding show that the existing gap in these three areas is wide for these areas.

It seems clear that the TQM paradigm is not without its problems as far as its mid- and long-term development is concerned. This is an issue that needs to be looked at closely by public players involved in industrial policy-making (understood in the broadest sense of the word as the set of activities aimed at raising the competitive capacity of companies). One clear challenge facing the TQM paradigm or movement is whether it can outlive passing trends and achieve genuine long-term continuity. Although new management paradigms may be necessary, either because they highlight details that the others overlook or even because there is a psychological need for conceptual renewal (the need to renew motivation via a commitment to something new), it is also true that

the newest new thing is too often just the old one served up with different trimmings. The mimetic introduction of management concepts under the influence of changing management trends, or even pressure from certain interest groups, should be replaced by a pragmatic or incremental approach towards improvement in business; in other words, an approach based on bringing management practices into line with cultural norms and the economic and social restrictions existing in a particular situation and place.

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