
From:

**The Quest for
Global Competitiveness
Through National Quality and
Business Excellence Awards**

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**Report of the Symposium on Quality and
Business Excellence Awards**

*Nadi, Fiji, 18–20 September 2001
(SYP-23-01)*



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**THE QUEST FOR GLOBAL COMPETITIVENESS
THROUGH NATIONAL QUALITY AND BUSINESS
EXCELLENCE AWARDS**

2002
Asian Productivity Organization
Tokyo

Report of the Symposium on Quality and Business Excellence Awards held in Nadi, Fiji,
from 18 to 20 September 2001.
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This report has been edited by Dr. Luís Ma. R. Calingo.

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PREFACE

The Quest for Global Competitiveness Through National Quality and Business Excellence Awards is a useful resource for any government agency, national productivity organization, or non-governmental organization striving to promote quality, continuous improvement, and organizational excellence. It is a collection of speeches, three resource papers, and 12 country papers that were presented at the Symposium on Quality and Business Excellence Awards organized by the Asian Productivity Organization and hosted by the Fiji National Training Council on September 18-20, 2001 in Nadi, Fiji. The Asian Productivity Organization has asked me to provide the conceptual organization of the symposium, which Norbert Vogel of the Australian Quality Council and I eventually chaired.

The resource papers presented an overview of the Malcolm Baldrige National Quality Award, the Australian Business Excellence Award, and the European Quality Award. The country papers covered quality and business excellence awards being implemented in countries at varying stages of economic development. These countries include Fiji, Indonesia, Islamic Republic of Iran, Japan, Malaysia, Mongolia, Nepal, the Philippines, Singapore, Sri Lanka, Thailand, and Vietnam. Many of these award systems were the result of a long developmental process, in many cases involving the transformation of initial skepticism and apathy into enthusiastic support by both the public and private sectors. Any organization setting out on establishing and perhaps renewing a national quality and business excellence program will find in these papers practical models of how others like them have succeeded in this task.

Since the symposium, changes have also occurred in the administration of some award systems. For example, in February 2002, Standards Australia Inc. acquired the assets of the Australian Quality Council and has taken over the management and administration of the Australian Business Excellence Awards. At the time of the symposium, the Islamic Republic of Iran and Pakistan were developing their own national quality award systems patterned after the Baldrige Award. Pakistan now has a national productivity award.

This is the first book of its kind and, as such, several people deserve my gratitude as editor of this publication. I would like to start with Lee Kia Yoke of APO and the various contributors who patiently responded to my requests during the editing process. I attribute my knowledge and improved understanding of the Malcolm Baldrige National Quality Award to Dr. Harry Hertz and the dedicated staff of the Baldrige National Quality Program who have provided long-standing support and guidance in promoting quality and business excellence. Finally, my family deserves my deepest gratitude for their never-ending patience and understanding as I was completing this project.

Luis Ma. R. Calingo

Long Beach, California
October 2002

INTRODUCTION

Dr. Harry Hertz

*Director, Baldrige National Quality Program
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The United States Congress established the Malcolm Baldrige National Quality Award in 1987 to promote quality awareness, to recognize quality achievements of U.S. companies, and to publicize successful quality strategies. Since then, the criteria for the Baldrige Award have evolved to represent a broader performance and business excellence model. The award's focus, however, is—and always has been—to improve the competitiveness of the United States by helping organizations improve their overall quality and achieve performance excellence. The criteria still focus on the same basic principles of product and service quality, customer-driven excellence and operational excellence.

Private-sector reviews and surveys are showing that the award is having a profound effect on shaping how people and organizations operate and work. For example, a report by the U.S. Council on Competitiveness states, “More than any other program, the Baldrige Quality Award is responsible for making quality a national priority and disseminating best practices across the United States.” Firms that account for three-fifths of the dollar value of the U.S. economy have some connection to the Baldrige Award—they are past award recipients, contributors to the award process, or use the criteria for internal improvement.

The National Institute of Standards and Technology (NIST) has established a fictitious Baldrige Index to compare the share price performance of Baldrige award winners with the U.S. Standard & Poor's 500 Index. The Baldrige Index consists of publicly traded U.S. companies that have received the Baldrige Award since 1988. For the seventh year in a row, the Baldrige Index outperformed the S&P 500 Index, this time by 4.5 to one. An economic impact evaluation, which was commissioned by NIST and completed in October 2001, found that the net private benefits associated with the Baldrige National Quality Program to the economy as a whole are conservatively estimated to be \$24.65 billion. When compared to the social costs associated with the Program of \$119 million, it is clear that, from an evaluation perspective, the Baldrige National Quality Program (BNQP) is socially beneficial as summarized by a benefit-to-cost ratio of 207-to-1.

Since the Baldrige Award's inception, NIST has distributed more than two million copies of the award criteria. While there have been relatively few applications for the award, many companies have conducted self-assessments against the criteria. Nationwide, interest in the Baldrige Award framework has been growing steadily. In 1991, fewer than 10 state and local quality awards existed. Now, more than 40 states have or are establishing a total of 54 award programs, most of them modeled after the Baldrige Award. For many companies, these award programs are “proving grounds,” helping them to better understand quality management before they consider an application for the national Baldrige Award. In 1991, state programs received 111 applications; in 2001, that number has increased about tenfold, with 36 of the 54 state programs reporting 604 applications.

Today, this wide exposure had made the Baldrige Award criteria the most widely accepted definition of what constitutes total quality management and organizational excellence. Unlike the requirements for Six Sigma, ISO 9000, or ISO 14000, organizations that use the Baldrige performance excellence criteria get a true systems perspective to their

overall organizational performance. Over the years, there have been two types of organizations participating in the Baldrige Award—winners and learners, with the latter being the more important of the two. The Baldrige process is “about learning, not about the award.”

Internationally, more than 70 quality awards have been established, most within the past several years. As national quality awards have proliferated, many have used the Baldrige Award criteria as inputs to their own list of criteria. There is now a global Platform for Guardians of Premier Excellence Model (GEMS) organizations. The members of this network include NIST and the administrators of the Australian Business Excellence Award, the European Quality Award, the Japan Quality Award, the Singapore Quality Award, and the South African Excellence Award.

From well over a decade’s experience working with organizations taking part in the Baldrige process, BNQP has assembled an abundance of research on organizational success. We now know that there are three key drivers of performance excellence. They are a focus on delivering value to customers, a focus on internal operational processes, and a commitment to learning as an entity and to staff learning. We have also found the following key organizational ingredients leading to performance excellence:

- The organizations have senior leadership that is committed to the organization and its staff. These leaders are visionary.
- World-class organizations are focused on understanding customers, building relationships with customers, and satisfying customers.
- Organizations of the highest caliber project what their customers’ needs are both in the present and in the future.
- High-functioning organizations have defined their key processes and understand them well.
- These organizations exhibit strong financial performance as compared to their competitors, even during economic downturns.

The BNQP is honored that the Baldrige Award has made a more than modest contribution to the creation of business excellence models in many countries. Annually, the Baldrige National Quality Program asks a broad range of people—from Baldrige Award recipients to criteria users, business community leaders and quality community experts—to evaluate the criteria. Their feedback helps us decide what changes are needed to keep the criteria at the leading edge of validated management practice in today’s worldwide competitive market. As a result, the Baldrige Award—and the performance excellence criteria—are perhaps more relevant today than at any time in their 14-year history. I earnestly hope that this publication will motivate more countries to launch national quality and business excellence awards in order to improve the competitiveness of their businesses and industries.

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National Quality and Business Excellence Awards: Mapping the Field and Prospects for Asia

Dr. Luís Ma. R. Calingo

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BACKGROUND

Quality Awards as Competitiveness Catalysts

There has been an increasingly widespread recognition that quality will be the cornerstone of developing the much-needed global competitiveness for Asia and the Pacific if Asia-Pacific countries are to emerge as a coherent economic region. With the opening up of the Former Soviet Union and Eastern and Central Europe, the cost advantage that many firms in the Asia-Pacific region had enjoyed is bound to diminish in the years to come. Further, comparative advantage in terms of natural endowment of resources is becoming irrelevant in an increasingly global economy. As Japan has amply demonstrated and as Howard D. Samuel, former U.S. Undersecretary of Labor for International Affairs and President of the Industrial Union Department of the AFL-CIO, said, “Advantages don't have to be natural. They can be acquired; they can be bought; they can be manufactured.”¹ As Samuel further pointed out, the global market is not really one place, but:

... an omelet of many, many different countries around the world desperately competing with each other, sometimes using methods which we feel are below the belt, all of them trying to win some competitive advantage for themselves in some way. Now, one of the ways in which some countries try to gain competitive advantage is through emphasizing the quality of their products, and that is to the good.²

Quality and business excellence awards that recognize excellent organizational performance have emerged as a significant component of the productivity and quality promotion strategies of many countries. Several national and regional quality awards have been established to promote quality and serve as models of total quality management (TQM). The leading example is the well-known Malcolm Baldrige National Quality Award, which the United States launched in 1988. Since then, it has become a major driving force in revitalizing the competitiveness of US firms in the global economy. This award has since gained stature and recognized as a de facto global standard on customer-oriented management systems and practices. It has influenced other countries in establishing similar awards such as the European Quality Award, the Australian Business Excellence Award, and the Japan Quality Award.

At the firm level, a growing number of companies worldwide have adopted self-assessment as a continuous improvement approach by measuring an organization's current performance against a model that represents a position of “organizational excellence.” The

¹Lloyd Dobyns and Claire Crawford-Mason, *Quality or Else: The Revolution in World Business* (Boston: Houghton Mifflin, 1991), 29.

²Dobyns and Crawford-Mason, 36.

establishment of comprehensive sets of criteria to evaluate award applicants has provided businesses with a consistent set of standards by which they can evaluate and monitor quality performance. One of the best practices associated with continuous improvement is that self-assessment techniques using a recognized business excellence model (such as the Baldrige Award) help identify opportunities for improvement areas across the organization and promote a holistic approach to continuous improvement³

During the last ten years, the three most frequently used self-assessment models have been Japan's Deming Application Prize, the Malcolm Baldrige National Quality Award, and the the European Quality Award.⁴ Established in 1951, the Deming Prize was created by the Union of Japanese Scientists and Engineers (JUSE) to commemorate Dr. W. Edwards Deming's contribution to Japanese industry and to promote further the continued development of company-wide quality control in Japan. The Baldrige Award is an annual, national, American quality award that was established in 1987 to promote quality awareness and understanding of the requirements for quality and performance excellence, to recognize quality achievements of American companies, and to publicize successful quality and performance management strategies. The European Quality Award (EQA) was established in 1991, with the support of the European Organization for Quality (EOQ) and the European Commission (EC), to enhance the position of Western European companies in the world market by accelerating the acceptance of quality as a strategy for global competitive advantage and by stimulating and assisting the development of quality improvement activities.

Today, there are at least 77 quality and business excellence awards being implemented in at least 69 countries and economies worldwide. These 77 quality and business excellence awards are listed in pages 28-30 and are located as follows:

- Sub-Saharan Africa (3)—Mauritius, South Africa, and Southern African Development Community (SADC);
- East Asia and the Pacific (17)—Australia, Brunei, Fiji, Hong Kong, Indonesia, Japan (2), Republic of Korea, Malaysia, Mongolia, New Zealand, Philippines, Singapore, Republic of China, Thailand, Vietnam, and International Asia Pacific Quality Award;
- South Asia (6)—India (3), Nepal, Pakistan, and Sri Lanka;
- Europe and Central Asia (30)—Austria, Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Malta, Netherlands, Northern Ireland, Norway, Poland, Portugal, Russia, Scotland, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, Wales, European Union (EQA), and Iberoamerican Quality Award;
- Middle East and North Africa (8)—Egypt, Israel (2), Jordan, Morocco, Oman, Qatar, and United Arab Emirates; and
- Americas (12)—Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, Mexico, Paraguay, Peru, United States, and Uruguay.

Almost all of the 19 member-countries of the Asian Productivity Organization (APO) have introduced quality and business excellence award programs. Although Bangladesh, the Islamic Republic of Iran, and the Lao People's Democratic Republic did not have award programs that were either ongoing or in the pipeline as of 2001, the

³Mike Kaye and Rosalyn Anderson, "Continuous Improvement: The Ten Essential Criteria," *International Journal of Quality and Reliability Management* 16 (1999): 493.

⁴An excellent comparison of these three national quality awards can be found in Joao S. Neves and Benham Nakhai, "The Evolution of the Baldrige Award," *Quality Progress* 27 (June 1994): 65-70.

Institute of Standards and Industrial Research of Iran was planning to launch the Iran Quality Award. This testifies to the increased global interest in the promotion of such awards at the national level. These national awards have been established to promote quality and serve as models for TQM by offering a continually improving blueprint for organizational self-assessment and by providing motivation for continuous improvement.

The Asia-Pacific Context

There seems to be little doubt that the pursuit of quality and business excellence awards will be an enduring characteristic of the productivity and quality improvement programs of countries in the Asia-Pacific region. This poses an interesting question in the design of such programs. On the one hand, the gurus such as Philip Crosby, Joseph M. Juran, and W. Edwards Deming argue for the universality of expectations concerning an ideal system for quality management and business excellence. However, there is also evidence in the literature to support the view that contextual variables do have an impact on quality management practice. Therefore, while many Asia-Pacific countries have modeled after the Baldrige Award and the Deming Prize in developing their award systems, others have evolved their own evaluation criteria and systems taking socio-cultural backgrounds in view. Many member countries have expressed a desire to promote sharing of experiences so as to enhance the effectiveness of such award systems and also motivate those member countries that have not adopted such systems.

Against this background, the APO organized a Top Management Forum in Kyoto in 1999 highlighting the features of excellent firms that have received quality awards in APO member-countries.⁵ The Symposium on Quality and Business Excellence Awards held September 2001 in Fiji provided another platform for closer deliberations among participants from APO member-countries to gain new insights on the national strategies and initiatives for promoting quality and business excellence awards; trends and development facing the design and promotion of such awards; and explore possible areas of collaboration in the areas of harmonization of awards including the framework and assessment process, exchange of best practice information, and joint research and studies.

The methodology for accomplishing the Symposium objectives consisted of:

- Lectures from resource persons related to the practices of the Malcolm Baldrige National Quality Award and the Australian Business Excellence Award.
- Country case papers presented by six APO member-countries that are in various stages of implementation of their quality and business excellence award programs.
- Syndicate discussions on pre-identified issues.

Twenty-three participants representing the national productivity organizations (NPOs) of 11 member-countries plus two resource persons contributed to the Symposium. The two resource persons were: (1) Dr. Luís Calingo, Dean of the College of Business Administration at California State University, Long Beach, USA, and (2) Mr. Norbert Vogel, Chief Executive Officer of the Australian Quality Council. A third resource person, Mr. Celal Seçkin representing the European Foundation for Quality Management, was unable to travel to Fiji in light of travel restrictions resulting from the then-recent September 11 terrorist attacks. The program and the list of participants (including resource persons) are attached as Appendices A and B, respectively.

⁵Asian Productivity Organization, *Features of Excellent Firms: Experiences of Quality Award Winning Firms*, Top Management Forum (Tokyo: Asian Productivity Organization, 2000).

SUMMARY OF ISSUES

National quality and business excellence awards have been a beacon and blueprint for driving a wide variety of organizations to their highest levels of sustainable achievement. The resource persons' lectures and the country presentations described the background, core values and assessment criteria, system of operations, assessment processes, and marketing and promotion aspects of various quality and business excellence award systems. The participants concluded that there is indeed a great potential for business excellence frameworks such as the Baldrige Award to influence national efforts in Asia-Pacific countries to improve industrial competitiveness.

Some of the main barriers to using the awards to improve include the significant resources required to write a written award application, fear of assessment, lack of trained examiners and application writers, uncertainty as to how the award fits in with an organization's current planning and improvement efforts, and a lack of commitment to use assessment results to improve.⁶ Recipients of these awards have, however, reported that their implementation of performance management approaches (such as the Baldrige Award roadmap) has not only improved quality and has led to improvements in market share, sales, profits and employee morale, but also provided them with the competitive internal mechanism necessary to face unusual quality standards requirements.

As the national productivity organizations in Asia-Pacific countries take the lead in either establishing or improving their quality and business excellence award systems, there are at least six strategic issues that must be addressed:

- a. How does the NPO, in its capacity as award administrator, strike an appropriate balance between global comparability and local responsiveness as it designs its award system?
- b. How does the NPO best structure the national quality and business excellence award as a public-private partnership? How does the NPO sustain this initiative?
- c. What are the logistical requirements (e.g., assessor recruitment, training, calibration, etc.) involved in creating and sustaining an award system?
- d. How does the NPO ensure the integrity and, most especially, the absence of undue political interference in the award process?
- e. How does the NPO disseminate the knowledge on the best practices of award recipients?
- f. How does the NPO position the quality and business excellence awards against other international quality management standards (such as the ISO 9000 and 14000 family of standards)?

COUNTRY PRESENTATION THEMES

The resource persons gave presentations on the Malcolm Baldrige National Quality Award (MBNQA) and the Australian Business Excellence Award (ABEA), which were both established in 1988. In addition, participants from the following countries gave presentations on their respective national award programs (listed with their year of establishment): Fiji (1998), Japan (1995), Malaysia (1990), Philippines (1997), Singapore (1995), and Thailand (2001). The following are the salient themes of the Asia-Pacific

⁶For a summary of these firm-level issues, see Arie Halachmi, "The Pros and Cons of Participating in a Quality Award Program," *National Productivity Review* 15 (Winter 1995/96): 87-100.

quality and business excellence awards, based on the country presentations.

Initial Reference Models

At the time of their establishment, the national awards were initially patterned after any or a combination of the following awards: Australian Business Excellence Award, Baldrige Award, and Deming Prize. None of the award programs used the European Quality Award (EQA) as initial reference model.

Award	Initial Reference Model
Japan Quality Award	Baldrige Award
Singapore Quality Award	Baldrige Award
Malaysia Prime Minister's Quality Award (private sector)	Baldrige Award; Deming's Prize
Fiji Quality Award	Australian Business Excellence Award
Philippine Quality Award	Baldrige Award (criteria); Australian Business Excellence Award (multiple levels of recognition)
Thailand Quality Award	Baldrige Award

Mission of the Award Program

The national award programs vary in terms of their mission. Some programs are aligned with the Baldrige Award's mission of recognizing excellent companies and sharing best practices throughout the country. Although all programs have the above recognition and sharing components, some programs are also aimed at facilitating business excellence or helping applicant organizations on their journey to performance excellence. The differences in the proportion of applicants that undergo a site visit review reflect this variation in the award program's mission.

Award	Orientation	Proportion of Site-Visited Applicants
Australian Business Excellence Award	Process improvement in applicants (w/o consulting)	100%
Malcolm Baldrige National Quality Award	Recognition of excellence and communication of best practices	20%
European Quality Award	Recognition of excellence and communication of best practices	about 20%
Japan Quality Award	Recognition of excellence and communication of best practices	Site visit if ≥ 500
Singapore Quality Award	Recognition (SQ Award) and facilitating excellence (SQ Class)	about 100%
Malaysia Prime Minister's Quality Award	Recognition of excellence and communication of best practices	100%; Judges site-visit top-5 applicants
Fiji Quality Award	Recognition of excellence and process improvement in applicants	100%

Continued

Award	Orientation	Proportion of Site-Visited Applicants
Philippine Quality Award	Recognition of excellence and process improvement in applicants	50%; started with 100% during Year 1
Thailand Quality Award	Recognition of excellence and communication of best practices	Top-5 applicants or \geq 550 for Year 1

Customization to Country Needs

The various national award programs vary in terms of the degree to which the award body customizes the award criteria to the different award eligibility categories (sectors). There are a fairly even number of award programs that customize their criteria by sector (e.g., private vs. public sectors) and those programs that use a single criteria booklet for all sectors.

Award	Mode of Customization	Number of Criteria
Australian Business Excellence Award	Initially, separate criteria for 6 sectors; recently, interpretive guidelines by sector	1
Malcolm Baldrige National Quality Award	“Separate but equal” criteria by sector (business, education, and health care)	3
European Quality Award	“Separate but equal” criteria by sector (public vs. private)	2
Japan Quality Award	No customization but plans to expand to local government and health care	1
Singapore Quality Award	No customization	1
Malaysia Prime Minister’s Quality Award	Separate criteria by sector (private, public, and socio-economic)	3
Fiji Quality Award	No customization	1
Philippine Quality Award	“Separate but equal” criteria by sector (public vs. private)	2
Thailand Quality Award	No customization	1

Number of Criteria Categories

The number of criteria categories in the national award programs presented range from seven (7) to nine (9), with seven being the modal number of categories. Examples of the additional criteria categories/items include corporate social responsibility (similar to Items 1.2 and 7.4b of the Baldrige Award) to indicators of sustainability, which is not incorporated in the Baldrige Award or EQA criteria.

Award	Number of Categories	Additional Criteria Categories/Items
Australian Business Excellence Award	7	Indicators of Sustainability (7.2)
Malcolm Baldrige National Quality Award	7	NA

Continued

Award	Orientation	Proportion of Site-Visited Applicants
European Quality Award	9	Partnerships & Resources, Society Results (similar to MB 7.4b)
Japan Quality Award	8	Social Responsibilities of Management (similar to MB 1.2)
Singapore Quality Award	7	None (but incorporating MBNQA, EQA and ABEA features)
Malaysia Prime Minister's Quality Award	8	Corporate Responsibility (similar to MB 1.2)
Fiji Quality Award	7	Indicators of Sustainability (7.2)
Philippine Quality Award	7	None (100% Baldrige-based)
Thailand Quality Award	7	None (100% Baldrige-based)

Relative Weights of Enabler and Results Categories

The national award programs vary in terms of the relative weights of the awards' enabler categories (i.e., leadership, strategic planning, customer and market focus, information and analysis, human resource focus, and process management) and the results category(ies). The weight of the results category(ies) ranges from a low of 200 to a high of 580 maximum total points.

Award	Enabler Categories		Results Categories	
	Number	Points	Number	Points
Australian Business Excellence Award	6	420	1	580
Malcolm Baldrige National Quality Award	6	550	1	450
European Quality Award	5	500	4	500
Japan Quality Award	7	600	1	400
Singapore Quality Award	6	600	1	400
Malaysia Prime Minister's Quality Award	7	800	1	200
Fiji Quality Award	6	420	1	580
Philippine Quality Award	6	550	1	450
Thailand Quality Award	6	550	1	450

Evaluation Dimensions

Most of the national award programs presented use the three evaluation dimensions of the Baldrige Award: Approach, Deployment, and Results. Australia and Fiji have a fourth evaluation dimension, Improvement, which the Baldrige Award subsumes under the Approach dimension.

The Board of Examiners

The national award programs presented vary in terms of the designation that they give to their respective award examiners and the number of examiners that are employed. There is no significant variation as regards the content of the examiner preparation courses.

Examiner preparation training is typically a 3-day program that includes a study of the award's core values and concepts, comment writing, and scoring and calibration. In the case of the European Quality Award, the European Foundation for Quality Management trains both EQA-level and country-level examiners.

Award	Title of Examiners	Number of Examiners
Australian Business Excellence Award	Evaluator	140
Malcolm Baldrige National Quality Award	Examiner	$\geq 400/\text{year}$
European Quality Award	Assessor	...
Japan Quality Award	Examiner	170/year
Singapore Quality Award	Assessor	100 with pool of 450
Malaysia Prime Minister's Quality Award	Auditor (100% NPC staff)	50
Fiji Quality Award	Evaluator	22
Philippine Quality Award	Assessor	50 with pool of 350
Thailand Quality Award	Assessor	30-40

Levels of Award Recognition

Most of the national award programs presented have multiple levels of recognition, with some convergence as to the scores that are associated with each level. In these multi-level award programs, the top level is generally regarded as the equivalent of Baldrige Award recognition.

Award	Number of Levels	Scores Corresponding to Level			
		1	2	3	4
Australian Business Excellence Award	4	300	450	300	450
Malcolm Baldrige National Quality Award	1	No cutoff, but generally ≥ 700			
European Quality Award	3	?	≥ 400	≥ 550	
Japan Quality Award	3	Local awards		≥ 500	≥ 650
Singapore Quality Award	1	SQ Class ≥ 400 ; SQ Award ≥ 700			
Malaysia Prime Minister Quality Award	1	Generally ≥ 900 ; "feeder" program is the Quality Management Excellence Award			
Fiji Quality Award	4	250-350	351-450	451-550	> 550
Philippine Quality Award	4	200-400	400-600	≥ 600	≥ 700
Thailand Quality Award	3	≥ 400		> 550	≥ 700

Summary Comparison

The differences among the national award programs presented are best captured in a 3x3 matrix that characterizes the degree of customization of the award program to the local context and the orientation of the award program.

Resource Experts' Comments

During the ensuing discussion, the resource persons made the following integrative comments and suggestions to the participants:

Customization to local context			Orientation of award system
Facilitate business improvement		Australia	
Combined	Philippines Thailand	Malaysia Singapore	
Recognition and sharing	Europe USA		
	Globally comparable	Medium	Highly customized

CONCLUSIONS AND RECOMMENDATIONS

1. Consider evaluation scores for their appropriate role, which is to guide the preparation of feedback comments. There is the need to strike a balance between the precision that accompanies mechanistic analysis and the challenge of identifying overall role models, which requires adopting more of a holistic perspective.
2. There are advantages in the use of the terms “assessor” or “evaluator” when referring to the award examiners. The term “auditor” typically has negative connotations, given that most auditors outside the quality field seek nonconformances as opposed to opportunities to contribute to the organization’s performance excellence journey.
3. One of the key components of an award program is having a reputable board of overseers, panel of judges, governing council, or management committee. The challenge here is to have the selection criteria represent a balance between political capital and prior assessment expertise. For example, Baldrige judges typically emerge from examiner ranks.
4. The national award body should be mindful of the infrastructure requirements or the critical success factors of an award program. Based on the experience of APO member-countries with national award programs, the critical start-up activities (listed in roughly chronological order) include:
 - a. The country chief executive’s (e.g., president, prime minister) unqualified endorsement of the quality and business excellence award program as the country’s roadmap to performance excellence. This ensures top-level support and stewardship of the award.
 - b. Development of the quality and business excellence award criteria, award process, and system of operations.
 - c. Establishment of a board of overseers or governing council, panel of judges, management committee, and award administrator or secretariat.

- d. Recruitment, selection, and training of prospective examiners. The recommended minimum training input includes a first course in assessment (3-4 days) using appropriate case studies and an annual training of assessors (2-3 days) for calibration purposes.
- e. Securing “seed funding” from either the government or the private sector and establishment of a foundation with the objective of endowing the award program.
- f. Marketing and promotion of the award program to a wide variety of organizations.
- g. Training prospective applicant-organizations on how to prepare an award application.

Recommendations from Syndicate Discussions

The 22 participants were divided into four groups, with each group being assigned one of the four issue areas: public-private partnership, program logistics and award integrity, knowledge management, and program marketing and positioning. The recommendations for each of the following issue areas were categorized by target decision-maker (i.e., national award bodies, NPO, and APO).

Public-Private Partnership

How does the NPO best structure the national quality and business excellence award as a public-private partnership? How does the NPO sustain this initiative?

Recommendations for the NPO and National Award Bodies

- 1. The alternative organizations for administering the national award are the government, foundation/NGO, and committee/council.
- 2. The alternative organizations may be evaluated in terms of four dimensions of the public-private partnership: administration, finance, human resources, and operations.
- 3. Among the alternative structures, a private-sector-led effort with public sector support appears to be the best structure.
- 4. To sustain the initiative, the NPO should:
 - a. Facilitate the award process.
 - b. Encourage involvement of all parties: funding, networking, and promotion.

Recommendations for Sharing Schemes Among NPOs and Award Bodies

- 1. Exchange NPO experiences through symposia, seminars, and workshops.
- 2. Implement networking through:
 - a. Exchange of missions and experts.
 - b. Benchmarking among APO members.

Recommendations for Programming and Related Support from APO

- 1. Build a database describing the award systems of each APO member-country and other countries or regions.
- 2. Conduct regional forums on award systems on a regular basis.
- 3. Promote the benefits of national quality and business excellence awards to governments of APO member-countries.

Program Logistics and Award Integrity

What are the logistical requirements (e.g., assessor recruitment, training, calibration, etc.) involved in creating and sustaining an award system? How does the NPO ensure the integrity and, most especially, the absence of undue political interference in the award process?

Recommendations for the NPO and National Award Bodies

Logistical Requirements:

1. Funding mechanisms might include:
 - a. Seed money from government or international NGOs (e.g., World Bank, APO)
 - b. Application fees
 - c. Membership and sponsorship
 - d. Products and services
 - e. Contribution from alumni of award recipients
 - f. Maintenance fees from assessors.
2. Training programs for assessors
3. The award administrator:
 - a. Must ensure confidentiality.
 - b. Staff should include professionals.
 - c. Should act independently.
4. Promotion strategies might include:
 - a. Award patronage by heads of state.
 - b. Use of website and press media.
 - c. Distance learning for contents (Award framework)
 - d. Education programs for award users and applicants (criteria, procedures, and best practices).
5. Partnership programs:
 - a. Network of advocates and ambassadors (including chambers and assessors).

Ensuring Integrity of Award Process:

1. Fundamental to the award process are the principles of impartiality, objectivity, and confidentiality.
2. Assessors, evaluators, judges, and award administrators to abide by a code of confidentiality:
 - a. Sign a code of confidentiality and commitment.
 - b. Develop guidelines for assessors.
3. Selection of assessors:
 - a. Professionals with wide experience in management fields.
 - b. Minimum qualifications to be specified.
 - c. Composition of assessor teams (recommend a minimum of three led by an experienced senior assessor).
4. Strong support from the chambers of industry and commerce.
5. Award **should not** be a commercial venture:
 - a. To be administered by a not-for-profit agency.
 - b. Award administrator to be kept separate from commercial activities.
6. Selection of judges:
 - a. Committee should be composed of renowned experts in related fields and award process (senior assessors).
 - b. Participation of assessors should, as far as possible, be voluntary but positioned as a privilege.

Continued

Recommendations for Sharing Schemes Among NPOs and Award Bodies

1. Exchange of:
 - a. Assessors
 - b. Experts (e.g., trainers)
 - c. Information (e.g., case studies, publications)
 - d. Award process and guidelines (e.g., site visits).
2. Hosting of study/best practice missions.

Recommendations for Programming and Related Support from APO

1. Establish an Asia-Pacific Excellence Model Network (APEM Network).
 - a. Existing Best Practice Network could be part of APEM Network.
2. Organize Asia-Pacific Winners Conference (with concurrent session for assessors).
3. Develop a directory of winners, experts, trainers, assessors, and consultants.
4. Establish a Business Excellence Academy.
 - a. Offer diploma/degree courses on business excellence.
 - b. Certification of international assessors and judges
 - c. Conduct research from their network on impact of Excellence Award framework on businesses in each country.

Knowledge Management

How does the NPO disseminate the knowledge on the best practices of award recipients

Recommendations for the NPO and National Award Bodies

1. Conduct award winners' conferences (national and regional levels), offering subsidies for some participants (e.g., education, not-for-profit organizations).
2. Video of the award ceremonies, award winners, and best practices
3. Showcase experiences in seminars.
4. Site visits to award winners
5. Best Practices database of award recipients using both electronic and print media
6. Partnerships with professional associations and other industry organizations.
7. Benchmarking networks
8. Government supporting scheme for building the Best Practice dissemination network

Recommendations for Sharing Schemes Among NPOs and Award Bodies

1. Best Practice and Benchmarking Network among APO members
2. Annual Quality Award Winners' Best Practices Regional Conferences
3. Best Practice column in the APO Newsletter
4. Asia Pacific Best Practice Series (publication by APO)
5. APO to establish relationships with international benchmarking clearinghouses to make the database accessible and affordable to APO member-countries.
6. APO to conduct a training program on "how to write a good Best Practice case study"
7. Series of seminars focused on specific NQBEA criteria elements, such as leadership, strategic planning, and customer and market focus.

Recommendations for Programming and Related Support from APO

1. Bilateral Cooperation Between NPOs (BCBN), Overseas Study Missions (OSMs), attending conferences or symposium on best practices sponsored by organizations other than APO
2. Technical Expert Services

Continued

3. The regular APO program under Development of NPOs, such as:
 - a. capability building on best practice
 - b. developing Best Practice writing skills
 - c. Roster of experts on business excellence and best practices

Program Marketing and Positioning

How does the NPO position the quality and business excellence awards against other international quality management standards (such as the ISO 9000 and 14000 family of standards)?

Recommendations for the NPO and National Award Bodies

Positioning issues include:

1. ISO and other international standards lay the foundation for quality and business excellence awards.
2. NPO awards are locally recognized (i.e., no international credibility).
3. International management standards are internationally recognized (credibility).
4. Public (local) – Quality and Business Excellence Award.
5. Private – international management standard (customer- and market-driven).

Recommendations for Sharing Schemes Among NPOs and Award Bodies

1. APO Awards for regional recognition
2. Mutual recognition of NPO Awards among APO members.
3. Exchange of evaluators among APO members.

Recommendations for Programming and Related Support from APO

1. Umbrella recognition from APO (certification) of the respective NPO awards
2. Promotion of the NPO Awards to drive recognition
3. Sharing of best practices (success stories)

FOLLOW-UP ACTIONS

In addition to the participants' recommendations, APO should consider doing or enabling the following follow-up activities so that APO member-countries can maximize the benefits of their participation in this Symposium:

1. Publication of a compendium of the quality and business excellence award systems being implemented in APO member-countries.
2. Offering of assessor preparation training courses at the regional level in order to achieve better calibration among the quality and business excellence awards in APO member-countries.

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**NATIONAL QUALITY AND BUSINESS EXCELLENCE AWARDS
BY UNITED NATIONS REGION**

Region	Country*	Award
Sub-Saharan Africa	Mauritius	Mauritian National Quality Award
	South Africa	South African Excellence Award
East Asia and the Pacific	Australia	Australian Business Excellence Award
	Brunei	Brunei Civil Service Excellence Award
	Fiji**	Fiji National Quality Award
	Hong Kong**	Hong Kong Management Association (HKMA) Quality Award
	Indonesia**	Paramakarya [Indonesian National Productivity Award]
	Japan**	Deming Prize
		Japan Quality Award
	Republic of Korea**	Korean Quality Grand Award
	Malaysia**	Malaysian Prime Minister's Award
	Mongolia**	National Productivity Award
	New Zealand	New Zealand Business Excellence Award
	Philippines**	Philippine Quality Award
	Singapore**	Singapore Quality Award
	Republic of China**	Taiwan National Quality Award
	Thailand**	Thailand Quality Award
	Vietnam**	Vietnam Quality Award
South Asia	India**	Rajiv Gandhi National Quality Award
		CII-EXIM Bank Award for Business Excellence
		IMC Ramkrishna Bajaj National Quality Award
	Nepal**	Federation of Nepalese Chambers of Commerce & Industry (FNCCI) National Excellence Award
	Pakistan**	National Productivity Award
	Sri Lanka**	Sri Lanka National Quality Award
Europe and Central Asia	Austria	Austrian Quality Award
	Belgium	Belgian Quality Award
	Croatia	Croatian Quality Award
	Czech Republic	Czech Republic National Quality Award
	Finland	Finnish Quality Award
	Denmark	Danish Quality Prize
	France	Prix Français de la Qualité [French Quality Award]
	Germany	German National Quality Award

Continued

Region	Country*	Award
	Greece	Hellenic National Quality Award
	Hungary	Hungarian Quality Development Center Award
	Iceland	Icelandic Quality Award
	Ireland	Irish Business Excellence Award
	Italy	Italian Quality Award
	Malta	Malta Quality Award
	Netherlands	Dutch Quality Prize
	Northern Ireland	Northern Ireland Quality Award
	Norway	Norwegian Quality Prize
	Poland	Polish National Quality Award
	Portugal	Portuguese Quality Award
	Russia	Quality Awards of the Government of the Russian Federation
	Scotland	Quality Scotland Business Excellence Award
	Slovakia	The Slovak Republic Award for Quality
	Slovenia	Slovenian National Quality Award
	Spain	Premio Principe Felipe a la Calidad Industrial [Prince Philip Industrial Quality Award]
		Premio Iberoamericano de la Calidad
	Sweden	Swedish Quality Award
	Switzerland	Swiss Quality Award
	Turkey	TUSIAD-KalDer Quality Award
	United Kingdom	UK Business Excellence Award
	Wales	The Wales Quality Award
Middle East and North Africa	Egypt	Egyptian National Quality Award
	Israel	Yitzhak Rabin National Award for Quality and Excellence in Industries
		Yitzhak Rabin National Award for Quality and Excellence in Public Service
	Jordan	King Abdullah II Award for Excellence
	Morocco	Moroccan National Quality Award
	Oman	Oman Award for Excellence
	Qatar	Qatar Quality Award
	United Arab Emirates	Dubai Quality Award
Americas	Argentina	Premio Nacional a la Calidad [National Quality Award]
	Brazil	Prêmio Nacional da Qualidade [National Quality Award]
	Canada	Canada Awards for Excellence
	Chile	Premio Nacional a la Calidad [National Quality Award]
	Colombia	Premio Colombiano a la Calidad [Colombia Quality Award]

Continued

Region	Country*	Award
	Costa Rica	Costa Rica Excellence Award
	Ecuador	Ecuador National Quality Award
	Mexico	Premio Nacional de Calidad [National Quality Award]
	Paraguay	Paraguay National Quality Award
	Peru	Peruvian National Quality Award
	United States	Malcolm Baldrige National Quality Award
	Uruguay	Premio Nacional de Calidad [National Quality Award]

Notes:

*The term “country” does not imply political independence, but may refer to any territory for which authorities report separate social or economic statistics. Data are shown for economies as they were constituted in 2000, and data on national quality awards reflect information available as of September 2001.

**Member-governments of the Asian Productivity Organization.

THE US MALCOLM BALDRIGE NATIONAL QUALITY AWARD: RECENT DEVELOPMENTS, PROCESSES, AND APPLICABILITY TO THE ASIAN SETTING

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OVERVIEW OF THE BALDRIGE AWARD

The Baldrige National Quality Award Program

Objectives of the Baldrige National Quality Program

The United States Congress established the Malcolm Baldrige National Quality Award (MBNQA) in 1987 to recognize U.S. organizations for their achievements in quality and business performance and to raise awareness about the importance of quality and performance excellence as a competitive edge. Three awards may be given annually in each of the following categories: manufacturing, service, small business, and, starting in 1999, education and health care. The Award is not given for specific products or services.¹

The Baldrige Award seeks to promote an awareness of performance excellence as an increasing element in competitiveness, encourage an understanding of the necessary requirements for performance excellence and continuous improvement, and to facilitate the sharing of information about successful performance strategies and the benefits derived from using these strategies. The Baldrige Award defines “performance excellence” as an aligned approach to organizational performance management that results in: (1) delivering ever-increasing value to customers, contributing to marketplace success, (2) improving organizational effectiveness and capabilities, and (3) organizational and personal learning.

The Baldrige National Quality Program (BNQP) establishes the guidelines and the criteria that organizations can use to evaluate their performance or to apply for the Malcolm Baldrige National Quality Award. The BNQP encourages performance improvement in all sectors of the American economy, given that the concept of performance excellence is directly applicable to organizations of all types and sizes. It also disseminates information detailing how superior organizations were able to achieve outstanding performance and improved competitiveness.

The criteria for the Baldrige Award have played a major role in achieving the goals established by Congress. Since 1988, the criteria booklet has undergone several cycles of improvement, becoming more focused on business management. The Baldrige criteria for performance excellence have played a valuable role in helping American organizations improve. According to Gordon Black, chairman and chief executive officer of Harris/Black International Ltd., the publication containing the Baldrige criteria is “probably the single most influential document in the modern history of American business.”² The Baldrige

¹It is recommended that you have a copy of the Baldrige Award criteria on hand as you read this paper. If you do not have a copy of the criteria, you may download a copy from the Baldrige National Quality Program <<http://www.baldrige.org>>.

²U.S. National Institute of Standards and Technology, *Ten Years of Business Excellence for America*, November 1998, 6.

criteria are now accepted widely, not only in the United States but also around the world, as a *de facto* standard for performance excellence.

While the Baldrige Award and the Baldrige recipients are the very visible centerpiece of the U.S. quality movement, a broader national quality program has evolved around the Award and its criteria. A report, *Building on Baldrige: American Quality for the 21st Century*, by the private-sector Council on Competitiveness, concluded, "More than any other program, the Baldrige Quality Award is responsible for making quality a national priority and disseminating best practices across the United States."³ In a 1998 survey of 308 U.S. chief executive officers, the vast majority of the respondents found the Baldrige Award to be valuable in "stimulating improvements in quality in U.S. business" (79%) and in "stimulating improvements in competitiveness in U.S. business" (71%).⁴

History of the Baldrige Award

In the early and mid-1980s, many industry and government leaders saw that a renewed emphasis on quality was no longer an option for American companies but a necessity for doing business in an ever expanding, and more demanding, competitive world market. But many American businesses either did not believe quality mattered for them or did not know where to begin. The Baldrige Award was envisioned as a standard of excellence that would help U.S. organizations achieve world-class quality.

Many American organizations began pushing individually for quality awareness and improvement during the early and mid-1980s. The American Society for Quality (ASQ) strove to develop greater quality awareness through the chains of labor, management, and government. Top managers from both the public and private sectors concerned about improving competitiveness through quality formed the National Advisory Council for Quality.

During a White House Conference on Productivity in September 1983, it was decided that an award for national productivity and quality should be developed. The early work on the national award was roughly fashioned after Japan's Deming Prize, which was founded in 1951 to promote total quality control in Japan. According to Mary Walton:

The idea for the prize had originated with a congressional fact finding expedition to Japan in 1986, led by Representative Don Fuqua, a Florida Democrat. There the delegation met with Kaoru Ishikawa, Japan's foremost quality expert. Ishikawa encouraged the Americans to come up with a similar award as a way to boost quality. Indeed, in the absence of a domestic award, an American company, Florida Power and Light, had already decided to seek the Deming Prize."⁵

On August 20, 1987, President Ronald Reagan signed into law Public Law 100-107, the Malcolm Baldrige National Quality Improvement Act of 1987. This act established the MBNQA, named in honor of the then-recently deceased Secretary of Commerce. Awards are made annually to recognize U.S. organizations for performance excellence. For the first 10 years, the Award was limited to three eligibility categories: manufacturing, service, and small business. On October 30, 1998, President Bill Clinton signed legislation that established two additional eligibility categories: education and health care. Up to three

³*Ten Years of Business Excellence for America*, 7.

⁴"The Nation's CEOs Look to the Future: A Survey Conducted for the Foundation for the Malcolm Baldrige National Quality Award," February-April 1998, available from <http://www.quality.nist.gov/ceo~rpt.htm>; Internet, accessed 9/9/01.

