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# INTEGRATION OF VARIOUS QUALITY CONTROL MODELS IN ORGANIZATIONS

**Boris Bukovec<sup>1</sup>**

## **Abstract**

Changes and effecting change are becoming a constant. The dynamics of change are increasing dramatically; new knowledge is emerging, new technologies pose new challenges, new methods of communicating offer almost unlimited possibilities of synergistic effects. But primarily, the new culture of innovativeness is such a culture that, in the desire for a higher quality of living, constantly generates the requirement which must surpass itself.

The article presents modern approaches and models which are used by organizational systems to improve their business success (ISO 9001 Standard, EFMQ Excellence Model, 20 Keys, BSC (Balanced Scorecard), Six Sigma, BPR (Business Process Reengineering)), the examples of different organizations show practical findings of the research and usage of these approaches in Slovenia. The article continues with their basic structure, it also compares relativity of models, it searches coincidences of their fundamentals and recognises their common paradigm backdrop.

**Key words:** quality, models, management, organization system, change

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## **CONTINUOUS CHANGE AS THE FOUNDATION OF QUALITY EXCELLENCE**

It is an obvious fact that changes in the environment occur with dynamics and trends that are faster than the dynamics of the responses with which attempts are made in organizations to keep track of opportunities and to avoid the pitfalls inherent in today's turbulent environment. In acknowledging the unconditional and mutual interdependence between organizations and their environments (e.g. social, business, natural, etc.), managers in companies and other organizations are faced with a gap between actual change and the awareness of a need for it, as well as the obvious gap between their wishes and capacities.

Adapting to changes in the environment is a proactive and dynamic process, where existence and taking into account feed-back are of paramount importance in achieving and exceeding one's mission on a personal, organizational or system-related level. Here we distinguish between two significantly different aspects of change which subsequently also call for significantly different approaches, even though both are based on taking into account the feedback loop of learning and creativity (for more on the feedback loop of learning, see Argyris and Schon, 1996; Morgan, 1998; Nonaka, 1991; et al).

In the article, we present a generalised view of the process of change by dividing change into transactional or gradual changes, which represent a continuous response to evolutionary changes in the environment and actually signify a continuous improvement of the approaches introduced, and into transformational or radical changes, which represent a one-off response to revolutionary changes in the environment and actually mean a thorough transformation of the introduced changes (Coghlan and Rashford, 2006; Pfeifer etc., 2005). Radical changes call for a great amount of focus and a dramatic change of the mission as well as decisiveness in their implementation, while continuous improvement can distract one's attention from thorough and urgent action (Car, 2000; Harrington, 1995; Peters, 1999).

An outline of the history of the approach towards organizational change, as well as research and management thereof, was sketched by Burke (2002) who, for example, concludes that scientific management and Taylor's findings have shown themselves to be fundamental for change management. From the point of view of comprehensive change management, we find it interesting to highlight Taylor's assertion that 90% of all problems can be attributed to poor quality management (similar conclusions are also reached by Hamel and Prahalad, 1994; Ishikawa, 1987; Mintzberg, 1994; and others) and that improving the quality of the work of management is more difficult than changing the work of other co-workers (Hamel, 200). Weisbord (in Burke, 2002: 22) states that with deeper scrutiny, one can distinguish "two Taylors" in Taylor – these being the scientist and the student of social science. He is considered the founder of modern scientific management principles as well as the principles of industrial engineering, from which have emerged many methods which are still current today, such as process-approach quality management, process re-alignment, ISO 9000, SixSigma, and Total Quality Management.

In *Towards a European Vision of Quality* (EOQ, 2000: 16), the assertion that Total Quality Management (TQM) is one of the most important organizational innovations of the 20th century is both stated and argued.

Quality is a powerful concept, as in the struggle for excellence it connects untiring engineering with the concepts of values, worth, ethics and human satisfaction in all forms of labour (Dahlgard and Dahlgard-Park, 2006; Hansson and Klefsjö, 2003; Lam, 1995; Ljungström, 2005; Tari, 2005; et al). The European vision of quality recognises three key elements, which together form a specific whole, just as Europe's territory is a comprehensive whole, but at the same time also specific. It emphasises that participants will be able to nurture its creativity successfully only on a foundation of diversity, and to apply it effectively only in the winning form of synergistical cooperation.

To recapitulate the above: one can conclude that quality is a value, the synonym of which is constant improvement. A management method based on quality as the fundamental value put forth by theoretics

(Deming, 2002; Ishikawa, 1990; Juran, 1988; Taguchi, 1989 et al) is called TQM. There are many definitions of TQM; Crosby, for example, defines it as follows (1996: 73): "TQM means a set of concepts used by the executive management in order to establish a type of organizational culture in which changes are always carried out in a correct way and where the relations between the employees, suppliers and customers are excellent. Achieving this is the responsibility of the management."

