

Implementing Business Excellence

By

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Executive Summary

This report provides a summary on the author's PhD thesis and outlines its main results. For further information, please contact Joachim Bauer at the ECforBE address above.

The aim of this research was to examine whether the successful implementation of business excellence is influenced by the organisational context within which the implementation takes place. A particular focus was placed upon the outcome of the implementation of business excellence, but the process was also considered. The organisational context was defined by issues of leadership, strategy, structure, and technology/control.

The research was conducted using face-to-face interviews based on a structured questionnaire. Interviewees were selected from a sample of EFQM members with knowledge of implementation of business excellence. The questionnaire was targeted on the part of an organisation where business excellence implementation takes place. The research used a combination of quantitative and qualitative questions to gain insight into what improvement was achieved through the implementation of business excellence, and how it was achieved.

This study found three relationships between structure and the success of business excellence implementation. The most successful implementation occurred in organisations, which were:

- less formalised in terms of written rules measure
- less complex
- less formalised in terms of supervision and autonomy

The study concluded that organisations, which have simple and informal organisational structures will encounter fewer problems when implementing business excellence than organisations with complex and formal organisational structures.

In addition, the qualitative data provided a wide range of additional process oriented aspects of business excellence implementation that should be considered when implementing business excellence. These included, the rigour

of self-assessment, employee resistance, management preferences, subject knowledge, level of competition, level of integration, environmental stability and communication.

This research demonstrated important insights into the implementation of business excellence. Structure is seen as worthy of consideration prior to implementation. In addition, the above influencing issues need a careful investigation into the extent of their occurrence within the organisation. An examination of both structure and influencing issues can be done by distributing questionnaires. Their analysis will help determine the way forward towards the successful implementation of business excellence. This may be best achieved with external guidance to ensure a development of an efficient and effective concept. Such a concept can be used not only when implementing business excellence but also with other programmes and frameworks.

Table of Contents

Executive Summary.....	i
Table of Contents	iii
List of Figures.....	iii
List of Tables.....	iii
1 Introduction	1
1.1 Study Aim and Background	1
Aim.....	1
Background.....	2
2 Methodology.....	3
2.1 Research Methodology	3
2.2 Sample Construction	4
2.3 Pilot Study and Response Rate.....	4
3 Data Analysis.....	5
4 Findings	7
4.1 Outcome View	7
4.2 Process View	7
5 Contribution of this Research	9
5.1 Implications for Practice.....	10
6 The way forward.....	13
Appendix	14

List of Figures

Figure 1 Research Model.....	2
Figure 2 Refined Research Model	6

List of Tables

Table 1 Research Propositions	3
Table 2 Organisational Characteristics and Measures.....	4

1 Introduction

This paper summarises the author's PhD study and outlines its main conclusions. Moreover, it suggests the implications of the research conclusions for management and how these might be addressed.

1.1 Study Aim and Background

Aim

The aim of this research was to examine whether the successful implementation of business excellence is influenced by the organisational context within which the implementation takes place.

Organisational context was defined in terms of the organisational characteristics of Leadership style, strategy, structure, technology and control. Their impact on implementation success was assessed

Three measures were used for this assessment:

1 Improvement scale - an implementation outcome measure developed from the difference in scoring between the first and most recent self-assessment.

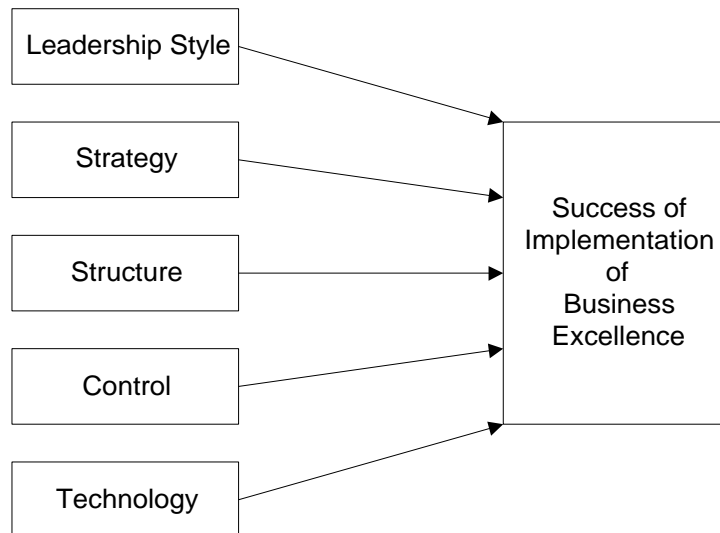
2 Leadership Scale - an implementation process measure derived from subtracting advantages and disadvantages in relation to implementing the leadership criterion of the EFQM Model.