⁵Mary Walton, *Deming Management at Work* (New York: Perigee Books, 1990), 212-213.

awards may be given in each of the five eligibility categories. A similar award program, the Presidential Award for Quality, was established in 1988 for the U.S. federal government and administered by the Federal Quality Institute and later by the Office of Personnel Management.

Since its establishment, the Baldrige National Quality Program has accomplished the following:

- Since 1988, 785 applications have been submitted for the Baldrige Award from a variety of types and sizes of organizations. These applications resulted in a total of 43 awards.
- State and local award programs—many modeled after the Baldrige Award—have grown from fewer than 10 in 1991 to over 50 (in 45 states) in 2000. Since 1991, applications for state and local awards have grown dramatically from 111 in 1991 to at least 862 in 2000.
- The Program has trained more than 1,600 national examiners. In 2000 alone, the state programs trained more than 3,500 examiners.

Internationally, about 70 national quality and business excellence award programs are in operation. Most are modeled after the Baldrige National Quality Program, including one established in Japan in 1996.

Award Framework

Core Values and Concepts

The Baldrige Award criteria for performance excellence are built upon a set of core values and concepts. These values and concepts are the embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key business requirements within a results-oriented framework that creates a basis for action and feedback. The eleven core values are as follows:

- *Visionary Leadership:* Senior leaders' capacity for setting directions for the organization by action and by example.
- *Customer-Driven Excellence:* The organization's focus on the customer and the ability to ensure that its operations meet their needs and expectations.
- *Organizational and Personal Learning:* The ability of the organization to acquire, share, and use information to improve.
- *Valuing Employees and Partners:* Commitment to employees and partners (such as suppliers and subcontractors) in order to optimize the opportunities for success in their work environment and contributions to the organization.
- *Agility:* Ensuring flexibility and the ability to act speedily.
- *Focus on the Future:* Operating strategically and ensuring a long-range orientation.
- *Managing for Innovation:* The capacity to develop creative and effective products, services, and processes.
- *Management by Fact:* Reliance on data and analysis in decision-making.
- *Public Responsibility and Citizenship:* Proactive and responsive commitment to the needs and concerns of the community and larger public.
- *Focus on Results and Creating Value:* The orientation to managing key outcomes for accomplishing the mission, meeting customer and market requirements, and creating value for key stakeholders.
- *Systems Perspective:* The ability of the organization to view its operations holistically and understand how its parts interact, and the ability to align activities effectively.

Award Criteria

Applications for the Baldrige Award demonstrate achievements and improvements in seven assessment categories. The seven criteria categories, and their corresponding point values, are as follows:

1. Leadership (120 pts.): Examines how senior executives guide the organization and how the organization addresses its responsibilities to the public and practices good citizenship.
2. Strategic Planning (85 pts.): Examines how the organization sets strategic directions and how it determines key action plans.
3. Customer and Market Focus (85 pts.): Examines how the organization determines requirements and expectations of customers and markets.
4. Information and Analysis (90 pts.): Examines the management, effective use, and analysis of data and information to support key organization processes and the organization's performance management system.
5. Human Resource Focus (85 pts.): Examines how the organization enables its workforce to develop its full potential and how the workforce is aligned with the organization's objectives.
6. Process Management (85 pts.): Examines aspects of how key production/delivery and support processes are designed, managed, and improved.
7. Business Results (450 pts.): Examines the organization's performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, and operational performance. The category also examines how the organization performs relative to competitors.

The seven criteria categories are subdivided into 18 items and 29 areas to address. The Baldrige performance excellence criteria comprise a framework that any organization can use to improve its overall performance. The criteria are used by thousands of organizations of all kinds for self-assessment and training and as a tool to develop performance and business processes. Almost two million copies have been distributed since the first edition in 1988, and heavy reproduction and electronic access multiply that number many times.

Figure 1 provides the framework connecting and integrating the seven criteria categories. The framework provides a high-level overview of the criteria and illustrates how the criteria provide a systems perspective for managing an organization in order for it to achieve performance excellence.

Scoring System

The system for scoring applicant responses to the criteria requirements involves the assessment of three dimensions, considers the factor of "importance" to the applicant's business, and employs Scoring Guidelines, an anchored rating scale. The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on three evaluation dimensions: Approach, Deployment, and Results. Organizations applying for the Award need to furnish information relating to these dimensions.

Approach

Approach refers to how the organization addresses the criteria requirements (i.e., the *method(s)* used). The factors used to evaluate approaches include:

- the appropriateness of the methods to the requirements;
- the effectiveness of use of the methods and the degree to which the approach:

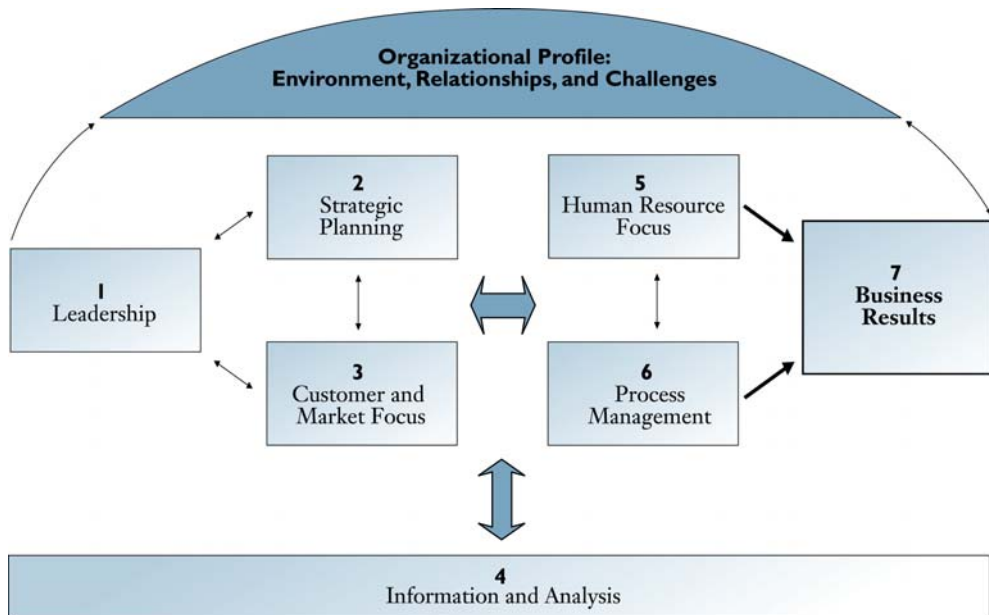


Figure 1. Baldrige Criteria for Performance Excellence Framework

- is repeatable, integrated, and consistently applied,
- embodies evaluation/improvement/learning cycles, and
- is based on reliable information and data ;
- alignment with the organization's needs; and
- evidence of beneficial innovation and change.

Deployment

Deployment refers to the *extent* to which the organization's approach is applied to all applicable areas or work units. The areas or work units considered in evaluating deployment vary depending upon the criteria requirements. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant processes and work units throughout the organization.

Before an organization's deployment can be assessed for a criteria item, the Examiner needs to have a clear understanding of what constitutes "full deployment" for that item, based on the organization's key factors. A key to the understanding of a Criteria Item's full deployment is knowledge of the Item's "unit(s) of deployment." For example, full deployment for Item 1.2 (Public Responsibility and Citizenship) means that all employees at all levels of the organization every employee of the organization must be involved in the community support activities called for by the Areas to Address in this Item. Therefore, the individual employee is the appropriate unit for evaluating deployment of Item 1.2.

Results

Results refer to *outcomes* in achieving the purposes given in the Item. The factors used to evaluate results include:

- the organization's current performance, especially vis-à-vis its goals for the

- performance measures/indicators reported,
- rate, breadth, and importance of the organization’s performance improvements,
- the organization’s performance relative to appropriate comparisons and/or benchmarks, and
- the linkage of the organization’s performance measures/indicators to key customer, market, process, and action plan performance requirements identified in the Organizational Profile and responses to Approach/Deployment Items.

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and/or data you are expected to furnish relative to the three evaluation dimensions. The two types of Items and their designations are: (1) Approach/Deployment, and (2) Results.

Approach and Deployment are linked to emphasize that descriptions of Approach should always indicate the Deployment—consistent with the *specific requirements* of the Item. Although Approach and Deployment dimensions are linked, feedback to Baldrige Award applicants reflects strengths and/or opportunities for improvement in either or both dimensions.

Results Items call for data showing performance levels and trends on key measures and/or indicators of organizational performance. Results Items also call for data on breadth of performance improvements—how widespread the organization’s improvement results are. This is directly related to the Deployment dimension. That is, if improvement processes are widely deployed, there should be corresponding results. A score for a Results Item is thus a composite based upon overall performance, taking into account the breadth of improvements and their importance.

“Importance” as a Scoring Factor

The three evaluation dimensions described previously are critical to evaluation and feedback. However, evaluation and feedback also must consider the importance of the organization’s reported Approach, Deployment, and Results to your key business factors. The areas of greatest importance should be identified in the Organizational Profile and in Items such as 2.1, 2.2, 3.1, 6.1, 6.2, and 7.4. The organization’s key customer requirements and key strategic objectives and action plans are particularly important.

Assignment of Scores to Responses

The Scoring Guidelines are based on evidence that a performance excellence system is in place, the breadth and depth of its deployment, and the results it is achieving. Examiners observe the following guidelines in assigning scores to an organization’s responses to each criteria requirement:

All Areas to Address should be included in the organization’s response to a Criteria Item. The responses should also reflect what is important to the organization;

In assigning a score to an Item, the Examiner first decides which scoring range (e.g., 50% to 60%) best fits the overall Item response. Overall “best fit” does not require total agreement with each of the statements for that scoring range. Actual score *within* the range depends upon judgment of the closeness of the Item response in relation to the statements in the next higher and next lower scoring ranges;

An Approach/Deployment Item score of 50 percent represents an approach that meets the overall objectives of the Item and that is deployed to the principal activities and work units covered in the Item. Higher scores reflect maturity (cycles of improvement), integration, and broader deployment; and

A Results Item score of 50 percent represents a clear indication of improvement trends and/or good levels of performance in the principal results areas covered in the Item. Higher scores reflect better improvement rates and/or levels of performance, and better comparative performance as well as broader coverage and integration with business requirements.

Baldrige Award Distribution of Scores

In the feedback report to the applicant, an applicant's total score falls into one of eight scoring bands. Each band corresponds to a descriptor associated with that scoring range. Table 1 provides scoring information on the percentage of Year 2000 applicants scoring in each band at Stage 1 Individual Review. Scoring adjustments resulting from the consensus and site visit reviews are not reflected in the distribution.

Recent Trends and Future Developments

Since 1988, the Baldrige criteria for performance excellence have undergone several cycles of improvement, becoming more focused on business management. Major changes include a reduction in the number of Criteria Items from 42 to 18 (or 19 for Education); more emphasis on "systems," as opposed to "building blocks"; greater business results orientation; and a shift in emphasis from quality assurance of products and services to quality management to performance management, from human resource utilization to human resource focus, from quality planning to strategic thinking, and from quality improvement activities to organizational learning.

The Baldrige criteria continue to evolve, seeking to enhance coverage of strategy-driven performance, address the needs of all stakeholders, and accommodate important changes in business needs and practices. The increasing importance of e-commerce, electronic communication, the use of Internet-based interactions, and the alignment of all aspects of the organization's performance management system receive greater attention in the 2001 criteria. In addition, the criteria continue to emphasize the roles of data, information, and information and knowledge management and their use in organizations.

Criteria questions have been better aligned throughout the seven categories and in the new Organizational Profile to accomplish the purpose of Baldrige self-assessment and external assessment: to determine organizational gaps and alignment in approach and deployment (Categories 1–6) and to determine organizational gaps and strength of performance in results areas (Category 7).

Table 1. Score Distribution for 2000 Applicants

Band	Percentage of Applicants	Descriptor
0-250	12%	Early stages of developing and implementing approaches to Category requirements. Important gaps exist in most Categories.
251-350	27%	Beginnings of a systematic approach responsive to the basic purposes of the Items, but major gaps exist in approach and deployment in some Categories. Early stages of obtaining results stemming from approaches, with some improvements and good performance observed.

Continued

Band	Percentage of Applicants	Descriptor
351-450	14%	An effective, systematic approach responsive to the basic purposes of most Items, but deployment in some key Areas to Address is still too early to demonstrate results. Early improvement trends and comparative data in areas of importance to key organizational requirements.
451-550	31%	Effective, systematic approaches to many Areas to Address, but deployment may vary in some areas or work units. Fact-based evaluation and improvement occur responsive to the basic purposes of the Items. Results address key customer/stakeholder and process requirements, and demonstrate some areas of strength and/or good performance.
551-650	10%	An effective, systematic approach responsive to many of the Areas to Address and to key organizational needs, with a fact-based evaluation and improvement process in place in key Areas. No major gaps in deployment, and a commitment exists to organizational learning and sharing. Results address most key customer/stakeholder and process requirements and demonstrate areas of strength.
651-750	2%	Refined approaches, including key measures, good deployment, and very good results in most Areas. Organizational alignment, learning, and sharing are key management tools. Some outstanding activities and results that address customer/stakeholder, process, and action plan requirements. Industry leader in some Areas.
751-875	0%	Refined approaches, excellent deployment, and good to excellent performance improvement and levels demonstrated in most areas. Good to excellent integration and alignment, with organizational analysis, learning, and sharing of best practices as key management strategies. Industry leadership and some benchmark leadership demonstrated in results that address most key customer/stakeholder, process, and action plan requirements.
876-1,000	0%	Outstanding approaches, full deployment, and excellent and sustained performance results. Excellent integration and alignment, with organizational analysis, learning, and sharing of best practices pervasive. National and world leadership in results that fully address most key customer/stakeholder, process, and action plan requirements.

The Organizational Profile, the Criteria Items, and the Scoring Guidelines have been aligned so that the assessment addresses both changing business needs/directions and ongoing evaluation/improvement of key processes. Both are important because prioritized process improvement (“doing things better”) and addressing changing needs (“doing the right things”) are critical to success in an increasingly challenging and competitive

environment, and they frequently compete for the same resources.

In addition, efforts continue to align the 2001 Business, Education, and Health Care Criteria, thus enabling better communication and cooperation among all organizations—a major goal of the Baldrige National Quality Program.

The following are the most significant changes in the 2001 Criteria and the criteria booklet:

- The number of Items has been reduced from 19 to 18.
- The number of Areas to Address has been increased from 27 to 29.
- A new Preface entitled Organizational Profile replaces the Business Overview from the 2000 Criteria. Its placement at the front of the Criteria sets the organization's context for responding to the Criteria Items.
- The Glossary of Key Terms continues to be revised and expanded.
- Category 4, Information and Analysis, now includes an Item on information management. The Category has been rewritten to recognize the growing importance of the Internet and e-commerce and the organization's dependence on reliable information from these communication vehicles.
- Category 6, Process Management, now specifically addresses all aspects of the organization's process management, including all key product/service design, production/delivery, business (value creation), and other support processes.
- There have been some changes in all Criteria Items.

The future development of the Baldrige criteria will likely embody more alignment with key global and organizational challenges; processes, people, and results; and information needs and information management. Further, future evolution of the criteria will likely include a greater focus on people relationships and loyalty, as well as the incorporation of information technology in Baldrige assessments (*e-Baldrige*).

SYSTEM OF OPERATIONS

Administrative System

Organization of the Award Program

The Baldrige National Quality Program at the National Institute of Standards and Technology manages the Malcolm Baldrige National Quality Award (refer to Figure 2).

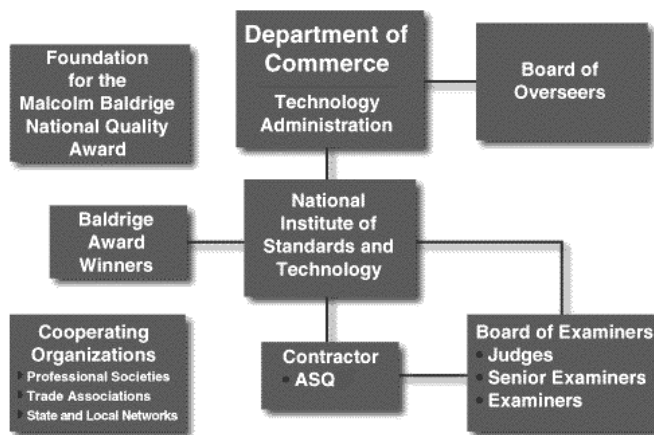


Figure 2. Organization of the Award Program

The Secretary of Commerce and NIST develop and manage the Award with co-operation and support from the private sector. Currently, the American Society for Quality (ASQ) is under contract to NIST to administer the Award.

Building active partnerships in the private sector, and between the private sector and all levels of government, is fundamental to the success of the Baldrige National Quality Program in improving national competitiveness. Support by the private sector for the Program in the form of funds, volunteer efforts, and participation in information transfer has continued to grow. To ensure the continued growth and success of these partnerships, each of the following organizations plays an important role:

Board of Overseers

The Board of Overseers is the advisory organization on the Baldrige National Quality Program to the Department of Commerce. The Board is appointed by the Secretary of Commerce and consists of distinguished leaders (currently 11) from all sectors of the U.S. economy. The Board of Overseers evaluates all aspects of the Program, including the adequacy of the Criteria and processes for determining Award recipients. An important part of the Board's responsibility is to assess how well the Program is serving the national interest. Accordingly, the Board makes recommendations to the Secretary of Commerce and to the Director of NIST regarding changes and improvements in the Program.

The Foundation for the Malcolm Baldrige National Quality Award

The Foundation for the Malcolm Baldrige National Quality Award was created in 1988 to foster the success of the Program. The Foundation's main objective is to raise funds to permanently endow the Award Program. The founders of the Foundation are a who's who of American industry, including Adolph Coors Company, Bechtel Group, Inc., Florida Power & Light Company, Lockheed Corporation, and Xerox Corporation. Prominent leaders from U.S. organizations serve as Foundation Trustees to ensure that the Foundation's objectives are accomplished. A broad cross-section of organizations from throughout the United States provides financial support to the Foundation.

National Institute of Standards and Technology (NIST)

The Department of Commerce is responsible for the Baldrige National Quality Program and the Award. NIST, an agency of the Department's Technology Administration, manages the Baldrige Program. NIST promotes U.S. economic growth by working with industry to develop and deliver the high-quality measurement tools, data, and services necessary for the nation's technology infrastructure. NIST also participates in a unique, government-private partnership to accelerate the development of high-risk technologies that promise significant commercial and economic benefits, and—through a network of technology extension centers and field offices located in all 50 states and Puerto Rico—helps small- and medium-size businesses access the information and expertise they need to improve their competitiveness in the global marketplace.

Board of Examiners

The Board of Examiners evaluates Award applications and prepares feedback reports. The Panel of Judges, part of the Board of Examiners, makes Award recommendations to the Director of NIST. The Board consists of leading U.S. business, health care, and education experts selected by NIST through a competitive application process. For 2001, the Board consists of 419 members. Of these, nine (who are appointed by the Secretary of Commerce) serve as Judges, and 65 serve as Senior Examiners. The remainder serve as Examiners. All members of the Board must take part in an Examiner

preparation course. In addition to their application review responsibilities, Board members contribute significantly to information sharing activities. Many of these activities involve the hundreds of professional, trade, community, and state organizations to which Board members belong.

Award Recipients

Award recipients are required to share information on their successful performance and quality strategies with other U.S. organizations. However, recipients are not required to share proprietary information, even if such information was part of their Award application. The principal mechanism for sharing information is the annual Quest for Excellence Conference. Award recipients in the 13 years of the Award have been very generous in their commitment to improving U.S. competitiveness and the U.S. pursuit of performance excellence. They have shared information with hundreds of thousands of companies, education institutions, health care organizations, government agencies, and others. This sharing far exceeds expectations and Program requirements. Award recipients' efforts have encouraged many other organizations in all sectors of the U.S. economy to undertake their own performance improvement efforts.

American Society for Quality (ASQ)

ASQ, under contract to NIST, with the application review process, preparation of award documents, publicity, and information transfer. ASQ is a professional, non-profit organization serving more than 100,000 individual and 700 corporate members in the U.S. and 62 other nations. In addition, ASQ publishes books on the Baldrige Award and offers Baldrige Award self-assessment training courses in service, education, and health care.

Selection of Members of the Board of Examiners

The 2001 Board of Examiners consisted of a total of 419 members: nine Judges, 43 Alumni, 221 returning Examiners, and 146 new Examiners. Board members are selected based on individual merits and Program needs. The BNQP seeks to constitute a board of experts capable of evaluating organizations eligible for the Award and serving as representatives for the Baldrige Program. Criteria used in the selection of Board members include breadth and depth of experience; diversity of experience; leadership and external representation; and knowledge of business, specialized areas, and/or practices and improvement strategies leading to performance excellence.

Based upon the evaluation of the applications submitted by potential Examiners, NIST selects and appoints Board members. The Secretary of Commerce appoints Judges for three-year terms; the other Examiners are appointed for one award cycle. A BNQP selection committee, working with the Panel of Judges, selects the Senior Examiners and Examiners. All Board members undergo a three-day examiner preparation course at NIST headquarters in Gaithersburg, Maryland, every May—about one month before the deadline for receiving Baldrige Award applications. NIST conducts an additional two-day training program for Senior Examiners every July.

Board members may reapply each year for membership if they wish to serve again. Examiner applications for the following year are automatically sent to current Board members. Examiner applications for the following year are automatically sent to current Board members. Each year, approximately one-third of the Examiners are replaced to provide opportunities for participation by others and to balance the Board with Examiners from different sectors and different work experiences.

Financial Support for the Award Program

The Baldrige National Quality Program has proven to be a remarkably successful government and private-sector team effort. The annual federal government investment of about \$5 million to help NIST manage the Program is leveraged by a contribution of over \$100 million from private-sector and state and local organizations, including more than \$10 million raised by private industry to help launch and maintain the program and the time and efforts of hundreds of largely private-sector volunteers.

Assessment Processes

Award Eligibility Categories

Basic Eligibility

Participation in the Baldrige Award process is open to manufacturing, service, small business, education, and health care organizations. Eligibility is intended to be as open as possible. Any for-profit business and some subunits headquartered in the United States or its territories, including U.S. subunits of foreign companies, may apply for the Award in the business eligibility category. In the education and health care eligibility categories, participation is open to for-profit and not-for-profit public and private organizations, government organizations, and some subunits—including U.S. subunits of foreign organizations—that provide educational or health care services in the United States or its territories.

Multiple-Application Restrictions

A subunit and its parent may not both apply for the Baldrige Award in the same year. However, if the size of the parent company, including all of its subunits, is 1,001-20,000 employees, two applicants per parent per eligibility category may apply. If the size of the parent company, including all of its subunits, is over 20,000 employees, two applicants per parent per eligibility category for the first 20,000, plus one per 20,000 or fraction thereof above 20,000 per eligibility category, may apply.

Future Eligibility Restrictions

If an organization or a subunit that has more than 50 percent of the total employees of the parent receives a Baldrige Award, the organization and all of its subunits are ineligible to apply for another award for a period of five years. If a subunit receives an award, that subunit and all of its subunits are ineligible to apply for another award for a period of five years. After five years, Baldrige Award recipients are eligible to reapply for the award or to submit an application “for feedback only.”

Stages in the Award Cycle

The Baldrige National Quality Program seeks to provide the fairest, most competent evaluation of each application. There are four key steps in the evaluation process: (1) Stage 1—Independent Review, (2) Stage 2—Consensus Review, (3) Stage 3—Site Visit Review, and (4) Judges’ Selection of Recommended Award Recipients. Table 2 presents the number of applications, by award eligibility category, that have resulted in site visits and the Baldrige Award itself.

Examiners are assigned to applications on the basis of their knowledge and experience, consistent with the requirements to avoid conflicts of interest, to apportion the application load equitably, and to adhere to agreed-upon schedules. Depending upon the results of evaluations, overall participation of Examiners may vary.

Table 2. Baldrige Application Data, 1988-2001

Category	Applications	Site Visits	Awards
Manufacturing	317	81 (26%)	22 (7%)
Service	148	42 (28%)	11 (7%)
Small Business	295	38 (13%)	12 (4%)
Education	37	7 (19%)	3 (8%)
Health Care	25	4 (16%)	0
TOTAL	822	173 (21%)	48 (6%)

- All Examiners participate in Stage 1, the independent review, during June-August, with their duties requiring a time commitment of typically 30-40 hours per application.
- Typically 50-70 percent of the Examiners participate in Stage 2, the consensus review, conducted through teleconference in August/September, with their duties requiring a time commitment of 2-6 days.
- About 35-45 percent of the Examiners participate in Stage 3, the site visit review, in October/November, with assignments that require at least a total time commitment of 5-10 days.
- Some Examiners also prepare feedback reports, requiring an additional time commitment.
- Some Senior Examiners also will lead or be back-up team leaders for consensus review and site visit teams.
- Judges review Stage 1 and Stage 2 applicant scores, select applicants for consensus review and site visits, recommend Baldrige Award recipients to NIST and review new Examiner applications to make selection recommendations to the Board of Examiners.

Feedback System to Applicants

Each Baldrige Award applicant receives a written feedback report at the conclusion of the review process. The feedback report is a written assessment by a team of Examiners and represents the results of 300-1,000 hours of review. The feedback report contains an applicant-specific listing of strengths and opportunities for improvement based on the criteria requirements. Organizations use the feedback reports as part of their strategic planning processes, thereby helping organizations focus on their customers and improve overall performance. Feedback is one of the most important parts of the Baldrige Award process; it provides a pathway for improvement.

The feedback reports are mailed at various times during the Award cycle, based on the stage of review an application reaches in the evaluation process. Thus, applicants who did not reach Stage 2 consensus review will get their feedback reports earlier than those who undergo further stages of review. Strict confidentiality is observed at all times and in every aspect of application review and feedback.

Marketing and Promotion Strategy

The marketing and promotion of the Baldrige Award has been undertaken primarily through the involvement of the members of the Board of Examiners as “ambassadors” of the Baldrige National Quality Program, other outreach activities via the Baldrige public/private partnership, and the contributions of the state and local quality award programs.

In addition to their review of applications, Examiners give thousands of presentations on quality improvement, performance excellence, and the Baldrige Program. NIST devotes

a portion of the annual Baldrige examiner preparation course to equipping Examiners with knowledge and information resources to enable them to perform their ambassador roles.

Other outreach activities of the Baldrige National Quality Program include:

- Reaching out to small and medium enterprises through partnerships with such groups as the Association of Small Business Development Centers;
- working more closely with the NIST Manufacturing Extension Partnership (MEP) by expanding the assignment of MEP field agents to Baldrige processes and using MEP centers nationwide as agents of dissemination;
- preparing and disseminating case studies to facilitate a deeper understanding and application of best practices demonstrated by Baldrige Award recipients; and
- encouraging greater participation by trade unions in developing workers' skills in applying quality and performance excellence tools and methods.

Working with state and local governments and with the support of the National Governors' Association and business groups, NIST has helped build the nodes of a network to spread the Baldrige Award philosophy throughout the United States. In 1991, only eight state and local quality awards existed. There are now 53 award programs in 45 states, and most are modeled closely after the Baldrige Award. Almost all of these state and local award programs include multiple levels of recognition so that multi-year applicants are able to track over time their progress in the journey to performance excellence. For many organizations, especially smaller firms, these state and local quality award programs provide education and encouragement, helping them to better understand the concepts of performance excellence before they consider applying for the national Baldrige Award.

Recent Trends and Future Developments

During the next few years, NIST and its private-sector Baldrige partners are expected to continue working to transform the Baldrige Program into a broader effort, spreading its performance excellence tools and discipline throughout many sectors of the economy. At this time, many other organizations, including the United Way (the U.S.'s largest non-governmental organization engaged in community development), trade associations, government agencies, and companies have created their own Baldrige-based award programs. It is very likely that the Baldrige National Quality Program will eventually evolve into the umbrella program for recognizing performance excellence in the private, the public, and the not-for-profit sectors.

APPROPRIATENESS TO THE ASIA-PACIFIC SETTING

Understanding Asia-Pacific Cultural Values

Given that the Malcolm Baldrige National Quality Award originated in the United States, there is often raised the question of whether the core values of the Baldrige Award reflect solely the North American paradigm of performance excellence and are therefore not culturally applicable to the Asia-Pacific setting. This section will examine cultural analysis frameworks as they contribute to our understanding of the cultural applicability of the Baldrige Award's core values to the Asia-Pacific setting.

The late anthropologist Margaret Mead defined culture as "a body of learned behavior, a collection of beliefs, habits and traditions, shared by a group of people and

uccessively learned by people who enter the society.”⁶ Culture, therefore, provides the foundation from which individual attitudes and behaviors develop. The pervasive influence of culture on human behavior in organizations has prompted several researchers (Kluckhohn & Strodtbeck, 1961; Hall, 1976; Hofstede, 1980; Hofstede & Bond, 1988; Trompenaars, 1994) to develop frameworks for classifying national cultures.⁷

Hofstede's International Differences in Work-Related Values

In a large-scale research project involving more than 116,000 IBM employees in 50 countries, Geert Hofstede, a Dutch cross-cultural psychologist, collected data from more than 116,000 employees on work-related values and attitudes. Hofstede's research stream later expanded to reflect complementary work by Michael Harris Bond, a Canadian professor in Hong Kong, who, together with Chinese social scientists, developed a Chinese Value Survey that was administered to students in 23 different countries on five continents. Hofstede and Bond argue that societies differ along five major cultural dimensions: power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation.

According to Hofstede, power distance is the extent to which the less powerful individuals in a society accept inequality in power and consider it as normal. Although inequality exists within every culture, the degree to which it is accepted varies from culture to culture.

Hofstede defines individualist cultures as being those societies where individuals are primarily concerned with their own interests and the interests of their immediate family. Collectivist cultures, in contrast, assume that individuals belong to one or more "in-groups" (e.g., extended family, clan, or other organization) from which they cannot detach themselves. The "in-group" protects the interest of its members, and in turn expects their permanent loyalty.

Masculinity, according to Hofstede, is the extent to which individuals in a society expect men (as opposed to women) to be assertive, ambitious, and competitive; to strive for material success, and to respect whatever is big, strong and fast. Masculine cultures expect women to serve and to care for the nonmaterial quality of life, for children, and for the weak. Feminine cultures, on the other hand, define relatively overlapping social roles for both sexes with neither men nor women needing to be overly ambitious or competitive. Masculine cultures value material success and assertiveness, while feminine cultures value qualities such as interpersonal relationships and concern for the weak.

Uncertainty avoidance is defined as the extent to which individuals within a culture are made nervous by situations that are unstructured, unclear, or unpredictable, and the extent to which these individuals attempt to avoid such situations by adopting strict codes of behavior and a belief in absolute truth. Cultures with strong uncertainty avoidance are active, aggressive, emotional, security-seeking, and intolerant. On the other hand, cultures

⁶Margaret Mead, ed., *Cultural Patterns and Technical Change* (Paris: UNESCO, 1951), cited in Gerry Darlington, "Culture: A Theoretical Review," in *Managing Across Cultures: Issues and Perspectives*, edited by Pat Joynt and Malcolm Warner (London: International Thomson Business Press, 1996), 33.

⁷Florence Rockwood Kluckhohn and Fred L. Strodtbeck, *Variations in Value Orientations* (Evanston, Ill.: Row, Peterson and Co., 1961); Edward T. Hall, *Beyond Culture* (Garden City, N.Y.: Anchor Press/Doubleday, 1976); Geert Hofstede, *Culture's Consequences: International Differences in Work-Related Values* (Thousand Oaks, Calif.: Sage Publications, 1980); Geert Hofstede and Michael H. Bond, "The Confucian Connection: From Cultural Roots to Economic Growth," *Organizational Dynamics* 16 (1988): 4-21; Fons Trompenaars, *Riding the Waves of Culture: Understanding Diversity in Global Business* (London: Nicholas Brealey, 1994).

with weak uncertainty avoidance are contemplative, less aggressive, unemotional, accepting of personal risk, and relatively tolerant.

Long-term orientation or Confucian work dynamism is the extent to which society's cultural values reflect those of Confucianism. Long-term-oriented societies, or cultures high on Confucian work dynamism have greater concern with the future and value thrift and persistence. Such societies consider how their current actions could influence future generations. On the other hand, values in short-term-oriented societies are oriented toward the past and present. There is respect for tradition and fulfilling social obligations is a concern, but the here and now is most important.

Trompenaars's Cultural Value Orientations

Fons Trompenaars, a Dutch economist and management consultant, later developed a framework to examine cultural differences. Using Talcott Parsons's pattern variables, Kluckhohn and Strodtbeck's value orientations, and Hampden-Turner's dilemma theory, Trompenaars analyzed the questionnaire responses of approximately 15,000 employees representing 47 national cultures.⁸ Trompenaars described national cultures using seven dimensions. Five of these dimensions describe how people relate to others, including universalism versus particularism, achievement versus ascription, individualism versus collectivism, affective versus affectively neutral, and specific versus diffuse. The other two dimensions are time orientation—past, present or future and sequential (monochronic) or synchronous (polychronic). The final dimension is relationship to the environment: internal- or external locus of control.

The concept of universalism versus particularism is derived from the work of Talcott Parsons. He distinguished two types of value standards that may guide behavior of persons or of whole cultures. Persons relying on particularistic value standards will emphasize relationships to particular people to a greater extent than persons with universalistic value standards, who will be guided more often by standards independent of specific social relationships. The particularist predominantly values interpersonal ties, while the universalist values abstract societal expectations.

Parsons's concept of achievement versus ascription refers to the characteristics of persons that determine their status. Achieved status can be "filled" through ability, effort, and competition, so that social mobility is possible. For example, the status of an athlete will be achieved. Ascribed status, on the other hand, is largely predicated on who a person is. Excellent examples are provided by the Indian caste system and the British monarchy.

Individualism versus collectivism has already been described earlier. Trompenaars's other cultural value orientations are affective versus affectively neutral, specificity versus diffuseness, orientation toward time, and orientation toward the environment. The nature of affective expression in interpersonal interactions falls along a neutral versus affective (expressive) continuum. The specific versus diffuse dimension deals with whether managers are more effective: (a) when analyzing phenomena into specifics (i.e., parts, targets, tasks, numbers, units, points), or (b) when they integrate and configure such details into diffuse patterns, relationships, and wider contexts. Time orientation deals with whether people find it more important to: (a) do things fast, in the shortest possible sequence of passing time, or (b) synchronize all efforts, just-in-time, so that completion is

⁸ Talcott Parsons, "The Pattern Variables," in *On Institutions and Social Evolution: Selected Writings*, ed. Leon H. Mayhem, 106-114 (Chicago: The University of Chicago Press, 1982); Charles M. Hampden-Turner and Fons Trompenaars, *The Seven Cultures of Capitalism* (London: Piatkus Books, 1994).

coordinated. Finally, orientation toward the environment reflects the source of motivation and values stemming either from the individual or the external environment.

Understanding East Asian Values

The diversity of the peoples and cultures of the Asia-Pacific region makes it difficult to identify a set of core values that pervade in the region. Focusing on the East Asian sub-region, nevertheless, there are three major philosophical traditions that form the basis of contemporary East Asian values. These are the Singapore School (neo-Confucianism), the Mahathir School (Islam), and what Professor Errol Mendes refers to as the “China PTCN (Post-Tienanmen-Confucianism-Nationalism) Model.”⁹

These three models can be merged to define the substance of Asian values: respect for hierarchy and authority, including a deference to such authority; centrality and cohesion of the family; social consensus, including an avoidance of overt conflict in social relations; an emphasis on law and order and a desire to have individual liberty undermine personal security concerns; an emphasis on stability to promote economic and social development; a reverence for traditional values and culture; an emphasis on education and self-discipline; and acceptance of diversity of spiritual and philosophical authority in theory, but enforced social consensus among such diversity in practice.¹⁰

Hampden-Turner and Trompenaars’s study of East Asian cultures found the following attributes of East Asian values: particularist (focus on relationships, rather than rules), ascribed status (hierarchy rather than equality as the norm), collectivist, diffuse (integrated wholes rather than analyzed specifics), and external locus of control (harmony with, and/or subjugation to, nature).¹¹ Further, Hofstede characterized East Asian cultures as collectivist, long-term oriented, and having large power distance.¹² Table 3 summarizes the East Asian cultural value profile, as characterized by Hampden-Turner, Trompenaars, and Hofstede, in terms that are relative to the cultures in the industrial OECD countries.

Table 3. A Cultural Value Profile of East Asia

Broad Orientations	Associated Characteristics
Particularist	Society is contingency-oriented; circumstances and relationships, rather than abstract rules, are more important in deciding what is right or good.
Ascribed status	The status of individuals depends on who they are (e.g., age, seniority, gender, education), rather than what they have achieved or how they have performed.

Continued

⁹Errol P. Mendes, “Asian Values and Human Rights: Letting the Tigers Free,” University of Ottawa, Human Rights Research and Education Centre, available from http://www.uottawa.ca/~hrrec/publicat/asian_values.html; Internet; accessed 20 July 1998.

¹⁰Mendes, 5.

¹¹Charles Hampden-Turner and Fons Trompenaars, *Mastering the Infinite Game: How East Asian Values are Transforming Business Practices* (London: Capstone Publishing, 1997).

¹²Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill, 1991).

Collectivist	Individuals belong to one or more "in-groups" (e.g., extended family, clan, or other organization) from which they cannot detach themselves. The "in-group" protects the interest of its members, and in turn expects their permanent loyalty.
Diffuse (integrated wholes vs. analyzed specifics)	Managers are more effective when they integrate and configure specifics into diffuse patterns, relationships, and wider contexts.
External locus of control	People try to harmonize with the environment. The signals, demands, and trends in the outside world, as opposed to inner-directed judgments and commitments, are the more important guides to action.
Large power distance	People are comfortable with political authoritarianism, autocracies, and the need for strong leadership.
Long-term-oriented	Society has greater concern with the future, values thrift and persistence, and tends to practice deferred gratification. Individuals generally consider how their current actions could influence future generations.

Results of subsequent replications of Hofstede's studies largely showed stability in cultural differences, confirming substantively different constructions of reality between societies.¹³ These stable findings further support the premise that Hofstede's premise that management, organizations, and institutions are culture-bound, rather than culture-free.

Cultural Fit of Core Values of Performance Excellence

The core values of the Baldrige Award become the logical starting point for a working agenda for reforming organizations in Asia. Because North American organizations have been the primary source of these core values and concepts, there is a need to examine the cultural feasibility of these core values. Specifically, to what extent do the cultural values embedded in these core values and concepts conform to the dominant cultural value orientations of Asian countries? Table 4 outlines the results of a preliminary analysis of the cultural feasibility of each core value.

Table 4. Cultural Feasibility of Features of Baldrige Core Values

Core Value	Associated Cultural Value	Degree of Cultural Fit
Visionary leadership	Long-term-oriented; internal locus of control	Medium
Customer-driven excellence	Collectivist; particularist	High
Organizational and personal learning	N.A.	

Continued

¹³Mikael Sondergaard, "Research Note: Hofstede's Consequences—A Study of Reviews, Citations, and Replications," *Organization Studies* 15:3 (1994): 447-456, cited in Sid Lowe, "Culture and Network Institutions in Hong Kong: A Hierarchy of Perspectives," *Organization Studies* 19:2 (1998): 321-343.

Valuing employee s and partners	Collectivist; diffuse (integrated wholes); particularist	High
Agility	Internal locus of control	Low
Long-term view of the future	Long-term-oriented	High
Managing for innovation	Internal locus of control	Low
Management by fact	N.A.	
Public responsibility and citizenship	Collectivist	High
Focus on results and creating value	Diffuse (integrated wholes)	High
Systems perspective	Diffuse (integrated wholes)	High

This preliminary assessment shows that the core values that appear to be the most compatible with East Asia's cultural context are (a) customer-driven excellence, (b) valuing employees and partners, (c) long-term view of the future, (d) public responsibility and citizenship, (e) focus on results and creating value, and (f) systems perspective. On the other hand, Asian organizations appear to have the most difficulty in institutionalizing the core values of agility and managing for innovation.

This assessment suggests that Asian organizations will not have great cultural difficulty in adopting most of the core values and concepts of the Baldrige Award. Because Asian societies vary in their cultural values, the cultural difficulty factor changes in magnitude from one country to another. National award bodies face the challenge of establishing, maintaining, and sustaining a national quality and business excellence award system that is both locally responsive and globally comparable. This preliminary assessment suggests that any required customization will likely be in the relative importance of the award criteria categories and in the award's system of operations.

CONCLUSION

The Malcolm Baldrige National Quality Award has been a beacon and blueprint for driving a wide variety of organizations to their highest levels of sustainable achievement. This paper has described the background, core values and assessment criteria, system of operations, assessment processes, and marketing and promotion aspects of the Baldrige Award. There is indeed a great potential for business excellence frameworks such as the Baldrige National Quality Program influencing national efforts in Asia-Pacific countries to improve industrial competitiveness.

As the national productivity organizations in Asia-Pacific countries take the lead in either establishing or improving their quality and business excellence award systems, there are at least six strategic issues that must be addressed:

- First, how does the national productivity organization (NPO), in its capacity as award administrator, strike an appropriate balance between global comparability and local responsiveness as it designs its award system?
- Second, how does the NPO best structure the national quality and business excellence award as a public-private partnership? How does the NPO sustain this initiative?
- Third, what are the logistical requirements (e.g., assessor recruitment, training, calibration, etc.) involved in creating and sustaining an award system?
- Fourth, how does the NPO ensure the integrity and, most especially, the absence of undue political interference in the award process?

- Fifth, how does the NPO disseminate the knowledge on the best practices of award recipients?
- Sixth, how does the NPO position the quality and business excellence awards against other international quality management standards (such as the ISO 9000 and 14000 family of standards)?

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BUSINESS EXCELLENCE AWARDS: THE AUSTRALIAN EXPERIENCE

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Australian Quality Council

During the early 1980s, Australian industry experienced emerging global competition. This new competitive environment forced organizations to focus on the efficiency and effectiveness of their overall management systems. A key response by major organizations was to adopt a radically different approach to management, based upon the teachings and research of pioneers in quality-based management philosophies (such as Deming, Ishikawa, Juran, Sarasohn, Shewhart, and Taguchi).

The growth in the adoption of management systems based upon the various quality management philosophies led to the formation of a national body to provide leadership to private and public organizations in their pursuit of improved performance through the adoption of quality-based management. The Australian Quality Council (AQC) was formed and formally recognized by the Commonwealth of Australia as the peak body responsible for the development and dissemination of the principles and practices that underpin quality management. A key charter of the AQC was to develop and grow a national Quality Awards Program that was launched in 1988. At that time, the Australian Quality Awards were among a handful of similar national awards around the world. The number of similar national awards has now grown to over 70 globally.