The definition of TQM is universal; the "set of concepts" applied by the "management", however, can be very different and must correspond with the activities of the organizational system and its organizational culture. In monitoring the best practices and approaches of successful companies as well as the indicated trends of future development, one can distinguish a number of models ("sets of concepts") utilised for the achievement of continuous improvement of success in the best companies and other organizations (Chen, 2002; Collins and Porras, 2000; Goldsmith and Clutterbruck, 1984; Peters and Watermans, 1982; MAKE, 2005; et al).

The models we deemed relevant were the following:

- MODEL A: The EFQM Excellence Model (source: EFQM, 1999). A widespread model in Europe for encouraging continuous improvement, based on learning and innovativeness, designed by the European Foundation for Quality Management.
- MODEL B: ISO 9001 Standard (source: ISO 9001, 2000). A global international standard, which determines a system of quality management, based on a process-oriented approach and continuous improvement.
- MODEL C: 20 Keys to Workplace Improvement (source: Kobayashi, 1995). A comprehensive system for carrying out continuous improvement, developed by Professor Iwao Kobayashi, presents twenty interdependently connected tools or keys, focused primarily on the development of the production process.
- MODEL D: Balanced Scorecard (source: Kaplan and Norton, 1996). A comprehensive organization management model designed by Robert S. Kaplan, on the basis of a balanced

collection of goals, derived from the vision, for the purpose of gauging and managing the business strategy.

- MODEL E: Six Sigma (source: Harry and Schroeder, 2000). A system of continuous improvement developed by Bill Smith in the Motorola Company, it presents a series of programmable applied independent tools, focused mainly on decreasing the number of mistakes and on production development.
- MODEL F: Business Process Reengineering (source: Hammer, 2001). A process-oriented and radically transformative approach, defined by Michael Hammer, which focuses primarily on creating new values for the customer and ensuring customer satisfaction.

Already the short description of the above-presented models reveals that they are similar. The repetition of key words (e.g. processes, improvement, customers, goals) is evident and a study of the fundamental structures of individual models also indicates an interesting similarity between their fundamental building blocks (e.g. customer focus, result orientation, management by processes & facts, people development). A detailed examination of Crosby's definition of TQM also reveals another interesting fact - its central component is aimed at change management.

Experience from Slovenian companies indicates that introduction of the SIST ISO 9000 Standards creates a solid foundation for remodelling or reengineering processes and encourages the future introduction of innovation (e.g. TQM, EFQM, BPR, BSC, the 20 Keys method, or the SixSigma method and other methods of management innovation) (Bukovec, 2004; Markič, 2005; Mulej, Likar and Potocan, 2005; Piskar 2006; Ursic and Mulej, 2006; et al).

Comprehensive quality management begins with the commitment and efforts of executive management staff as, without them, all it amounts to is just another fad. For this reason we were also interested in ascertaining the extent of the executive management's knowledge in this field and the importance they ascribed to the implementation of the above-mentioned quality models in practice in Slovenian companies and other organizations.

## **METHODOLOGY**

### **RESEARCH DESCRIPTION**

In November 2002, extensive research was conducted on a sample of 90 organizations using the survey method. Our aim was to gain as many opinions as possible on a number of statements, which are contextually related to the approaches and practices implemented in change management. The sample encompassed both profit and non-profit organizational systems on the territory of Slovenia, which were chosen randomly from a sample of the most successful organizations over the past few years (i.e. organizations that had been nominated for the national prize for excellence in the field of business, that had gained certificates of quality, that were members of the SZK (Slovene Association for Quality), or the NFPO (National Foundation for Business Excellence).

We were interested primarily in the practices, approaches and what models were implemented in the area of change management. A letter was addressed to the general manager (CEO) in each of these organizational systems, which contained five survey questionnaires and a cover letter, in which we kindly asked the CEO to distribute the remaining questionnaires amongst his/her fellow members of the executive team and other managers. We were interested primarily in the opinions of the organizations' leaders.

The results were statistically processed using the SPSS 10 program package. The results of the analysis were used in the shaping of a model for improving the approaches taken in introducing organizational changes and for the verification of the following key hypothesis of our research:

Hypothesis: The choice of the specific model for change management in a concrete organizational system is contingent on the period of the life cycle it is in at the time.