3 Strategy Scale an implementation process measure derived from subtracting advantages and disadvantages in relation to the policy and strategy criterion of the EFQM Model.

Background

A comprehensive literature review was conducted to examine measures for the organisational characteristics. Figure 1 below shows the underlying research model of the study. The model shows the characteristics of leadership style, strategy, structure, technology and control. It proposes that these organisational characteristics influence the success of business excellence implementation.

Figure 1 Research Model



The research propositions were developed based on the research model and literature review. These propositions are displayed in Table 1.

Table 1 Research Propositions

1. Relationships exist between leadership style and implementation success of business excellence.
2. Relationships exist between different strategies and implementation success of business excellence.
3. Relationships exist between different structural dimensions and implementation success of business excellence.
4. Relationships exist between different organisational control types and implementation success of business excellence.
5. Relationships exist between different technology types and implementation success of business excellence.

2 Methodology

2.1 Research Methodology

A survey tool was designed using an interviewer-administered questionnaire to provide quantitative and qualitative data.

Table 2 shows the organisational characteristics and measures for the analysis.

Table 2 Organisational Characteristics and Measures

Characteristics:	Measures:
Leadership Style:	Five leadership styles: Command mode, Symbolic mode, Rational mode, Transactive mode, Generative mode
Strategy:	Four strategy types: Defenders, Prospectors, Analysers and Reactors
Structure:	Three structural dimensions: Complexity, Formalisation, Centralisation
Technology:	Two dimensions: exceptions and analysability
Control	Two dimensions: knowledge and availability.
Success of Implementation:	EFQM Model (1 measure), difference in scoring, Qualitative Data (2 measures) advantages minus disadvantages leadership, advantages minus disadvantages policy and strategy

2.2 Sample Construction

The EFQM membership list (issue November 1998) was used to construct the sample. The list ensured the appropriate range of organisational characteristics in terms of leadership style, strategy, structure, technology and control, coming from a variety of sectors. It also had the advantage that the lists covered organisations which have won an award, as well as organisations with less experience.

2.3 Pilot Study and Response Rate

A pilot study was conducted between December 1999 and January 2000 and the main survey started at the beginning of February 2000 and lasted until July 2000.

A total of 59 organisations was approached in the United Kingdom and 46 were interviewed. In Germany 22 organisations were contacted of which 10 were interviewed. The average response rate of 69.14 per cent was highly satisfactory.

In the main a single respondent was interviewed but where the main contact was not able to provide all the information needed additional respondents were interviewed .

Business excellence implementation varied a great deal across the sample. For example, in some organisations business excellence was implemented in the whole organisation, in others, it was within an area, e.g. Europe, a country, a site or a department.

3 Data Analysis

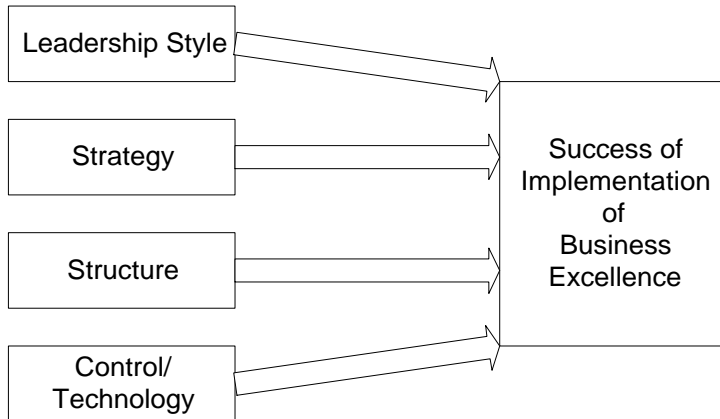
Results of the structured data collection were initially subjected to validity and reliability checks based mainly on factor analysis and Cronbach's alpha.