The Australian Awards were based on the Australian Quality Awards Criteria, which were developed with widespread input from leading Australian organizations. These criteria were designed to *operationalize* the principles of quality management. The criteria have been updated annually to ensure they reflect current best-known international management practices, and are known as the Australian Business Excellence Framework (ABEF).

The ABEF continues to be the frame of reference for the Australian Business Excellence Awards, as they are now known. While these Awards continue to provide important recognition of excellent organizations, the ABEF has been widely adopted outside the Awards to drive improvement of enterprises and key sectors including education, healthcare and government. The ABEF and Australian Business Excellence Awards continue to be benchmarked on a global scale, and this paper draws upon 13 years of experience with the Australian Awards to describe results achieved, lessons learned and the future direction.

BACKGROUND

In 1988, the Australian Quality Awards were launched to provide a national focus on quality improvement and competitiveness. The Awards, which were among the earliest of their type in the world, were developed with the support of major Australian organizations and with the endorsement of the Commonwealth of Australia. The Awards were based on a rigorous process of evaluation against the Australian Quality Awards Criteria. These criteria were based on a set of principles that underpinned quality-based management.

The purposes of the Awards were to:

- Give feedback to organizations to help them improve performance,
- Encourage organizations to adopt and benefit from excellent business practices, and
- Recognize the best organizations as role models for others.

From the outset, the Awards were open to all organizations, public or private as well as Government departments.

From small beginnings, the stature of the Awards grew steadily, as did the number of applicants. Awards Evaluators were also drawn from a cross-section of industry and Government, and the Awards process was established as a highly credible peer evaluation, not influenced by any commercial considerations. In 1998, the Awards were renamed the “Australian Business Excellence Awards” to better reflect their purpose, and the Awards criteria were renamed the “Australian Business Excellence Framework.” In 2001, the Awards and Framework continue to grow in terms of their national importance and participation rate. The national Evaluator Panel now comprises 140 Evaluators.

There is also widespread application of the Australian Business Excellence Framework outside the Awards process to drive improvement of enterprises and key sectors including education and healthcare. The Awards have now become part of a national management education program, which is delivering quantifiable improvements in quality and productivity.

AWARD FRAMEWORK

The Australian Business Excellence Framework (ABEF) seeks to characterize validated best management practices as a basis for accelerating the rate of organizational improvement. To achieve this purpose, the ABEF must be:

- Globally relevant and locally applicable;
- Able to be benchmarked against other internationally recognized excellence models;
- Easily understood and able to be applied as a basis for driving improvement across all organizations, large and small, public and private; and
- Based on a set of underpinning principles which can be referenced back to relevant research and evidence.

The ABEF is underpinned by a set of 12 principles reflecting global contemporary thinking on quality and business excellence. They can be referred back to published research and are summarized as follows:

1. Clear direction allows organizational alignment and a focus on the achievement of goals.
2. Mutually agreed plans translate organizational direction into actions.
3. Understanding what customers value, now and in the future, influences organizational direction, strategy and action.
4. To improve the outcome, improve the system and its associated processes.
5. The potential of an organization is realized through its people's enthusiasm, resourcefulness and participation.
6. Continual improvement and innovation depend on continual learning.
7. All people work in a system; outcomes are improved when people work on the system.
8. Effective use of facts, data and knowledge leads to improved decisions.
9. All systems and processes exhibit variability, which impacts on predictability and performance.
10. Organizations provide value to the community through their actions to ensure a clean, safe, fair and prosperous society.

11. Sustainability is determined by an organization's ability to create and deliver value for all stakeholders.
12. Senior leadership's constant role modeling of these principles and their creation of a supportive environment to live these principles, are necessary for the organization to reach its true potential.

These principles are operationalized by presenting them as a set of criteria arranged into seven categories and 22 items. Figure 1 illustrates the process of constructing the criteria by operationalizing the ABEF principles.

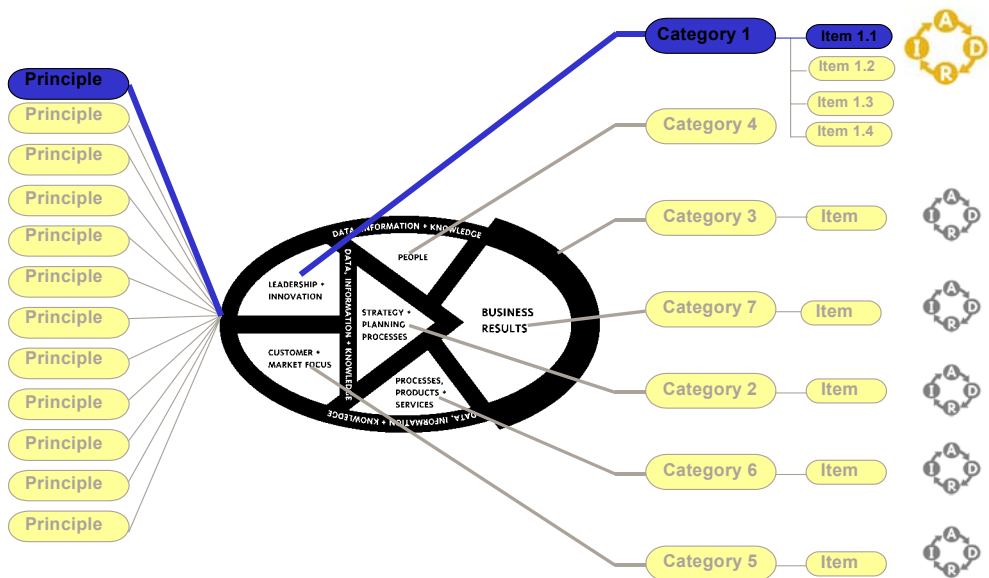


Figure 1. Construction of the Australian Business Excellence Framework

Table 1 enumerates the seven categories and 22 items comprising the ABEF criteria:

Table 1. Australian Business Excellence Criteria Categories and Items

Category or Item	Category or Item Description
1.0	Leadership and Innovation
1.1	Strategic Direction
1.2	Organizational Culture
1.3	Leadership throughout the Organization
1.4	Environmental and Community Contribution
2.0	Strategy and Planning Processes
2.1	Understanding the Business Environment
2.2	The Planning Process
2.3	Development and Application of Resources

Continued

Category or Item	Category or Item Description
3.0	Data, Information and Knowledge
3.1	Collection and Interpretation of Data and Information
3.2	Integration and use of Knowledge in Decision-Making
3.3	Creation and Management of Knowledge
4.0	People
4.1	Involvement and Commitment
4.2	Effectiveness and Development
4.3	Health, Safety and Well-Being
5.0	Customer and Market Focus
5.1	Knowledge of Customers and Markets
5.2	Customer Relationship Management
5.3	Customer Perception of Value
6.0	Processes, Products and Services
6.1	Innovation Process
6.2	Supplier and Partner Processes
6.3	Management and Improvement of Processes
6.4	Quality of Products and Services
7.0	Business Results
7.1	Indicators of Success
7.2	Indicators of Sustainability

Figure 2 illustrates the interrelationships among the criteria categories.

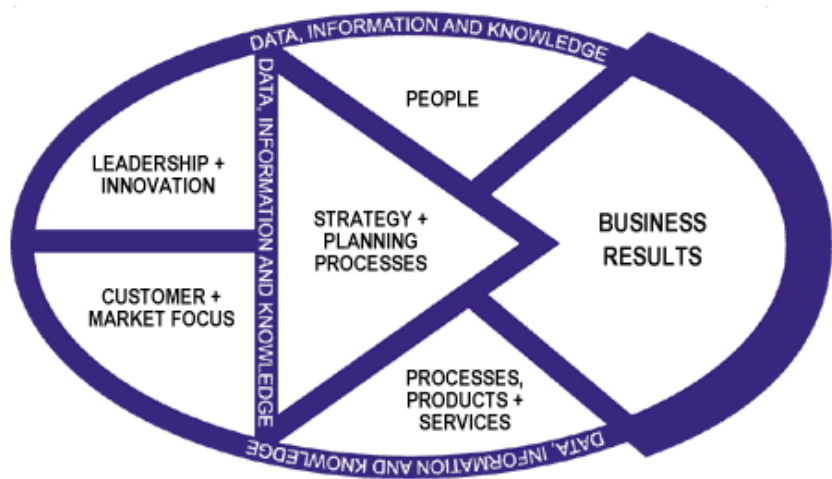


Figure 2. Criteria Categories of the Australian Business Excellence Award

The criteria within each item are assessed against four dimensions: Approach, Deployment, Results, and Improvement (commonly referred to as ADRI). Table 2 shows the detailed description of each of these evaluative dimensions.

Table 2. Approach, Deployment, Results, and Improvement Dimensions

Dimension	Interpretation	Assessment Questions
Approach	Thinking and planning	<ul style="list-style-type: none"> • What are you trying to achieve for the Item - what is your intent? • What goals have been established? • What strategies, structures and processes have been developed to achieve your intent, and why did you choose these? • What quantitative and qualitative performance indicators have been designed to track progress? • How does your approach align with the Business Excellence Principles?
Deployment	Implementing and doing	<ul style="list-style-type: none"> • How have those strategies, structures and processes been put into practice? • What is the depth and breadth of their implementation throughout the organization? • To what extent have they been accepted and integrated as part of normal operations?
Results	Monitoring and evaluating	<ul style="list-style-type: none"> • What are the trends in the performance indicators for this item? • How do these results compare with best-known performance? Give examples. • To what extent are these results indicative of the entire organization's performance? • How do you know that these results flow from the Approach and its Deployment? • How do you communicate, interpret and use these results?
Improvement	Learning and adapting	<ul style="list-style-type: none"> • What is the process to review the appropriateness and effectiveness of the Approach and its Deployment for the Item? • How do you use the Results for the Item to do this? • What have you learned, how have you captured this learning, and how have you used the learning to improve the Approach and its Deployment?

A scoring matrix for each of these dimensions provides a basis for generating a scoring profile across all items and categories, as well as an aggregate score out of 1,000 points.

ADMINISTRATIVE SYSTEM

The Australian Quality Council through a small secretariat known as the Awards Management Team manages the entire Awards process. Through this team, the panel of 140 Evaluators operates as an important network across the country. Administration support is provided for Evaluators who meet regularly in each State of Australia and to

special Evaluator teams which play an important role in ongoing development of the Awards process, recruitment and training, codes of conduct, and the Australian Business Excellence Framework.

Each year, Evaluators are invited to apply for admission to the panel. Applications are screened, and small interview panels in different geographic locations conduct formal interviews. These interview panels include staff from the Awards Management Team and experienced Evaluators.

Every active Evaluator is required to undergo training each year. The training consists of two key components, namely:

- **Content**—an in-depth understanding of the Excellence Framework and its underpinning principles. This is a formal qualification (Certificate III in Business Excellence Evaluation), which is available through distance learning.
- **Process**—skills and competencies required to conduct a full evaluation as a member of a team. These include desktop evaluation of written applications; consensus meeting, site visit and feedback report preparation. This training is conducted real-time, face-to-face in actual teams in one location once per year. Team leaders attend additional training with a focus on achieving consistency across teams.

There is a Panel of Review (Judges) that consists of eminent individuals from business, academia, government, and AQC executives and board members. Membership is by invitation from the Chairman of the AQC. The panel also includes CEOs from previous Award-winning organizations. Members undergo self-training based on a training kit provided to them.

The Awards Management Team is responsible for administering all these activities and to maintain databases to ensure highest levels of confidentiality. Information on applicants is not disclosed, except for those receiving public recognition.

Funding for the Awards comprises a combination of fees from applicants and revenue generated from the AQC's commercial activities. The Awards attract no Government funding.

ASSESSMENT PROCESS

Assessment Process

Award Categories

Organizations may apply in the following categories: fully autonomous enterprises, subsidiaries and divisions, and small enterprise (between 7 and 100 employees). There is no distinction between private and public sector organizations, and organizations from any sector can apply.

Levels of Recognition

For each Award category, applicants can be publicly recognized at the following levels:

- Foundation in Business Excellence
- Progress Toward Business Excellence
- Finalist—Australian Business Excellence Awards
- Winner—Australian Business Excellence Awards

The lower levels of recognition (Foundation and Progress) were introduced in 1996 to provide an opportunity for less advanced organizations to participate in the Awards, and many organizations have used this as a pathway for achieving *Winner* status. Organizations can elect not to be publicly recognized at these lower levels.

Winners and finalists are publicly recognized at an annual Awards presentation dinner and conference known as the Australian Business Excellence Summit (IBES). The summit is held in Sydney or Melbourne in March each year, and provides a forum for winners and finalists from Australia and other parts of the globe to showcase their organizations and share information on their practices and achievements.

There are two higher levels of recognition presented at this event:

- Award Gold—open to organizations that have won an Award in the past three years, and
- The Australian Business Excellence Prize—open to previous winners who wish to be recognized at the highest possible level through a most rigorous evaluation process with international calibration.

Figure 2 illustrates the operational definitions of the levels of recognition.

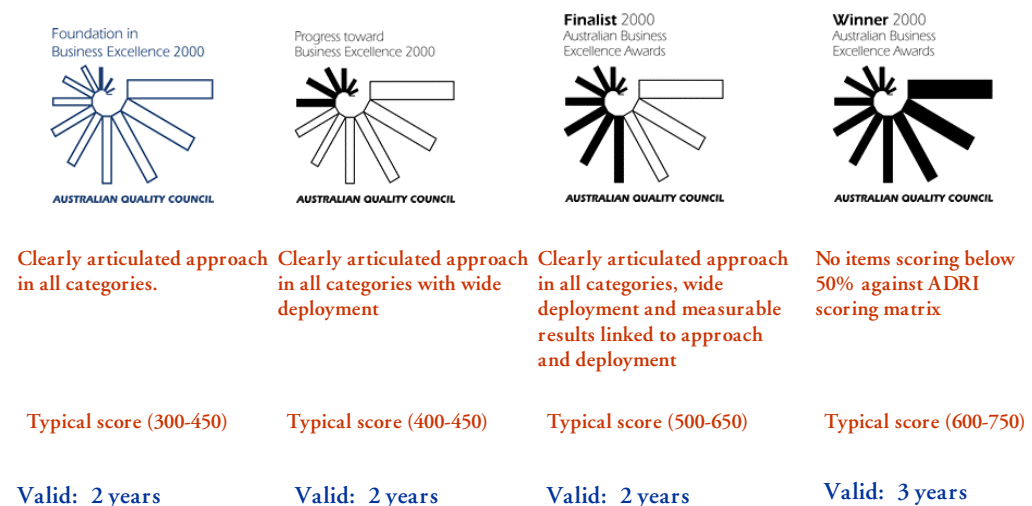


Figure 2. Guidelines for Levels of Recognition

Stages in the Evaluation Process

There are three key steps in the evaluation process: (1) Stage 1, Application, (2) Stage 2, Independent and Consensus Evaluation, and (3) Stage 3, Site Visit Evaluation. Table 3 illustrates these steps.

Organizations can apply at four different points throughout the year namely summer, autumn, winter, spring. This flexibility was introduced in 1999 to align the Awards process as much as possible with the applicant's planning process, so that feedback can be used as an input to the applicant's planning.

Table 3. Stages in the Awards Process

Stage	Description of Activities
1	<ul style="list-style-type: none"> • Applicants prepare a written submission, which is required to describe practices and results for each item in the Framework. • Applicants submit application forms to the secretariat

Continued

2	<ul style="list-style-type: none"> • Written submissions received by the secretariat • Evaluator teams assigned to each applicant • Each member of the evaluator team undertakes an individual desktop evaluation • Team meets for consensus and site visit planning
3	<ul style="list-style-type: none"> • Conduct on-site visit (1–4 days) • Post-site-visit consensus meeting • Face-to-face feedback presentation within one working day of visit • Preparation of written feedback report and recommendation to Panel of Review • Panel of Review meets to decide on level of recognition • Applicants notified of results and receive written feedback report.

MARKETING AND PROMOTION STRATEGY

The Awards and benefits of participation are promoted and marketed through an annual cycle of activities. These are supported by information constantly updated on the AQC's Web site (www.aqc.org.au). Key promotional activities include:

- High exposure through the staging of the International Business Excellence Summit in March,
- *Meet the Winners* networking events staged around the country,
- Publication of winning submissions, case studies and *Learnings Booklet*,
- Publication of research,
- Evaluators acting as Ambassadors through their own organizations and networks, and
- Raising awareness through the AQC's national and global business excellence networks and affiliates.

The Australian Quality Council monitors local and overseas studies that explore the correlation between performance against the Framework and improvements in bottom-line results. The most rigorous independent study ever undertaken in Australia was concluded in 1999. This research by Dr. Alexander Hausner at the University of Wollongong drew upon actual Key Performance Indicators (KPIs) from 22 organizations that participated in the Australian Business Excellence Awards between 1992 and 1997. The KPIs used in this study were those that the organizations themselves nominated as important to their success. The KPIs measured in this study included sales, market share, profit margin, share price, tenders won and staff numbers, as well as decreases in sick leave usage, lost time injuries, product defect rates and production faults. Figure 3 depicts the observed relationship between performance against the Framework and performance against these KPIs.

The results of below, provide support to two conclusions. First, organizations with high scores when measured against the Framework are much more likely to belong to the best performing organizations. Second, an increase in the evaluation score is strongly associated with improvement in the organization's most important business measures.

Outside the Awards process, the AQC offers a range of products and services to facilitate the wider adoption of the Australian Business Excellence Framework. These include:

- A range of organizational self-assessment methodologies,
- Business Excellence qualifications courses,
- Benchmarking networks and databases, and

- *Gap Closure* products including business planning and organizational performance measurement.

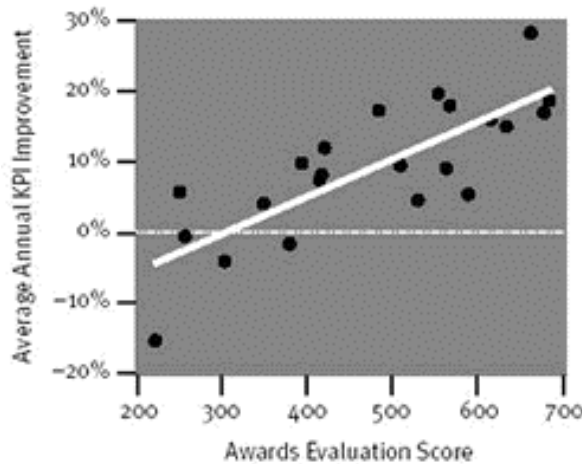


Figure 3. Australian Business Excellence Award Results Correlated with Business Performance Improvements

Increasingly, the AQC is working with specific sectors to develop continuous improvement solutions through the customization of the generic material associated with the Framework to make it relevant to the sector. Examples of the sector programs include schools, community services, care for the elderly, local government manufacturing, and mining. Some of these programs incorporate an Awards process for the sector, which acts as a feeder into the Australian Business Excellence Awards.

FUTURE TRENDS AND DEVELOPMENTS

Enhancements to the Awards process will increasingly focus on the value delivered to the applicant by way of learning and knowledge transfer. While public recognition of the level of achievement will continue to be an important part of the Awards, the capture and dissemination of information on outstanding practices will be a primary consideration in future developments.

At the end of 2001, a number of enhancements designed to deliver greater value to the applicant were to be introduced. These have been tested through a number of pilot evaluations and they include:

- Ease of application,
- Reduction in investment of time in preparing applications,
- Greater emphasis on site visit versus Evaluator pre-site activities, and
- Summary face-to-face feedback by evaluators immediately after the site visit.

On a global scale, there is growing closer cooperation between peak national excellence awards organizations which will result in:

- Dissemination of research as input to ongoing development of excellence frameworks,
- Benchmarking and calibration of respective Awards processes,
- Exchange of evaluators and reciprocal recognition, and
- Establishment of regional Awards and Winners' conferences.

These will be challenging times, and it is a privilege for the AQC to have continuing involvement in these positive initiatives, which will benefit the global community as a whole.

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THE EUROPEAN EXPERIENCE: DEVELOPMENT OF THE EQA AND FUTURE TRENDS

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BACKGROUND

Truly excellent organizations are measured by their ability to achieve and sustain outstanding results for their stakeholders. To achieve outstanding results is hard enough—to sustain them in a world of increasing global competition, rapid technological innovation, ever-changing working processes and frequent movement in the economic, social and customer environments is even harder. Recognizing this challenge, the European Foundation for Quality Management (EFQM) was created to promote an approach to management for all organizations operating in Europe that would lead to Sustainable Excellence.

The European Foundation for Quality Management is a membership based not for profit organization, created in 1988 by fourteen leading European businesses. The EFQM Vision is a world in which European organizations excel; its Mission is to be the driving force for sustainable excellence in organizations in Europe. By June 2001, EFQM membership had grown to over 850 members from most European countries and most sectors of activity.

In 1991, the EFQM launched the European Quality Award to recognize companies showing a high level of commitment to organizational excellence. The EFQM Excellence Model was introduced at the beginning of 1992 as the framework for assessing applications for the European Quality Award. It is the most widely used organizational framework in Europe and has become the basis for the majority of national and regional quality awards. In 1996, the European Quality Award was extended to include a separate category for organizations in the Public Sector. In 1997, the Award was further extended to include operational units—significant parts of companies that are not eligible to enter as a business—such as factories, assembly plants, sales and marketing functions, and research departments. Also launched in 1997 was the European Quality Award for Small and Medium-sized Enterprises (SMEs), which is for companies of fewer than 250 persons.

AWARD FRAMEWORK

Fundamental Concepts of Excellence

The EFQM Model is a non-prescriptive framework that recognizes there are many approaches to achieving sustainable excellence. Sustained Excellence is defined as outstanding practice in managing the organization and achieving results, all based on a set of eight fundamental concepts. These Fundamental Concepts of Excellence, which underpin the EFQM Model, are described below:

1. *Results Orientation:* Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders (this includes the people employed, customers, suppliers

- and society in general as well as those with financial interests in the organization).
2. *Customer Focus*: The customer is the final arbiter of product and service quality and customer loyalty, retention and market share gain are best optimized through a clear focus on the needs of current and potential customers.
3. *Leadership and Constancy of Purpose*: The behavior of an organization's leaders creates a clarity and unity of purpose within the organization and an environment in which the organization and its people can excel.
4. *Management by Processes and Facts*: Organizations perform more effectively when all inter-related activities are understood and systematically managed and decisions concerning current operations and planned. Improvements are made using reliable information that includes stakeholder perceptions.
5. *People Development and Involvement*: The full potential of an organization's people is best released through shared values and a culture of trust and empowerment, which encourages the involvement of everyone.
6. *Continuous Learning, Innovation and Improvement*: Organizational performance is maximized when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.
7. *Partnership Development*: An organization works more effectively when it has mutually beneficial relationships, built on trust, sharing of knowledge and integration, with its Partners.
8. *Public Responsibility*: Adopting an ethical approach and exceeding the expectations and regulations of the community at large best serve the long-term interest of the organization and its people.

Overview of the EFQM Excellence Model

The EFQM Excellence Model (Figure 1) is a non-prescriptive framework based on nine criteria. Five of these are “Enablers” and four are “Results.” The “Enabler” criteria cover what an organization does. The “Results” criteria cover what an organization achieves. “Results” are caused by “Enablers” and feedback from “Results” help to improve “Enablers.” The Model, which recognizes there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that: “Excellent results with respect to Performance, Customers, People and Society are achieved through Partnerships and Resources, and Processes.”

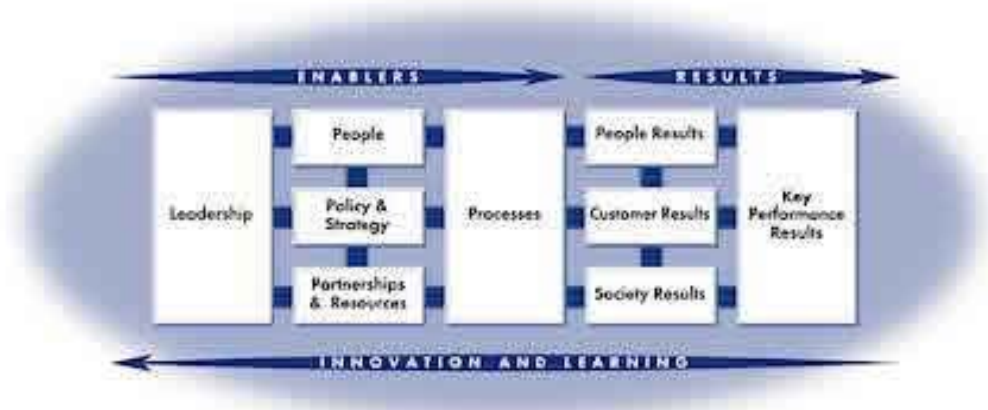


Figure 1. EFQM Excellence Model

The arrows in Figure 1 emphasize the dynamic nature of the model. They show innovation and learning helping to improve enablers that in turn lead to improved results. The Model's nine boxes represent the criteria against which to assess an organization's progress towards excellence. Each of the nine criteria has a definition, which explains the high level meaning of that criterion. To develop the high level meaning further each criterion is supported by a number of sub-criteria. Sub-criteria pose a number of questions that should be considered in the course of an assessment. Finally below each sub-criterion are lists of possible areas to address. The areas to address are not mandatory nor are they exhaustive lists, but are intended to further exemplify the meaning of the sub-criterion.

Table 1. EFQM Excellence Model: Criteria, Sub-criteria, and Point Distribution

Criterion	Description and Sub-criteria
1	<p><i>Leadership (100 points)</i></p> <p>How leaders develop and facilitate the achievement of the mission and vision, develop values required for long-term success and implement these via appropriate actions and behaviors, and are personally involved in ensuring that the organization's management system is developed and implemented.</p> <p>1a Leaders develop the mission, vision and values and are role models of a culture of Excellence;</p> <p>1b Leaders are personally involved in ensuring the organization's management system is developed, implemented and continuously improved;</p> <p>1c Leaders are involved with customers, partners and representatives of society;</p> <p>1d Leaders motivate, support and recognize the organization's people.</p>
2	<p><i>Policy and Strategy (80 points)</i></p> <p>How the organization implements its mission and vision via a clear stakeholder focused strategy, supported by relevant policies, plans, objectives, targets and processes.</p> <p>2a Policy and Strategy are based on the present and future needs and expectations of stakeholders;</p> <p>2b Policy and Strategy are based on information from performance measurement, research, learning and creativity related activities;</p> <p>2c Policy and Strategy are developed, reviewed and updated;</p> <p>2d Policy and Strategy are deployed through a framework of key processes;</p> <p>2e Policy and Strategy are communicated and implemented.</p>
3	<p><i>People (90 points)</i></p> <p>How the organization manages, develops and releases the knowledge and full potential of its people at an individual, team-based and wide-wide level, and plans these activities in order to support its policy and strategy and the effective operation of its processes.</p> <p>3a People resources are planned, managed and improved;</p> <p>3b People's knowledge and competencies are identified, developed and sustained;</p> <p>3c People are involved and empowered;</p> <p>3d People and the organization have a dialogue;</p> <p>3e People are rewarded, recognized and cared for.</p>

Continued

4	<p><i>Partnerships and Resources (90 points)</i></p> <p>How the organization plans and manages its external partnerships and internal resources in order to support its policy and strategy and the effective operation of its processes.</p> <p>4a External partnerships are managed;</p> <p>4b Finances are managed;</p> <p>4c Buildings, equipment and materials are managed</p> <p>4d Technology is managed;</p> <p>4e Information and knowledge are managed.</p>
5	<p><i>Processes (140 points)</i></p> <p>How the organization designs, manages and improves its processes in order to support its policy and strategy and fully satisfy, and generate increasing value for, its customers and other stakeholders.</p> <p>5a Processes are systematically designed and managed;</p> <p>5b Processes are improved, as needed, using innovation in order to fully satisfy and generate increasing value for customers and other stakeholders;</p> <p>5c Products and Services are designed and developed based on customer needs and expectations;</p> <p>5d Products and Services are produced, delivered and serviced;</p> <p>5e Customer relationships are managed and enhanced.</p>
6	<p><i>Customer Results (200 points)</i></p> <p>What the organization is achieving in relation to its external customers.</p> <p>6a Perception Measures;</p> <p>6b Performance Indicators.</p>
7	<p><i>People Results (90 points)</i></p> <p>What the organization is achieving in relation to its people.</p> <p>7a Perception Measures;</p> <p>7b Performance Indicators.</p>
8	<p><i>Society Results (60 points)</i></p> <p>What the organization is achieving in relation to local, national and international society as appropriate.</p> <p>8a Perception Measures;</p> <p>8b Performance Indicators.</p>
9	<p><i>Key Performance Results (150 points)</i></p> <p>What the organization is achieving in relation to its planned performance.</p> <p>9a Key Performance Outcomes;</p> <p>9b Key Performance Indicators.</p>

Table 1 presents the criteria and subcriteria of the EFQM Excellence Model:

EQA Levels of Recognition

The European Quality Award is Europe's most prestigious Award for organizational excellence and is the top level of the EFQM Levels of Excellence. It is open to every organization in Europe and focuses on recognizing excellence and providing detailed, independent feedback to all applicants to help them on their continuing journey to excellence.

European Quality Awards are presented in the following categories: Large Businesses and Business Units, Operational Units of Companies, Public Sector

Organizations, and Small and Medium-sized Enterprises (in two sub-categories: independent and subsidiaries of larger organizations).

There are four levels of recognition available to Applicants for the European Quality Award:

European Quality Award Winner

The European Quality Award is presented annually to the organization judged to be the best of the Prize winners in each of the Award categories. Award winners are exceptional organizations; they are European or global role models in their approaches and the results they achieve. Every Award winner will be entitled to retain the trophy for a full year and at the end of this time receive a smaller replica.

European Quality Award Prize Winner

Prizes are presented annually to the organizations that demonstrate excellence in the management of quality as their fundamental process for continuous improvement. Each year, one or more prizes are presented in each of the categories mentioned above.

European Quality Award Finalist

Each year the Award Jury defines a level above which applicants are declared to be Finalists for the Award. In any year several Finalists may be declared in each category. Finalists are organizations that demonstrate a high degree of Excellence in the management of quality as their fundamental process for continuous improvement and may be considered as role models in a number of areas.

Recognized for Excellence

A new level of recognition, Recognized for Excellence, was introduced by EFQM in 2001. There are two routes available to obtain this level of recognition. All Applicants for the Award that do not attain the level of Finalist but yet achieve a consensus score above an appropriate level will be offered a site visit. If the site visit confirms a score in excess of 400 points the Applicant will be Recognized for Excellence. This indicates that the organization is well managed and aspires to achieve role model status. The second route will involve direct application for Recognized for Excellence using a simplified application process to either the EFQM or a number of EFQM's National Partners.

Award winners, Prize winners and Finalists are all recognized at the EFQM's annual Forum, a high profile conference held in a different city each year.

EFQM Levels of Excellence

In late 2001 the EFQM launched EFQM Levels of Excellence, a recognition scheme delivered to consistent European-wide standards applicable to organizations or organizational units regardless of size, sector or maturity. EFQM Levels of Excellence has been developed by popular demand to answer a clear and pressing need for a staged route towards the highest levels of Excellence. The Levels of Excellence insignia, a distinctive stepped pyramid, may be used in its various forms by participating organizations or organizational units who reach the appropriate levels.

The three strands of EFQM Levels of Excellence are based on the EFQM Excellence Model and the eight fundamental concepts of Excellence. The scheme is designed as an integrated assessment hierarchy tailored to the varying experiences of organizations in their use of the EFQM Model. Organizations may apply to whichever strand they think is most appropriate for their level of maturity. The main objectives of the scheme are to: provide

consistent European-wide recognition which can be extended to organizations beyond those currently recognized as top achievers, maximize the number of organizations who are able to apply the principles of the EFQM Excellence Model for organizational improvement, and provide practical products and services that help organizations achieve improved levels of excellence. The EFQM Levels of Excellence Scheme has three strands; all are available to EFQM members and non-members.

The European Quality Award (EQA)

The European Quality Award is a rigorous and demanding contest, designed for organizations, or organizational units, seen as national and European role models with a five-year history of continuous improvement. It is based on the EFQM Excellence Model, which is also used as the basis for many national and regional quality awards.

Entry to the European Quality Award requires creation of a detailed Submission Document of up to 75 pages to a specified timetable, which is assessed and scored by a team of EFQM Assessors. These EFQM-trained Assessors are experienced senior managers from a range of industries and countries. The size of team varies from four to eight, depending on the size and complexity of the organization. If the submission achieves a score above the threshold set by the Award jury, the Assessor team will visit the organization for up to a week. Applicants will be required to allow the Assessor team open access to all areas of their operations. The team will visit the organization in order to match the description in the submission with independent evidence, verify the score across all criteria and produce a detailed feedback report. From this, the Award jury reviews reports on each Applicant and levels of recognition are decided.

Entries are awarded Finalist, Prize winner and, ultimately, European Quality Award winner status. Any enterprise reaching EQA Finalist has a right to be very proud of their achievement. They are almost certainly role models for European Excellence and join an impressive roll of honor, which includes some of Europe's most prestigious companies.

Recognized for Excellence

This level is designed for organizations, or organizational units, with experience of self-assessment using the EFQM Excellence Model. It is based on the full EFQM Excellence Model, including all 32 sub-criteria. It offers Applicants the benefits of a structured approach to identify organizational strengths and areas for improvement. Applicants undergo a similar process to the full European Quality Award application, but produce a shorter submission in a predetermined format. They will also commit to host a team of between two to five EFQM-trained Assessors on a site visit that is typically three days. This team will review the Submission Document, provide a feedback report identifying areas for further improvement, together with a scoring profile at criteria level. Unlike the European Quality Award, this process is not time sensitive, and can take place regularly over a twelve-month period.

Committed to Excellence

This level is designed for organizations, or organizational units, at the beginning of their journey to Excellence. The emphasis will be on helping organizations understand their current level of performance and to establish improvement priorities. It follows a two-stage process. Stage 1 involves Applicants completing a process of Self-Assessment at a high level, using a simplified questionnaire based on the nine criteria of the EFQM Excellence Model. This will provide a broad overview of performance against an established framework used by role model organizations. The output of this assessment

will result in the Applicant identifying improvement areas relevant to their organization.

Stage 2 requires an organization to demonstrate that improvement actions have been deployed. It must demonstrate that it has successfully deployed an improvement plan, based on feedback from Self-Assessment against the EFQM Excellence Model. A trained Validator through meetings, discussions and review of appropriate documentation will confirm this during a one to two day site visit.

Successful achievement of this level, which may be undertaken at any time, entitles the organization to use the insignia in their commercial and promotional efforts. All Applicants will receive material explaining the EFQM Excellence Model and a description of approaches adopted by leading organizations.

ADMINISTRATIVE SYSTEM

Award Administrator

The European Foundation for Quality Management (EFQM) administers the European Quality Award in all categories. In addition to being the owner of the EFQM Excellence Model and managing the European Quality Award process, it also provides a portfolio of services for its members. The EFQM has a membership of more than 850 European organizations, all of whom are committed to improving efficiency, effectiveness and achieving Excellence. A network of 19 National Partner Organizations supports it across Europe.

Profile of Assessors

Assessor Role

Assessors are involved at each stage of assessing organizations applying for Recognized for Excellence and higher levels of recognition. The process begins with a team of Assessors, each independently scoring an application. The team then reaches a consensus on an overall team score for the application. Different teams of Assessors will look at different applications. The same team of Assessors will visit the applicant-companies. The purpose of the visit is to clarify aspects of the organization and to ensure that the evidence presented in Submission Documents matches with the real 'on-site' situation. Assessors receive training in the method of assessment and scoring to be followed through the whole cycle.

Desirable Requirements of Assessors

The following describes a typical expectation from those who are willing to take part as an Assessor in the assessment process for EFQM Levels of Excellence:

1. *Interpersonal skills:* Ability to understand how others think and act; understand group processes; communicate effectively in written and spoken English; handle conflict constructively; give positive feedback; and convey integrated concepts and opinions quickly.
2. *Operational skills:* Ability to make a quick overview of complex situations and determine the underlying themes and issues; translate management concepts into specific situation; think in a "process" way; take a high level overview; assess, in a well balanced way, the scope and outcome of situations and facts.
3. *Knowledge and experience:* A career of at least five years in managerial and/or professional roles (typical Assessors will be over the age of thirty); broad knowledge and experience of management; a good record of achieving against objectives; ability to contribute in a multicultural environment and meet tight time deadlines. It is

unlikely that persons with less experience or skills will have the profile required to be an Assessor.

4. *Other relevant factors:*

- a. *Time commitment:* (1) Training: Three days for the home-based exercise prior to training, and three days on dates specified as Assessor training course being part of each assessment cycle. (2) Initial scoring: Two days to assess a Submission Document and up to three days for a consensus/site visit planning meeting over the same cycle of assessment. (3) Site Visit: 3 days in the specified week of the respective cycle. Assessors must, therefore, be able to devote up to 15 days to the assessment cycle they are going to take part.
- b. *Cost implication:* Assessors are not reimbursed for the time or travel costs of attending training, the consensus or site visit planning meetings or of assessing Submission Documents. If a site visit is involved all travel/accommodation costs associated with the visit are paid by the organization being assessed. Time spent by the Assessors is not reimbursed.
- c. *Nationality/Language Submission:* Documents are presented and assessment processes conducted in the English language. Assessors are selected from across Europe and assess applications in multicultural teams. To ensure that the cultural specifics of the country of origin of an application are fully understood, an Assessor from the country of the applicant is, as far as possible, always included in the team.

Assessors are all practicing experienced managers and executives or, in a few cases, academics who bring their years of TQM or business management experience and judgment to provide valuable feedback and the evidence on which the different levels of recognition are based. Assessors are also required to sign a confidentiality agreement at the end of training, in respect of applications they are asked to assess.

ASSESSMENT PROCESS

Stages in the Assessment Process

A team of about six independent Award Assessors, all of whom have undergone training to ensure a high level of consistency in scoring, will examine the applicant's Submission Document. Assessors include some academics and quality professionals, but the majority is drawn from the ranks of experienced practicing managers from European countries. The Submission Document will be assessed for "strengths" and "areas for improvement" and scored on a scale from 0 to 1,000 points using the EFQM Excellence Model and the RADAR scoring matrix (described below).

Having assessed individually, the Assessor team then meets and determines a consensus score for the Submission Document. Applications scoring in excess of an appropriate level receive a site visit from the team to check the validity of the application and to clarify issues of understanding. The Assessor team conducts the site visit and refines the assessment of the organization. Concurrently, the Award jurors study the Submission Documents of those applicants receiving a site visit. The jurors then meet to decide on the most outstanding applicants to receive recognition as Finalists in the different Award categories. The best Finalists in each category are then selected to be Prize winners, and the best one of these receive The European Quality Award. In making their decision on Award winners the jurors will bear in mind the levels achieved by previous winners; therefore, it is possible that several Prize winners will be declared but that none will be chosen as the Award winner.

In October 2001, Recognized for Excellence was introduced by EFQM. Award applicants with a consensus score above 350 points were offered a site visit; those with a score in excess of 400 points following the site visit were Recognized for Excellence. In 2002, an alternative simplified process for achieving this level of recognition, which involves direct application outside the Award process, have been made available from the EFQM and some of its partners. The final step in the process is the preparation of the feedback report on each of the organizations by the Assessor teams followed by face-to-face feedback if the applicant requests it.

Scoring System

The April 1999 revision of the EFQM Excellence Model included a new scheme for evaluating performance against the Model, best described by its acronym RADAR (Results, Approach, Deployment, Assessment and Review). The Assessors use the RADAR logic to allocate points to each of the subcriteria in the EFQM Excellence Model.

RADAR consists of four elements: Results, Approach, Deployment, Assessment and Review and is based on the logic that an excellent organization will:

- Determine the *Results* it intends to achieve as part of its policy and strategy making process. These results will reflect present and future needs of stakeholders;
- Plan and develop an integrated set of sound *Approaches* to deliver the required results;
- *Deploy* the approaches in a sound way to ensure full implementation;
- *Assess* and *Review* the approaches and deployment by monitoring and analyzing the results achieved and ongoing learning activities. Finally identify, prioritize, plan and implement improvements where needed.

Assessors score each Results sub-criterion by consideration of the Excellence and scope of the results presented. The Excellence of the results takes account of: (1) positive trends and/or sustained good performance; (2) comparisons with internal targets; (3) comparisons with external organizations—including, as appropriate, competitors, industry averages and “best in class” organizations; and (4) the extent to which the results presented are caused by the approaches and deployment described in the Enabler criteria. The scope of the results takes account of: (1) the extent to which the results cover all relevant areas of the organization; (2) the extent to which a full range of results, relevant to the sub-criterion, is presented; and (3) the extent to which the relative importance of the results is understood and presented. Taking account of all of the above factors the Assessors use the RADAR scoring matrix to allocate a percentage score to the Excellence of results and scope and derive an overall percentage score to each of the Results subcriteria.

Assessors score each Enabler sub-criterion by consideration of Approach, Deployment and Assessment and Review. Approach takes account of: (1) the soundness of the method or process described—the extent to which it has a clear rationale and is focused on stakeholder needs; and (2) the extent to which the method or process described is integrated—supports policy and strategy and is linked to other approaches where appropriate and is fully integrated into daily activities. Deployment takes account of: (1) the extent to which the approach has been implemented across different areas and layers of the organization; and (2) the extent to which the deployment of the approach is systematic. Assessment and Review takes account of the steps the organization takes to assess and review the approach and the deployment of the approach. Assessors will consider: (1) the measurements that are taken; (2) the learning activities that are followed; and (3) the improvements that have been identified, prioritized, planned and implemented. Taking account of all the above factors, the Assessors use the RADAR scoring matrix to give percentage scores to Approach, Deployment, Assessment and Review and derive an overall

percentage score to each of the Enabler subcriteria.

Percentage scores for the Results and Enabler criteria and subcriteria are converted into points according to the weights allocated to the criteria and subcriteria.

MARKETING AND PROMOTION STRATEGY

Use of Excellence Model for Self-Assessment

While quality awards are a focus for some users, the true measure of the EFQM Excellence Model's effectiveness is its widespread use as a management system and the associated growth in the key management discipline of organizational self-assessment. The EFQM has positioned the EFQM Excellence Model as a practical tool to help organizations do this by measuring where they are on the path to excellence; helping them understand the gaps; and then stimulating solutions. Increasingly, organizations are using outputs from self-assessment as part of their business planning process and use the EFQM Excellence Model as a basis for operational and project review. It is not easy to determine exactly how many organizations are currently using the model, but EFQM believes the number is growing rapidly and exceeds 20,000 across Europe.