### **DESCRIPTION OF THE CHARACTERISTICS OF A SAMPLE OF RESPONDENTS**

- Of the 453 questionnaires that were sent out, 263 (58%) were returned, and 244 (54%) were used for research purposes, as 19 (4%) of all the questionnaires that were returned to us were eliminated because they were incomplete.
- The target group of respondents was achieved, as 68.4% of the respondents were general managers (CEOs) and executive team members.
- The average age of the respondents was 41 years, and male respondents were predominant (60.7%).
- The average level of education was very high, as the majority of respondents held university degrees (4 or more-year course) (49.2%), followed by the group with post-graduate degrees (19.7%) and the last two groups of almost similar size with university degrees (2-year course) (16%) and secondary school education (15.1%).
- The sample encompassed 70.9% profit organizations and 29.1% non-profit organizations. The largest group was the group of profit organizations in the industrial sector (52.9%), followed by the profit services group (18%), the sample from the state administration sector (13.5%), health care (8.6%) and tertiary education (7%).
- The organizations, on average, had 704 employees. The largest group of organizations had up to 400 employees (61.7%), and the smallest group of organizations had up to 500 employees (9.1%).
- In the responses to the question of which phase of the life cycle the organization that was the subject of the survey was in, the phases of maturity (45.5%) and of growth (42.6%) occurred most frequently, while the group that recognises the phase of decline was also of a considerable size (9.4%).

## **RESULTS AND DISCUSSION**

### **THE EXTENT OF USE AND THE ORDER IN WHICH SPECIFIC MODELS WERE INTRODUCED**

In the introductory segment of the survey, respondents were requested to assess the degree to which a given model was integrated in their organizational system, where the options were defined as follows: 1-We are not familiar with this model; 2-We are familiar with this model and will not be introducing it; 3-We are considering the introduction of this model; 4-The model is in the process of being introduced; 5-The model is being applied.

Upon completion of our analysis (Table 1), the following conclusions were drawn:

- The degree of familiarity and the integration of a given model in the whole sample followed the following sequence (from the most to the least integrated): ISO 9001, EFQM, 20 Keys, BPR, BSC, SixSigma.
- The most widely recognised model is the ISO 9001 Standard (mark 4.40), which means that the organizations in the environment encompassed by the survey are very familiar with the model and have strong reasons for introducing it, as the majority of them also use it.
- The level of recognition registered for the degree to which the EFQM model was integrated (mark 2.88) is noticeably lower. Some organizations are introducing it; on average though, most were only considering its introduction.
- The 20 Keys model also scored favourable positive results (mark 2.14), which on average are indicative of its individual introduction; above all though, that the decision for its introduction has been given some consideration.
- The last group of models is represented with a fairly balanced score by BPR (mark 1.92), BSC (mark 1.89) and SixSigma (mark 1.75) which, however, the respondents were either not familiar with or not considering the application of in their environment.

- The position of BPR is interesting, which takes fourth place contextually owing to its orientation towards transformational changes, which means that the respondents acknowledge the need for occasional thorough changes in the structural relations of an already running system, which was previously established based on the models that strongly advocate transactional change (ISO 9001, EFQM, 20 Keys).
- A smaller deviation was noticeable in the sample of non-profit and production organizations where the perception of the level of integratedness of the BSC model was higher than that of the BPR model.
- A markedly rejective position was noticed amongst the non-profit and services organizations towards the models 20 Keys, BSC, SixSigma and BPR.

**Table 1: The extent of the use of each specific model**

TOTAL (N=244)	PROFIT ORGANIZATIONS (N=173)	NON-PROFIT ORGANIZATIONS (N=71)	PRODUCTION ORGANIZATIONS (N=129)	SERVICES ORGANIZATIONS (N=115)
ISO9001 (4.40)	ISO9001 (4.80)	ISO9001 (3.44)	ISO9001 (4.99)	ISO9001 (3.74)
EFQM (2.88)	EFQM (3.09)	EFQM (2.37)	EFQM (3.26)	EFQM (2.54)
20 KEYS (2.14)	20 KEYS (2.47)	20 KEYS (1.34)	20 KEYS (2.65)	20 KEYS (1.57)
BPR (1.92)	BPR (2.21)	BSC (1.30)	BSC (2.32)	BPR (1.57)
BSC (1.89)	BSC (2.13)	BPR (1.23)	BPR (2.24)	BSC (1.41)
SIXSIGMA (1.75)	SIXSIGMA (1.97)	SIXSIGMA (1.23)	SIXSIGMA (2.13)	SIXSIGMA (1.33)

In the continuation of our research, respondents were also asked to define a meaningful time-plan for the introduction of each individual model for their organizational system and, in view of the life-cycle of their organizational system, to define the phase in which, in their opinion, it is at the time – with the phases available for selection being: birth, growth, maturity and decline. The effect of the size of the organizational system on the perception of the time-plan for the introduction of each specific model was also studied.