The sample represented two styles of leadership. One was the 'command style' and the other a 'consultative style' consisting of all other leadership styles as listed in Table 2 above. These styles included employees to varying degrees. All strategy types were reflected in the sample. The preliminary analysis confirmed both complexity and centralisation as single measures of structure. Formalisation was split into two measures, 'Written Rules' and 'Supervision and Autonomy'.

Finally, the measures for technology and control were merged. However, this was not surprising as both were originally developed from the same theory.

Figure 2 shows the refined research model based on these results. The research propositions were adjusted accordingly.

Figure 2 Refined Research Model



The data analysis was split into two parts. The first part dealt with the Outcome measure which was the difference between the scores obtained in the first and most recent assessments.

The second part dealt with the Process measures, where transcripts of the interviews and the open questions were analysed to determine further, exploratory, process measures of implementation success. In particular, four questions were analysed that asked for the advantages and disadvantages when implementing both the leadership and policy and strategy criteria of the Business Excellence Model. The measures were developed from counting the advantages and disadvantages respondents mentioned. The numbers for each were subtracted and as such provided an exploratory measure of implementation success.

The measures were employed within linear regression models to assess the impact of organisational variables upon implementation success.

4 Findings

The outcomes of the study were divided into two parts. The outcome view, which dealt with the quantitative side, and the process view, which was concerned with the qualitative side of the research.

4.1 Outcome View

The first part showed the outcome view of the analysis where no relationships existed between:

- leadership style
- different strategies
- different structural dimensions
- different organisational technology/control types

and the successful implementation of business excellence as measured by the Improvement scale.

This was a very important finding, which can be explained by the qualitative data revealed by open questions about advantages and disadvantages when implementing leadership and policy and strategy (see below).

4.2 Process View

This part of the study found three important relationships between organisational structure and implementation success of business excellence from a process view. Firstly, the less formalised in terms of Written Rules the more successful is the implementation of business excellence as measured by the Leadership Scale. Secondly, the less complexity the more successful the

implementation of business excellence as measured by the Strategy Scale. Thirdly, the less formalised in terms of Supervision and Autonomy, the more successful is the implementation of business excellence as measured by the Strategy Scale.

On the other hand, no relationship was discovered between leadership style, strategy and technology/control.

In sum, the results supported proposition three that relationships exist between different structural dimensions and implementation success of business excellence. Propositions one, two and four were rejected by the outcomes. The results therefore suggested that no relationships exist between:

1. leadership style and implementation success of business excellence (Proposition 1).
2. different strategies and implementation success of business excellence (Proposition 2).
3. different organisational control types/technology and implementation success of business excellence (Proposition 4).

Correlating the three measures used for measuring implementation success revealed an additional result concerning the outcome measure of implementation success. A significant moderate correlation of 0.39 was found between the Leadership scale and Improvement. This indicated that there was indeed an indirect relationship between organisational context and Improvement. However, this result remained tentative due to the study's exploratory nature.

An examination of literature and answers to the open questions in the questionnaire revealed interesting results. These can explain why no direct relationship was found between organisational context and the outcome measure Improvement. Variables were found that were likely to influence Improvement. The arguments raised by other studies were:

- Resistance
- Rigour of self-assessment use
- Internal competition
- Degree of implementation

The findings from an examination of the qualitative data were:

- Rigour of self assessment use
- Resistance
- Management's preferences
- Subject knowledge
- Level of competition
- Level of integration
- Environmental stability
- Communication

It was encouraging to see that findings from the qualitative data examination partly agreed with issues raised in the literature. These qualitative findings and their implications are discussed in more detail in the next section

5 Contribution of this Research

This research has contributed towards an understanding of implementing business excellence. No direct relationships were found between the variables defining organisational context and Improvement as the "outcome" measure of business excellence implementation success. This was a very important finding of the research given that the literature pointed to possible relationships and indicated that leadership style, strategy, structure, technology and control could influence business excellence implementation success. On the other hand, relationships were discovered between organisational context defined by the structural variables of complexity and centralisation and a "process" measure of implementation success of business excellence. These process measures were developed from the number of problems encountered by organisations when implementing business excellence. Despite the fact that the measures were crude they give important indications to the criticality of the implementation process. Given these findings, the question arose as to why there were no relationships with the Improvement measure and whether reasons for it could lie

within other process variables. Such variables were discovered from an examination of the qualitative data. These included rigour of self assessment use, resistance, management's preferences, subject knowledge, level of competition, level of integration, environmental stability and communication. These variables are likely to have a strong influence on implementation success of business excellence.