The EFQM conducted a survey of the applicants for the European Quality Award during the 2001 award cycle. Table 2 presents the partial results of this survey, specifically the applicants' top five reasons for applying for the Award, stated in decreasing order of intensity.

Table 2. Top Five Reasons for Applying for the European Quality Award

Large Businesses and Business Units	Public Sector Organizations	Independent SMEs	Operational Units of Companies
<ul style="list-style-type: none">• Improvement• Benchmarking• Involvement of employees• Self-assessment• External feedback	<ul style="list-style-type: none">• Benchmarking• External feedback• Part of overall strategy or quality journey• Improvement• Prestige and public recognition	<ul style="list-style-type: none">• Improvement• Internal focus• External feedback• Prestige and public recognition• Part of overall strategy or quality journey	<ul style="list-style-type: none">• Internal focus• Improvement• Information about other good practices• Benchmarking• Prestige and public recognition

The same survey found seven characteristics that comprise the likely profile of the average EQA applicant. First, the applicant: (1) is likely to have introduced a company-wide improvement program, (2) is experienced in the use of the EFQM Excellence Model, (3) is likely to have already received feedback from a team of independent assessors, (4) has developed a process for incorporating feedback into their business planning, (5) is comfortable in using external benchmarks and comparisons as basis for target setting, (6) understands the impact of approaches on business results, and (7) has probably undertaken assessments for over five years.

Sharing Good Practices

Sharing good practices and learning from others is a fundamental part of any organization's journey to excellence. In 2002, EFQM would start reinforcing this aspect of the Award in response to feedback from applicants and Assessors. The following practices are being implemented:

1. In the year following their successful application, Award winners, Prize winners and Finalists are expected to share their experiences and practices at conferences and seminars organized by the EFQM and its partners. Such occasions provide excellent learning opportunities for a broad cross section of European organizations. They also provide an excellent platform for those recognized to highlight their leadership in the application of principles of excellence.
2. As European role models, Award winners will be required to make a version of their successful submission available for all applicants and Assessors in their category. This version of the Submission Document would also be included in Excellence One, the EFQM's comprehensive interactive on line learning platform which aims to encompass every aspect of leading edge business tools and techniques and present them via the Internet. This version of the Submission Document will exclude any areas, which the Applicant regards as too confidential for wider circulation.
3. Each Prize winner will be asked to document a number of good practices identified by their Assessor team. These will be included in Excellence One and made available to all that year's applicants and Assessors.
4. High scoring Applicants will be approached by EFQM to include identified good practices in the EFQM good practice database.

Contributing Assessors to the Process

All European Quality Award applicants are required to put forward four Assessor contributions to the pool for Recognized for Excellence. This could be one person carrying out four assessments or two people each carrying out two or any other combination that equates to involvement in four assessments. This is to help spread expertise across Europe, to reduce the costs of providing European-wide recognition, and to increase understanding of the Model in applicant-organizations. The nominating companies are expected to pay for the training of the Assessors they nominate.

FUTURE TRENDS AND DEVELOPMENTS

The European Foundation for Quality Management is committed to researching and updating the EFQM Excellence Model with the inputs of tested good practices from thousands of organizations both within and outside of Europe. In this way, EFQM ensures that the model remains dynamic and in line with current management thinking. The EFQM has identified the following areas for improvement, aspects of the system that would be retained in 2002, changes that would be introduced in 2002, and future plans and targets.

Areas for Improvement

- Develop the EFQM Excellence Model to reflect current and future business issues.
- Attract higher quality Assessors.
- Sell the benefits to companies.
- Attract more applicants by actively engage chief executive officers and targeting key organizations.
- Implement the following process changes: (1) training new Assessors only in the basics, (2) doing "team" training using the real application, and (3) combining "team" training, consensus review, and site visit in the same event.

Aspects for Retention in 2002

- The Submission Document would remain capped at 75 pages.

- Application fees would establish a price differential between members and non-members.
- The current maximum duration of site visit reviews would be kept, although the site visit teams would make the most of the week.

Changes Planned for 2002

- The Assessor training format would be changed by splitting it into two events: the first event solely for new Assessors, and the second event for all Assessors (involving consensus review and site visit planning). The second event will involve the following additional components: role play, and learning relevant micro skills such as how to run focus groups, working in multicultural teams, and active listening.
- Introduce support to applicants. The EFQM has several publications that are available for purchase or free downloading from the EFQM website (www.efqm.org). For the first time, the EFQM would make available a publication to help organizations make the most effective application they are capable of. This will be supported by a workshop run by EFQM.
- There would no longer be a required case study for experienced Assessors.
- There would be increased use of Internet and e-mail in such areas as: (1) the Assessor database, (2) sending feedback reports electronically, and (3) electronic submission documents in the public sector and SME categories.
- Direct communication between applicants and Assessor teams would be encouraged.
- The process throughput time would be shortened by: (1) decreasing the cycle time from application and feedback from six months to four months, and (2) decreasing average time of involvement of experienced Assessors by three days.
- Face-to-face feedback would be made a standard part of the Award process.
- As a condition of their application, Award Winners would be required to make an edited version of their Submission Document available.
- Each Prize Winner would make a list of 3-4 good practices identified by the Assessor team.
- A new Award Trophy would be used from 2002 onwards.

Future Plans and Targets

- Increase the number and variety of role models.
- Increase the profile and visibility of Award, Applicants and Assessors.
- Decrease the amount of work required from Assessors and EFQM staff.
- Increase the calibre of Award applicants.
- Decrease the time of involvement of Applicants and Assessors.
- Improve the range of experience in Assessors.
- Create the basis for harmonising Award processes between SMEs and Large Businesses, as well as between “European” and “National.”

REFERENCES

- European Foundation for Quality Management. *Eight Essentials of Excellence: The Fundamental Concepts and Their Benefits*. Brussels: EFQM, 2002.
- European Foundation for Quality Management. *European Quality Award: Information for Applicants, 2002*. Brussels: EFQM, 2002.

BACKGROUND

Development of the Fiji Quality Awards

The Fiji Quality Awards (FQA) was an initiative that arose out of the Round Table Conference (RTC) that took place on August 24-26, 1995. The RTC in itself was a project that had been developed by the Asian Productivity Organization (APO) and had been utilized in a number of member-states to forge unity within nations on the issue of national productivity and to establish the basic foundations on which productivity enhancement activities could be further developed. The major outcome of the RTC was the development of Fiji's Productivity Charter, developed by the three social partners (Government, Employers, and Employees) and which, in fact, represents a productivity policy for Fiji.

The FNTC considered the Australian Quality Awards as the most suitable model for Fiji and signed a strategic partnership agreement with the Australian Quality Council for the adoption of the Australian Quality Award System and its customization to become the Fiji Quality Awards.

The FQA has been promoted in Fiji through various modes and has been offered for the past three years since its inception. Over the years, despite the nation's political problems, the number of companies applying for the FQA has constantly increased.

The Vision for Fiji Quality Awards

The vision of the Fiji National Training Council and its subsidiary, the Fiji Quality Awards Secretariat, which has responsibility for administering the Awards program, is to create a world-class workforce and to bring about a better quality of life for our people. However, this vision goes beyond the competitive performance of organizations to embrace the concept of everyone in Fiji working together to create a clean, safe, fair, and prosperous society. One of the principal strategies for achieving the vision is to encourage organizations to use the Award criteria and assessment process for organizational improvement. The Council and the Secretariat are committed to providing support to organizations to enable them to do this effectively

AWARD FRAMEWORK

Philosophy of the Fiji Quality Awards

The following statements form the basis on which the Awards have been developed and are compatible with philosophies of other quality awards, which have been used as the basis for developing quality, and productivity measures in other economically successful countries. Examples of such awards would be Malcolm Baldrige Award in the USA, the Deming Award in Japan, the National Quality Award in Singapore, and the European Quality Award in EC countries.

- Leadership, which creates and deploys clear values to the organization.
- A level of community and environmental responsibility that is appropriate to the organization's activities.

- A planned and structured approach to setting and achieving goals and objectives.
- An understanding of variation and management by appropriate facts and data.
- The full involvement and development of the organization's people.
- Customers who play the central role in the definition of product and service quality.
- The organization, its suppliers, and customers all working in partnership.
- Quality derived from well-planned and managed processes.
- Standardization as part of process management.
- Continual improvement as part of the management of all processes.
- Innovation recognized as an essential driver of continual improvement. Management emphasis on prevention and improvement rather than reaction.

These concepts form the philosophical underpinning of the Fiji Quality Awards assessment criteria and are reflected in the methodology used to assess applicants.

Levels of Recognition

The Fiji Quality Awards is set up in such a manner so that it is non-competitive and focused on achievements rather than winning or losing. The intention of the Award structure is to raise the quality and productivity practices of Fiji organizations. As such, there are four levels of recognition provided and these in turn allow applicant organizations to acquire recognition as they begin to implement the principles of quality and productivity. These four levels of recognition are as follows:

- *President's Quality Award:* a world-class organization both in its practices and performances. Any Fiji organization could learn from it and adapt its practices to their benefit. The recipient of the President's Quality Award must have already previously the Fiji Quality Prize.
- *Fiji Quality Prize:* among the best in Fiji and benchmarked against the best in Australia; maybe World Class, but has not as yet subjected itself to the stringent evaluation processes of the Award. Most Fiji organizations could learn from its practices.
- *Achievement in Business Excellence Through Quality Management:* impressive performance but not quite to the Award level; probably requires a little more time to demonstrate sustainable improvement in some key areas; would be expected to be at Prize level within two years; still an excellent role model for others.
- *Commitment to Business Excellence Through Quality Management:* This organization is using the ideas encompassed in the assessment criteria. It has put plans in place and its management has demonstrated commitment to improvement. It probably has not been implementing the ideas for very long or has encountered some cultural issues, which have slowed improvement in its key areas of operations.

The Assessment Criteria

The Fiji Quality Award criteria consist of seven assessment categories and 22 items. Table 1 presents these categories, items, and their point distribution.

Assessment Dimensions

All processes and outcomes are examined from the perspective of Approach, Deployment, Results and Improvement (ADRI), which is diagrammatically represented by the ADRI cycle (Figure 1). It is a simple assessment system, which encourages the assessor to think about how work is done and how it can be improved rather than simply look at the outcome. Each item is assessed using the ADRI technique:

- Approach—plans, strategies, processes, and infrastructure;

- Deployment—actual implementation of activities;
- Results—measures or achievement associated with approach; and
- Improvement—review and improvement of approach and its deployment.

Table 1. Fiji Quality Award Criteria and Point Distribution

Assessment Categories	Point Values
1 Leadership and Innovation	180
1.1 Strategic Direction	60
1.2 Organizational Culture	40
1.3 Leadership Throughout the Organization	40
1.4 Environmental and Community Contribution	40
2 Strategy and Planning Process	100
2.1 Understanding the Business Environment	40
2.2 The Planning Process	30
2.3 Resources and Assets	30
3 Data, Information, and Knowledge	100
3.1 Collection and Interpretation of Data	30
3.2 Integration and Use of Data for Decision-Making	40
3.3 Creation and Management of Knowledge	40
4 People	160
4.1 Involvement and Commitment	60
4.2 Effectiveness and Development	50
4.3 Health, Safety, and Well-Being	50
5 Customer and Market Focus	150
5.1 Knowledge of Customers and Market Needs	60
5.2 Customer Relationship Management	50
5.3 Customer Perception of Value	40
6 Process, Products, and Services	160
6.1 Design and Innovation	40
6.2 Supplier Relationships	30
6.3 Management and Improvement of Processes	50
6.4 Quality of Products and Services	40
7 Organizational Results	150
7.1 Indicators of Success	100
7.2 Indicators of Sustainability	50
Total Points	1,000

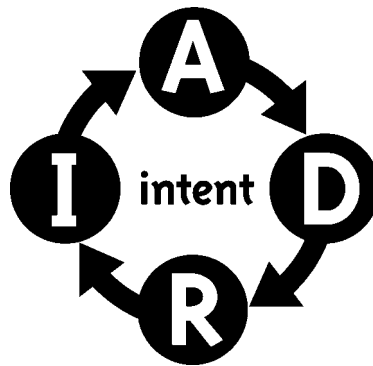


Figure 1. The ADRI Cycle.

Table 2 lists the questions that are asked to assess the applicant's responses against ADRI and when designing organizational systems, structures, and processes.

Table 2. Guide Questions for Assessment Dimensions

APPROACH: Thinking and Planning <ul style="list-style-type: none">• What are you trying to achieve for the item—what is your intent? What goals have been established?• What strategies, structures and processes have been developed to achieve your intent, and why did you choose these?• What quantitative and qualitative performance indicators have been designed to track progress?• How does your approach align with Business Excellence Principles?
DEPLOYMENT: Implementing and Doing <ul style="list-style-type: none">• How have those strategies, structures and processes been put into practice?• What is the depth and breadth of their implementation throughout the organization?• To what extent have they been accepted and integrated as part of normal operations?
RESULTS: Monitoring and Evaluating <ul style="list-style-type: none">• What are the trends in the performance indicators for this item?• How do these results compare with best-known performance? Give examples. To what extent do these results reflect the entire organization's performance?• How do you know that these results flow from the Approach and its Deployment? How do you communicate, interpret and use these results?
IMPROVEMENT: Learning and Adapting <ul style="list-style-type: none">• What is the process to review the appropriateness and effectiveness of the Approach and Deployment from the Item?• How do you use the Results for the item to do this?• Have you learned, how have you captured this learning, and how have you used the learning to improve the Approach and its Deployment?

ADMINISTRATIVE SYSTEM

Structure for the Fiji Quality Awards

Quality Awards Management Committee—Panel of Review

The Quality Awards Management Committee (QAMC) is a subcommittee of the FNTC with a tripartite representation from the government, employers and unions. The Committee has additional resources of professionals from academia, industries and policy makers that are co-opted as members of the committee. The QAMC, as the parent body, reviews the recommendations by Evaluators for the recognition levels and also monitors the activities of the Secretariat providing guidance and direction.

Panel of Evaluators

The Panel of Evaluators consists of experienced managers and quality professionals from various sectors of the industry who are nominated by their organization. The FQA Secretariat, in consultation with the QAMC, selects the Evaluators based on experience and qualification in the areas of management, engineering, and other productivity and quality disciplines. Experts from the Australian Quality Council, with guidance from the Fiji National Training Council, train the selected evaluators. Upon the recommendation of the trainers, based on the performance of Evaluators during the training and development process, selection is made by the Secretariat.

Membership of the Panel is honorary and evaluators are drawn from a wide range of organizations in both the public and private sectors. During 2002 and 2003, evaluators from Australia will also be utilized.

Awards Secretariat

The FQA is coordinated by the FNTC. The coordination involves promotional activities, coordination of application and evaluation process and the review of the process and the criteria.

ASSESSMENT PROCESSES

Award Eligibility Categories

The Fiji Quality Awards are open to the following organizations: companies incorporated, and/or physically operating, in Fiji; government departments and instrumentalities, and local government bodies; and such other organizations as the Fiji Quality Awards Secretariat may from time to time deem eligible to apply. Organizations may apply under any of the following categories:

Fully Autonomous Enterprise

To be eligible for this category, the organization must directly employ 100 or more full-time people and exercise the full range of management responsibilities appropriate to its purpose and operation. These activities include finance, administration, legal manufacturing, personnel, distribution, research, sales, and marketing.

Subsidiaries and Divisions

A subsidiary or operating division is defined as part of an organization in which at least some of the decisions are made elsewhere, such as at corporate level. However, it should be a largely autonomous business unit with its own senior management group responsible for a wide range of management activities. Clearly, the scope of such

responsibilities may be less than those for the parent organization. Government departments interpret these requirements in a way appropriate to their function and seek specific guidance from the Secretariat.

Small Business Quality Awards

As part of the government's efforts to improve the extremely important small business sector, the FNTC has instituted this Award to address the needs of this sector. To be eligible for these awards, enterprises must directly employ fewer than 50 full-time employees. The enterprise must be fully autonomous and exercise the full range of management responsibilities appropriate to its operations. The site visit is particularly important in the evaluation of small enterprises. Additional information is given in the interpretative guide for small business, which is available from FNTC. Specific advice on how to proceed may also be sought from the Secretariat.

Multiple Applications

A maximum of two subsidiaries or divisions of the same parent organization may apply at *Achievement In Business Excellence Through Quality Management* level in the same year. Subsidiaries and divisions are ineligible to apply' at any level in any year in which the parent organization is submitting an application for either a Fiji Quality Prize or the President's Quality Award.

The Evaluation Process

The Award applicants undergo a ten-step application and evaluation process, starting with application and submissions to the final review.

Step 1: Applications and Submissions

The Secretariat provides all the support in terms of training, seminars and in-house briefings to prepare the applicants for the FQA process. The Secretariat acknowledges the receipt of and determines the eligibility of applicant submission. The process involves:

- Awards Management Team/Applicant interactions for applications;
- Application acceptance or rejection process; and
- Awards Management Team receives final submission.

Step 2: Panel of Evaluators Finalized

Evaluator teams are formed with necessary balance to evaluate the selected evaluations. The Secretariat nominates initial teams and finalizes team based on:

- Preference for 3-4 members;
- Resolution for any conflict of interest; and
- Team leader assigned based on geographic compatibility with Awards applicant.

Step 3: Submission Received by Evaluators

All team members receive appropriate documentation on time. The process involves the distribution of:

- Packages to team leaders;
- Submissions and relevant industry guidelines to team members; and
- Members' resumes to team members.

Step 4: Team Leader's Preliminary Communication with Applicant

The team leader initiates communication between with the applicants and explains

the overall logistics of the evaluation process. The process involves:

- Team leader contacts applicant within two working days of the receipt of the applicant submission.
- Introduce and check on the process and applicant expectations. Determine preferred dates for the site visit, if there has to be one.
- Team leader contacts team members within three working days to: allocate evaluation workload—all members to get Awards-level experience if possible.
- Emphasis desktop evaluation obligations.
- Organize (optional) pre-consensus team meeting.
- Arrange meeting logistics.

Step 5: Desktop Evaluation (Individual Review)

Individual Evaluators prior to the consensus meeting conduct complete desktop evaluations by the team. The process includes:

- All members to complete written statements of strengths, opportunities for improvement, and site visit issues or each item in each allocated submission;
- All members to score the ADRI levels, as well as assigning an overall item score, based on the scoring matrix prior to the consensus meeting;
- Members develop an applicant overview based on key themes—recurring issues throughout the submission and/or inquiry "peculiarities" (optional).

Step 6: Consensus Team Meeting

After the completion of desktop evaluations, the team meets to discuss initial consensus on the applicant's strengths, opportunities for improvement, and site visit issues. The process includes:

- Develop a list of additional information that applicant should provide at the site visit plan to resolve the site visit issues.
- Contact and confer with applicant where possible at the consensus meeting.
- Teams should complete a minimum of one applicant per day.
- The use of computer technology is highly recommended to develop the preliminary report.
- Record strengths, opportunities for improvement, and site visit issues.
- Record preliminary scores from desktop evaluation.
- Agree on key issues, which will enable consensus after verification or clarification at the site visit.
- Develop issues/locations to be included in the preliminary site visit plan. Allocate individual team member responsibilities for the proposed site visit, such as locations to visit, issues to investigate by category, and inquiry by organizational level.
- Determine site visit dates and duration.
- Allocate member responsibilities for travel, accommodation, and other logistics for the site visit.
- Team to determine what, if any, additional documentation it requires prior to the site visit (to be requested by the team leader in consultation with the applicant).

Step 7: Site Visits

The decision on whether to conduct a site visit is made by the evaluation team. All applicants plan for a site visit, although it is not an automatic part of the evaluation procedure. The duration of the visit will be dependent on the size, complexity and geographic spread of the applicant. It is at the discretion of the evaluation team and will

usually take a minimum of one day for a small business on a single site. Four days is likely the longest duration for a large multi-site organization.

The purposes of the site visit are:

- To clarify issues raised during the evaluation of the written submission. It also provides an opportunity to update the data presented in the submission.
- To verify that the written submission truly reflects the applicant's systems and processes.
- To investigate areas that are difficult to describe (and understand) in short document and to determine additional facts where appropriate.
- To enable the production of an accurate, detailed and useful feedback report.

All evaluators provide their time on a voluntary basis. Therefore, although every attempt will be made to meet the wishes of applicants concerning the timing of site visits, the Fiji Quality Awards Secretariat reserves the right to nominate the date of the site visit when mutually suitable dates cannot be agreed.

On receipt of the written submission the applicant will be provided with a booklet that provides detail on how the site visit will be conducted, the responsibilities of the evaluation team and the applicant in preparation for the site visit, and what can be expected during the visit.

Step 8: Post Site Visit Consensus Meeting

Upon completion of the site visits, the team forms a final consensus on the strengths and opportunities for improvement of the applicant and drafts the feedback report. Ideally it should be as soon as possible, immediately after the site visit and before the start of the team's next site visit. The process involves:

- Consensus on the strengths and opportunities for improvement;
- Consensus on the score;
- The completion of a feedback report by the team, using booklets/disks to record information.

Step 9: Finalize Feedback Report

At the conclusion of the evaluation process, a comprehensive written report incorporating the evaluators' assessment of the enterprise's performance is forwarded to the applicant. This report is written in terms of strengths and opportunities for improvement against the assessment criteria. Face-to-face feedback is also available to applicants.

Step 10: Panel of Review

A Review Panel considers all recommendations for recognition at any level and makes the final decisions. The Panel consists of a number of leading business people, academics, unionists, and government representatives.

MARKETING AND PROMOTION STRATEGY

The FNTC promotes Quality and Productivity concepts through its training, consultancy and Productivity Awareness Campaign activities. The promotion of the FQA has been done through active advertisements and research within the organizations in Fiji. The FNTC plans FQA's activities each year, with promotions and marketing are key components.

Magazine/Newspaper Advertisements

Magazine advertisements have been designed and are placed in the local business magazines. The advertisement highlights the significance of FQA and the benefits an organization will get by adopting the FQA criteria. These advertisements are also used in the local newspapers.

Brochures

Brochures have been produced and they are distributed to organizations in Fiji. A four-page introductory booklet on FQA has been also published and is also distributed to local organizations.

Appreciation Seminars

Appreciation Seminars are targeted at the Senior Executives and have been conducted at the major centers. This seminar provides the participants with a basic appreciation of the Awards Framework, its benefits, processes, and how applications can be made.

Applicant Information Seminars

Applicant Information Seminars (public and in-house) are conducted prior to the application process to ensure applicants' expectations match the evaluation they are going to experience. The objectives of the seminar is to:

- Explain the purpose of the Fiji Quality Awards.
- Explain the levels of recognition and what they mean.
- Ensure that the assessment criteria and evaluations processes are understood.
- Provide an opportunity for potential applicants to obtain clarification on any aspect of the program.
- Explain the application and evaluation process.

FUTURE TRENDS AND DEVELOPMENT**Promotions and Marketing**

Promotion of the FQA will be more focused to different industries. Efforts will be made to consolidate support from all stakeholders including the Employers Federation, government and the unions. This will give the FQA the prestige and momentum to generate greater interest and importance within larger organizations in Fiji. Additionally promotion is also done as follows:

- Promotion of the FQA via FNTC website; and
- Development and publication of brochures, newsletters, and posters highlighting the framework for FQA and the benefits of adopting it.

Awards Framework

The FNTC will continuously review the framework, incorporating recent trends and issues of Quality Management and also addressing national issues and needs.

Applicants

The FNTC intends to promote FQA among the different industries, thus increasing the number of applicants. The FNTC further intends to make it compulsory for the Award winners to share good practices identified by the evaluation team.

Setting up of Best Practice Center

The FNTC intends to set up a database of best practices for organizations in Fiji. This project will be done in collaboration with the APO. Publications will also be developed on best practices in Fiji.

Evaluator Development

The current pool of evaluators will be continuously developed, and new evaluators are also been trained and developed accordingly. The FNTC intends to have a pool of 50 evaluators by the end of 2003 with a more diversified background and expertise in other areas of specialty and expertise. The training of evaluators will be split into two events: one for new evaluators and another for all focusing on both consensus and site visits.

Strategic Alliances

The FNTC will continue to network with other APO member-countries to share experiences and exchange study mission programs, experts, evaluators, and intellectual material.

INDONESIA

Sutanto & Fachrurrozi

Directorate of Manpower Productivity Development

BACKGROUND

The success of Indonesia in accomplishing a high economic growth of about seven percent annually during the two decades before the 1997 currency crisis has been expanding new business opportunities. These opportunities have mostly been in industrial sector, especially manufacturing, as can be seen from manufacturing industry's rapid growth during this period. In 1991, the contribution of the industrial sector to Indonesia's Gross Domestic Product exceeded that of the agriculture sector. The rapid growth of this sector could only be maintained and improved if Indonesia's manufacturing industries are able to increase their competitive advantages through improving productivity and quality.

Productivity and quality are the main requirements for companies to stay competitive and maintain their sustainable development. Therefore, productivity and quality promotion need to be improved in order to raise awareness about the important of productivity and quality for the sustainability of Indonesian business. The efforts to accelerate productivity and quality improvement should become a national movement.

There are many companies that have already been aware of the important of productivity, and techniques and tools of productivity improvement been implemented. However, intensifying productivity and quality awareness will be needed, particularly for small and medium enterprises (SMEs) whose contribution to the national economy is relatively substantial.

As a part of the efforts to promote productivity and quality in SMEs, Indonesian Productivity Awards were introduced in 1994, with 1995 being the first award cycle. These awards are namely *Sidhakarya* at the provincial level and *Paramakarya* at the national level. Indonesian productivity awards are intended to improve productivity and quality awareness in society, and to recognize and extend appreciation to the companies that have implemented productivity concept successfully.

The Indonesian Productivity Awards had been given only twice since they were introduced—1995 and 1996. The 1997 currency crisis led to the temporary discontinuance of the Indonesian Productivity Awards given that most companies were facing difficulties related more to survival, let alone productivity improvement.

AWARD FRAMEWORK

Objectives of the Indonesian Productivity Awards

The objective of the Indonesian Productivity Awards is to recognize companies who have succeeded in improving productivity through the implementation of productivity concepts in all aspects of business activities. Specifically, the Award seeks to:

- Give recognition and appreciation to companies who have succeeded in implementing productivity and quality concepts in their businesses, either company-wide or in specific functional areas such as production, marketing, human resource, finance, and technology.

- Improve society's awareness of productivity and quality concepts through dissemination of success stories of the productivity and quality improvements achieved by SMEs.
- Build a climate and cooperation based on equal and mutual partnership between government and SMEs on the appropriate and effective implementation of productivity and quality concepts.

The Indonesian Productivity Awards consist of the *Sidhakarya* and the *Paramakarya*. *Sidhakarya* is the productivity award with which provincial governors recognize SMEs, and it is awarded every two years (specifically odd-numbered years). *Paramakarya*, on the other hand, is the national award that the President of the Republic of Indonesia gives every two years (specifically, the year after the *Sidhakarya* awards).

Award Criteria

The criteria have three basic elements: driver, system, and results. The driver of productivity improvement is the leadership that the business owner/manager provides. The company's system refers to the processes of marketing, human resource, production, and finance. The results are the outcomes of the business processes and are a composite of performance measures covering productivity, financial performance, customer satisfaction, and quality of work life.

ADMINISTRATIVE SYSTEM

The system for administering the Indonesian Productivity Awards include Assessment Teams, Judges Team, and a Secretariat. All teams consist of representatives of government agencies, private-sector organizations, workers' organizations, employer associations, and universities. At the national level, the Minister of Manpower, based on the recommendations of the National Productivity Council and the Directorate of Manpower Productivity Development (Indonesia's national productivity organization), appoints the members of each team. At the provincial Level, the provincial governor appoints the team members, with the assistance of the Productivity Commission and Regional Productivity Offices.

The Directorate of Manpower Productivity Development, in collaboration with National Productivity Council, conducts several programs such as:

- Training for Assessors and Secretariat of the Productivity Award. This training provides participants the opportunity to learn the Indonesian Productivity Awards' conceptual framework, award criteria, and assessment process.
- Training for Trainers of Assessors and Secretariat of Productivity Award. Participants of this training consist consultants and trainers of the Productivity Commission and the Regional Productivity Offices.
- Technical Meetings of *Siddhakarya* and *Paramakarya* Productivity Teams.

ASSESSMENT PROCESSES

Applicants for the Indonesian Productivity Awards are nominated by individuals, government agencies, businesses, and non-governmental organizations. To be eligible, a nominee should be an independent corporation (i.e., not part of a holding company) and be a small or medium enterprise. Although only SMEs in the manufacturing sector were eligible in 1994, SMEs in the agro-industrial sector became eligible in 1996.

There are four stages in the award process, whether at the provincial or the national level. These stages are the following:

1. *Preparation.* These activities consist of developing guidelines, disseminating questionnaires, forming the assessment team, and scheduling the field visit.
2. *Evaluation and Assessment.* During the assessment/scoring and evaluation processes, the assessors and judges treat all company information in strict confidence.
 - a. *First Selection*
In this stage, the eligibility of each nominee is confirmed and each nominee's completed questionnaire—covering company profile, processes, and results—is completed. The data analysis uses the Analytic Hierarchy Process (AHP) methodology to evaluate a long list of nominees. The Assessment Team decides, by consensus, on the minimum score that nominees should achieve to be eligible to receive a site visit review. Site-visited applicants are reviewed on-site, with the aid of checklists, by at least three assessors.
 - b. *Selection of Nominee*
Using AHP, the qualitative and quantitative data gathered during the pre-visit evaluation and the site visit review are processed. The AHP methodology calculates nominees' ranks and ratings based on the scores assigned by the review team.
 - c. *Final Selection/Judgment*
The Judges' Team conducts final selection. Before selecting the winner, the Assessment Team assists and provides detailed information concerning nominees to the Judges' Team. The members of the Judges' Team, together with an assessor, visits the finalists with the aid of a focused assessment questionnaire. After these site visits, the Judges' Team decides which nominees will be recognized with the award.
3. *Award Presentation.* The presentation is conducted after the Judges' Team makes their decision, and the award is presented during the Productivity and Quality Month. The Provincial Governor gives the *Sidhakarya* Productivity Award, while the President gives the *Paramakarya* Award.
4. *Post-Award Activities.* After the presentation of the Award, each award winner's company profile, productivity and quality concepts, and experiences are disseminated.

MARKETING AND PROMOTION STRATEGY

The Indonesian Productivity Awards program is fully financed by the Indonesian government and private sponsors. All organizations involved in the program are also involved in its marketing and promotion. This process uses the 27 Regional Productivity Offices and Productivity Commission who come from tripartite-plus organizations. Other promotional media include leaflets, posters, radio, and television.

FUTURE TRENDS AND DEVELOPMENT

In the future, the Indonesian Productivity Awards will become an even more important mechanism for the promotion of productivity as a part of Indonesia's national productivity movement. Although the awards program will instill within businesses and society an awareness of the importance of productivity, the program can also enable the building of networking among organizations that will have substantial meaning for accelerating productivity movement.

The evidence from the prior award cycles shows that the award program had built improved coordination of productivity initiatives among the award administrative bodies

and increased society's awareness of the importance of productivity. In the future, the Indonesian Productivity Award should be restarted with an improved criteria framework and assessment system.

ISLAMIC REPUBLIC OF IRAN

Parviz Assi

Institute of Standards and Industrial Research of Iran

BACKGROUND

The proposed Iran Quality Award system seeks to: (a) encourage and recognize the development of effective Total Quality Management (TQM) and Quality Management System (QMS) by Iranian companies, and (b) create a positive atmosphere of competitiveness and benchmarking among the leading Iranian companies in the public and private sector for the continuous quality improvement of their products and services. These efforts will lead to the maximization of customer satisfaction and the improvement of Iran's market share and performance in international trade.

AWARD FRAMEWORK

A technical committee of Iranian quality experts from the Institute of Standards and Industrial Research of Iran (ISIRI), the National Iranian Productivity Organization (NIPO), and related organizations, will be responsible for the development of the Iran Quality Award's core concepts, award criteria, scoring system, and other details. There are three major quality award systems worldwide—Malcolm Baldrige National Quality Award (USA), European Quality Award, and Deming Prize (Japan)—that have operationalized TQM principles. In my opinion, the Deming Prize is more applicable to developing countries such as the Islamic Republic of Iran because of its focus on the implementation of total quality management.

We find the Baldrige and the EQA frameworks to be useful in terms of their requiring organizations to undergo a systematic self-assessment against the award criteria. They also have an effective administrative system for implementing a national quality award. However, they are strongly prescriptive in terms of underlying philosophies and core values, but not prescriptive as regards particular procedures, programs, methods, or techniques. Further, their focus goes beyond traditional quality control or product/service excellence.

The Deming Prize's assessment seeks to determine how well a company implements total quality control (TQC) by assessing its quality assurance policies and activities, the implementation of company-wide quality control (CWQC) practices, and the results achieved (e.g., quality improvement, productivity improvement, cost reduction, expanded sales, increased profits) through application of statistical techniques and quality circles. The Deming Prize focuses on the dissemination of company-wide quality control (CWQC), continuous improvement, and relationships with suppliers. Its most important aspect is the thorough application of statistical QC techniques. Therefore, for a developing country where TQM is still in the beginning stages of systematic implementation, the Deming Prize framework appears to be the most appropriate basis for its national quality award system.

The Deming Prize criteria is a checklist containing ten primary factors: (1) policies, (2) the organization and its operations, (3) education and dissemination, (4) information gathering, communications and utilization, (5) analysis, (6) standardization, (7) control/management, (8) quality assurance, (9) effects, and (10) future plans. The primary

factors are further divided variously into a minimum of four and a maximum of 11 secondary factors. All items are equally weighted. The checklist explicitly identifies the factors and procedures that underpin the CWQC/TQC process. The Deming Prize criteria go as far as naming specific techniques and approaches. Thus, it is inherently prescriptive. It also implicitly assumes that the final quality is the end result of a number of actions, factors, and processes.

ADMINISTRATIVE SYSTEM

The administering agency for the Iran Quality Award will be the Institute of Standards and Industrial Research of Iran, which has taken measures to improve standardization, quality of goods, protection of consumer's rights, and promotion of the ISO 9000 and ISO 14000 quality/environmental management systems. A technical committee for the Iran Quality Award shall decide the structure for administering the award. The government and the applicant organizations shall provide funding for the award's operations.

A Board of Examiners for the Iran Quality Award shall be formed. This board will be similar to the Baldrige Award's board in that it consists of judges (comprising a Panel of Judges) and examiners. Each award applicant will be assigned a team of assessors consisting of up to seven qualified examiners in the field of auditing the quality management system are required for reviewing and evaluating each application for the award. Four examiners shall be from ISIRI and three from the private sector.

ISIRI shall train members of the Board of Examiners. Because the National Iranian Productivity Organization (Iran's national productivity organization) will also be involved in the Iran Quality Award, the assistance of the Asian Productivity Organization through the APO Technical Expert Services Program shall be sought for the examiner training courses.

ASSESSMENT PROCESSES

Eligibility Categories

The application eligibility categories for the Iran Quality Award shall include manufacturing companies, service companies, public sector organizations, and small businesses. The applicant organization will pay application fees, which will help defray the award program's operating expenses.

Stages in the Award Cycle

The stages in the award cycle for the Iran Quality Award will be based on the Baldrige Award's assessment processes.

Self-Assessment

ISIRI provides to prospective applicant organizations the award criteria and scoring guidelines to enable them to perform a self-evaluation. If the organization decides to be evaluated for the award, the organization will submit a brief business overview and a description of the systems, procedures, and performance measures/results for each of the examination categories and items. The overview should address the salient business factors, which will help the assessors understand better what is relevant and important in terms of the award evaluation process.

The applicants are expected to forward multiple copies of a document that

describes: the corporate-wide quality control practices and, if appropriate, the QC practices of their business unit(s); business activities; and company prospectus. This application document should provide evidence that quality control/management is practiced systematically and effectively throughout the company.

Individual Review

Each application is reviewed independently by at least five examiners. For each examination category, the assessors will identify strengths, areas for improvement, and weaknesses, and the appropriate numerical score.

Judges' First Review

At the conclusion of preceding stage, the organizations that achieve a prespecified cutoff score will proceed to the next stage of review. The Panel of Judges will verify the process used in the prior evaluation and determine which applications should go forward to the next stage.

Consensus Review

Initially, the team of examiners, working as a group, conducts a consensus review and re-scoring of the application. The consensus review is an important step in the evaluation process because the consensus evaluation determines whether applicant proceeds to the next stage.

Site Visit Review

A team of 4-7 examiners, including at least one senior examiner, takes part in this process. A typical site visit encompasses interviews with management and employees, review and examination of the pertinent record and data, and introductory and concluding presentations by representatives of the applicant organization. The site visit plan is developed jointly by the applicant organization and the team of examiners. The final plan is sent to the applicant in advance of the visit, and it includes a time estimate for the visit and the names of participating examiners.

Following the Deming Prize's system for on-site examinations, the site visit review will consist of at least two parts. First, the applicant and one or more business units make a presentation. The purpose of the presentations is to highlight the salient features of QC practices. The presentation should broadly provide: an explanation of the important features of QC practices, an update on the status of QC practices since submitting the application, and a question-and-answer session dealing with the written application and the oral presentation (25 per cent of the allocated time for the oral presentation is devoted to questions and answers).

The second part of the site visit is the examiners' initiated component of the assessment and they determine the agenda in consultation with the representatives of the applicant company. However, solely the examiners determine the methods and procedures employed in the examination process. There are no standard procedures and they often vary from one examination to the next. The examiners conduct an in-depth interview with the appropriate senior executives of the applicant organization. The senior executive interview takes place after the completion of the examination at the company's head office. The agenda and list of participants for the executive meeting are decided at the preparatory meeting between the examiners and the applicant's representatives.

Judges' Final Review

At the conclusion of the site visit review, the examiners' findings are submitted to the Panel of Judges. The full Panel of Judges reviews the on-site evaluation reports and makes recommendation to the director of ISIRI.

Feedback System to Applicants

Organizations that fail to proceed beyond the individual review stage are furnished with a complete feedback report based on the written comments of the examiners and prepared by a designated feedback writer.

MARKETING AND PROMOTION STRATEGY

For promotion and marketing of the Iran Quality Award, the following steps will be implemented:

- Publicly recognize and reward the successful implementation of award criteria by Iranian firms.
- Encourage other firms to follow the example of winning companies through networking and dissemination of information.
- Through lobbying, educational and networking events, and wide dissemination of information, enhance the level of awareness among society and the business community as to the growing importance of quality to achieving international standards of living and competitiveness.
- Eligibility of winning quality award firms for government facilities such as loans with low interest rate, tax reduction on imports of raw materials and export of products.

FUTURE TRENDS AND DEVELOPMENT

The future development of the Iran Quality Award will involve:

- the development of foundation for award principles.
- the establishment of the administrative system, including the selection and training of judges and assessors.
- the documentation of the procedures and instruction for award assessment processes.
- the receipt of advice from other APO member-countries' experiences in this regard.

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JAPAN

Shigeru Ueda

Japan Productivity Center for Socio-Economic Development

BACKGROUND

The accomplishments of the Malcolm Baldrige National Quality Award in promoting management innovation in the United States prompted a widespread view in Japan that companies should aim for quality enhancements not only in products and services, but also in the quality of their overall management. There was also a feeling during the mid-1990s that Japan should promote its own award system.

In December 1995, the Japan Productivity Center for Socio-Economic Development (JPC-SED), Japan's national productivity organization, took the initiative of setting up the Japan Quality Award (JQA) "to support a structure that will create values needed by customers and markets, and that can maintain long-term competitiveness." The JQA system is aimed at awarding companies that have a "management system with excellent performance" and that continue to create new values driven by customers through self-innovation so that they may improve the quality of Japanese companies and organizations towards globally competitive management systems.

In June 1996, JPC-SED established the Japan Quality Council as "an organization to promote the movement of improving management quality (performance excellence) of Japanese enterprises." The Council has begun developing its projects with the following vision and objective:

- Vision: "We are to contribute to strengthening competitive powers of Japanese organizations by offering programs to improve their management quality (performance excellence)." Objective: "We are to aim to become the number one secretariat among all organizations with built-in system of continuous improvement that provide tools for management improvement by way of awarding and certification systems for Japanese enterprises."

Six years have now passed since JPC-SED created the Japan Quality Award. The JQA has become the core of the "Japan Quality Program" that supports the construction of a management system to bring out "excellent performance driven by customers." The Japan Quality Program provides opportunities to learn the mechanisms of an assessment system that utilizes a new management theory that is continuously renewed over time, employee training, and the best practices of other companies. From 1996 to 2000, 63 companies have applied for the Japan Quality Award and nine companies have received the award. The award winners are required to widely introduce their best practices and excellent management activities for a three-year period in order to lead the development of Japanese business and industry.

AWARD FRAMEWORK

The Japan Quality Program consists of the core values and measures taken to achieve management innovation, which create performance excellence through quickly responding to business environment or market changes utilizing the concepts of the Japan Quality Award. The program is based on the self assessment theory of the Malcolm Baldrige

National Quality Award, which is the USA's globally recognized de facto standard of management innovation and has been a global management innovation program implemented in more than 50 countries and areas in Asia, the Americas, and Europe.

Japan Quality Award Assessment Criteria

The Japan Quality Award Assessment Criteria is a set of standards used to judge applicants of the Japan Quality Award. The Assessment Criteria is not merely a judging standard, but also contains a state-of-the-art framework of the theory and process of management innovation. It is used as a guideline by many organizations to deepen their understanding of management quality and to practice self-assessment in order to achieve management innovation in Japanese business. By making this Assessment Criteria available to the public, the Award winner selection process can be made increasingly clear and help organizations to better learn and understand best practice.

Components of the Assessment Criteria

The Japan Quality Award Assessment Criteria consists of the following: Concept; Core Values; Framework; Category, Assessment Items, Areas to Address, and Theory of Assessment Items.

Concept

The term “concept” refers to the fundamental values, attitudes, belief, and standards of performance of the Japan Quality Award, which aim for innovation and creation of a management system with performance excellence. It consists of four values: Customer Focus, Individual Capability, Employee Oriented, and Public Responsibility.