The summary of the whole study from the point of view of the use and order of introduction of each specific model can be presented in the following points:

- The degree of familiarity and the integration of a given model in the whole sample followed the following sequence (from the most to the least integrated): ISO 9001, EFQM, 20 Keys, BPR, BSC, SixSigma.
- The type of organizational system (profit, non-profit, production or services) has no significant effect on the time-plan proposed for the introduction of each individual model, which in all cases is congruent with the sequence of the pattern that all the organizations have in common: ISO 9001, EFQM, 20 Keys, BSC, BPR, SixSigma. The general order is also congruent with the order that is typical of the organizations at the "mature" stage of their life-cycle, as well as with the order that was recognisable in the case of the organizations with from 120 to 150 employees. A noticeable deviation could be detected only amongst the production organizations, where the introduction of the 20 Keys model was proposed immediately after the introduction of the demands of the ISO 9001 Standard; the EFQM model, which the other respondents traditionally delegated to second place, being proposed thereafter.
- The choice and introduction of a concrete model for change management depends within an organizational system on the individual phase of its life-cycle; the model ISO 9001, however, was given first priority in all phases. Also the model EFQM was attributed increasingly more importance in each subsequent phase, while the importance attributed to the models BSC and 20

Keys dwindled in each subsequent phase after an initial high assessment. Following their initial high classification, the importance ascribed to BSC and 20 Keys dwindled, while model BPR, on the contrary, with its transformational approach gained in importance the closer to the "mature" phase an organization came.

- With the organizational systems that had up to 1,500 employees, the proposed order of introduction of the models concurred with the order that was characteristic of the organizational systems in the mature phase of development; while with the organizational systems that had over 1,500 employees, it concurred with the order that was characteristic of the organizational systems in the phase of decline.

### **COMPARATIVE ANALYSIS OF VARIOUS MODELS FOR ORGANIZATIONAL CHANGE MANAGEMENT**

As we are interested in the fundamental structures of the individual models (ISO 9001, EFQM, 20 Keys, BPR, BSC, SixSigma), we have depicted the fundamentals of each individual model in Table 2 in greater detail. We studied the similarities between the models as well as the contents that coincided. Concurrence amongst all the models was checked using a referential model, which we discerned as being the EFQM Excellence Model. The latter was chosen as referential due to the fact that it is an integral business model, which already serves in many companies as the fundamental and initial concept for the development of a business model designed to cover their specific needs. The conceptual design of the Excellence Model in essence already facilitates a meaningful upgrading of the business model with all the heretofore known models, standards and tools.

Key commentary to the comparative analysis of the various models for organizational change management (Table 2):

- The referential model, with its fundamentals, has proven itself as appropriate, as it has made it possible to check for correspondence between all the models encompassed in the comparison.
- The correspondence check was carried out based on a study of the literature and on practical examples of the individual models, as well as on the basis of the personal experience of the author of this contribution.
- The greatest frequency of correspondence by far was recorded in the case of the fundamental:
  - 4 - Management by processes & facts
- A high but balanced frequency of correspondence was recorded for the fundamentals:
  - 1 - Customer focus
  - 8 - Result orientation
  - 3 - People development & involvement
  - 5 - Continuous learning, innovation & improvement
  - 2 - Partnership development
  - 6 - Leadership & constancy of purpose
- By far the lowest frequency of correspondence occurred with the fundamental:
  - 7 - Public responsibility
- The differing frequency of correspondence is a result of the differences between the models, as models C and E focus more on the production process, while the other models are more system-oriented.
- The low frequency of correspondence in the case of public responsibility can also be ascribed to different cultural civilisations in which the various models developed. In Europe, i.e. within the European cultural domain efforts are made to upgrade public responsibility, while in the American cultural domain (models E and F) public responsibility is not particularly emphasised.
- Model B (ISO 9001 standard) with its 2000 issue corresponds strongly in content with the referential model, which was to be expected, as both offer the possibility of designing a systems business model. Another parallel lies in the time frame of their

development, as well as in the visible marked influence of the European cultural domain.