The study also endeavoured to assist managers when implementing business excellence in their organisations, as well as to remove barriers to existing programmes. In particular, considerations regarding organisational structure may prove helpful and the awareness of variables that can influence implementation success. It was shown that organisations can implement business excellence more successfully when they align their structure regarding complexity and formalisation:

- The less formalised regarding written rules the more successful is the implementation of business excellence.
- The less complex the more successful is the implementation of business excellence.
- The less formalised in terms of supervision and autonomy, the more successful is the implementation of business excellence.

The study concluded that organisations which have simple and informal organisational structures will encounter fewer problems when implementing business excellence than organisations with complex and formal organisational structures.

5.1 Implications for Practice

The study gives useful indications that may help organisations to implement the Excellence Model more successfully. Three issues were discovered that organisations need to address in order to achieve a more successful implementation. These issues were:

- The less formalised regarding written rules the more successful is the implementation of business excellence.

- The less complexity the more successful the implementation of business excellence.
- The less formalised in terms of supervision and autonomy, the more successful is the implementation of business excellence.

Managers may use these structural settings to check upon in their organisations. The questions concerning formalisation and complexity may provide useful help (See question six and seven of the questionnaire in the Appendix.

By using these questions, managers can determine structural indices for their organisations using statistical analysis. This can help determining levels of formalisation in terms of both Written Rules and Supervision and Autonomy and the level of centralisation.

Once the levels of formalisation and centralisation have been determined actions may be taken to make adjustments according to the findings in this study.

In addition, managers should also be aware of possible issues that can influence business excellence implementation success. These aspects can include:

- Rigour of self-assessment use

The study indicated that companies are likely to achieve a more successful implementation process if they employ a rigorous self-assessment process. It was shown that it was beneficial to use the same self-assessment methodology both year after year and across an organisation. It is, therefore, important to elicit comparable and consistent data from self-assessments

- Resistance

Resistance was uncovered as a further influential issue. Managers are advised to consider sources of resistance and seek commitment from all levels within the organisation.

- Management's preferences

It is important to consider the background of managers involved in self-assessment and, if needed, commitment needs to be sought. For example, managers with a financial background are likely to be more concerned with financial results than soft results.

- Subject knowledge

A further important point to make is that everyone needs to have a thorough knowledge of the subject of business excellence. Therefore, training is crucial.

- Level of competition

Competition can have adverse effects on business excellence implementation. This issue needs to be resolved to make sure that the scoring is not influenced by the pure desire to achieve a higher score.

- Level of integration

The integration of business excellence into daily routines can be beneficial to its implementation success. This could be done by using the model EFQM Model as a framework for reporting results.

- Environmental stability

Results indicated that business excellence implementation is less problematic in stable environments.

- Communication

Communication was seen as an important aspect of business excellence implementation. A well developed communication programme could also contribute to less resistance.

6 The way forward

This research demonstrated important insights into the implementation of business excellence. The structure of the organisation is seen as worthy of consideration prior to implementation. A less complex structure seems to contribute to a successful implementation of business excellence. Similarly, a less formalised structure regarding 'written rules' and 'supervision and autonomy'.

In addition, the above influencing issues need a careful investigation into the extent of their occurrence within the organisation. An examination of both structure and influencing issues can be done by distributing questionnaires. Their analysis will help determine the way forward towards the successful implementation of business excellence. This may be best achieved with external guidance to ensure a development of an efficient and effective concept. Such a concept can be used not only when implementing business excellence, but also with other programmes and frameworks.

Appendix

Question 6

6.1	Approximately how many different job titles exist in your organisation? <i>Please state a number</i>

6.2	What proportion of employees have degrees or have other equivalent or specialised training? <i>Please tick the appropriate percentage on the scale that applies to your organisation</i>

6.3	How many vertical levels separate you or your chief executive from those employees working at the operating level of your organisation? <i>Please tick only one box</i>										
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6.4	Including this location, how many other geographic locations are there where your organisation has employees? <i>Please tick only one box</i>										
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