- *Customer Focus.* The objective of a company/organization is to create value for the customer. The value standards are derived from evaluation from the customer instead of sales or profits. Value evaluation from the customer is the most important standard and everything is evaluated based on whether or not value is created and offered to the customer. We do not reject the pursuit of profit by a company/organization, but profit comes as a result of offering value to the customer.
- *Individual Capability.* Pursuit of Individual Capability is important. Rather than improving upon what another organization is doing, aim at creating value through having a unique view, theory, and method. What is necessary here is to, by learning from other organizations, refine individual capability, develop “unique capability” that is new and others do not have and then utilize the capabilities. When you get caught in competing at the same level, you become imitative or repeat short-term management improvement, and ignore the entire picture by only focusing on some parts. Unique strategic innovation will enable the entire organization to work effectively and bring about long-term success.
- *Employee Oriented.* In achieving company objectives, it is important to protect the dignity of each employee and promote originality and knowledge creation. Management activity should be regarded as knowledge creation and performing business tasks should be regarded as learning. Although an employee is regarded as an intellectual creator, a climate that highly regards knowledge is essential. It is important to create an environment that promotes curiosity in intellect and learning. Rather than a top-down management in which the upper management plans and the employees execute, one should aim for a management in which employees set and manage their own goals. Rather than a process in which the strategy is formulated, employee initiative and creativity are essential. However, in accomplishing this, it is important

that senior leaders and managers consciously provide an opportunity and environment in which employees can freely think and express their thoughts.

- *Public Responsibility.* It is important to contribute to and harmonize with society. Based on the idea that a company/organization is a member of society, the organization should aim at contributing to society and harmonizing with the values that society has. In order to fulfill public responsibility, it is necessary to adopt the values that society has into the organization and to prepare measures for situations in which achievement of the organization's goals conflict with the values of society. Further, the organization should proactively offer support in solving various problems and tasks that the community has and cooperate in community development.

Core Values

The JQA Core Values consists of eleven factors. It shows how to take measures in the most important matters in any management situation and management environment, in a manner consistent with the four Concepts. These eleven Core Values, which are similar to the Baldrige Award's core values, are as follows:

- Quality
- Leadership
- Process
- Knowledge Management
- Agility
- Partnership
- Social Responsibilities and Environmental Preservation
- Management by Fact
- Globalization
- Fairness
- Innovation

Framework

The Japan Quality Award examines the entire management system of each organization using a framework common to all business categories. In other words, it is a model to examine universal management components. Eight categories, beginning with "Leadership," form a large frame to evaluate the entire management system. Figure 1 shows the assessment framework that depicts the interrelationships among the categories, based on the core values.

There are five basic factors in this framework that are common to all companies and/or organizations:

- *Direction and Driving Force.* Direction and driving force indicate the future image OR direction of an organization. Senior leaders themselves should exercise their leadership as a driving force to create a system that constantly enables the creation of highly appreciated value by customers and business improvements as an organization, including affiliate and cooperating companies. It is also important for senior leaders to exercise leadership in creating a system that is constantly aware of the environment needs, contributes to society, and abides by the laws and regulations, while maintaining clear management.

Operation System. The "operation system" responds to the organization's future image and direction shown by senior leaders and actualizes them through a wide range of activities, such as detailed strategies or plans, employee training, and the creation and offering of products or services that reflect the expectations of targeted customers or

markets. This system includes a wide range of corporate activities, such as management that combines work activities and processes to meet the demands and expectations of customers and markets, along with the necessary recruitment and training of employees.

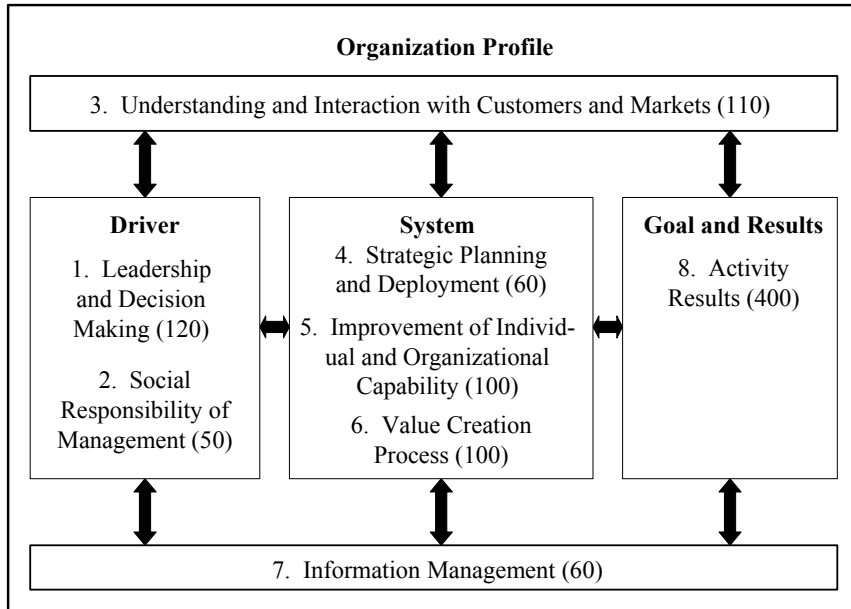


Figure 1. Japan Quality Award Assessment Criteria

- *Goals and Results.* As part of the “operation system,” it is necessary to understand established “Objectives and Results.” They allow you to understand the accomplishment level of objectives and execute necessary plans and activities towards accomplishing them. They also enable you to verify the validity of an objective through: internal evaluation, such as information and data obtainable in one's organization, and external evaluation; such as customer satisfaction and market appraisal, and make a comparison of the external evaluation with other companies.
- *Information and Analysis.* Effective communication and use of necessary information by management are essential for organizational performance. A properly arranged communication system well communicates the direction and future image of the organization indicated by senior leaders. It ensures execution through quick response to the performance of daily work activities and to the demands and expectations of the customer and the marketplace. The approach used to actualize an optimum communication system, the quick and reliable communication of necessary information to the necessary persons, is the same regardless of the business category or size of the organization.
- *Understanding Customers and Markets.* Customers and markets are the base of an organization's activities. They need to be clearly defined and their present and future demands need to be understood in order to develop appropriate company or organizational activities. For consistent and excellent response to customers and markets, departments and employees need to understand the relationship between the work activity they are responsible for and the added value to the customer and market.

Categories, Items, Areas to Address, and Theory of the Assessment Item

Management performance is evaluated by Category, based on the eleven Core Values. The eight categories consist of 23 items (Assessment Items) that are universally essential to management systems in every organization. Table 1 lists these categories and items, as well as their assigned point values. Within each Assessment Item are Areas to Address, which explain in detail the multiple requirements of the Item. There are a total of 65 Areas to Address. The Theory of Assessment Item explains each Item's basic purpose, presents its multiple requirements, and provides comments for further understanding.

Table 1. Japan Quality Award Criteria Categories and Items

Criteria Category/Item		Assigned Points
1. Leadership and Decision Making		120
1.1	Role and Leadership of Senior Leaders	100
1.2	System of Decision Making in Management	20
2. Social Responsibility of Management		50
2.1	Responses to Social Requirements	30
2.2	Social Contribution	20
3. Understanding and Interaction with Customers and Markets		110
3.1	Understanding Customers and Markets	50
3.2	Customer Confidence	30
3.3	Identifying Customer Satisfaction	30
4. Strategic Planning and Deployment		60
4.1	Strategic Planning and Development	30
4.2	Strategy Deployment	30
5. Improvement of Individual and Organizational Capability		100
5.1	Organizational Capability	40
5.2	Employee Capability Development	30
5.3	Employee Satisfaction	30
6. Value Creation Process		100
6.1	Core Process	40
6.2	New Venture Process and Support Process	30
6.3	Cooperation with Business Partner	30
7. Information Management		60
7.1	Understanding and Analyzing Management Information	20
7.2	Comparing with Competitors and Benchmarking	20
7.3	Information System Management	20
8. Activity Results		400
8.1	Leadership and Social Responsibility Results	60
8.2	Improvement of Individual and Organizational Capability Results	60
8.3	Process Results	80
8.4	Financial Results	100
8.5	Customer Satisfaction Results	100
Total Points		1,000

Scoring Guidelines

The Japan Quality Award evaluates the applicant’s response to each Assessment Item in relation to the information in the Organizational Profile. The Scoring Guidelines are created based on the idea of organizational maturity levels and indicate the level of goals that the organization will aim for. The Scoring Guidelines, which has three evaluation dimensions (Approach, Deployment, and Results), indicate six levels of management conditions. This theory of using six levels to evaluate is based on the “maturity level model.”

The “maturity level model” helps the organization understand the difference between immature and mature organizations by comparing the two, and helps you realize how to improve your organization. Through this, the progress of organizational growth is presented in various levels by using the term “maturity level” in order to express growth levels.

An organization with a low maturity level has uncertain objectives and uses short-term remedies in situations. There are no objective criteria to accomplish management goals through solving problems in current activities.

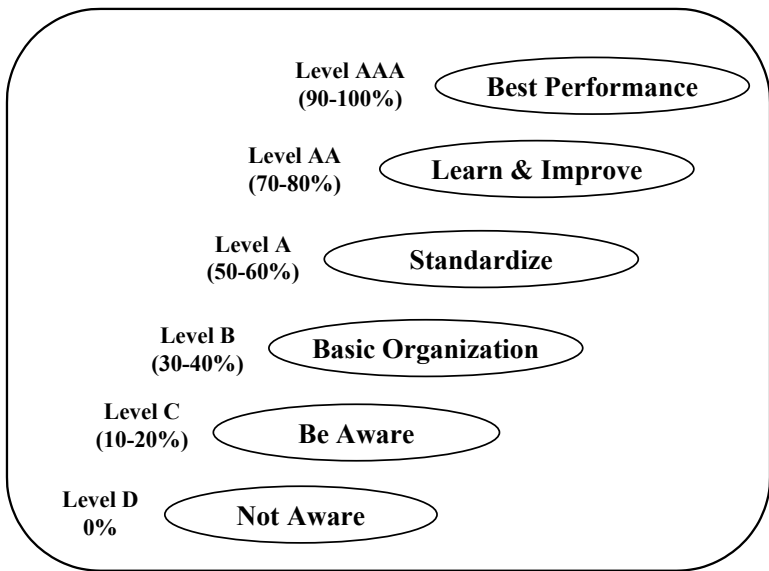


Figure 2. Levels of Maturity of Management

On the other hand, a mature organization has high overall management capability. They implement strategic elements into management, define clear processes to achieve customer value, follow this planned process, and understand the results. They know the goals and results at all times using data and are continuously learning how to effectively improve management. The different management capabilities of organizations are expressed in six different levels depicted in Figure 2.

A low maturity organization cannot turn around and become a high maturity organization in the short term. Organizations set goals for the next level of maturity and achieve higher maturity levels by continuous improvement. If an organization with a low maturity level tries to copy an organization with a high maturity level, they will not succeed since they do not have fundamental management activities. The Japan Quality Award

Scoring Guidelines indicate which level an organization should aim for as an improvement goal. These improvements in management activity based on maturity have been utilized in many various areas such as software development and Information System management.

The theory of maturity level is based on the principles of management quality that have been utilized widely for the past 60 years. Specifically, these are the principles of statistical quality control, which were developed by Walter Shewhart, W. Edwards Deming, and Joseph M. Juran. The framework of the maturity level is based on the quality management maturity grid that was first proposed by Philip B. Crosby in his book *Quality is Free*.¹ Crosby's maturity level has an evaluation structure consisting of five stages, and certain practices regarding quality are indicated for each level. The Scoring Guidelines of the Malcolm Baldrige National Quality Award were created based on Crosby's framework, upon which is based the JQA's theory of measuring the maturity level of management.

ADMINISTRATIVE SYSTEM

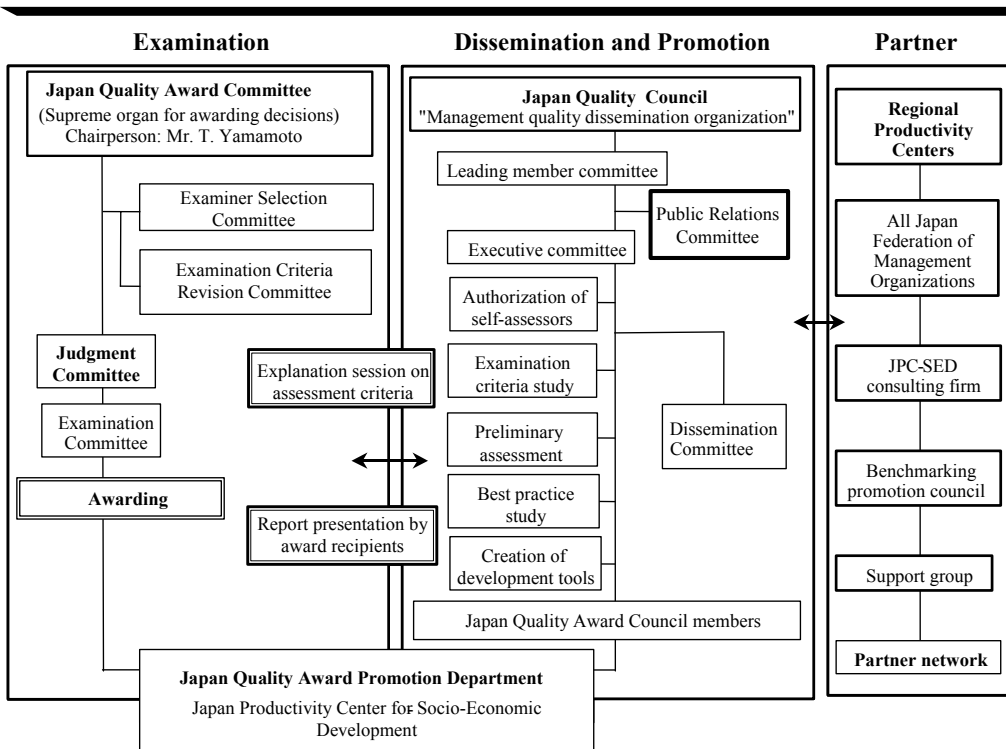


Figure 3. JQA Administrative Structure

The Japan Quality Award differs from the national quality awards of many other countries in that it is not administered by government but by industry itself. Interested companies can join the Japan Quality Award Council that today has more than 300 corporate members and 800 individual members. Figure 4 tracks the number of member organizations of the JQA Council.

¹Philip B. Crosby, *Quality is Free: The Art of Making Quality Certain* (New York: McGraw-Hill, 1979), 38-39.

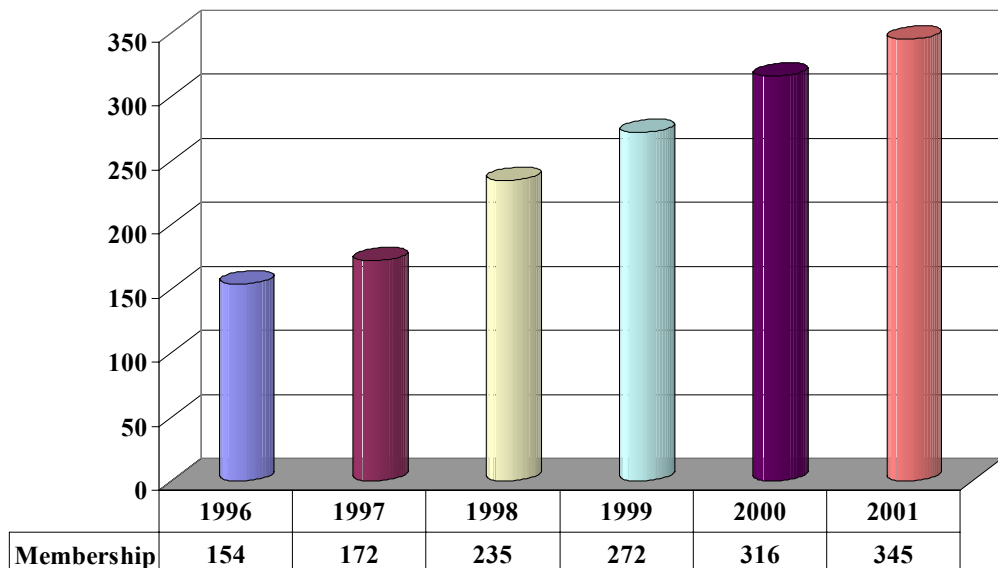


Figure 4. Number of JQC Member-Organizations

The JQA Council’s activities are steered by a 21-member board consisting of corporate chief executives. The main committee of the council is the JQA Committee, a seven-member committee concerned with defining and refining the criteria for the award. This committee operates numerous sub-committees that consider different aspects of the award and its requirements.

ASSESSMENT PROCESSES

Eligibility Categories

Organizations in the following sectors are eligible to apply for the Japan Quality Award: manufacturing, service, and small and medium enterprises. Each year, a maximum of six companies—two from each eligibility category—may be recognized with the JQA. During the period 1996-2000, nine companies received the JQA. They are NEC Semiconductor Business Division, Asahi Breweries, Chiba-Isumi Golf Club, Nihon Research Institute, Yoshida Original Co. Ltd., Ricoh, Fuji Xerox Central Marketing Division, Nippon IBM General Business Group, and Musashino.

Stages in the Award Cycle

The application period typically lasts from April to June. The applicant undergoes a three-stage review process. The first stage, Independent Review (July), involves the examiners’ creation of comments and scores that show the strengths and areas for improvement for every assessment item in the application. During the second stage, Consensus Review (August/September), examiners bring their comments and scores, and all team members confer and decide on comments and scores as a team. A subset of the applicants undergoes the third stage. The third stage, Site Visit Review (October), involves the confirmation of unclear points in the application.

Based on the consensus review and/or site visit review findings, comments and scores are reviewed and a feedback report is prepared and submitted during the month of November (for site-visited applicants) or October (for other applicants). The feedback report is a description of the strengths and suggestions for improvement based on the consensus comments for every assessment item. The applicant then utilizes the feedback report to plan and implement improvements.

MARKETING AND PROMOTION STRATEGY

The JQA Committee's current activities include in-house training and development for management quality improvement such as in-house assessor development training (management quality assessment course), management quality course, and management quality seminar. The Committee also develops ability improvement programs for JQA examiners who support management quality improvement in organizations. These programs include the design and delivery of examiner development courses. Figure 5 shows the number of registered JQA self-assessors.

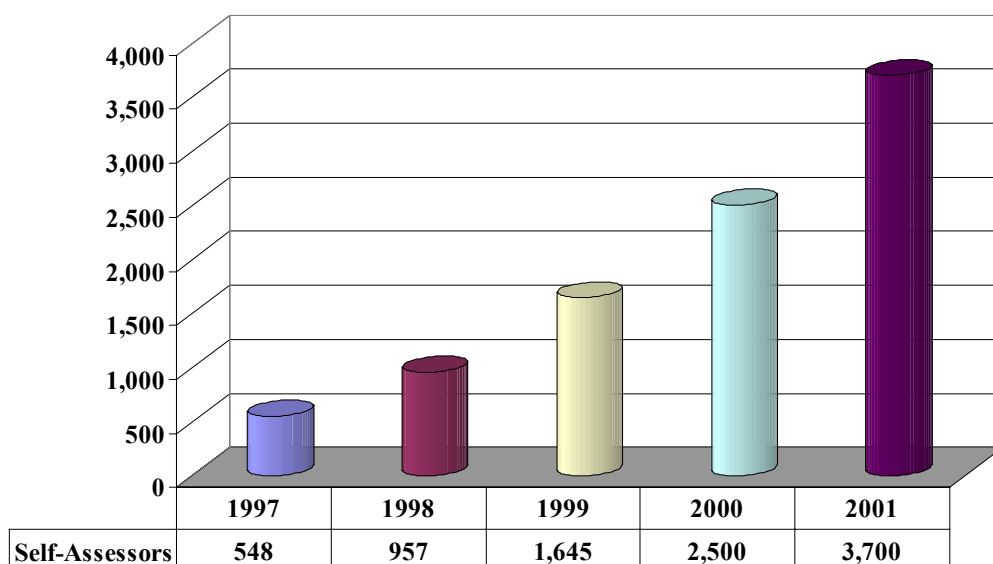


Figure 5. Growth in Number of Registered Self-Assessors

The JQA is making an impact beyond the world of business. Quality activities are being introduced at the local government level in Japan. For example, Iwate and Kohchi Prefectures and Mitaka City are seeking to improve their administrative competence with systems based on the award. In Fukui, Niigata, Chiba and Akita Prefectures, as well as Itabashi City, regional quality awards have already been introduced or are on the way of being introduced. Figure 6 illustrates the hierarchy of quality awards that has resulted from this propagation of the JQA framework beyond Metropolitan Tokyo.



Figure 6. Hierarchy of Quality Awards

FUTURE TRENDS AND DEVELOPMENT

Despite the success of the Japan Quality Award, it is still seen as being in its developmental stage. The JPC-SED is still accumulating experience so that the program could be further refined and its impact on the industry magnified. There are plans to expand the eligibility categories to the following sectors: education, medical and health care, and government or public service. In addition, the following needs to be implemented in order to continuously improve the Japan Quality Award:

- Upgrade the authority of the Japan Quality Award to make it Japan's national quality award.
- Conduct studies to determine the correlation between the degree of JQA-based approaches and business results.
- Increase the number of examiners and improve their competence and quality.
- Incorporate innovative concepts in the JQA, while conforming to the Baldrige Award as the global standard, and secure advanced position in award systems development.
- Expand the number of JQA assessors and JQAC members.
- Increase the number of JQA-based local quality councils and awards.

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MALAYSIA

Mohamad Muzaffar Abdul Hamid
National Productivity Corporation

The expansion of world trade, the globalization of economies, and emergence of new markets, have made industrial competitiveness as a critical success factor. Anticipating this development, the Government of Malaysia had formulated a few strategies and policies to ensure that Malaysian organizations have the capability to compete in the global market. One of these strategies seeks to enhance business practices that lead to organizational excellence. In order to recognize these excellent organizations, the Malaysia National Quality Award was introduced in 1990.

There are two national quality awards that are bestowed to companies in recognition of their excellence in management practices. The first award is the Prime Minister's Quality Award, which is administered by the Malaysian Administrative and Modernization Planning Unit (MAMPU) ¹ and implemented by MAMPU, National Productivity Corporation (NPC), and the Ministry of Land and Cooperative Development. The second award is the Industry Excellence Award, which is administered by the Ministry of International Trade and Industry (MITI).² Both awards play a vital role in promoting the adoption of excellent cultures in Malaysian organizations.

BACKGROUND

The Eighth Malaysian Plan 2001-2005 charts the next step for Malaysia towards becoming a united and fully developed nation in its own mold by the year 2020. The strategies and programs presented are aimed at putting the nation on a stronger footing and to be more resilient and competitive. To achieve these objectives, the economic growth must shift from being input-driven towards knowledge-driven. The emphasis will then have to be given to improve management and organizational techniques, upgrading research and development, science, and technology as well as strengthening innovative capacity.

On the same note, the National Vision Policy (NVP)³ outlined critical thrusts that encompass, among others, enhancing competitiveness to meet the challenges of globalization and liberalization, developing a knowledge based economy as a strategic move to raise the value added of all economic sectors, and optimizing the brain power of the nation and strengthening human resources development to produce a competent, productive and knowledgeable workforce. These thrusts are the core management

¹MAMPU is the central government agency in charge on implementing new management policies in order to ensure the efficiency of government organizations in achieving national goals and aspirations.

²MITI's mission is to promote and safeguard Malaysian interest in the international trade arena, to spur the development of industrial activities, and to further enhance Malaysian economic growth towards achieving Vision 2020.

³NVP seeks to establish a united, progressive, and prosperous *Bangsa Malaysia* where people live in harmony and engage in full and fair partnership.

principles that served as the basis for the Malaysia National Quality Awards.

The Malaysia National Quality Awards are designed to recognize organizations with excellent management practices. The objectives of the award are to promote quality awareness among various organizations, to promote the adoption of excellent practices in the organization, and to share information on successful performance strategies and benefits derived from using these strategies. It also provides a platform for organizations to measure the performance of their management practices, particularly in identifying their strengths and opportunities for improvement. This is crucial in the fast-changing business environment.

Prime Minister’s Quality Award

The Malaysia National Quality Award uses total quality management as its fundamental philosophy and consists of the Prime Minister’s Quality Award and the Quality Management Excellence Award.

The Prime’s Minister Quality Award (PMQA) is the most prestigious quality award in the country. It can be categorized by sectoral basis: Public, Private, and Socio-Economic Sectors. MAMPU administers the public sector awards, NPC administers the private sector awards, and the Ministry of Land and Co-operative Development administers the socio-economic sector awards.

The criteria for the award vary by award category. In the Private Sector category, there are eight main criteria categories that serve as the basis for the award (see Table 1).

Table 1. Prime Minister’s Quality Award Criteria

Criteria Category	Assigned Points
Top Management Leadership and Management of Quality	200
Use of Quality Data and Information	100
Human Resource Management	150
Customer Focus	150
Quality Assurance of External Suppliers	50
Process Management	100
Quality and Operational/Business Result	200
Corporate Responsibility	50
Total Points	1,000

Source: Award Secretariat and Publication Unit, National Productivity Corporation, Malaysia.

PMQA Private Sector Category Framework

Figure 1 illustrates the award framework. The “Enabler” criteria categories demonstrate the organization’s approaches towards enhancing excellence. The “Results” criteria categories indicate the actual performance.

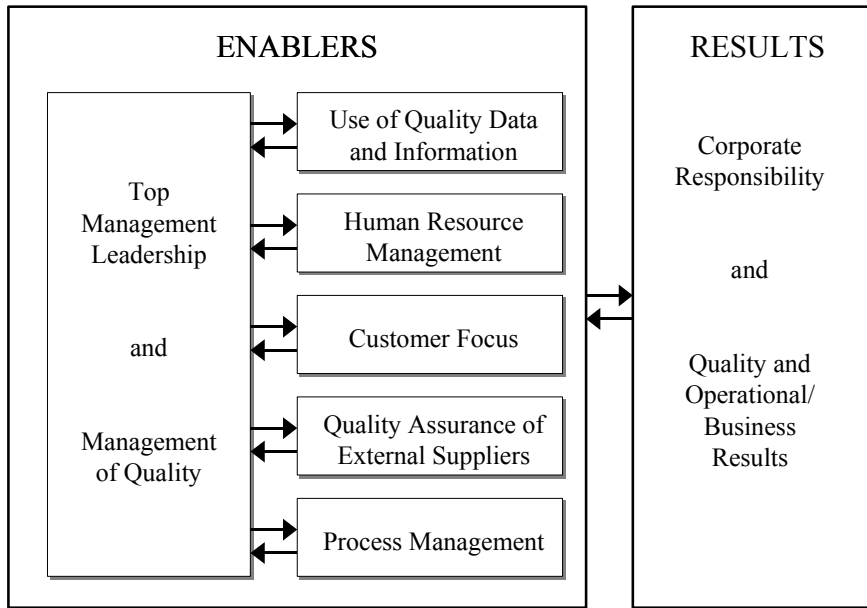


Figure 1: Prime Minister Quality Award Private Sector Framework

Enabler Criteria Categories

A systematic and properly managed initiative on excellent culture is expected to result in better business results and an increase in customer satisfaction. Seven criteria categories are the enabling factors that lead to these results.

The first category—Top Management Leadership and Management of Quality—emphasizes the understanding and adoption of a quality culture in the organization. This particular category evaluates how involved top management is in managing and sustaining the development of quality culture in their organization.

The second category—Use of Quality Data and Information—focuses on the management of quality and effort towards improving skills, productivity, and use of quality data and information. For any business decision to be effective in implementation and cost, it is important that these decisions are made based on facts and figures. Thus, the management of data and inputs is of paramount importance.

The third category—Human Resource Management—looks into human resource development and management through the organization's human resource planning; employee involvement in quality management; training programs; research and development programs; workplace environment; and employee amenities, facilities, and well-being.

The fourth category—Customer Focus—stresses on the importance of understanding customer's expectations and prioritizing the research on potential customers and their needs. The company must also undertake evaluation and research to improve the present method of determining customer requirements. This ensures that any changes in customers' needs will be captured accordingly.

The fifth category deals with Quality Assurance of External Suppliers. This ensures that suppliers will be able to meet the organization's requirements so as to guarantee the delivery of quality products and services.

The sixth category—Process Management—refers to two core processes: design process and production/delivery process. The whole assessment process actually evaluates the company's initiatives to understand customers' requirements, feed these information into the design of products and services, and finally to determine the production and delivery processes.

Results Criteria Categories

The seventh category—Quality and Operational/Business Results—examines the quality audit performance, performance in key indicators particularly on labor and capital and process efficiency, trends over the past three years, and level of performance of key indicators against competitors or industry average. These indicators will determine if the company is performing exceptionally well with regards to productivity.

The final category—Corporate Responsibility—focuses on the impact that the organization has towards the community, society, or the nation in terms of sponsorship, scholarship, environment, and welfare.

Participation

For the Prime Minister's Quality Award Private Sector Category, organizations registered under the Malaysian Companies Act 1965 are eligible to apply for the award. The organization should have contributed significantly to the Malaysian economy through, among others, substantial economic activity, foreign exchange earnings, creation of employment, generating linkages or multiplier effects, and involvement in community development projects.

Recipients of the award receive and enjoy the following benefits:

- The Prime Minister Quality Award Trophy
- Cash prize of RM 30,000 (equivalent to slightly less than US\$8,000 in September 2001)
- Certificate of Appreciation
- Eligibility to use the "Q" symbol for three years for publicity purposes. The company, however, must mention the year of the award.

The award recipient for that year will be eligible to reapply for the award after three years, after receiving the award.

To encourage a multiplier effect, winners of the Prime Minister's Quality Award are required to share information of their successful performance and quality strategies with other Malaysian organizations. However, the recipient is not required to share propriety information even if such information was part of the award application.

Industry Excellence Award

Background

The Ministry of Trade and Industry (MITI), Malaysia introduced the Industry Excellence Award in 1990 with the following objectives:

- encourage the production of quality Malaysian-manufactured products and services;
- create industry awareness of quality and excellence;
- recognized organizational excellence;
- encourage sharing of information on successful performance strategies and benefits of winners; and
- encourage competitiveness of Malaysian-made product and services.

Within the Industry Excellence Award, there are four main awards that are

administered by different agencies. These are:

- Product Excellence Award, administered by the Standards and Industrial Research Institute of Malaysia (SIRIM);⁴
- Export Excellence Award (Merchandise), administered by Malaysia External Trade Development Corporation (MATRADE);⁵
- Export Excellence Award (Service), also administered by MATRADE; and
- Quality Management Excellence Award, administered by the National Productivity Corporation (Malaysia's national productivity organization).

Quality Management Excellence Award

The Quality Management Excellence Award (QMEA) aims at improving organization management practices through wider participation from all levels of employees. There are four eligibility categories in the award (see Table 2).

Table 2. Quality Management Excellence Award Eligibility Categories

Category	Description
Category 1 (Small)	Local company with annual sales turnover not exceeding RM 10 million (about US\$2.6 million)
Category 1 (Medium)	Local company with annual sales turnover between RM 10 and 25 million (about US\$2.6 to 6.6 million)
Category 2	Local company with annual sales turnover between RM 25 and 200 million (about \$6.6 to 52 million)
Category 3	Local company with annual sales turnover exceeding RM 200 million
Category 4	Open

Source: Award Secretariat and Publication Unit, National Productivity Corporation, Malaysia

Criteria

The criteria and framework model for the Quality Management Excellence Award is quite similar with Prime Minister's Quality Award, except that the QMEA only has seven criteria categories (see Table 3).

⁴SIRIM is the national organization of standardization and quality, and as the prime mover in industrial research and development acts as a catalyst in bringing about national economic dynamism through excellence in technology and international acceptance of Malaysian products and services.

⁵MATRADE was established since 1993 as the external trade promotion arm of Malaysia's MITI.

Table 3: The Quality Management Excellence Award Criteria Categories

Criteria Category	Assigned Points
Top Management Leadership and Management of Quality	200
Use of Quality Data and Information	100
Human Resource Management	200
Customer Focus	150
Quality Assurance of External Suppliers	50
Process Management	100
Quality and Operational/Business Results	200
Total Points	1,000

Source: Award Secretariat and Publication Unit, National Productivity Corporation, Malaysia

Participation

Any organization registered under the Malaysian Companies Act 1965 is eligible to participate in the award. Recipients of the award receive the following incentives:

- A trophy and a certificate.
- Eligibility to use the award logo for publicity purposes for three years.
- Exemption from participation fee in any one international trade fair/trade mission that MATRADE organizes.
- Exemption from the exhibition fee for the MATRADE Exhibition Hall (MATRADE Headquarters) for a period of six months.
- Publicity to be given by MATRADE offices overseas regarding the profile of the company together with its products and services.
- Feature news/article in MATRADE's publication.
- Nomination for the Prime Minister's Quality Award.
- A 20 percent discount on any programs conducted by NPC.
- Assistance in the production of special/special segments in local media as publicity effort to introduce the company together with its product and services.
- Publicity of winning company's profile in the relevant government agency's web-site such as MITI, NPC, MATRADE and SIRIM.
- List of award winners to be published in newspapers.

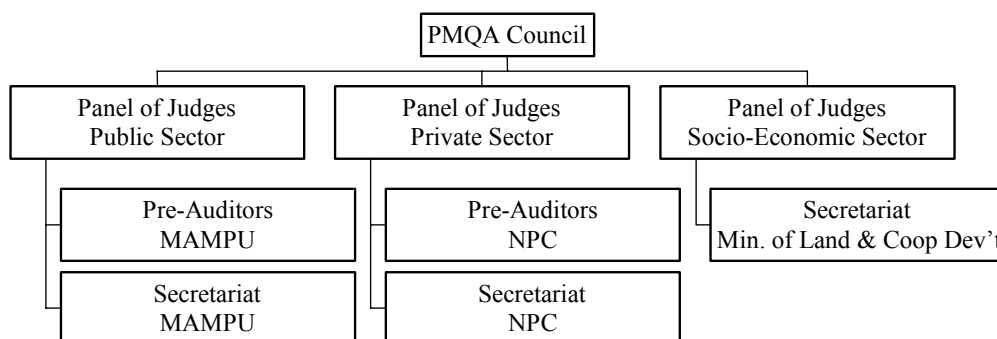
Both PMQA and QMEA are synonymous with business excellence. As both awards look at all the elements of an organization's operations, it gives a complete and balanced view of performance, recognizing the strengths as well as the areas for improvement. The balanced approach will allow organizations to be more focused and address the real issues, which enable them to improve their profitability. The awards model can also be used by the organizations to benchmark their performance against others and to further improve their performance.

ADMINISTRATIVE SYSTEM

Prime Minister's Quality Award

In the Prime Minister's Quality Award, the PMQA Council, which is chaired by the Chief Secretary to the Government, is the highest authority in endorsing the recommendation made by the Panel of Judges.

The Panel of Judges for the award varies by categories. In the Public Sector Category, the Panel of Judges consists of the MAMPU Director General (as chair) and high-ranking government officials as members. Meanwhile, in the Private Sector Category, the Deputy Secretary General (Industry) of MITI chairs the panel, with the membership consisting of high-ranking government officials and prominent figures from the private sector. In the Socio-Economic Category, the Panel of Judges is chaired by the Secretary General of Ministry of Youth and Sports, and its members comprise of high-ranking government officials. The structure for administering the award is illustrated in Figure 2.



Source: Quality and Benchmarking Division, MAMPU, Malaysia

Figure 2: Structure for Administering Prime Minister Quality Award

The selection of judges and the pre-auditors differs for each category. In the Private Sector category, the Secretariat will recommend the pre-auditors from NPC's pool of award auditors. The Board of Management of NPC, chaired by the Director General, endorses the recommendations made by the Secretariat. The selection of NPC pre-auditors are based on their experience and expertise in assessing management practices. Most of the pre-auditors have more than five years of experience.

For the appointment of Panel of Judges, the Secretariat will recommend prominent figures from the public and private sectors to the Secretary General of the Ministry of International Trade and Industry's Office for approval. The Secretary General will then issue appointment letters to the selected Panel of Judges.

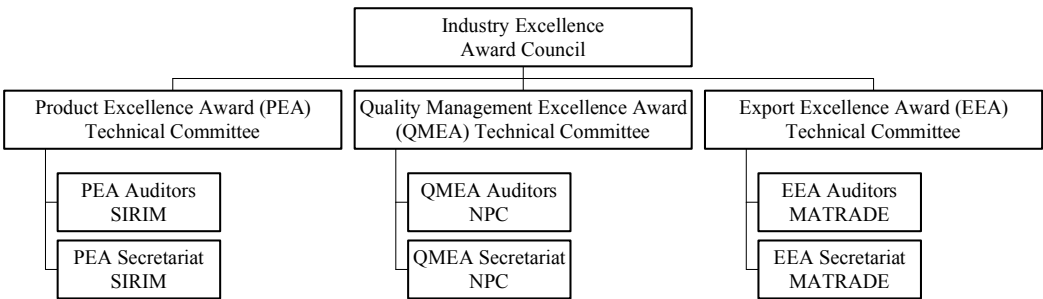
The Government of Malaysia bears all the cost in managing the awards. This policy is a reflection of the government's commitment to encourage more organizations to strive for business excellence.

Industry Excellence Award (QMEA)

As regards the Industry Excellence Award, the Minister of International Trade and Industry appoints the Chairman of the Industry Excellence Award Council. Members of the council comprise of high-ranking government officials and prominent figures from the

private sector. Figure 3 shows the administrative structure for the Industry Excellence Award.

For the Quality Management Excellence Award, the Director General of NPC chairs the Technical Committee. The members comprises of high-ranking government officials and representatives from the industries. The Board of Management of NPC endorses the selection of auditors. The auditors are NPC’s staff with vast quality auditing experience. NPC’s senior staff normally leads the auditor teams.



Source: Ministry of International Trade and Industry, Malaysia

Figure 3: Structure for Administering Industry Excellence Award

Once the selection of auditors are finalized, the Secretariat organizes a workshop to enhance the auditors’ understanding and to have a common understanding on principles and practices of auditing. Senior audit members will present papers. This session also serves as a forum to exchange/share ideas and experiences.

ASSESSMENT PROCESS

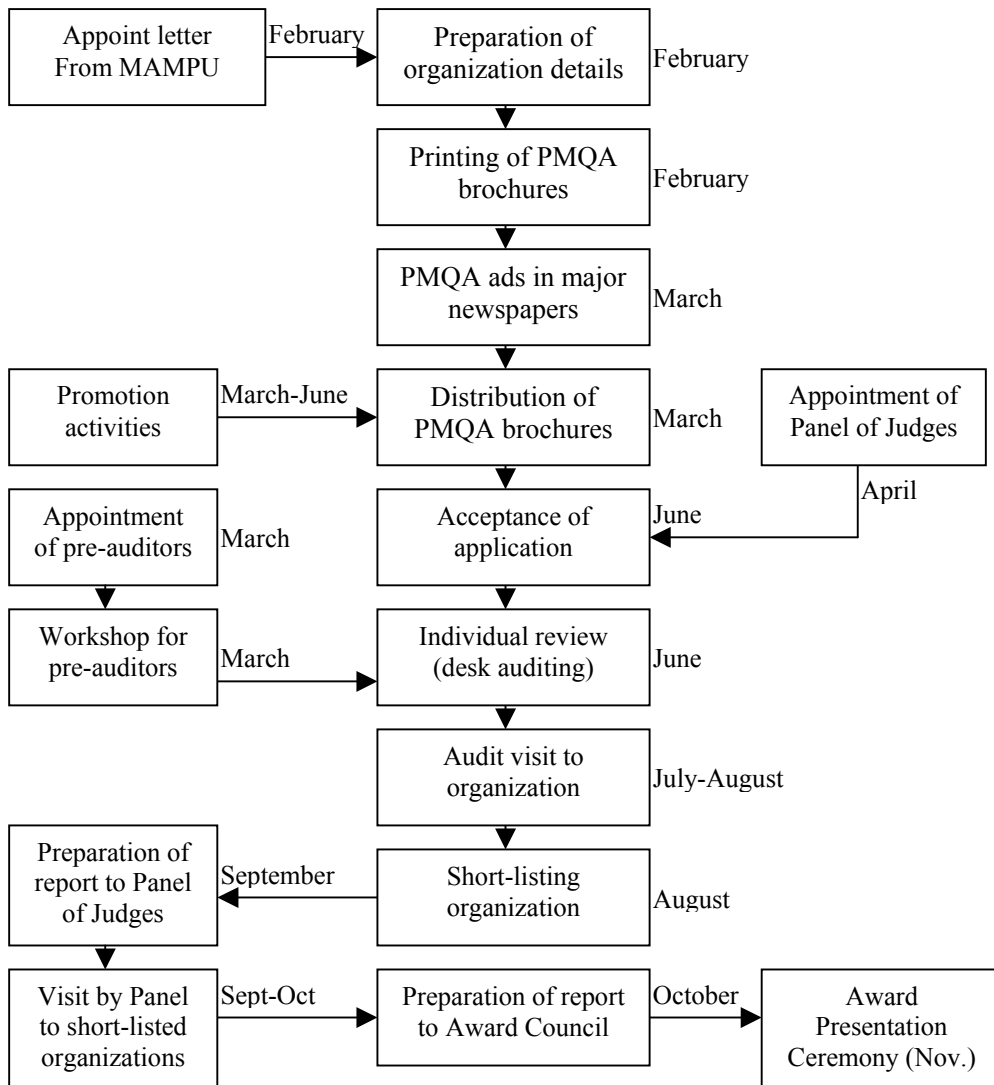
Figure 4 illustrates the process flow of the Prime Minister’s Quality Award, Private Sector Category. The process begins in February every year when MAMPU will send a letter to MITI and NPC appointing the Secretariat for the Private Sector Category. NPC then prepares an invitation list to prospective applicant organizations registered with trade associations such as the Federation of Malaysian Manufacturers (FMM) and the National Chambers of Commerce and Industry Malaysia (NCCIM).

Once the Revision Committee agrees on the criteria to be used, the application forms are printed for distribution to prospective applicant organizations. The committee meets and discusses the relevance of the criteria with the current economic and business scenario. Appropriate changes are made, if necessary.

The Secretariat recommends the members of pre-auditors’ teams to the Board of Management of NPC, which comprises of NPC’s Director General, Deputy Director General (Management), and Deputy Director General (Research).

After the NPC Board of management appoints the pre-auditors, the Secretariat organizes a workshop. The training covers the approach of assessment for each criteria category, the scoring system, the proper etiquette of auditors, and other relevant inputs.

The closing date for the award application is usually in the month of June. After the closing date, the audit process will commence. The audit team will be assigned to a maximum of three organizations to be audited. Each member of the audit team will be given a submission document for individual review.