- Model C (20 Keys to Workplace Improvement), due to its focus on developing the production process, corresponds the most with respect to the process oriented approach, while in the other balanced approaches, staff development and involvement are also noticeable.
- Model D (BSC - Balanced Scorecard) with its focus on mastering strategies corresponds in a very balanced way with all the fundamentals of the referential model, amongst which, however, management by processes and facts and result orientation are markedly in the forefront.
- Model E (Six Sigma), due to its focus on reducing error and product development, corresponds the most in the areas of customer focus, management by processes and facts, and result orientation. No correspondence was recorded between this model and the referential model in the area of public responsibility.
- Model F (BPR - Business Process Reengineering) shows a marked correspondence in the area of customer focus, while the other areas are balanced, with the exception of public responsibility, where no correspondence was recorded.
- The fundamentals of the referential model (A) are discernible as the universal conceptual background of the models encompassed in this comparison (B, C, D, E, F).
- We believe that the fundamentals of the referential model (A) mentioned in this study can be utilised in the conceptualisation of the fundamentals of the new paradigm for change management on the organizational level.





	5	5	7	18	2	2	3	6
<b>MODEL C: 20 KEYS</b> <b>Number of incidences of correspondence – Model →</b>								
1. Cleaning and organizing								
2. Rationalizing the system goal alignment								
3. Small group activities								
4. Reducing work process								
5. Quick changeover technology								
6. Kaizen of operations								
7. Zero monitoring of manufacturing								
8. Coupled manufacturing								
9. Maintaining machines								
10. Workplace discipline								
11. Quality assurance								
12. Developing your supplier								
13. Eliminating waste								
14. Empowering employees								
15. Cross training								
16. Production scheduling								
17. Efficiency control								
18. Using information technology								
19. Conserving energy and materials								
20. Leading technology site technology								

**Table 2: A comparative analysis of various models for the management of organizational change – part B**

FUNDAMENTALS OF THE COMPARED MODEL	FUNDAMENTALS OF THE REFERENTIAL EFQM EXCELLENCE MODEL							
	1	2	3	4	5	6	7	8
<b>MODEL D: BSC- BALANCED SCORECARD</b> Number of incidences of correspondence – Model →	2	1	2	4	3	3	1	4
1. Financial aspect								
2. Customer aspect								
3. Internal processes aspect								
4. Learning and growth aspect								
<b>MODEL E: SIX SIGMA</b> Number of incidences of correspondence – Model →	3	2	2	3	2	2	0	3
1. Customer satisfaction with emphasis on quality								
2. Cost reduction with emphasis on quality								
3. Increasing market segment through customer satisfaction and cost reduction								
<b>MODEL F: BPR (Business Process Reengineering)</b> Number of incidences of correspondence – Model →	5	2	2	3	3	2	0	1
1. Run your business for your customers - become ETDBW (Easy-To-Do-Business-With)								
2. Give your customers what they really want – deliver MVA (More-Value-Added)								
3. Put processes first – make high performance possible								
4. Create order where chaos reigns – systematize creativity								
5. Measure like you mean it – make measuring part of managing, not accounting								
6. Manage without structure – profit from the power of ambiguity								
7. Focus on the final customer – turn distribution chains into distribution communities								
8. Knock down your outer walls – collaborate wherever you can								
9. Extend your enterprise – integrate virtually, not vertically								

## **CONCLUDING THOUGHTS**

The above described research prompted the concluding finding that the level of familiarity with a given model for organizational change management significantly affects the extent to which it is applied, and a causal connection exists between the choice of model and its introduction, and the individual phase of the life-cycle of a company (birth, growth, maturity, decline). The respondents expect an improvement of management quality from their managers, which must be based on management by example and ensuring the selection of the appropriate model of change management with regard to the phase of the life-cycle their organization is in.

The most important message of the comparative analysis of the various models of organizational change management (ISO 9001, EFQM, 20 Keys, BPR, BSC, SixSigma) is, that although all the above-listed models may differ contextually and structurally from each other, their fundamental building-blocks are identical. We also believe that based on the comparison carried out, the concept of a model of a new paradigm for change management on the organizational level can be elaborated, which would also be based on the following fundamental building-blocks:

- Customer focus.
- Partnership development.
- People development & involvement.
- Management by processes & facts.
- Continuous learning, innovation & improvement.
- Leadership & constancy of purpose.
- Public responsibility.
- Result orientation.

The conceptual model of the new paradigm for change management thus represents the cognitive background in the process of change from which, taking into account the multi-levelled interconnectedness of the fundamental building-blocks, we glean our contextual answers to the question of "what needs to be changed?". The process of change in organizational systems can thus ensure success only if it continuously maintains a central focus on the customers, partnership ties, social responsibility and a result-oriented attitude. Fact-based and process-

based management is also similarly important, but cannot be achieved without quality management, development and the inclusion of the employees, as well as continuous education, innovation and improvement.

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