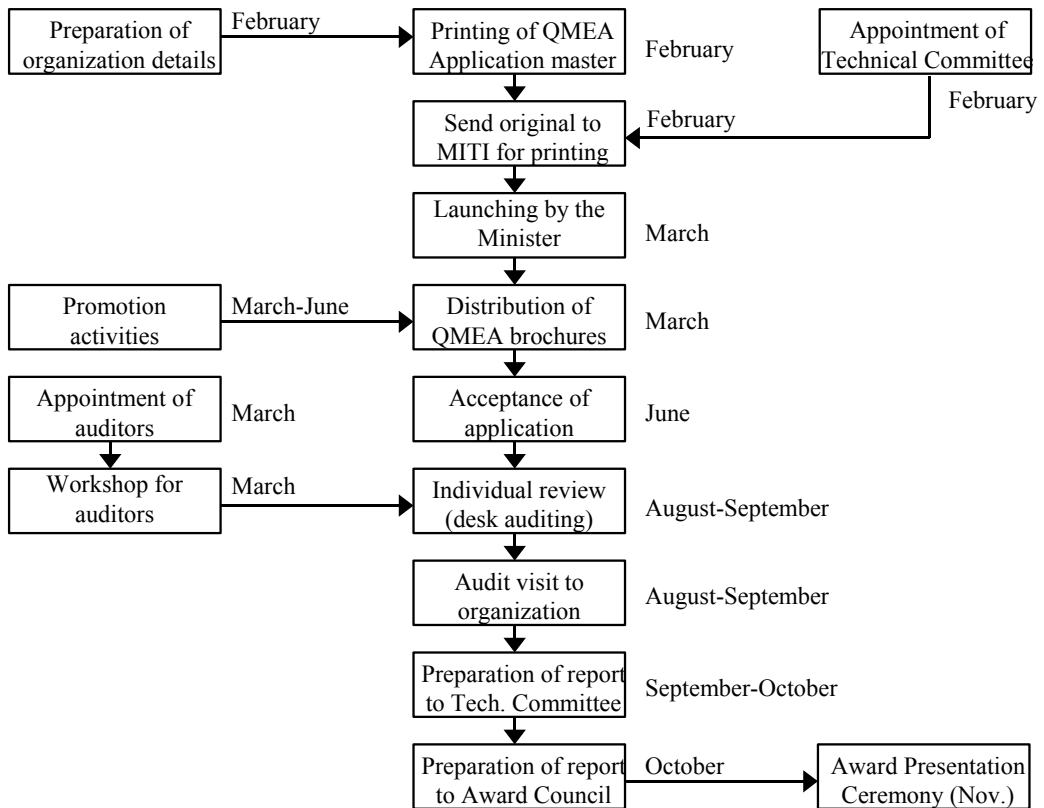
Source: Award Secretariat and Publication Unit, National Productivity Corporation, Malaysia

Figure 4. Prime Minister's Quality Award Process Flow

The site visit review will commence once the individual review is completed. After the completion of the site visit audit, the pre-auditors prepare a summary report for presentation to the Panel of Judges. The judges decide either to visit the recommended companies or to accept the recommendation made by the pre-auditors.

The Panel of Judges presents its recommendations to the Council members, which then decide whether to endorse the recommendation. Once the Council makes a decision, the main Secretariat proceeds with the award-giving ceremony.

The process flow for the Quality Management Excellence Award, which is similar to that of the PMQA, is presented in Figure 5.



Source: Award Secretariat and Publication Unit, National Productivity Corporation, Malaysia

Figure 5. Quality Management Excellence Award Process Flow

MARKETING AND PROMOTION STRATEGIES

Invitation to Prospective Applicants

At the commencement of each annual award cycle, the Secretariat sends invitations to potential applicant organizations to participate in the awards. Respective associations such as the Associated Chinese Chambers of Commerce and Industry (ACCCIM); Federation of Malaysian Manufacturers (FMM); Malay Chambers of Commerce and Industry (MCCI); National Chambers of Commerce and Industry, Malaysia (NCCIM); and winners of other awards such as Product Excellence Award, Export Excellence Award, and Enterprise 50 Award recommend these organizations.

Seminars

As part of promotional initiatives, seminars are organized all over the country. The seminar, entitled “Quality Management Excellence Award Winner: Sharing of Organizational Excellence,” consists of paper presentations by award winners that provide a platform for sharing of excellent practices. Apart from that, a lead auditor will also brief the participants on the award model, process, assessment and details of the award criteria.

Promotion via Media

After the launching of the award by the Minister and/or the Chief Secretary to the Government, NPC advertises the awards in major newspapers. Apart from that, NPC also posts information about the awards in its website and the websites of other government agencies such as MAMPU and MITI.

Networking with other Quality Award Organizations

NPC also supports initiatives by large business organizations in developing their own quality awards such as the Sime Darby Quality Award for Sime Darby Group and the President Quality Award in Tenaga Nasional Berhad (the largest public utility firm in Malaysia). The frameworks used by these organizations are quite similar to the Malaysia National Quality Award. By networking with these organizations through the endorsement of awards, NPC stands to gain more participation in the future.

FUTURE TRENDS AND DEVELOPMENT

During the Eighth Malaysia Plan period (2001-2005), emphasis will be given to the development of a new competitive advantage based on information and communication technologies (ICT) and enhanced productivity. Industrial development will be supported with greater efforts in research and development (R&D) to enable industries to improve existing products, as well as introducing new ones, which are more competitive in the market.

Once globalization goes full force, the competitive edge of products and services will depend to large extent on non-price factors such as quality, customization, and delivery time. Accordingly organizations need to upgrade their products, services, and process technology. Therefore, productivity and quality enhancement is crucial in achieving greater efficiency in productions of goods and services.

Active promotion of productivity will continue to be undertaken to increase awareness and understanding of the importance of productivity and quality. In this regard, programs such as quality awards will be intensified in all industries. A few strategies had been outlined in order to achieve these objectives: These include:

- Intensifying marketing to encourage more participation from industries in the awards to adopt excellence management practices in enhancing excellent culture.
- Putting more value to the award by establishing a comprehensive information database in the areas such as benchmarking, best-practices, effective cost management, and others that can be distributed via ICT and other publication materials.
- Training of organizations' quality managers and quality assurance managers to have a better understanding on the award's principles, framework, and practices to be implemented in their organizations' management systems.

The Malaysia National Quality Award is an important tool in enhancing industries' commitment to adopt excellent management practices. It can accelerate the shift from input-driven to productivity-driven by enhancing contribution in Total Productivity Factor (TFP). The improvement in TFP will enable the economy to move at a higher production frontier with more efficient use of labor and capital.

CONCLUSION

The liberalization process, the advancement of information and communication technology, and changing consumer markets, will increase competition in the global market.

To address these major challenges, Malaysian business and industry is implementing several strategies including enhancing productivity, increasing supply of quality manpower, intensifying research and development activities, and propelling the development of the growth sector. The Malaysia National Quality Award encompasses the entire set of elements that organizations can adopt to face the challenges of trade liberalization. By adopting excellent management practices, organizations will contribute significantly towards higher Total Factor Productivity. This will enhance Malaysia's economic growth and moving towards achieving the National Vision Policy.

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MONGOLIA

Shagdarsuren Nurmaa

National Productivity & Development Center

Mongolia has launched the National Productivity Award (NPA) in 1999. It aims to achieve international competitiveness and adapt global best practices for Mongolian businesses and not-for-profit organizations through the sustained application of productivity and quality principles and practices for the nation. To help organizations, both in the public and private sectors, to master the best practices and attain world-class business excellence, the National Productivity and Development Center, Mongolia (NPDC, Mongolia's national productivity organization) has initiated the National Best Practice Program. This national initiative as national productivity and competitiveness strategy provides a comprehensive framework, based on the National Productivity Award criteria, to systematically assist organizations and operational performance to reach world-class status.

A further objective of the NPA is to increase competitiveness of the Mongolian companies in the world market through the harmonious cooperation of companies with their employees and customers, and continuous improvement of products and services. The NPA framework is based on proven models of business excellence such as the Malcolm Baldrige National Quality Award (USA), the European Quality Award, the Deming Prize (Japan), and the Australian Business Excellence Award. It focuses clearly on the continuous improvement and development of an organization in all aspects of business excellence.

BACKGROUND

Mongolia is a vast country with a population of 2.4 millions, about 55 percent of whom live in urban areas and 35 percent of whom constitute the work force. 48 percent of the work force is engaged in agriculture and approximately 12 percent is in industry. The “main economic activities are agriculture (mostly animal herding), mining and refining of metal ores, textile and tourism. Wages are low (around US\$40 per month), unemployment rate is around four percent, and the inflation rate has comparatively stabilized at around eight percent annually during past two years.

It has been 10 years since Mongolia's embarked on the path of reform. Embracing all spheres of politics, economy and social life, the reforms launched by the first democratic government in 1990-1992, including liberalization, establishment of new banking and financial systems, and privatization, laid the foundation for the development of a market economy in Mongolia. The policy of structural reform is aimed at reducing the hardships of the transitional period, overcoming this period in the shortest time possible, and creating a solid foundation for the future development of an efficient economy and advancement of society.

During the past 10 years, the Government of Mongolia had privatized all livestock—the backbone of the economy—to the public and also all industries, excluding few large state-owned enterprises (SOEs). The private sector constituted more than 60 percent of the nation's GDP during the last two years. However, the public and state owned sectors still account for about 84 percent of the manufacturing sector and over half of export revenues. The private sector's role in the economy has been increasing with the undergoing

privatization of state assets.

Against this background, productivity improvement in all sectors and in all economic activities is considered as the only way of improving the standard of living and the quality of life since 1992 when the National Productivity Movement was launched. The National Productivity and Development Center (Mongolia's national productivity organization) was established in March 1992 as a tripartite body comprising employers' associations, trade unions, and academia. In 1999, by decree of President Natsagiin Bagabandi, Mongolia launched its National Productivity Award to support the national productivity drive. In a spirit of camaraderie prompted by a common cause, eight Mongolian enterprises and Mr. Ya. Erkhembayar, Member of Parliament, banded together in 1999 under the leadership of NPDC, to create and sponsor the NPA Foundation. The purpose was to spearhead the launching of Mongolia's very own National Productivity Award as a further means to sharpen the competitive edge of Mongolian companies in the world market, to make them world class.

Mongolia has launched the NPA to support countrywide productivity movement through strengthening cooperation between private sector and government and to support willingness to proud of Mongolian national values. The Chairman of the NPA Foundation, Mr. Erkhembayar, MP, hailed it as an important event in the development of the country's productivity movement. The first six National Productivity Award were presented by the President of Mongolia in 6 April 2000 at the Government House. In its first year, eleven companies were nominated for the award. Although the award system is still on its second year, the NPA framework promises to be an excellent model to achieve best practices.

AWARD FRAMEWORK

The National Productivity Award framework is based on proven models of business excellence such as the Malcolm Baldrige National Quality Award (USA), the European Quality Award, the Deming Prize (Japan), and the Australian Business Excellence Award. It focuses clearly on the continuous improvement and development of an organization in all aspects of business excellence. The NPA criteria are both broad in scope and non – prescriptive enough to allow an interpretation that best fits the improvement needs of the organization. It includes such areas as customer focus, leadership, use of information, and strategic planning.

Under the National Best Practice Program (see Figure 1 and Table 1), NPDC assesses companies' performance in relation to the NPA framework; makes available to them best-practice information and benchmarks; assists them with improvement programs; and recognizes them for adopting the best practices. Through benchmarking and continuous improvements, members of the Mongolia Quality Class companies will eventually progress to become world-class organizations. They will then be invited to apply for the more prestigious Quality Award, which is to be given as recognition for the achievement of world-class standards of business excellence.

Core Values

The NPA's framework is aimed at helping organizations to improve value to customers and improve corporate performance. Values to customer and to the organization, the basis of NPA, are defined as fundamental management approaches to achieve one's vision. These values/approaches are as follow:

- Customer focus
- Leadership

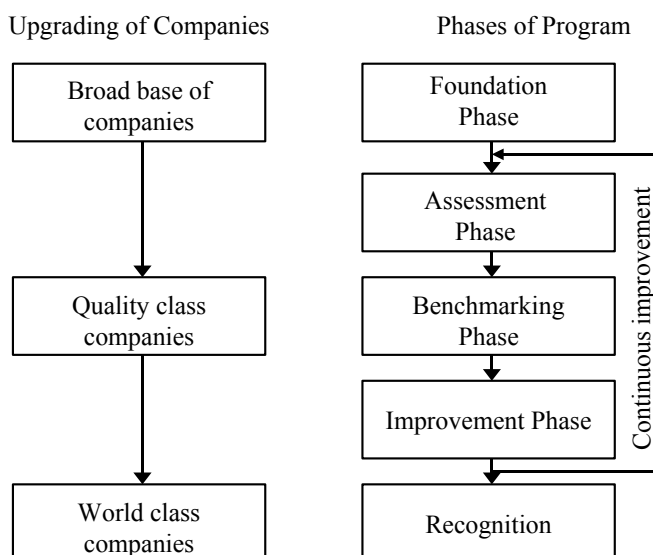


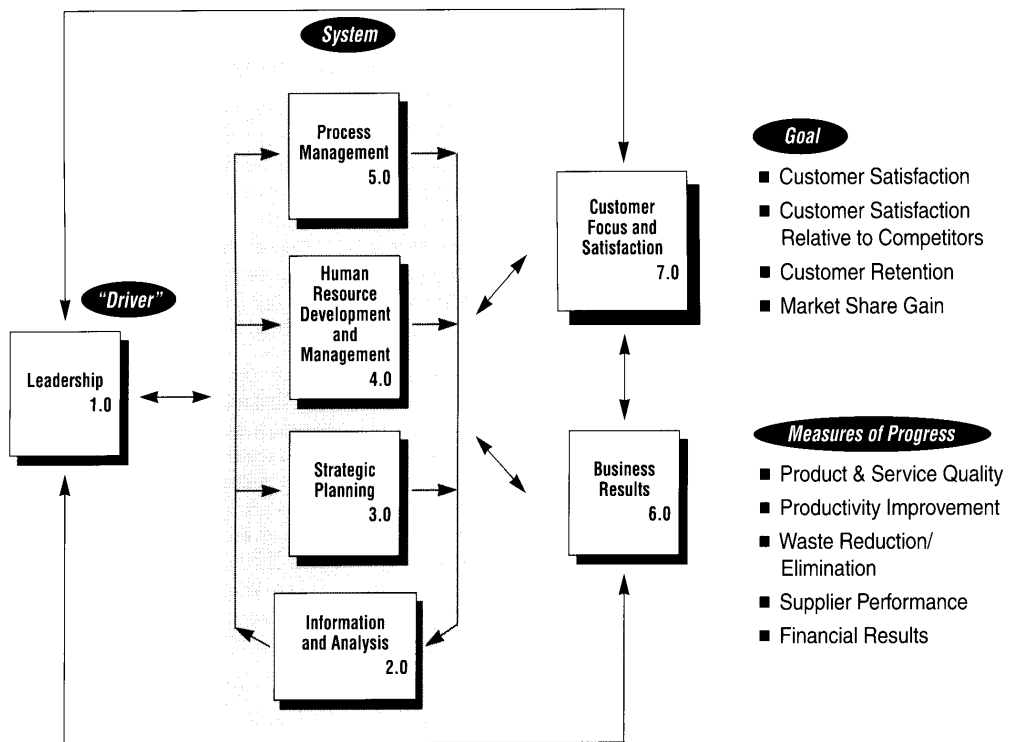
Figure 1. National Best Practice Program Framework

Table 1. National Best Practice Program Elements

Phase	Company Thrusts	NPDC's Support Programs
Foundation	<ul style="list-style-type: none"> • Securing management commitment • Setting direction for organization • Building awareness and infrastructure for productivity and quality improvements 	<ul style="list-style-type: none"> • Promotional programs to promote positive work ethos and quality culture • Foundation programs in quality, manpower development, and technology application
Assessment	<ul style="list-style-type: none"> • Assessing strengths and areas for improvement of the organization 	<ul style="list-style-type: none"> • Quality assessment of companies • Self-assessment guide • Total productivity measurement
Benchmarking	<ul style="list-style-type: none"> • Understanding best practices • Learning how to benchmark • Assessing best practice information and benchmarks • Learning from the best practices 	<ul style="list-style-type: none"> • Seminars on best practices • Benchmarking studies • Best practice databases • Benchmarking networks • Best practice publications
Improvement	<ul style="list-style-type: none"> • Making continuous improvements to achieve quality-class and world-class standards of performance 	<ul style="list-style-type: none"> • Assistance programs (e.g., training, consultancy, incentives)
Recognition	<ul style="list-style-type: none"> • Receiving recognition for best practices 	<ul style="list-style-type: none"> • Awards

- Continuous improvement
- Employee involvement and development
- Urgency in implementation
- Quality of design and prevention
- Clear and shared mission
- Managing by fact
- Partnership
- Corporate responsibility and civilization
- Organization of workplace

Award Criteria



• Figure 2. National Productivity Award Criteria Framework

The NPA Core Values are further expressed in seven main criteria categories for the NPA assessment (see Figure 2). The criteria categories are Leadership, Information Gathering and Analysis, Productivity and Quality Strategic Planning, Human Resource Development and Management, Process Quality Management, Organizational Performance, and Customer Focus and Customer Satisfaction. These criteria categories serve as the model or framework to achieve Total Productivity and Quality of the organizations, and they are further divided into 28 items (see Table 2). NPA evaluates the last three years' performance/results of nominee companies according to these seven criteria.

Table 2. National Productivity Award Criteria Categories and Items

Criteria Categories	Point Values
1. Leadership	95
1.1 Top Management Leadership	45
1.2 Quality Management	25
1.3 Public Responsibility and Citizenship	25
2. Information and Information Analysis	75
2.1 Productivity, Quality, and Performance Data Framework and Its Management	15
2.2 Competitive Comparisons and Benchmarking	20
2.3 Analysis of Organizational Performance	40
3. Productivity and Quality Strategic Planning	60
3.1 Productivity, Quality, and Performance Strategic Planning Process	35
3.2 Productivity, Quality, and Performance Plan	25
4. Human Resource Development and Management	150
4.1 Human Resource Planning and Management	20
4.2 Employee Participation	40
4.3 Employee Education and Training	40
4.4 Employee Performance and Its Evaluation	25
4.5 Employee Well-Being and Satisfaction	25
5. Process Quality Management	140
5.1 Design of High Quality Products and Services	40
5.2 Process Management: Product and Service Processes	35
5.3 Process Management: Support Processes	30
5.4 Quality of Suppliers	20
5.5 Evaluation Process of Productivity and Quality	15
6. Productivity and Process Quality Performance	180
6.1 Product and Service Performance	70
6.2 Organizational Performance	50
6.3 Results of Support Processes	25
6.4 Supplier Quality Results	35
7. Customer Orientation and Customer Satisfaction	300
7.1 Customer Requirements: Current and Future	35
7.2 Customer Relationship Management	65
7.3 Close Relationships with Customers	15
7.4 Customer Satisfaction Determination	30
7.5 Customer Satisfaction Results	85
7.6 Comparison of Customer Satisfaction	70
Total Points	1,000

NPA Scoring System

The scoring system of the NPA is based on three evaluation dimensions: approach, deployment, and results. Table 3 presents the scoring guidelines for approach/deployment items, while Table 4 presents the scoring guidelines for results items.

Approach

Approach is the organization's way of implementing total productivity and quality management or, in other words, the basic principles of NPA. To review nominees'

approaches, assessors would consider the following:

- Are the approaches they implement focused on their goal? Are the approaches sustainable and integrated?
- Are they suitable for review and improvement period/cycle?
- Are the approaches driven by facts?
- Are the approaches updated and flexible to change?

Deployment

Deployment shows how effectively the methodologies are being implemented in each area of the business and in each department. Deployment covers the implementation of systematic approaches in main processes, product and service delivery, and communication with customers, employees, suppliers, and the public.

Results

Results refer to the actual performance outcomes or achievement in each area covered in the NPA criteria. It includes: current performance level, improvement that has occurred over time, the maintenance of continuous improvement, and the outcomes and benefits of the improvements.

Table 3. Scoring of Approach/Deployment Items

Scoring Range	Description of Approach and Deployment
0	<ul style="list-style-type: none"> • No determined methodologies
10-30%	<ul style="list-style-type: none"> • Have initiatives in implementing particular methodologies to achieve its mission • At the beginning stage of transferring from problem solution to improvement-driven approach • Methodologies are not deployed at all
40-60%	<ul style="list-style-type: none"> • Has very strong, reliable methodologies to achieve its objectives. Improving based on facts and focused approaches rather than problem solving • Methodologies are deployed in some activities
70-90%	<ul style="list-style-type: none"> • Has very strong, reliable methodologies to achieve the objectives • Improving based on facts and it became management approach • Improvement in review and analysis period, and has some efforts on integrating methodologies • Methodologies are well deployed; however, its level in each section is different or uneven
100%	<ul style="list-style-type: none"> • Has very strong, reliable methodologies to achieve the objectives • Improving based on facts and it became management approach • Performance level is high and good integrity of methodologies • Methodologies are well deployed

Table 4. Scoring of Results Items

Scoring Range	Description of Results
0	<ul style="list-style-type: none"> • No results or lower indicators
10-30%	<ul style="list-style-type: none"> • Good performance in few area or positive trends in some areas. No data is available.
40-60%	<ul style="list-style-type: none"> • Positive trends in many respects • No decline in performance results • Good results in comparison with benchmarks
70-90%	<ul style="list-style-type: none"> • Good or excellent results • Performance levels keep increasing • Trends compare with those of competitors
100%	<ul style="list-style-type: none"> • Excellent results • Maintaining increase in performance levels continuously • Leading impact in the their business field in the marketplace

ADMINISTRATIVE SYSTEM

The National Productivity Award campaign is launched under the Office of the President, and it has two committees, namely, assessment and steering. Each committee has 10 members from government ministries and agencies, educational institutions, industries, professional organizations, and the City Mayor's Office. Nine companies, who established the NPA Fund, provided the initial support for the award system. The NPA Fund financially supports the NPA activities.

As Mongolia's national productivity organization, NPDC serves as the secretariat for the NPA campaign. The NPDC currently seeks support from the Government to fund NPA. To help organizations to build total quality management (TQM) systems based on the NPA framework is one of major activities that NPDC facilitates. Through the Technical Expert Services Program of the Asian Productivity Organization, Mr. A. N. Saxena, Vice President of the World Academy of Productivity Science, visited Mongolia in April 1999 to conduct a workshop and seminar on developing productivity awards assessment, among others.

ASSESSMENT PROCESSES

Eligibility Categories

The National Productivity Award is open to all enterprises, both private and public, operating in Mongolia. There are three categories in the award, namely, Manufacturing Sector, Service Sector, and Small Business Sector. Each year, only a maximum of six enterprises are selected for the award, two in each category. The following are detailed descriptions of these eligibility categories:

- *Manufacturing*: entities or units, which manufacture products and goods or have production processes including agriculture, mining, and construction materials manufacturing;
- *Service*: entities or units provide services; and
- *Small businesses*: entities, which have less than 40 employees. It can be either a manufacturing and service company or a unit of a larger, diversified company.

In the case of diversified firms, the sector that accounts for more than 50 percent of its total sales revenue will be the eligibility category. The nominee may be a subsidiary, branch, shop floor, manufacturing factory, or service company outlet, as long as it is

autonomous and meets certain requirements defined in the NPA Criteria. There is no differentiation in the criteria for the three eligibility categories.

Stages in the Award Process

There are six major activities during each award cycle:

1. Requests from organizations to compete for NPA to the NPDC, NPA Secretariat.
2. Send application form to prospective nominees, identifying their eligibility category, and register nominees
3. Conduct meeting to give detailed information to nominees on report preparation and evaluation processes.
4. Receive reports and evaluation by assessment committee. It has done in four stages:
 - a. Individual assessment of the nominees' performance in each item of the NPA criteria by each at least five members of the committee.
 - b. Assessment team agrees on their overall assessment on nominees' performance.
 - c. Site visits by designated members of assessment committee to nominees.
 - d. Final assessment by team.
5. Award presentation to winners and feedback reports to all nominees.
6. Conduct Best Practice Dissemination Workshop.

MARKETING AND PROMOTION STRATEGY

One of NPDC's major activities is to help organizations to build TQM systems based on the NPA framework. To facilitate wider adoption of the award framework, the NPDC is changing the status of the National Productivity Award from Presidential to Prime Ministerial since the government has more duties related to the development of business organizations.

FUTURE TRENDS AND DEVELOPMENT

The National Productivity Award will be given to the organizations who has greater effort on building up the foundation of Best Practice (the first phase of the National Best Practice Program) or who are broad-based companies until year 2010. After 2010 probably, there would be levels within NPA, such as NPA for broad-based companies and NPA for quality-class companies.

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NEPAL

Kush Kumar Joshi

Federation of Nepalese Chambers of Commerce & Industry

BACKGROUND

Industry plays an important role for an accelerated economic development of a country. The Kingdom of Nepal has regarded foreign investment as an essential strategy for industrial development. Further, the government has made an effort to enhance the productivity in the industrial sectors by establishing the National Productivity and Economic Development Center (NPEDC). As Nepal's national productivity organization, NPEDC provides lots of awareness and training courses to concerned personnel and industries to improve their productivity. One of the major steps that NPEDC has taken over the years is an announcement of a national productivity award for business and industry.

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) is an apex body of the whole private sector of Nepal, comprising of 402 leading public and private sector organizations, 81 district/municipality-level chambers of commerce and industry in 66 out of 75 districts, 47 commodity/sectoral associations, and nine bi-national chambers. The Federation has taken the steps to establish the FNCCI National Business Excellence Award in the year 2000. The award is established to promote the awareness of performance excellence for sustainable growth and development of an institution. Besides recognizing business excellence, the award also increases the understanding of the elements critical to attain the same. This is accomplished by promoting information sharing (e.g., strategies, management practices) of successful organizations and the benefits derived thereof. The award is based on a comprehensive model focusing on the organizational practices and performances under nine different criteria, which are further divided into 32 sub-criteria. The award is neither product- nor service-specific and recognizes excellence in product/delivery standards through effective and well-defined work systems.

This paper presents the background, criteria, procedures and implementation stages of the FNCCI National Business Excellence Award. It also reveals the advantages that have been identified during the implementation and operation of the system, which lead to higher productivity from the existing resources.

AWARD FRAMEWORK

Objectives

The objectives of the FNCCI National Business Excellence Award are to promote:

- awareness of performance excellence for sustainable growth and development of an institution; and
- sharing of information about best practices, policies, and strategies of the award recipients and the benefits to them as they implement the FNCCI National Excellence Model.

FNCCI National Excellence Model

The criteria were identified and developed on the basis of the seven-category criteria of the Malcolm Baldrige National Quality Award (USA) and the ten-point criteria of the Deming Application Prize (Japan) to evaluate the management excellence of Nepalese organizations. Figure 1 illustrates the FNCCI National Excellence Model.

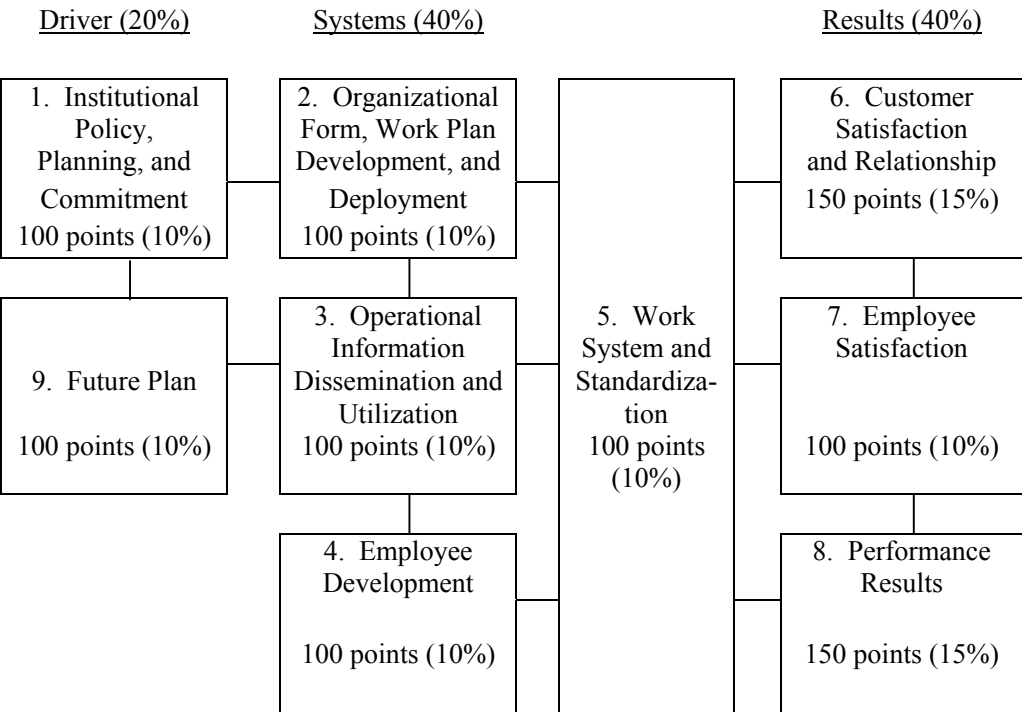


Figure 1. FNCCI National Excellence Model

The nine boxes in Figure 1 correspond to the criteria categories, which are used to assess an organization’s progress towards excellence. The criteria categories are grouped into Drivers, System and Results. The Drivers and Systems Criteria are concerned with how results are being achieved. The Results criteria are concerned with what the organization has achieved and is achieving.

The figures in the model show the maximum number of points that may be given to each of the criteria categories and the equivalent percentage weights. Drivers, Systems, and Results are valued at 200 points, 400 points, and 400 points, respectively, for a total of 1,000 points.

Excellence with respect to customers, employees, and business performance are achieved through institutional policy, planning and commitment, organizational form, work plan development and deployment, operational information dissemination and utilization, employee development, and work system and standardization through effective leadership.

Criteria

While developing the Criteria for National Excellence, the criteria of the Malcolm Baldrige National Quality Award (USA), Japan Quality Award, and the CII-EXIM Award

for Business Excellence (India) were studied. The Criteria for National Excellence provide an organization with an integrated, result-oriented framework for implementing and assessing management practices and the result it is achieving. These criteria are much more than a set of rules for an award contest. The Criteria are developed from the insights of organizations that are working to achieve organizational quality and business excellence. They represent valid practices for achieving business excellence.

The nine criteria categories are listed in their order of presentation to show that all organization actions should lead to excellence with organizational results.

7.5.1 Institutional Policy, Planning and Commitment

- How the organization implements its vision and mission and via a clear stakeholder focused strategy and supported by relevant policies, plans, objectives, and targets and work systems.
- How the organization plans its internal resources in order to support its policy and strategy and the effective operation of its work systems.
- How leaders develop and facilitate the achievement of the vision and mission and, develop values required for long-term success and implement these via appropriate actions and behaviors, and are personally involved in development and implementation of the organization's management system.

7.5.2 Organizational Form, Work Plan Development, and Deployment

How the organization designs, implements and improves its organizational structure and work plan in order to support its policy and strategy.

7.5.3 Operational Information Dissemination and Utilization

How the organization designs, implements and improves its operational information dissemination system and utilize the information for driving quality excellence and improving competitive performance.

7.5.4 Employees Development

How the organization manages, develops and releases the knowledge and full potential of its employees, and plans these activities in order to support its policy and strategy and the effective operation of its work system.

7.5.5 Work System and Standardization

How the organization designs implement and improve its work system and standardize its working procedures in order to support its policy and strategy.

7.5.6 Customer Satisfaction and Relationship

Describes the organization's relationships with its customers and its knowledge of customer requirements and the key quality factors that determine customer satisfaction and the organization's competitiveness in the market.

7.5.7 Employee Satisfaction

What the organization is achieving in relation to its employees.

7.5.8 Performance Results

What the organization is achieving in relation to its planned performance

9. Future Plan

How the organization prepares its future plan looking at the trend of the changing global business environment.

Scoring

The points are scored as per the sub-criteria, with each sub-criterion given 100 points. The score awarded to each criteria category is the arithmetic average of the percentage scores to the sub-criterion. For Criteria Categories 6 and 7, weights of 25 percent and 75 percent are given to perception and performance indicators, respectively. Out of nine

criteria categories, customer satisfaction and relationship and performance results are multiplied by factor of 1.5

ADMINISTRATIVE SYSTEM

The Federation of Nepalese Chambers of Commerce and Industry (FNCCI), an apex body of business and industrial houses in Nepal, constituted a specialized committee called the Productivity and Quality Promotion Committee (PQPC) on August 11, 1999. Its major objective is to create a positive environment, as well as to facilitate productivity and quality improvement in the business organizations of Nepal, by building awareness among stakeholders, developing human resources, and motivating organizations to pursue productivity and quality. The PQPC decided to motivate quality-oriented business organizations operating in the country for the benefit of all stakeholders; these stakeholders include customers, society, the state or the government, and the business organization itself. The PQPC intends to recognize business organizations that exhibit excellence in areas of productivity and quality.

The Productivity and Quality Promotion Committee consists of a committee chair, two co-chairs, and 12 members coming from the Nepal Bureau of Standards and Metrology, National Productivity and Economic Development Centre, Department of Industry, Department of Labor, Industrial Enterprise Development Institute, industry representatives, and experts/consultants.

The PQPC holds meetings regularly to formulate objectives, types, and criteria for the award. The FNCCI hired a consultant who, over a four-month period, performed the following tasks: (a) drafting of application form, (b) drafting of manual and award criteria, (c) processing of forms, (d) preparation of feedback reports based upon the evaluation of jurors, and (e) selection of winner based upon the evaluation of jurors.

The FNCCI selects the assessors from among the membership of PQPC and other experts. The PQPC formulates the methodology for the assessment of application forms and on-site visit review and conducts discussions with the assessors. The FNCCI Secretariat provides administrative and logistic support.

The FNCCI sets the application fee and site visit fee. The FNCCI continually seeks financial sponsorship from related institutions; in this regard, NPEDC contributes as a co-sponsor of the award program. The FNCCI supports the balance of award operating expenses.

ASSESSMENT PROCESSES

Eligibility Categories

The Award is open to organizations in all sectors (i.e., manufacturing, service, and public sector). There are four levels of recognition:

- Award
- Prizes
- Commendations for Significant Achievement
- Commendations for Commitment to Total Quality Management

Prizes may be given annually in each of the three award categories: Large, Medium, and Small-Scale Organizations. The best among three top applicants in each category may be given the National Excellence Award. In addition to the Award and Prizes, organizations can win commendation certificates in each category, if they meet or exceed the qualification level set by the award jury.

Processing of Applications

The award applications are categorized into Large, Medium and Small-Scale organizations, depending upon number of employees, annual sales, and registration in concerned department as shown in Table 1.

Table 1. Categories for Award Applications

Particulars	Small-Scale	Medium	Large
Number of employees	Up to 25	26 – 100	More than 100
Annual sales (turnover)	Up to Rs 50 million (about US\$8,700)	Rs 50-250 million (about US\$8,700 – US\$3.3 million)	More than Rs 250 million
Department in which registration was made	Small	Medium	Large

The award process includes independent review, consensus review, and a site visit review. From among the applicants, up to ten organizations in each category are selected for site visit. Thus, each year, there will be a maximum possible total of 30 site-visited applicants.

Assessor Team

A team of assessors from the FNCCI Productivity and Quality Promotion Committee, Department of Standards and Metrology, and Department of Industry is established to evaluate the applicant organizations, including conducting a site visit review. At the site visit, the assessor team interacts with the management and key personnel of the organizations, inspects the production process, and verifies the statements made in the application checklists.

Jury

FNCCI appoints a Jury consisting of distinguished personalities who have profound knowledge and experience in the field of management, quality, and organizational excellence. The Jury makes the final decision on the selection of excellent companies to be recognized with the FNCCI-National Excellence Award. The Jury Members for 2001 consisted of:

- Former President of FNCCI (a senior industrialist);
- Director General of HMG/Department of Standards and Metrology;
- Dean of the School of Management, Kathmandu University;
- Head of the Department of Mechanical Engineering, Institute of Engineering, Tribhuvan University; and
- Quality management expert from BISCONS Management & Development Consultants.

The terms of reference for the 2001 Jury were as follows:

- The Jury members shall review and suggest improvements on the design of the evaluation criteria and their relative weights.
- The Jury members shall decide on the number and type of awards (including certificates of commendation) to be awarded to the excellent companies.
- The Jury members shall give final decision on the selection of the companies for receiving the FNCCI-National Excellence Award and Certificate of Commendations

for the year 2001 on the basis of the assessors' site visit report and the total score attained by the applicant companies.

Decisions and Recommendations of the 2001 Jury

Policy Issues

The Jury did not make any changes to the criteria or their relative weights. However, the Jury decided that if a tie had occurred during the evaluation, the applicant showing evidence for caring much for social concerns would be given priority. Other policy decisions made include:

- The company will be disqualified for the award if it had bear financial losses during the last three consecutive years. Moreover, to be qualified for getting an award, the company should have profitable financial performance for the fiscal year immediately preceding the evaluation year.
- The cut-off point to receive the FNCCI-National Excellence Award is 85 percent; that is, the company should receive at least 850 score points out of the maximum total 1,000 points to be eligible for selection.

Decision on Awards

Table 2 presents the awards presented in 2001.

Table 2. FNCCI Award Process Results in 2001

Category	Award Recipient	Type of Award
Large-Scale Organization	Nepal Lever Ltd.	Commendations for significant achievement in overall performance
	Surya Tobacco Company Pvt. Ltd.	Commendations for significant achievement in system development and deployment
	Gorkha Brewery Ltd.	Commendations for significant achievement in sales growth
Medium-Scale Organization	Asian Paints (Nepal) Pvt. Ltd.	Commendations for significant achievement in overall performance
	Pashupati Paints Pvt. Ltd.	Commendations for significant achievement in system development and deployment

MARKETING AND PROMOTION STRATEGY

A launching ceremony of the FNCCI National Business Excellence Award was organized in an upscale hotel with the participation of industrialists and journalists. The FNCCI arranged an event to unveil the crest for the National Business Excellence Award by Minister of State for Industry, Commerce, and Supplies.

An advertising agency coordinated the publicity campaign. The leading newspapers and magazines were appointed as Official Media to carry out the publicity and informative materials on the importance of the Award. A seminar was organized for dissemination of information relating to FNCCI National Business Excellence Award; at this seminar, the concept of the award was presented and queries answered. The application forms were sent

to District Chambers—members of FNCCI—for sale to member-industries. The Prime Minister confers the award on Industry and Commerce Day (April 10).

Past experience on the 2001 FNCCI National Business Excellence Award shows varied interest among organizations. One company in the food processing industry (manufacturer of spices), which had been in operation only for about 10 months, participated in the award with great enthusiasm to win the award. Company management wanted to use this award to promote their products in the domestic and international markets.

FUTURE TRENDS AND DEVELOPMENT

The FNCCI National Excellence Award is only one year old. Although the preparatory work was done for about six months, the award process was implemented within 37 days in 2001. A number of organizations still wanted to apply for the award after the closing of application date.

In 2002, the preparatory work would be started early in time so that sufficient time may be given for actual implementation of the award. Awareness seminars would be conducted in various places of the country prior to receive the application forms. A definite time period would be given to the participants for the preparation. Further, an independent team of professional assessors would be selected for assessing the participants.

More promotional activities would be work out to strengthen the status of award, thereby encouraging greater participation. The award organizers would also be guided by the conclusions and recommendations of the APO Symposium on Quality and Business Excellence Awards, which would be a good road map for the future development of quality and business excellence programs in beginners such as Nepal.

PHILIPPINES

Carlos A. Sayco, Jr. & Elena Avedillo-Cruz
Productivity & Development Center
Development Academy of the Philippines

The Philippine Quality Award (PQA) is the highest level of national recognition for exemplary organizational performance in Philippine organizations. Established through Executive Order 448, issued by President Fidel V. Ramos on October 3, 1997, the award was further bolstered when President Gloria Macapagal-Arroyo signed into law on February 28, 2001, Republic Act 9013 creating PQA. With the adoption of the National Action Agenda for Productivity (NAAP) as a comprehensive strategy to sustain socio-economic growth in the Philippines, the PQA evolved from a specific strategy of the NAAP to promote quality excellence in private and public sector organizations to a national strategy to achieve global competitiveness.

The PQA embodies the best features of both the American and Australian experiences in setting up a national quality award system. The seven criteria-categories, core values, and scoring system were adopted from the Malcolm Baldrige National Quality Award (USA) while the scope of the award—being open for public and private sector participation—and the four award and recognition levels were influenced by the Australian Quality Award.

The PQA just completed its fourth year with a total of sixteen awards conferred to thirteen award recipients since 1998. A sizeable pool of 350 assessors and 22 judges has also been developed.

BACKGROUND

The Philippine Quality Award was a product of the times. In the mid-1990s, when countries all over the world were experiencing the pressure of raising quality standards due to increasing globalization, the Philippines was in the process of drawing the blueprint for an integrated approach to improve economy-wide productivity. This blueprint is the National Action Agenda for Productivity (NAAP), which was launched by President Fidel V. Ramos on January 1997.

The NAAP paved the way for the establishment of the Philippine Quality Award (PQA) as a centerpiece program of the NAAP that would further intensify Productivity and Quality improvement efforts in the country. It was on October 3, 1997 when President Ramos signed Executive Order No. 448 establishing the PQA. Moreover, with many other countries starting to establish their own National Quality Award Systems, the PQA evolved as a national strategy to achieve global competitiveness. Thus, on February 28, 2001, President Gloria Macapagal Arroyo institutionalized PQA by signing into law Republic Act 9013. Throughout these developments, the Productivity and Development Center (PDC) of the Development Academy of the Philippines (DAP), in its capacity as the National Productivity Organization of the Philippines, has played a pivotal role in spearheading and sustaining the efforts.

In 2002, the PQA would be on its fifth year with the annual Award Ceremony scheduled to take place during October, the National Quality Month. By 2001, a total of 16

awards have been conferred to thirteen award recipients representing ten manufacturing firms and three public sector organizations.

The PQA has three objectives, which are as follows:

1. To promote standards in organizational performance comparable to those of leading business abroad, pursuant to the country's effort to be globally competitive.
2. To establish a national system for assessing quality and productivity performance, thus providing both private and public sectors with criteria and guidelines for self-assessment to guide their continuous improvement effort.
3. To recognize organizations, which have achieved the highest level of quality and business excellence, thus providing Philippine industries with benchmarks and models to emulate.

AWARD FRAMEWORK

The PQA embodies the best features of both the American and Australian experiences in setting up a national quality award system. In relation to this, two international consultants—Dr. Luis Ma. R. Calingo, a TQM expert and a Baldrige examiner and consultant/trainer in the United States, and Dr. Colin Mills, a TQM consultant and former senior executive of the Australian Quality Council—provided the guidance and assistance in the development of the award system. Their technical assistance was made possible thru the Technical Expert Services (TES) Program of the APO.

Award Criteria

The major feature adopted from the MBNQA has been the seven-category criteria framework. The initial PQA criteria booklet was based on the 1995 Baldrige criteria and there is typically a time lag of one year between the Baldrige criteria release and the PQA adaptation. For example, the 1999 Baldrige criteria booklet was the basis of the 2001 PQA criteria. In addition to this, the PQA also adopted the eleven core values and the Approach/Deployment/Results scoring system of the Baldrige Award.

One major variation in the scoring system is the construction of Item scores by components, which is an approach that was adapted from the Baldrige-based Connecticut Award for Excellence in 1997. These scoring components are systematic approach, deployment, and continuous improvement for the Approach/Deployment items and key areas, levels, trends, and comparisons/benchmarks for the Results items.

Scope of the Award

The Australian influence on the PQA system is evident in the scope of the award wherein organizations from both the private and the public sectors, located and operating in the Philippines for at least one year, are eligible to apply for the Award. There are four eligibility categories for private sector applicants: manufacturing, service, small and medium enterprises, and agricultural producers. The public sector has three eligibility categories: national line agencies, government-owned and -controlled corporations (state-owned enterprises), and local government units.

Award and Recognition Levels

The PQA has four award and recognition levels that were patterned after the Australian Quality Award. These levels of recognition are as follows:

7.5.9 Recognition for Commitment to Quality

- Demonstrated a serious commitment to Total Quality Management.

- Planted seeds of productivity and quality and working toward reaping its long-term benefits.
- 7.5.10 *Recognition for Proficiency in Quality*
- Demonstrated significant progress in building sound processes.
 - Documented a solid approach to system-level quality and productivity management and implementing plans and procedures.
- 7.5.11 *Recognition for Mastery in Quality*
- Demonstrated superior results clearly linked to robust management systems.
 - Exhibited practices from which other organizations can learn.
 - Serves as role models in the Philippines.
- 7.5.12 *Philippine Quality Award for Performance Excellence*
- Demonstrated management excellence through purposeful improvement of its outstanding results and systems.
 - Serves as a national and global role model.

Level 4—the Philippine Quality Award for Performance Excellence—is calibrated to the Malcolm Baldrige National Quality Award and a Philippine organization accorded this recognition should be comparable to recipients of its other national quality awards such as Japan’s Deming Prize, the European Quality Award, Australian Quality Award, and the Singapore Quality Award. To date, Level 3 has been the highest level of recognition received by a PQA applicant.

ADMINISTRATIVE SYSTEM

Institutional Setup

The Philippine Quality Award Program is a public-private partnership that involves the following:

President of the Republic of the Philippines: Patron of the Philippine Quality Award, who confers the awards on the national award recipients at all levels of recognition.

Secretary of the Department of Trade and Industry (DTI): Award Manager who is responsible for the conduct of the award process, as well as validates and endorses to the President the list of award recipients selected by the Board of Judges. Within the Department of Trade and Industry, the Center for Industrial Competitiveness serves as the PQA secretariat.

Philippine Quality Award Committee: Steering and policy-making body on the PQA. The DTI Secretary serves as the chairman of the PQA Committee; the Presidents of the Development Academy of the Philippines and the Philippine Quality & Productivity Movement, Inc. (PQPM) serve as the committee’s vice-chairs. The members of the PQA Committee are the chief executives or highest-ranking officials of the following government agencies and non-governmental organizations: Civil Service Commission, Department of Budget and Management, Industry Development Council, National Wages and Productivity Commission, Management Association of the Philippines, Philippine Association for Technological Education, and the Philippine Society for Quality.

Management Committee: The Management Committee is the implementing arm and secretariat of the PQA Committee. It consists of representatives from the 10 organizations whose chief executives comprise the PQA Committee.

Development Academy of the Philippines: The Development Academy of the Philippines, specifically its Productivity and Development Center, administers the Award Program for the public sector.

Philippine Society for Quality: The Philippine Society for Quality, the local affiliate

of the American Society for Quality, administers the Award Program for the private sector.

Board of Judges: The Board of Judges reviews and recommends Award recipients to the Award Manager through the PQA Committee. Judges are high-level business executives and quality leaders from industry, academe and government appointed by the Award Manager per recommendation of the PQA Committee.

Team of Assessors: The Assessors evaluate Award applications and prepares feedback reports. Assessors are well-selected and specially trained business and quality practitioners from industry, academe and government chosen by the PQA Committee through a rigorous selection process. All Assessors must have taken part in an Assessor Preparation Course and, in order to serve during the award cycle, must complete a two-day Assessor Calibration Training.

Selection, Training, and Accreditation of Assessors and Judges

Since 1996, the APO Technical Expert Services Program has deputed Dr. Luis Ma. R. Calingo to design and conduct a full range of training programs for new and returning PQA Assessors and Judges. Potential assessors are required to go through an intensive, live-in 3-day PQA Assessors Preparation Course, which requires an extensive prework involving analysis of 2-3 Baldrige and local case studies. The APO TES Program has enabled PDC-DAP to offer an average of 3-4 assessor preparation courses every year. New Judges, on the other hand, are given a one-day orientation on the PQA.

Prior to the start of the PQA assessment process for the year, pre-selected Assessors go through a two-day Assessor Calibration Training, which is modeled after the Baldrige Examiner Preparation Course. New and returning Judges are also invited to attend the two-day calibration training.

During the first award cycle, APO Experts Dr. Luis Calingo and Dr. Colin Mills served as process overseers and monitored the implementation of the independent review, consensus review, and site visit review stages of the assessment process. During the second cycle, Dr. Luis Calingo served as process monitor during the Judges' final review stage.

By 2001, a total of 350 prospective assessors and 22 prospective judges comprised the pool. Of the 350 prospective assessors, about 50 had already served. The target is to have trained 1,000 prospective assessors by 2004. In 2000, an Advanced Course for Senior Assessors was introduced to enhance team leaders' facilitative, presentation and team building skills.

Funding Sources

To sustain the administration of the PQA system, the Philippine Quality Award Foundation was organized on May 1998. The Foundation is primarily responsible for raising funds. One of its main fund raising activities is the yearly PQA Winners Forum where the year's award recipients present their organization's best practices and winning strategies. This forum is the first public announcement of the PQA recipients about their success strategies.

With the enactment of the Philippine Quality Award into law, the national government would now provide annual funding appropriations through the Award Manager, the Department of Trade and Industry.

ASSESSMENT PROCESS

The PQA Assessment process follows four stages of review prior to the Feedback

Report preparation and dissemination to the applicant and the award ceremony (see Figure 1). Members of the Team of Assessors evaluate, in different stages, written applications for the Philippine Quality Award. The stages include independent review, consensus review, and site visit review. Judges recommend Award recipients from among high-scoring applicants that have also been site-visited by assessors. All applicants receive a written feedback report detailing their strengths and opportunities for improvement.

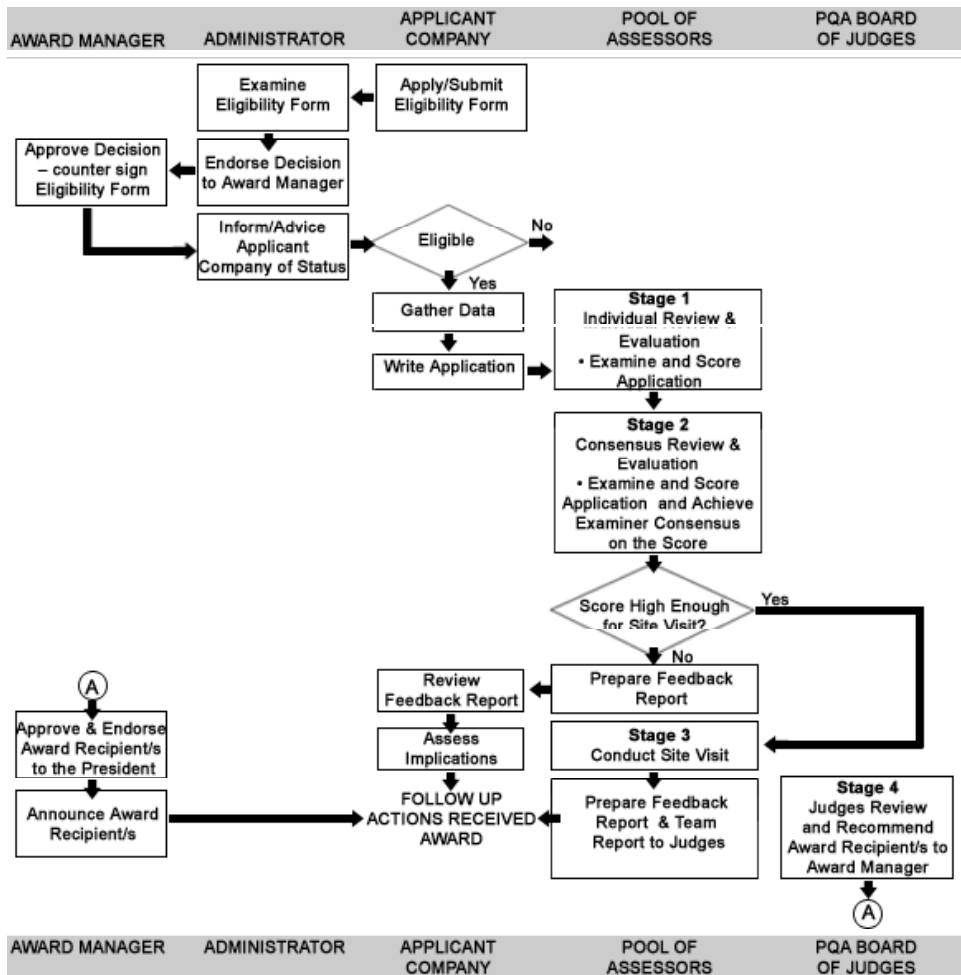


Figure 1. Award Process Flowchart

Stage 1: Independent Review

As soon as the assessor receives the Letter of Assignment from the Award Administrator and the accompanying application report, barring any conflict of interest, the assessor starts an individual review of the application, and prepares an Individual Scorebook indicating the applicant’s strengths, opportunities for improvement, and the scores per examination item and overall. On the average, this stage takes to about 40 hours per assessor. For a team of five members, this totals to 200 person-hours.

Stage 2: Consensus Review

The assessors assigned to the applicant will now meet as a team to discuss their individual assessments and arrive at a consensus on the applicant's strengths, opportunities for improvement, and scores. This can also take around 35-40 hours per person or another 200 person-hours consolidated. The team submits a Consensus Report to the Award Administrator who then determines if the applicant warrants a site visit, following appropriate policies.

For applicants that do not qualify for the site visit, assessors prepare and submit a Feedback Report to the applicant through the Award Administrator.

Stage 3: Site Visit Review

For applicants who will undergo a site visit review, the team of assessors prepare their site visit issues for verification and/or clarification, prepares a schedule for the 2-3-day site visit, and identifies the documents/materials that may be required from the applicant during the site visit.

After the site visit, the team reevaluates the application in the light of the information gathered, and makes appropriate adjustments in their evaluative comments (i.e., strengths and opportunities for improvement) and item scores.

A Feedback Report is then prepared detailing the strengths and opportunities for improvement and the team's scores for submission to the Award Administrator.

Stage 4: Judges' Final Review

All the different assessor teams who have gone through the site visit review make a presentation of their findings to the Board of Judges. Then, the Board deliberates on the assessment findings, determines whether an Award is indicated, and recommends the level of recognition to be granted (if any). At the Judges' final review, the Department of Trade and Industry (as Award Manager) provides due-diligence information to ensure that potential Award recipients comply with legal and regulatory requirements of the Bureau of Internal Revenue, National Bureau of Investigation, Bureau of Customs, Bureau of Immigration, Department of Labor and Employment, Department of Health, Department of Environment and Natural Resources, and local police and judicial offices in the headquarters' jurisdiction of the applicant. The list of PQA Winners is then submitted to the Award Manager for proper dissemination.

Feedback Report

Prior to the Award Ceremony, the Award Manager informs the applicants of the decision of the Board of Judges. A Feedback Report is also provided the applicant. The applicant is also advised about their option to avail of Face-to-Face Feedback whereby the Team of Assessors, together with the Award Manager and Award Administrator, present their findings to the applicant's senior leadership team.

MARKETING AND PROMOTION STRATEGY

Aside from a full-page newspaper advertisement on the PQA and an announcement of PQA winners, promotions are mostly done through Executive Briefings, seminars, training programs, conferences, and the dissemination of support publications and promotional materials.

Forums and Educational Programs

The Award Manager and Award Administrators have conducted about 50 *Executive Briefings* since 1996 to various industry and service organizations such as technical productivity and business associations, exporters, SMEs, educational institutions, health care organizations; and government agencies.

To help applicants prepare their 50-page application report, a three-day *Seminar on Developing a PQA Application Report* is conducted. To date, around 12 of these seminars have been conducted since 1997 participated in by 95 business and public sector organizations. Majority (56%) of the participants are from the private sector.

For a more in-depth understanding of the PQA criteria, core values and scoring system, the *PQA Assessors Preparation Course*, a three-day intensive public offering, is conducted two to three times a year. Eleven classes, aside from three in-house offerings, have been conducted as of 2001.

The annual *Awards Ceremony*, held at the Malacañang Palace (official residence of the President of the Philippines) conferring the trophies to the award recipients, is a gathering of chief executive officers, high-ranking government officials, and other senior executives.

PQA Winners have a responsibility to share their best practices in a one-day *PQA Winners Forum* arranged by the PQA Foundation and the Award Manager. This is usually held within six months after the Award Ceremony.

Publications and Other Promotional Materials

The Productivity and Development Center of DAP has produced other PQA-related support publications and promotional materials. These include information brochures, PQA Criteria Handbook, Handbook for Assessors, Interpretive Guide on PQA for the Public Sector, PQA logo pins for award process participants, and videos on the PQA Story and Best Practices (updated annually).

FUTURE TRENDS AND DEVELOPMENTS

During the next few years, the Development Academy of the Philippines—Productivity & Development Center and its partners in the public and private sectors expect to further expand the PQA as a national strategy for global competitiveness. Improvement efforts, many of which have been identified during the annual PQA Improvement Day, will be implemented in six areas: Award framework, marketing and promotion, Award administration, resources development, and information/best practice exchange system.

Award Framework

- Continuous updating of the Philippine Quality Award Criteria for both international comparability and responsiveness to current national concerns:
 - Health care
 - Education
 - Public/community services
 - Non-governmental organizations
- Infusion of PQA Core Values/Criteria in related local awards. These include the Technical and Vocational Education Awards (TVET) granted by the Technical Education and Skills Development Authority and the “Galing Pook” [Model Community] Awards granted to local government units (i.e., cities and municipalities).

Marketing and Promotion

- Partnership development with stakeholders on promoting the Award Program
 - Public organizations
 - Private/industry associations
 - Media groups/associations
 - Academic institutions and associations
 - PQA Foundation
- Deliberate promotion of the Award in the strategic regions and growth areas outside of Metro Manila
- Promotions via the Internet and development of publications including interpretative and self-assessment guides. Further information about the PQA can now be obtained from its website (www.pqa.org.ph).

Award Administration

- Strengthening joint administration by PDC-DAP and PSQ
- Study of alternative award administration arrangements
- Strengthening collaboration of Award Manager, Award Administrator, and institutional partners

Resources Development

- Generation of more private funding support through the strengthening of the PQA Foundation
- Accessing support of other national and relevant international donors
- Continuous build up of pool of capable assessors, lead assessors, and qualified judges through training and seminars
- Continuous capability building of technical and Award Administrators' staff

Information/Best Practice Exchange System

- Packaging of Best Practice Cases (public and private organizations)
- Implementation of PQA Winners Conference/Forum
- Creation of Best Practice Exchange
- Information Dissemination through PDC-DAP Website

The PDC-DAP also recommends that APO support the following activities in order to further develop the quality and business excellence award systems in its member-countries:

- 7.5.13 Institutional Capability Building of NPOs
- 7.5.14 Sharing of Technical Experts through the APO TES Program
- 7.5.15 Joint Training of Assessors and Lead Assessors as part of APO's training programs
- 7.5.16 Award Administration Staff Secondment Program through bilateral or special programs
- 7.5.17 Best Practice Information Exchange System
- 7.5.18 Exchange of information through NPO Websites
- 7.5.19 Annual Quality Award Winners' Regional Forum/Conference
- 7.5.20 Development of Publications on National Quality Award Winners in Member-Countries
- 7.5.21 Creation of APO Best Practice Network
- 7.5.22 Establishment of Internet Based Data Center on Best Practices

SINGAPORE

Lim Yoon Foo

Standards, Productivity & Innovation Board, Singapore

BACKGROUND

The Singapore Quality Award (SQA) was launched in 1994 to help Singapore organizations strive for and attain world-class standards of business excellence. The Award supports the national strategy of building up a pool of world-class organizations that serve as key drivers of economic growth. With the Prime Minister as its Patron, the SQA is considered as the highest national recognition and benchmark for business and organizational excellence in Singapore.

A rigorous assessment process ensures that only the most worthy are given the honor of receiving the award. Winners are presented with the SQA trophy at a special presentation ceremony held annually. The Award recipients, as role models, take pride in sharing their successful strategies and best practices with other organizations. The past Award winners are:

- 7.5.23 Texas Instruments Singapore (Pte) Ltd (now known as Micron Semiconductor Asia Pte Ltd)
- 7.5.24 Asia Pacific Paging Subscriber Division of Motorola Electronics Pte Ltd
- 7.5.25 Baxter Healthcare Pte Ltd and Housing & Development Board
- 7.5.26 Philips Electronics Singapore Pte Ltd – Tuner Factory
- 7.5.27 PSA Corporation Limited and STMicroelectronics
- 7.5.28 Citibank, N.A.—Regional Cash Process Management Unit and Philips Electronics Singapore Pte Ltd—DAP Factory
- 7.5.29 Sony Display Device (Singapore) and The Ritz-Carlton, Millennia Singapore

AWARD FRAMEWORK

Award Criteria

The SQA criteria are derived from a set of core values that essentially represent best practices of world-class organizations. They provide a comprehensive framework for organizations to compare themselves against world-class standards of performance. The core values or principle underpinning the framework provide a current view of organizational performance excellence. The ten core values are:

- Visionary leadership
- Customer-driven quality
- Innovation focus
- Organizational and personal learning
- Valuing people and partners
- 8. Agility
- 9. Knowledge-driven system
- 10. Societal responsibility
- 11. Results orientation
- 12. Systems perspective

These core values are integrated into a comprehensive framework comprising seven categories that make up the SQA framework (as shown in Figure 1). The seven categories are:

- 12.1 **Leadership** which focuses on top management commitment and personal involvement in setting clear directions and visible goals for the organization, creating and sustaining quality values and systems, reviewing employees' performance and development and recognizing their participation and achievements.
- 12.2 **Planning** which focuses on the organization's planning process and how key requirements are integrated into the organization's plans.
- 12.3 **Information**, which focuses on the management, analysis and use of data and information including knowledge to improve and support decision-making at all levels of the organization.
- 12.4 **People** which focuses on how the organization taps the full potential of the workforce, emphasizing on the workforce training needs and career development, health and satisfaction, performance and recognition, as aligned with the organization's objectives.
- 12.5 **Processes** which focuses on the key processes the organization uses to pursue its objectives and goals, including the innovation and design processes, production and delivery processes, and supplier and partnering processes; to improve and add value to its operational performance.
- 12.6 **Customers** which focuses on how the organization determines customer and market requirements, enhances relationship with its customers and determines and improves on customer satisfaction.
- 12.7 **Results**, which focuses on the organization's performance and improvements in areas of importance to the organization. It also examines performance levels relative to those of competitors and/or benchmarks and how it contributed positively to the achievement of key organizational performance goals.

The framework connecting and integrating the categories is shown in Figure 1. The framework diagram has three basic elements:

- **Driver**, which focuses on the leadership in setting the directions and seeking future opportunities for the organization.
- **System**, which comprise a set of well-defined processes for meeting the organization's performance requirements.
- **Results**, which deliver an ever-improving customer value and organizational performance.

The Award framework diagram also highlights "innovation" and "learning" as perspectives that pervades the entire framework, illustrating the need for organization to continuously learn and innovate to make improvements to all systems, which in turn lead to improved results.

The seven criteria categories shown in Figure 1 are subdivided into specific Items and Areas to Address. There are 21 items, each focusing on a major requirement and consisting of one or more Areas to Address. The item titles and their respective weightings are shown in Table 1.

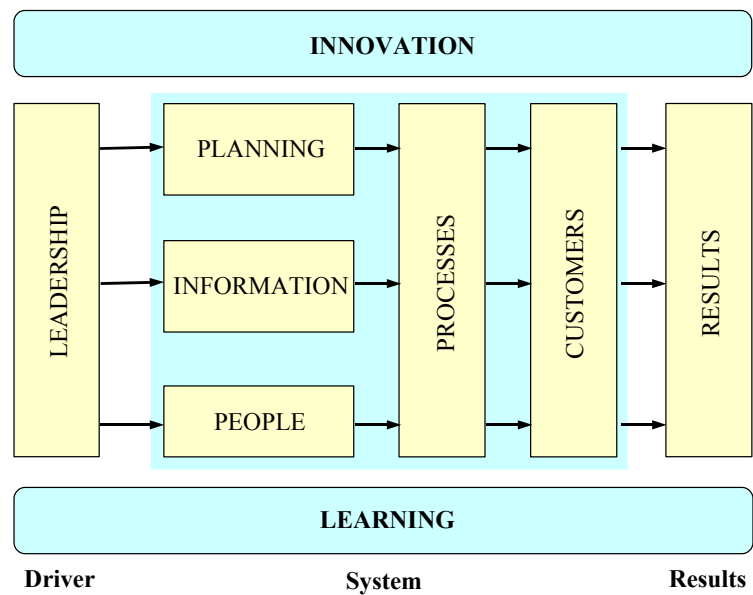


Figure 1. Singapore Quality Award Framework

Table 1. Award Criteria Items and Weights

Categories/Items	Point Values	
1. LEADERSHIP		120
1.1 Senior Executive Leadership	50	
1.2 Organizational Culture	50	
1.3 Responsibility to Community and the Environment	20	
2. PLANNING		80
2.1 Strategy Development and Deployment	80	
3. INFORMATION		80
3.1 Management of Information	55	
3.2 Comparison and Benchmarking	25	
4. PEOPLE		110
4.1 Human Resource Planning	20	
4.2 Employee Involvement and Commitment	20	
4.3 Employee Education, Training, and Development	30	
4.4 Employee Health & Satisfaction	20	

Continued

Categories/Items	Point Values	
4.5 Employee Performance & Recognition	20	
5. PROCESSES		100
5.1 Innovation Processes	40	
5.2 Process Management and Improvement	40	
5.3 Supplier and Partnering Processes	20	
6. CUSTOMERS		110
6.1 Customer Requirements	40	
6.2 Customer Relationship	40	
6.3 Customer Satisfaction	30	
7. RESULTS		400
7.1 Customer Results	140	
7.2 Financial and Market Results	90	
7.3 People Results	80	
7.4 Operational Results	90	
TOTAL POINTS		1,000

Scoring System

The SQA evaluation process is structured, analytical method for evaluating the organization's business health. A three-dimensional scoring system is used to look at the approach taken by an organization to address the criteria, the deployment of the approach and the results achieved. The scoring guidelines are shown in Table 2.

Table 2. SQA Scoring Guidelines

Scoring Range	Evaluation Dimension		
	Approach	Deployment	Results
0 - 19%	<ul style="list-style-type: none"> No approach or some form of approach exists but it is reactive and not systematic 	<ul style="list-style-type: none"> No deployment or approach is deployed to few functional/operational areas of the organization 	<ul style="list-style-type: none"> No results or poor results Improvement trends and/or good performance level in few areas of important to the organization Results not reported for most areas of important to the organization

Continued

Scoring Range	Evaluation Dimension		
	Approach	Deployment	Results
20 - 39%	<ul style="list-style-type: none"> Direction for approach is defined Beginning of a planned and prevention-based approach 	<ul style="list-style-type: none"> Approach is deployed to some major functional/operational areas of the organization 	<ul style="list-style-type: none"> Improvement trends and/or good performance levels in some areas of important to the organization. Early stages of developing trends and obtaining comparative information Results reported for most areas of important to the organization
40 –59%	<ul style="list-style-type: none"> A sound, effective approach is in place with evidence of prevention activities Approach is aligned with basic organization needs identified in other criteria categories 	<ul style="list-style-type: none"> Approach is deployed to most major functional/operational areas of the organization 	<ul style="list-style-type: none"> Improvement trends and/or current performance levels are good in most areas of importance to the organization Favorable comparisons with external organizations and/ or benchmarks in some areas Results address most key customer, market and process requirements
60 – 79%	<ul style="list-style-type: none"> A proven and well-defined approach which is prevention-based with evidence of refinement through learning and improvement Approach is well-integrated with organizational needs identified in other Criteria categories 	<ul style="list-style-type: none"> Approach is deployed to all major functional/operational areas of the organization Practiced consistently by all levels 	<ul style="list-style-type: none"> Current performance levels are good to excellent in most areas of important to the organization Improvements trends are sustained in most areas Favorable comparisons with external organizations and/ or benchmarks in many to many to most areas Results address most key customer, market and process requirements

Continued

Scoring Range	Evaluation Dimension		
	Approach	Deployment	Results
80 – 100%	<ul style="list-style-type: none"> Exceptionally well-defined, innovative approach Approach is accepted as best practice in the field Approach is fully integrated with organizational needs identified in other criteria categories 	<ul style="list-style-type: none"> Approach is deployed to all functional/operational areas within and outside the organization Practiced consistently by all levels 	<ul style="list-style-type: none"> Current performance levels are excellent in most areas of important to the organization Excellent improvement trends and/or excellent sustained improvement in most areas Excellent comparisons with external organizations and/or benchmarks in many areas Results fully address key customer, market and process requirements

The definitions of the three evaluation dimensions of the requirements associated with them are given below.

Approach

“Approach” refers to how the applicant addresses the criteria requirements-the method(s) used. The factors used to evaluate approach include the following:

- Extent to which methods, tools and techniques are appropriate for the requirements.
- Extent to which methods, tools and techniques are effective.
- Degree to which the approach is systematic, integrated and consistently applied and is based upon information that is objective and reliable.
- Evidence of innovation, including significant and effective adaptations of approaches used in other applications or types of business.

Deployment

“Deployment” refers to the extent to which the applicant’s approach is applied to all requirements of the award criteria. The factors used to evaluate deployment include the following:

- Appropriate and effective use of the approach in key operational areas.
- Appropriate and effective use of the approach in interactions with customers, employees, suppliers of goods and services and the public.

Results

“Results” refers to the outcomes in achieving the purposes given in the award criteria. The factors used to evaluate results include the following:

- Current performance levels.
- Performance levels relative to appropriate comparisons and/or benchmarks.
- Rate, breadth and importance of performance improvements.

- Linkages of results measures to key performance requirements identified in the Organization Overview and Approach/Deployment criteria items.

ADMINISTRATIVE SYSTEM

Industry and Public Support

The strong support of industry and government is fundamental to the success of the SQA program. Many organizations from both the private and public sectors contribute to the program in terms of finance and expertise. To ensure the continued growth of the program, each of the following organizations plays an important role:

SQA Governing Council

The SQA is managed by the Governing Council, which draws up policies and guidelines for the award program and approves the winners. The chairman of the Governing Council is Dr. Cham Tao Soon, President of the Nanyang Technological University. Members of the Council are drawn from the Award Member organizations, which provide financial support to the Award program through the Productivity Fund. These organizations are Arthur Andersen Business Consulting Pte Ltd, Baxter Healthcare Pte Ltd, DHL International (S) Pte Ltd, Housing & Development Board, Micron semiconductor Asia Pte Ltd, and Sony Group of Companies in Singapore.

SQA Management Committee

A Management Committee, consisting of experienced assessors and business practitioners from the award members and award winners, supports the Governing Council. The Committee reviews the Award criteria, develops the system for training and certifying the assessors and shortlists award applicants.

Panel of SQA Assessors

The SQA Assessors evaluate the Award applications, conduct site visits, and prepares feedback reports. Assessors are nominated from organizations in both the public and private sectors, including the past award winners and award members. They volunteer their time in the assessment process, without being paid for their services. To ensure integrity and objectivity of the SQA evaluation process, assessors abide by a code of confidentiality and conduct. Assessors also attend a compulsory preparatory training and before they can evaluate Award applications. With experience and good peer review, assessors can progress to become senior assessors (after five years); and subsequently to international assessors and judges.

Singapore Productivity and Standards Board

The Singapore Productivity and Standards Board (PSB) administers the award.¹ A statutory board under the Ministry of Trade and Industry, PSB's mission is to raise productivity so as to enhance Singapore's competitiveness and economic growth for a better quality of life for our people. To execute its mission, PSB adopts two broad thrusts: developing world-class industries and creating a favorable environment for productivity improvement and innovation. The specific areas of focus are: small and medium-sized enterprises (SMEs), productivity and innovation, and standardization and metrology (see

¹ In 2002, the Singapore Productivity and Standards Board was renamed Standards, Productivity, and Innovation Board (SPRING Singapore).

Figure 1). Under the area of productivity and innovation, PSB assists organizations to attain a world-class standard of business excellence. Through the SQA program, Singapore organizations are encouraged to establish systems that drive continuous improvements and to achieve performance excellence

Singapore Productivity Association

The Singapore Productivity Association (SPA), an affiliate to the PSB, helps raise the level of productivity in Singapore by being the preferred provider of productivity enhancement programs and related services. The SPA organizes a series of courses, seminars and company visits to promote the Singapore Quality Award as the national business excellence model.

All public and private organizations (except trade associations and professional societies) may apply for the SQA (see Figure 4 for the assessment process). Private organizations must have a major business operation in Singapore. There is no limit to the number of organizations that can receive the award each year. All applicants, regardless of their sector or size are assessed against the same award framework. On the average, a team of assessors spends 700 man-hours to assess an application and prepare a feedback report. This year, for the first time, overseas assessors participated in the SQA assessment to help calibrate the assessment process to international standards.

The annual SQA cycles starts in January each year and ends with the award presentation ceremony in July. To apply for the award, applicants need to submit a 90-page written report addressing the award criteria. All applications are screened by the Award secretariat for eligibility and completion. A team of about five to seven SQA Assessors is assigned to evaluate each Application Report and determine the pre-site consensus score before their evaluation is reviewed by the Management Committee. Short-listed applicants are granted site visits for assessors to verify and clarify the information presented in the application report through observations, interviews and document reviews. Based on the desktop review of the application and the results of the site visits, appropriate recommendations of the Award recipients are made to the Governing Council for approval. Winners are presented with the SQA trophy at a high-profile presentation ceremony held annually. The winners are required to share their best practices with other organizations.

The annual SQA cycles starts in January each year and ends with the award presentation ceremony in July. To apply for the award, applicants need to submit a 90-page written report addressing the award criteria. All applications are screened by the Award secretariat for eligibility and completion. A team of about five to seven SQA Assessors is assigned to evaluate each Application Report and determine the pre-site consensus score before their evaluation is reviewed by the Management Committee. Short-listed applicants are granted site visits for assessors to verify and clarify the information presented in the application report through observations, interviews and document reviews. Based on the desktop review of the application and the results of the site visits, appropriate recommendations of the Award recipients are made to the Governing Council for approval. Winners are presented with the SQA trophy at a high-profile presentation ceremony held annually. The winners are required to share their best practices with other organizations.

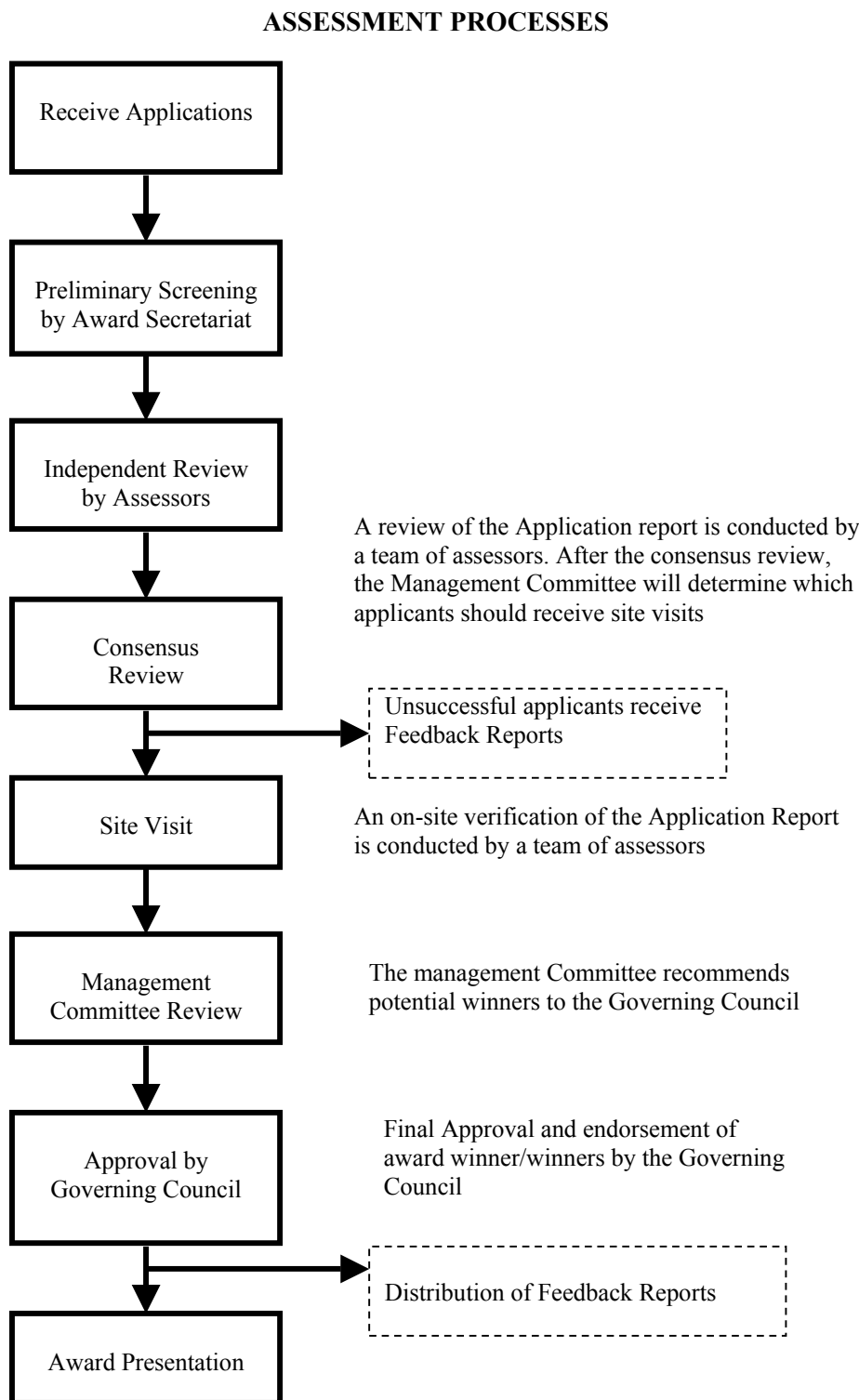


Figure 4: SQZ Assessment Process

Applicants receive a feedback report containing their scoring summary and range, and detailed strengths and areas for improvement relative to the SQA criteria. There is no fee for the application. However, applicants that are short-listed for the site visits pay an administration according to the duration of the visit.

MARKETING AND PROMOTION STRATEGY

The Singapore Quality Class: Helping Organizations to Embark on the Business Excellence Journey

The SQA is widely promoted to organizations as the national framework for business and organizational excellence. A key initiative to encourage wider adoption of the SQA framework is the Singapore Quality Class (SQC). Launched in 1997, the SQC is a scheme to recognize organizations that have attained a commendable level of performance in their journey to business excellence and to assist them to reach world-class standards of excellence based on the SQA framework. Figure 5 shows how organizations can embark on the business excellence journey through assessment, benchmarking and improvement, with the SQC and SQA as key milestones on the journey.

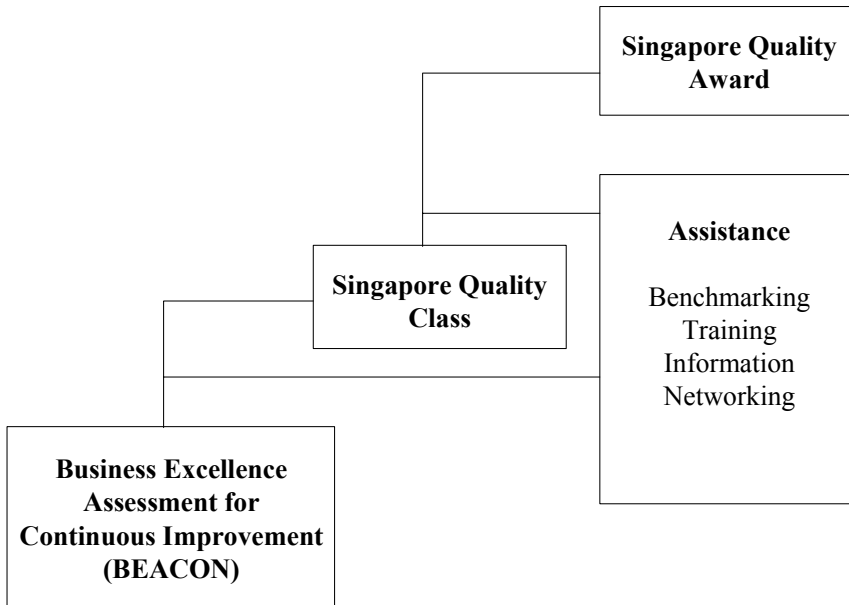


Figure 5: The Journey to Business Excellence

Membership in the Singapore Quality Class is open to all organizations, and is determined by their performance in the Business Excellence Assessment for Continuous Improvement (BEACON). Forming the basis of BEACON is a self-assessment instrument, which allows organizations to conduct a comprehensive and systematic assessment of their business processes and results against the SQA model. To apply for SQC, organizations need to submit the completed BEACON instrument to PSB. Eligible organizations are short-listed for a half-day verification. Based on the outcome of the site assessment, organizations that score 400 points or more in the BEACON instrument are invited to join

the SQC as members. Organizations that score in the same range under the SQA application process are also invited to join the scheme.

For a one-time fee, SQC members are given a package of benefits that include:

- Use of the SQC logo on corporate/publicity materials;
- Training of four of the organization's staff to become internal assessors on the SQA criteria;
- Free access to PSB's on-line benchmarking database and free subscription of PSB's *Productivity Digest*;
- Invitations to participate in overseas and local best practice study visits;
- Participation in best practice networks;
- Referral service to identify benchmarking partners for benchmarking projects; and
- Comprehensive site assessment conducted every two years to help member organization gauge their progress and develop plans to drive further improvements.

As at end August 2001, 219 organizations have attained the SQC standards of excellence. Collectively, they employ about 236,000 of the workforce. Of the total members, 169 are from the private sector, ranging from hotels and hospitals to those in the manufacturing, transport, finance and community services; while 45 are public-sector agencies, from ministries, statutory boards, restructured hospitals and armed forces.

Promoting the SQA Framework to Specific Sectors

The Civil Service, through the Public Service 21 Movement, has adopted the framework to drive organizational excellence in public service under the Managing for Excellence program. To facilitate implementation of the SQA framework in the public sector, incentives are provided to government agencies for attaining the SQC and SQA benchmarks. As SQA guidebook for the public sector as well as an SQA Online, an interactive self-assessment system for SQA aspirants, have also been developed. Within the education sector, the Ministry of Education has implemented the School Excellence Model (SEM), which is aligned to the SQA, for schools to assess themselves and encourage make continuous improvements. Schools that score well against the SEM are encouraged to apply for SQC. The Ministry of Defence has a Service Excellence Award based almost entirely on the SQA to encourage its units to achieve excellence.

The SQA is also being promoted to small and medium-sized enterprises through the Business Excellence Action Mapping (BEAM) program. SMEs are assisted to achieve world-class performance through assessment and adoption of best practices. In addition, the National Trades Union Congress for its Integrated Management of Productivity Activities (IMPACT) program has adopted the SQA framework. Supported by PSB, Singapore National Employers Federation, and Economic Development Board, the IMPACT program aims to help unionized organizations improve productivity based on the SQA framework.

Forging Partnerships on Excellence and Best Practices

To enable organizations to access world-wide best practice knowledge as part of their business excellence journey, PSB has adopted a "center-satellite" approach whereby win-win partnerships or linkages are forged with centers of excellence and best practice organizations, both in Singapore and around the world. PSB has collaborated with local and foreign organizations such as the National University of Singapore (NUS) and the Australian Quality Council (AQC) to develop and disseminate information on best practices and benchmarking.

The NUS-PSB Centre for Best Practices is a collaboration between the NUS Faculty

of Business Administration and PSB. This Centre is part of the overall framework to help promising organizations achieve business excellence and caters specifically to SMEs. The center will provide SMEs with industry scorecards, assessment tools, best practice cases, networks and learning circles, methodologies and training for implementation of best practices, and best practice seminars and workshops. Another organization that PSB is collaborating with is the Singapore Productivity Association covering the areas of business excellence training.

The Australian Quality Council (AQC) is one of the agencies that PSB collaborates with internationally. It is primarily concerned with the development of knowledge regarding best management practices, quality improvement and transfer of knowledge to Australian organizations. PSB also collaborates with the European Centre for Total Quality Management, a research center under the University of Bradford's School of Management, in the development and sharing of best practice case studies, comparable benchmarks and databases; the sharing of expertise in areas of best practices; the promotion of best practices to industry through joint seminars and workshops; and in the joint research, design and development of programs in new areas such as innovation and knowledge management.

PSB is also a member of the network of Global Excellence Model (GEM) organizations. The other members include AQC, Baldrige National Quality Program, European Foundation for Quality Management, Japan Productivity Center, and the South African Excellence Foundation. This affiliation ensures that the SQA Framework reflects the world's best validated management practices.

FUTURE TRENDS AND DEVELOPMENT

The SQA program will continue to be an important initiative for Singapore as it supports the thrust of strengthening organizational practices under Productivity Action 21, the national productivity blueprint for the next ten years.

SQA as the Overarching Business Excellence Framework in Singapore

To take the program to greater heights, the SQA framework will be promoted more intensively to organizations. PSB aims to achieve 400 SQC organizations embracing the framework and employing more than 500,000 staff by 2002. Organizations will be encouraged to use the framework as an overarching framework to integrate and align the various schemes, management concepts and tools such as EVA and Balanced Scorecard to their strategic objectives. PSB will develop guidebooks, case studies, self-assessment primers and data on best practices for this purpose.

Strengthening Alliances with International Award Administrators

PSB has already forged close alliances with other award administrators. It will build on these alliances and forge new ones to align and harmonize SQA criteria and assessment process with international standards and practices. PSB will also seek out new opportunities for partnership in areas of award development and research, exchange of experience and expertise, and dissemination of best practice knowledge.

Keeping the Model Relevant

The SQA framework is reviewed every year to ensure it continued relevance. This frequent review cycle is a new feature of the Award. As part of the revision for the year 2002, the SQA framework was enhanced to give more emphasis on innovation to reflect the growing importance of this factor in the new economy. The improvements include

incorporating a distinct value on innovation to underpin the entire award framework and criteria. With the enhancement, the framework essentially provides organizations with a tool to deliver innovation.

The Sri Lanka Standards Institution (SLSI) launched the Sri Lanka National Quality Awards Program in 1995 with the objective of improving the performance of Sri Lankan companies, thereby enhancing the quality of life of the nation. The Quality Award Criteria were structured based on seven core management principles called Award Categories. Under each category, several criteria are identified as Items. Altogether, 19 items are used in the Award Criteria against which evaluations of companies are carried out.

The SLSI has trained examiners selected from SLSI itself and outside SLSI. Award applications are solicited from organizations each year and examiners evaluate these applications individually. Subsequently, teams are formed and consensus scoring is done. During the consensus scoring, site visit issues are identified where clarifications and verifications are required. After conducting the site visits, final evaluation and scoring is done by teams. The final evaluation summary is then presented to the Review Committee. The Review Committee submits its recommendations to a higher committee, the Panel of Judges. The final decision on award winners is made at this level, and the winners are announced on October 14, the World Standards Day. Awards are presented by the President of the Democratic Socialist Republic of Sri Lanka at a ceremony held in December.

The award has six eligibility groups: small, medium, and large in the manufacturing and service sectors. In addition to the main award, merit awards are also presented. The minimum score required to be considered for the Award is 600 marks. A score between 500 and 600 is required to be considered for a merit award. The Award program has been marketed and promoted through seminars, promotional pamphlets, and the Award ceremony. Interpreting the Award criteria as a performance excellence tool would be the key promotional tool identified for future promotional campaigns.

BACKGROUND

The Sri Lanka Standards Institution (SLSI) is the national standards body in Sri Lanka. The SLSI provides leadership to uplift the quality of life of the nation, through standardization and quality improvement in all sectors of the country. Major activities of SLSI are standards formulation, certification of products and systems, inspection activities, calibration and product testing, training, providing quality-related documentation and information, and marketing and promotion of above mentioned services.

In exercising the abovementioned responsibilities, SLSI decided that it was appropriate to implement a National Quality Awards program in Sri Lanka. The National Institute of Business Management, Sri Lanka's national productivity organization, is a partner with SLSI in this award program. It was felt that such a program would be a positive factor for Sri Lankan companies to aim for the award and, thereby, improve the quality of their performance. Once the companies improve their performance, the benefits of such improvements are gained :by the companies themselves, the employees, and ultimately the people of the country who are the recipients of the products and services of these companies. The end result would be the upliftment of the quality of life of the nation.

AWARD FRAMEWORK

Award Criteria

Award criteria were structured based on seven core management principles, which are referred to as criteria categories. These categories are leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and business results. A brief description on the aspects, which are considered for evaluation of an organization under each category, follows.

Leadership (Category 1)

The Leadership examines how the senior leaders guide an organization in setting directions and seeking future opportunities. Primary attention is given to how the senior leaders set and deploy clear values and high performance expectations that address the needs of all stakeholders. The Category also includes the organization's responsibilities to the public and how your organization practices good citizenship.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning, and deployment of plans. The Category stresses that customer-driven quality and operational performance excellence are key strategic issues that need to be integral parts of the organization's overall planning.

Customer and Market Focus (Category 3)

Customer and Market Focus addresses how your organization seeks to understand the voices of customers and of the marketplace. The Category stresses relationships as an important part of an overall listening, learning, and performance excellence strategy. The customer satisfaction and dissatisfaction results provide vital information for understanding the organization's customers and the marketplace. In many cases, such results and trends provide the most meaningful information, not only on the customers' views but also on their marketplace behaviors—repeat business and positive referrals.

Information and Analysis (Category 4)

Information and Analysis is the main point within the Criteria for all key information to effectively measure performance and manage the organization, and to drive improvement of performance and competitiveness. In the simplest terms, Category 4 is the “brain center” for the alignment of the organization's operations and its strategic directions. However, since information and analysis might themselves be primary sources of competitive advantage and productivity growth, the Category also includes such strategic considerations.

Human Resource Focus (Category 5)

Human Resource Focus addresses key human resource practices—those directed toward creating a high performance workplace and toward developing employees to enable them and the organization to adapt to change. The Category covers human resource development and management requirements in an integrated way, that is, aligned with the organization's strategic directions. Included in the focus on human resources is a focus on the organization's work environment and its employee support climate. To ensure the basic alignment of human resource management with overall strategy, the Criteria also include human resource planning as part of organizational planning in the Strategic Planning Category.

Process Management (Category 6)

Process Management is the focal point within the Criteria for all key work processes. Built into the Category are the central requirements for efficient and effective process management—effective design; a prevention orientation; linkage to suppliers and partners; operational performance; cycle: time; and evaluation, continuous improvement, and organizational learning. Flexibility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, flexibility refers to the organization's ability to adapt quickly and effectively to changing requirements. Depending on the nature of the organization's strategy and markets, flexibility might mean rapid changeover from one product to another, rapid response to changing demands, or the ability to produce a wide range of customized services. Flexibility might demand special strategies such as implementing modular designs, sharing components, sharing manufacturing lines, and providing specialized training. Flexibility also increasingly involves outsourcing decisions, agreements with key suppliers, and novel partnering arrangements.

Business Results (Category 7)

The Business Results Category provides a results focus that encompasses the customers' evaluation of the organization's products and services, its overall financial and market performance, and results of all key processes and process improvement activities. Through this focus, the Criteria's dual purpose (i.e., superior value of offerings as viewed by the customers and the marketplace, and superior organizational performance reflected in the organization's operational and financial indicators) is maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of processes, products, and services, aligned with overall organizational strategy. Item 4.2 calls for analysis of business results data and information to determine overall organizational performance.

Scoring System

The seven categories in the criteria are further broken down into items. A score is allocated to each item, which adds to a maximum possible score of 1,000 points. The criteria categories, items, and their point values are shown in Table 1.

Table 1. Sri Lanka National Quality Award Criteria Categories and Items

Criteria Category/Item		Assigned Points
1. Leadership		125
1.1	Organizational Leadership	85
1.2	Public Responsibility and Citizenship	40
2. Strategic Planning		85
2.1	Strategy Development	40
2.2	Strategy Deployment	45
3. Customer and Market Focus		85
3.1	Customer and Market Knowledge	40
3.2	Customer Satisfaction and Relationships	45
4. Information and Analysis		85
4.1	Measurement of Organizational Performance	40
4.2	Analysis of Organizational Performance	45

Criteria Category/Item		Assigned Points
5. Human Resource Focus		85
5.1	Work Systems	35
5.2	Employee Education, Training, and Development	25
5.3	Employee Well-Being and Satisfaction	25
6. Process Management		85
6.1	Product and Service Processes	55
6.2	Support Processes	15
6.3	Supplier and Partnering Processes	15
7. Activity Results		450
7.1	Customer Focused Results	115
7.2	Financial and Market Processes	115
7.3	Human Resource Results	80
7.4	Supplier and Partner Results	25
7.5	Organizational Effectiveness Results	115
Total Points		1,000

ADMINISTRATIVE SYSTEM

Eligibility Categories

The Sri Lanka National Quality Awards (SLNQA) program is administered by SLSI. The Award has six eligibility groups:

Small manufacturing/service—less than 50 full time employees

Medium manufacturing/service—from 50 to 250 full time employees

Large manufacturing/service—more than 250 full-time employees

Selections of Examiners and Judges

Examiners have been selected by calling applications from within and outside the SLSI. All the examiners have been given training on evaluation of companies against the Award criteria. At present, a panel of 31 examiners—18 from SLSI and 13 from other organizations—serve as examiners for SLNQA. A Review Committee reviews results of evaluations. This committee comprises of following: Director General, two Deputy Directors General, and two Directors of the SLSI and two external members who hold high positions in their respective organizations. The Director General of SLSI can nominate any other person as he thinks suitable.

All the review committee members have been given training on the award criteria. The review committee presents its recommendations to a higher-level body—the Panel of Judges. This panel comprises of the following: a retired Judge of the Supreme Court or Court of Appeals; Secretary of the Ministry of Science and Technology; Secretary of the Ministry of Trade, Industrial Development and Rural Industries; President of the Federation of Chamber of Commerce and Industries of Sri Lanka; Chairman of the Ceylon Chamber of Commerce; Chairman of the Sri Lanka Standards Institute; Director General of SLSI; and the two Deputy Directors General of SLSI.

Role of Administering Agency

Administering agency for the award program is the Sri Lanka Standards Institution (SLSI). SLSI coordinates the whole program from calling applications up to the selection and announcement of the award winners. The award presentation ceremony is organized

jointly with the National Institute of Business Management (NIBM), Sri Lanka's national productivity organization who is also responsible for the National Productivity Award in Sri Lanka. Both awards—the Sri Lanka National Quality Award and the National Productivity Award—are presented to the respective recipient companies during this ceremony, which is usually held every December. SLSI budgets its expenses for the implementation of this program and allocate a vote. Expenses for the award presentation ceremony are shared by SLSI and NIBM.

ASSESSMENT PROCESSES

The different steps of the assessment processes are given below in the order of execution.

- During June of every year, applications are called for the Sri Lanka National Quality Awards (SLNQA) through newspaper advertisements. Applicants are requested to submit 8-10 copies of their applications prepared in line with the Awards Criteria.
- These applications are distributed among examiners for evaluations and scoring. At least four members of the Board of Examiners evaluate each applicant individually. Depending on the number of applications, each examiner will receive one or more applications for evaluation. Examiners individually evaluate each application and allocate scores assuming the information provided are true and correct.
- Subsequently, teams of examiners are formed, and the leaders and monitors are appointed. These teams meet, discuss and individual scores are converted into consensus scores. During the consensus scoring, site visit issues are noted down where clarifications and verifications are necessary.
- If the consensus score reaches 400 points or above, site visits are paid to clarify and/or verify site visit issues.
- After the site visits, the second consensus scoring is done. Depending on the evidence on the extent of application of the seven principles, initial consensus scoring may be increased or decreased.
- The leader of each team makes a presentation before the Review Committee with the team's recommendation regarding the granting of the Award.
- Subsequently, the Review Committee's recommendations are tabled at a meeting of the Panel of Judges. Final decision on giving away Awards is made by this panel.
- The winner receives the most prestigious award (i.e., the Sri Lanka National Quality Award) and the Panel of Judges may decide that more than one winner will receive the award. Generally, an applicant company needs to score at least 600 points to win. In addition to the main Award, merit awards are also presented.
- Names of the Award-winning companies are publicized through press advertisements on October 14, the World Standards Day.
- The Award presentation ceremony is held during December, and the President of Sri Lanka or his representative presents the Award to the winner.
- All the applicants will be sent a feedback report indicating the applicant companies' strengths and areas for improvements.

MARKETING AND PROMOTION STRATEGY

The marketing and promotion of the program is done in several ways, such as the following:

- Award criteria are explained to participants from companies at a program structured in

the form of a seminar/training program under the name “Performance Excellence.” During this program, the companies are encouraged to apply for the Award. The Seminar/Training Program on Performance Excellence is advertised in newspapers and companies are also informed through direct mail. Those who participate in the program generally apply for the Quality Award-

- The award ceremony is conducted flamboyantly under the patronage of the President of the Democratic Socialist Republic of Sri Lanka. This ceremony is widely publicized through the media.
- Promotional pamphlets on SLNQA are distributed at various forums in which companies are participated.

FUTURE TRENDS AND DEVELOPMENT

It has been felt that many companies undermine their quality progress that they are not up to a level of excellence and, as a result, they refrain from applying for the Quality Award. This situation is especially prevalent among small and medium-scale enterprises. It is appropriate to promote the program by highlighting the benefits gained by receiving the feedback report. The companies should focus on getting an external evaluation done on their companies by applying for this Award and then improving themselves towards excellence rather than undermining themselves that they have not yet achieved excellence. Applying for the Award in consecutive years would pave the way to achieve excellence and to get the Award in some point of time.

THAILAND

*Dhawatchai Tangsanga, Dr. Boondee Bunyagidj &
Somchart Noisirisuk*

Thailand Productivity Institute

The Thailand Quality Award (TQA), positioned to be the most prestigious quality award in Thailand, was established to promote an understanding and implementation of the requirements for performance excellence, recognize world-class quality achievement, and facilitate sharing of information about best practices. The TQA criteria, adapted from Malcolm Baldrige National Quality Award (MBNQA) criteria, consists of seven categories: Leadership, Strategic Planning, Customer and Market Focus, Information and Analysis, Human Resource Focus, Process Management and Business Results. At this time, the award criteria's point distribution and scoring system are also the same as those of the MBNQA.

The award administrative system, modified from that of the Singapore Quality Award (SQA), consists of five key bodies, namely: the National Committee, Executive Committee, Technical Sub-Committee, Promotion and Fund Raising Sub-Committee and Board of Assessors, which are responsible for policy making; development of the award criteria and assessors, and short-listing of the award winners; development of all technical aspects; planning and implementation of all promotional and fund raising activities; and evaluation of award applicants, respectively. The TQA is administered by the Foundation for Thailand Productivity Institute (FTPI), which is the secretariat of the five committees with financial support from the government's budget.

The award will be given in one category to any type of organizations of all sizes. There will be two award schemes, namely: Thailand Quality Award, and Thailand Quality Class, depending on the scores achieved. The first award cycle was scheduled to start in February 2002 for application and to end with the award presentation by the end of 2002.

A number of marketing and promotional strategies have been formulated to create an understanding and awareness of the award framework including building corporate identity and brand exposure, public relation, building of TQA network, public education and etc. In addition, a series of training courses are to be organized to build consultants' capabilities and assist organizations in implementing the award framework. A best practices database using the award framework would also be established and accessible to public in 2002.

It is evident that the success of the award program will largely depend on the participation of all sectors; thus, there is a need for the provision of incentive schemes, facilitation of information sharing, sufficient number of qualified consultants, and appropriate promotional strategies to motivate organizations to use the award framework for achieving performance excellence.

BACKGROUND

The Award Objectives Relative to National Strategies

The Asian economic crisis of 1997-1998, the liberalization of trade and investment, and the rapid advancement of new technology and communication have created changes in the political, social and economic environments, as well as a strong impact on Thailand's competitiveness.

According to the latest report from the International Institute for Management Development (IMD), Thailand's international competitiveness over the past five years (1997-2001) has deteriorated. The downward trend has been dramatic since the economic downturn in 1997 (see Table 1). Based on the IMD analysis, factors that are considered serious constraints on Thailand's international competitiveness are domestic economy, finance, infrastructure, management, science and technology, and human resources (see Table 2).

Table 1. IMD Competitiveness Ranking of Some Asian Countries

Country	1997	1998	1999	2000	2001
Singapore	2	2	2	2	2
Malaysia	14	19	28	27	29
Philippines	29	32	31	37	40
Thailand	31	41	36	35	38
Indonesia	38	40	47	44	49

Source: *The World Competitiveness Yearbook*, 2001.

Table 2. Competitiveness Input Factors

Factor	1997	1998	1999	2000	2001
1. Economy Performance	28	32	40	15	15
2. Government Efficiency	23	36	28	30	39
3. Business Efficiency	33	44	42	42	44
4. Infrastructure	40	41	38	37	40

Source: *The World Competitiveness Yearbook*, 2001.

The government has undertaken a wide range of measures, such as the restructuring of financial sectors, economic governance, and social protection to facilitate economic recovery. Productivity is certainly one of the key issues recognized as an important tool to promote sustainable development.

Studies on the declining efficiency in various sectors and problems in Thai society in productivity context indicate an urgent need to establish national strategies for productivity movement. As a result, the Office of the National Economic and Social Development Board and the Thailand Productivity Institute (FTPI) held a roundtable conference with the technical assistance from experts from Taiwan, Hong Kong, and Singapore to share experiences on productivity movement in their own countries with local experts from all sectors. A sub-committee consisting of representatives from public, academic, and private sectors was established to draft the National Productivity Strategic Plan based on the information obtained from the roundtable conference. The cabinet then approved the National Productivity Strategic Plan on September 17, 2000.

The vision of the Plan is: **By the year 2012, all Thais will be aware of and participate in the productivity movement while productivity growth continually increases.**

To achieve the above vision, seven national strategies have been set up as follows:

1. Cultivating public awareness of the essence and importance of productivity.
2. Provision of incentive schemes.

3. Promotion of the development and transferring of technology and innovation in productivity.
4. Upgrading technical and managerial skills for productivity improvement.
5. Enhancement of effectiveness of the deployment of the government's plans.
6. Establishment of effective monitoring and evaluation system for government agencies' performance.
7. Creation of favorable environment for the pursuit of productivity.

The Thailand Quality Award is one of the key incentive schemes specified in the second strategy listed above.

About the Award

The Thailand Productivity Institute (FTPI) and the National Science and Technology Development Agency (NSTDA) signed a Memorandum of Understanding (MOU) on September 5, 1996 to jointly establish TQA with the objectives of supporting and promoting organizations of all types to use the TQA framework as a key tool for staying abreast of ever-increasing competition and improving performance. To achieve the objectives, many activities have been carried out to learn from those countries successfully implementing the National Quality Award (NQA). The key activities are summarized in the following figure:

Table 3. Schedule of Activities

Time	Activity	Expert/Committee	Remarks
September 5, 1996	Signing of MOU	FTPI and NSTDA	-
September 5, 1996 to September 27, 1997	Meetings	Adhoc Committee	Nine meetings
October 7-8, 1996	Seminar	Mr. Richard L. Hurlbert	To educate the Committee
July 24-25, 1997	Study Mission—SQA	Mr. Freddy Soon Mr. Low Choo Tuck	To learn about SQA program from PSB
August 7, 1997	Seminar	Dr. Colin Mills	Dr. Mills was an advisor to the Australian Quality Council.
September 27, 1997	Workshop	Ad hoc Committee	To review draft criteria
August 18-21, 1998	Seminar	Mr. Freddy Soon Mr. Lim Yoon Foo	To share PSB experiences on SQA with FTPI management
December 6-12, 1998	Study Mission—JQA	Mr. Tsuneski Taniguchi Mr. Tomohiro Takana-shi	To learn about JQA program from JPC-SED
March 26-28, 2001	Study Mission—SQA	Mr. Lee Kok Seong Mr. Darshan Singh Mr. Lim Yoon Foo	To lean more about the implementation of SQA program from PSB

Based on the information obtained and sufficient time for preparation, the first TQA was expected to be given to qualified organization(s) at the end of 2002. The FTPI would administer the TQA program with financial support from the annual government budget. Details of TQA program, organizational structure, and functions are presented in the latter part of this paper.

Our Vision

The vision of the TQA is for **the TQA to be widely recognized as the most prestigious quality award in Thailand with support from all concerned public and private sectors.**

The TQA was established with the following objectives:

- Encouraging organizations of all types to use TQA framework as a means to improve organizational performance practices, capabilities and results.
- Providing recognition to organizations that attain the word-class standards of performance excellence.
- Facilitating communication and sharing of best practices information among organizations.

It is evident that the main objective of the TQA is not the award itself, but rather for the improvement of overall organizational effectiveness and capabilities through the implementation of TQA framework, thus resulting in the enhancement of Thailand competitiveness as a whole.

AWARD FRAMEWORK

Core Values and Concepts

The TQA award criteria are adapted from the Malcolm Baldrige National Quality Award 2001 Criteria, which are built upon a set of interrelated core values and concepts. These core values and concepts are the foundation for integrating key performance requirements within the criteria framework.¹

- Visionary Leadership
- Customer –Driven Excellence
- Organizational and Personal Learning
- Valuing Employees and Partners
- Agility
- Focus on the Future
- Managing for Innovation
- Management by Fact
- Public Responsibility and Citizenship
- Focus on Results and Creating Values
- Systems Perspective

Award Criteria

The Malcolm Baldrige National Quality Criteria for Performance Excellence Framework was adopted and used as TQA criteria consisting of the following seven categories:²

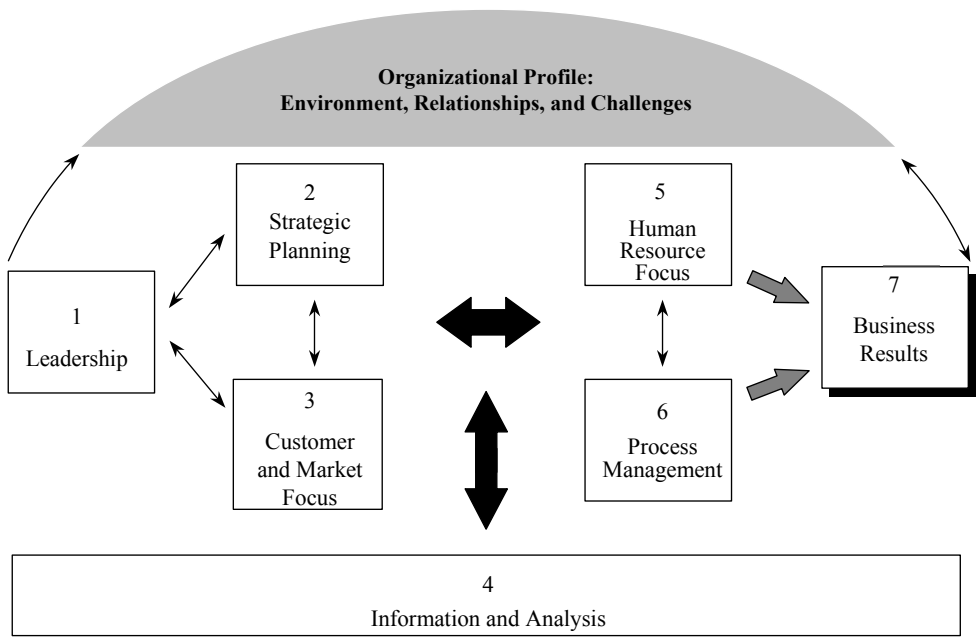
¹For more details, see the 2001 Baldrige Award Criteria for Performance Excellence, 1-4.

²For more details, see the 2001 Baldrige Award Criteria for Performance Excellence, 12-28.

1. Leadership
2. Strategic Planning
3. Customer and Market Focus
4. Information and Analysis
5. Human Resource Focus
6. Process Management
7. Business Results

Criteria Structure

The seven criteria shown in Figure 1 are subdivided into Items and Areas to Address. Each Item is classified according to the type of information and/or data required.³



Modified from Baldrige National Quality Program, 2002 Criteria for Performance Excellence, 5.

Figure 1. Criteria for Performance Excellence Framework: A Systems Perspective

Table 4. Criteria for Performance Excellence—Item Listing

Criteria and Item Listing	Point Values
1. Leadership	120
1.1 Organizational Leadership	80
1.2 Public Responsibility and Citizenship	40

Continued

³For more details on Item Format, please refer to the Baldrige National Quality Program, 2001 Criteria for Performance Excellence, 47.

Criteria and Item Listing	Point Values
2. Strategic Planning	80
2.1 Strategy Development	40
2.2 Strategy Deployment	40
3. Customer and Market Focus	110
3.1 Customer and Market Knowledge	50
3.2 Customer Relationships and Satisfaction	60
4. Information and Analysis	80
4.1 Measurement and Analysis of Organizational Performance	40
4.2 Information Management	40
5. Human Resource Focus	100
5.1 Work Systems	40
5.2 Employee Education, Training, and Development	30
5.3 Employee Well – Being and Satisfaction	30
6. Process Management	110
6.1 Product and Service Processes	60
6.2 Business Processes	30
6.3 Support Processes	20
7. Business Results	400
7.1 Customer – Focused Results	140
7.2 Financial and Market Results	80
7.3 Human Resource Results	100
7.4 Organizational Effectiveness Results	80
Total Points	1,000

Source: Adapted from Baldrige National Quality Program, 2002 Criteria for Performance Excellence, 9.

Scoring System

The TQA scoring system follows that of the Malcolm Baldrige National Quality Award, which is a three-dimensional scoring system looking at the “approach” taken by an organization to improve performance, the “deployment” of that approach through all operations, and the “results” achieved in line with the purposes given in the award criteria. The award criteria weights and scoring guidelines are shown in Tables 5 and 6.

Table 5. Scoring Guidelines for Approach/Deployment Items

Score	Approach-Deployment
0%	<ul style="list-style-type: none"> No systematic approach is evident; information is anecdotal
10% to 20%	<ul style="list-style-type: none"> The beginning of a systematic approach to the basic purposes of the Item is evident. Major gaps exist in deployment that would inhibit progress in achieving the basic purposes of the Item. Early stages of a transition from reacting to problems to a general improvement orientation are evident.

Continued

Score	Approach-Deployment
30% to 40%	<ul style="list-style-type: none"> • An effective, systematic approach, responsive to the basic purposes of the Item, is evident. • The approach is deployed, although some areas or work units are in early stages of deployment. • The beginning of a systematic approach to evaluation and improvement of basic Item processes is evident.
50% to 60%	<ul style="list-style-type: none"> • An effective, systematic approach, responsive to the overall purposes of the Item and your key business requirements, is evident. • The approach is well deployed, although deployment may vary in some areas or work units. • A fact-based, systematic evaluation and improvement process is in place for improving the efficiency and effectiveness of key processes. • The approach is aligned with your basic organizational needs identified in the other Criteria Categories.
70% to 80%	<ul style="list-style-type: none"> • An effective, systematic approach, responsive to the multiple requirements of the Item and your current and changing business needs, is evident. • The approach is well deployed, with no significant gaps. • A fact-based, systematic evaluation and improvement process and organizational learning/sharing are key management tools; there is clear evidence of refinement and improved integration as a result of organizational- level analysis and sharing. • The approach is well integrated with your organizational needs identified in the other Criteria Categories.
90% to 100%	<ul style="list-style-type: none"> • An effective, systematic approach, fully responsive to all the requirements of the Item and all your current and changing business needs, is evident. • The approach is fully deployed without significant weaknesses or gaps in any areas or work units. • A very strong, fact- based, systematic evaluation and improvement process and extensive organizational learning/ sharing are key management tools; strong refinement and integration, backed by excellent organizational- level analysis and sharing, are evident. • The approach is fully integrated with your organizational needs identified in the other Criteria Categories.

Table 6. Scoring Guidelines for Results Items

Score	Results
0%	<ul style="list-style-type: none"> • There are no results or poor results in areas reported.
10% to 20%	<ul style="list-style-type: none"> • There are some improvements and/or early good performance levels in a few areas. • Results are not reported for many to most areas of importance to your organization's key business requirements.

Continued

Score	Results
30% to 40%	<ul style="list-style-type: none"> • Improvements and/ or good performance levels are reported in many areas of importance to your organization's key business requirements. • Early stages of developing trends and obtaining comparative information are evident. • Results are reported for many to most areas of importance to your organization's key business requirements.
50% to 60%	<ul style="list-style-type: none"> • Improvement trends and/ or good performance levels are reported for most areas of importance to your organization's key business requirements. • No pattern of adverse trends and no poor performance levels are evident in areas of importance to your organization's key business requirements. • Some trends and/ or current performance levels evaluated against relevant comparisons and/ or benchmarks show areas of strength and/ or good to very good relative performance levels. • Business results address most key customer, market, and process requirements.
70% to 80%	<ul style="list-style-type: none"> • Current performance is good to excellent in areas of importance to your organization's key business requirements. • Most improvement trends and/ or current performance levels are sustained. • Many to most trends and/ or current performance levels evaluated against relevant comparisons and/ or benchmarks show areas of leadership and very good relative performance levels. • Business results address most key customer, market, process, and action plan requirements.
90% to 100%	<ul style="list-style-type: none"> • Current performance is excellent in most areas of importance to your organization's key business requirements. • Excellent improvement trends and/ or sustained excellent performance levels are reported in most areas. • Evidence of industry and benchmark leadership is demonstrated in many areas. • Business results fully address key customer, market, process, and action plan requirements.

ADMINISTRATIVE STRUCTURE OF THE AWARD

As mentioned earlier, our vision is for the TQA to be the most prestigious and widely accepted quality award in Thailand. As such, the administrative structure and responsible bodies would have to be very well accepted and transparent. The administrative system is based on that of Singapore Quality Award (SQA), which is quite practical for Thailand (see Figure 2). The TQA is under the advisory of the National Committee, which is appointed by the Prime Minister. The Committee consists of distinguished leaders from all sectors of Thai economy such as government agencies, business, and educational institutions. Its responsibilities are to draw up policies and guidelines for the award program and approve

the award recipients.

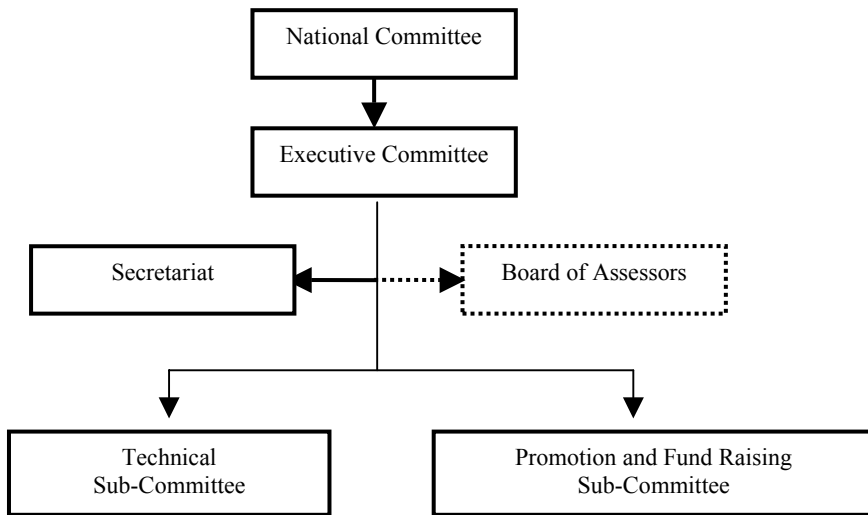


Figure 2. Organizational Chart

As mentioned earlier, our vision is for the TQA to be the most prestigious and widely accepted quality award in Thailand. As such, the administrative structure and responsible bodies will have to be very well accepted and transparent. The administrative system is modified from that of Singapore Quality Award (SQA), which is quite practical for Thailand. The TQA is under the advisory of the National Committee, which is appointed by the Prime Minister. The Committee consists of distinguished leaders from all sectors of Thai economy such as government agencies, business, educational institutes and etc. Its responsibilities are to draw up policies and guidelines for the award program and approve the award recipients.

The National Committee is supported by the Executive Committee, which is the key driver of the program, consisting of recognized and experienced executives appointed by the National Committee. The Executive Committee reviews the award criteria, approve the systems for training and certifying assessors, and shortlists applicants. To make the management more efficient and effective, two subcommittees are appointed by the Executive Committee, namely: Technical Sub-Committee and Promotional and Fund Raising Sub-Committee. The Technical Sub-Committee assists the Executive Committee on all technical aspects of the award, whereas the Promotional and Fund Raising Sub-Committee plans and implements all promotional and fund raising activities under the supervision of the Executive Committee.

The Board of Assessors evaluates award applicants, prepares feedback reports, and makes award recommendation to the Executive Committee. The Board members are recognized experts in various disciplines selected from private and public sectors.

The Thailand Productivity Institute, as the secretariat of the program, is responsible for all administration activities with financial support from annual government budget at the beginning stage.

Roles, Responsibilities, and Selection Criteria

Table 7 presents the roles, responsibilities and selection criteria of the different key bodies involved in the administration of the award.

Table 7. Roles, Responsibilities, and Member Selection Criteria

Name	Roles and Responsibilities	Selection Criteria
National Committee	<ul style="list-style-type: none"> • Sets the policy and guideline of the award program • Approves award recipients 	<ul style="list-style-type: none"> • Outstanding reputation • Distinguished career achievement
Executive Committee	<ul style="list-style-type: none"> • Reviews criteria and assessment process • Review award recommendations • Selects and appoints assessors • Approves assessor training program 	<ul style="list-style-type: none"> • Outstanding reputation • Long success track record
Technical Subcommittee	<ul style="list-style-type: none"> • Develops and reviews criteria and assessment process • Develops and reviews assessor training program 	<ul style="list-style-type: none"> • Good reputation • Extensive experiences in Total Quality Management
Promotion and Fund Raising Subcommittee	<ul style="list-style-type: none"> • Creates awareness to public • Educates and encourages organizations to adopt TQA Framework • Organizes promotional events • Raises funds 	<ul style="list-style-type: none"> • Good reputation • Specialized in marketing and communication fields • Recognized by international and local organizations
Board of Assessors	<ul style="list-style-type: none"> • Evaluates award applications • Prepares feedback reports • Selects award applicants for site visit • Makes award recommendations 	<ul style="list-style-type: none"> • Good reputation • In-depth experiences in Total Quality Management • Having leadership, analytical thinking, and interpersonal skills
Secretariat	<ul style="list-style-type: none"> • Administers the program • Serves as secretary to all committees 	<ul style="list-style-type: none"> • FTPI Staff

ASSESSMENT PROCESS**Eligibility Categories**

At this stage, there is only one award eligibility category, which makes the Thailand Quality Award open to all types of organizations doing business in Thailand.

Levels of Award Recognition

There are three levels of recognition. Applicants who achieve at least 700 points (out of the 1,000-point scale) would be recognized as having achieved world-class business excellence, thus qualifying for the Thailand Quality Award. Applicants scoring between 551 and 659 points (inclusive) would receive the Quality Commendation Plaque, while those who score between 400 and 550 points would receive the Quality Recognition Plaque. There would be no limitation on the numbers of winners of the Thailand Quality Award,

Quality Commendation, and Quality Recognition.

Application Assessment Process

Each written award application is evaluated independently by selected members of the Board of Assessors and consequently reviewed jointly by a team of assessors. The number of assessors used in independent and consensus review ranges from three to five depending on the size of the applicant organization. At the conclusion of the consensus review, award applicants who score at least 500 points will be selected for site visit assessment. The number of assessors used in this stage is the same as that of consensus review. The length of site visit assessment ranges from three to five days, depending on the size of the applicant organization. After verifying and clarifying site visit issues, the Board of Assessors will submit the award recommendations to Executive Committee for review after which the National Committee will approve the award recipients. Each award applicant, including award recipients, will receive a written feedback summary of strengths and opportunities for improvement based on the criteria.

The Prime Minister presents the awards at the Award Presentation event. Award recipients are required to share information on their successful performance and quality strategies with other organizations through various promotional events such as the annual Award Recipients Conference and site visits at the award recipient organizations. The application assessment process is shown in Figure 3.

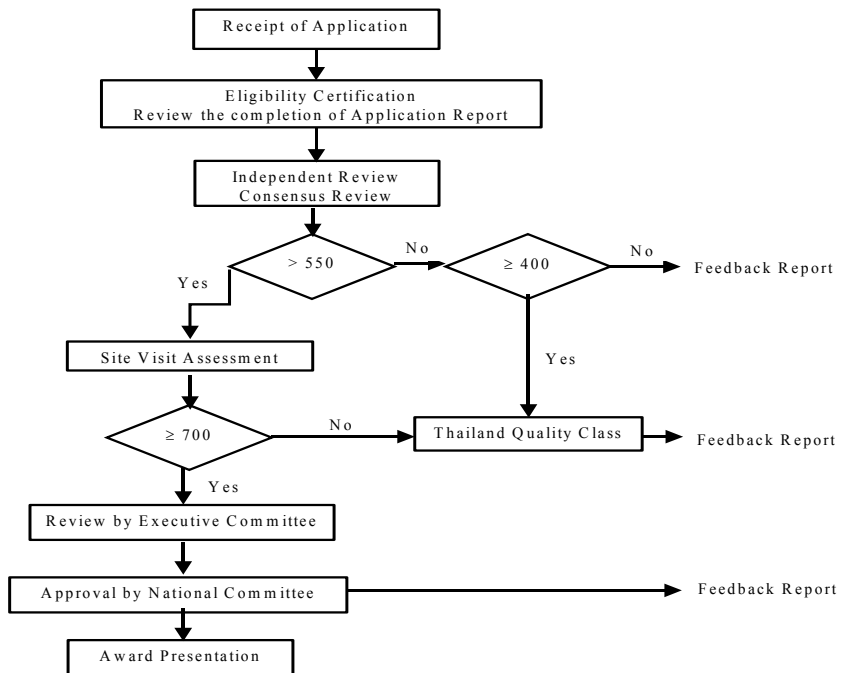


Figure 3. Award Process Flowchart

Application and Assessment Fees

Appropriate fees must be submitted to secretariat prior to the award application and assessment in each stage. Table 8 presents the fee structure, which depends on the size of applicant organizations.

Table 8. Structure of Fee

Type Of Fee	Amount (Baht)
Application Form	-
Preliminary Screening	1,000
Independent and Consensus Review	25,000
Site Visit Assessment	50,000 – 200,000

Timetable

Table 9 presents the timeline for the implementation of the activities pertaining to the initiation of the Thailand Quality Award.

Table 9. Timeline for Award Implementation

Activity	2001					2002											
	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1 RECRUITMENT & TRAINING OF ASSESSORS																	
1.1 Selection / Recruitment																	
1.2 Approach model companies																	
1.3 Training (Classroom, on Field and Fieldwork)																	
2 DOCUMENTATION																	
2.1 Translation & Editing																	
2.2 Printing																	
3 APPLICATION PROCESS																	
3.1 Distribution of Criteria Handbook and Application Form																	
3.2 Receipt of Eligibility Form																	
3.3 Receipt of the Award Application																	
4 ASSESSMENT PROCESS																	
4.1 Independent Review																	
4.2 Consensus Review																	
4.3 Site Visit Assessment																	
4.4 Award Recommendations																	
4.5 Final Approval and Endorsement of Award Recipients																	
5 RECOGNITION AND SPECIAL EVENTS																	
5.1 Award Presentation																	
5.2 Award Recipients Conference																	
5.3 Visit Award Recipients' Company																	

MARKETING AND PROMOTION STRATEGIES

Marketing and Promotion Strategies and Activities

In response to the TQA program, the marketing and promotion strategies are considered to hold a key role in encouraging the entrepreneurs as well as the top executives of multi-national and leading Thai organizations to recognize and work towards achieving the award. In order to ensure that organizations in all sectors have a clear understanding of TQA, its framework and process, an extensive range of activities are organized into three phases including:

Phase 1: Creating Awareness

Phase 2: Implementation

Phase 3: Award Presentation and Promotion

Phase 1: Creating Awareness

To provide a comprehensive framework of TQA and disseminate this concept to organizations, some promotional activities had been launched for public awareness since 2000. Table 10 presents these activities.

Table 10. Summary of Activities

Time	Topic	Participant
October 2000	Seminar on “The Quest for Excellence”	350 from 120 organizations
November 2000	Best Practices for Business Excellence Conference	350
January 2001	Seminar on “Japan Quality Award Experiences”	40
March 2001	Study Mission to Singapore on Singapore Quality Award	13
May 2001	Seminar on “A Journey to World-Class Business Excellence Conference”	220
June 2001	Workshop on “Getting Ready for Thailand Quality Award”	108 from 45 organizations


In terms of corporate identity, the logo and trophy for Thailand Quality Award have been designed to honor the award winning-organizations (see Figure 4). Aiming to raise the prestige of the award, the concept of the logo has been identified as follows:

Phase 2: Implementation

In the year 2002, various activities would be conducted for the public. They would be aimed at assisting interested organizations in implementing the TQA framework to attain performance excellence. Experienced international and local experts would be invited for this purpose. The programs covered will be workshops and seminars, study missions, and surveys.

Workshops and Seminars

- Workshop on Self-Assessment based on TQA criteria
- Workshop on How to Write an Application Form
- Seminar on Leadership, Human Resource Focus, and Strategic Planning
- Seminar on Customer and Market Focus, and Information and Analysis

- 

Title: Beyond Limitation
Visual: The Sky Lord (Chor-Fah), flying over the space
Meaning: The Award Recipient is perceived as the best organization among all those whose Quality is equal to or above the world-class standard.

Combination of the Visual:

 - The sparkling star represents the highest quality of standards, which glitters all over the world.
 - The tradition Thai style window (the shape of the frame) represents a channel of vision into the world.
 - The Sky Lord (golden chor-fah) symbols the connection between the earth and the heaven, which inspires all organizations to lift up their standards to the top.

Figure 4. Thailand Quality Award Logo

- Best Practice for Business Excellence Conference

Study Mission

The objectives of the study mission are:

- To encourage entrepreneurs and top executives of multinational and leading Thai organizations in their pursuit of excellence through observing and discussing the experiences and strategies of the winner organizations.
- To establish a good understanding of TQA, its framework, and process among entrepreneurs and top executives of multinational corporations and leading Thai organizations.
- To motivate all the potential award recipients to apply for the award.

The target participants would be entrepreneurs and top executives of multinational corporations and leading Thai organizations. The expected number of mission members is 12-15. The study mission will last three days in the selected country.

Survey

To facilitate the stage of creating awareness and implementation, a survey will be conducted in order to determine target organizations that can be potential applicants in terms of the readiness of their management systems. About 500 questionnaires would be sent to the multinational corporations and leading Thai organizations. The final qualifiers will be the top 100 organizations. These will be considered as the target group of marketing and promotion strategies.

Phase 3: Award Presentation and Promotion

This stage is projected to begin at the end of year 2002. The objective is to recognize the efforts of the winner organizations. In the meantime, the following activities are designed to serve as a platform for winners to share their experiences and strategies with the public and to encourage and motivate other organizations to reach world-class standards of excellence based on the TQA framework. The three activities to be undertaken in this phase are:

- Thailand Quality Award Presentation
- Award Recipient Conference

- Site Visit to Award Recipient organizations

In order to support the above strategies, tremendous effort will be made in creating alliance as well as collaboration with both international and local organizations, including Asian Productivity Organization (APO), Singapore Productivity and Standards Board (PSB), Australia Quality Council (AQC), and several top educational institutions in Thailand (see Table 9).

TQA Related Activities

To pave way for rapid adoption of the award framework, the Center of Excellence was established in October 2000 prior to the launching of the award. During the first year after its establishment, the Center's core activity was focused on capability building on best practices and benchmarking. However, once the TQA is firmly established, the Center will transform itself into an integral part of the national effort to improve national productivity using the award framework by way of benchmarking and best practices.

Table 9. Action Plan of Promotion Activities

Activity	2001	2002			
		Q1	Q2	Q3	
1. CREATING AWARENESS					
1.1 Press Release, Exclusive Interview					
1.2 Direct Marketing Campaign and Briefing					
- Management Briefing, Road show etc.					
- Direct Mail					
- Press Conference					
- Newsletter					
1.3 Media					
1.4 CD ROM Presentation					
1.5 Webpage					
2. IMPLEMENTATION					
2.1 Workshop and Seminar					
- Self-Assessment Based on TQA Criteria					
- How to Write an Application					
- Best Practice for Business Excellence Conference					
- Leadership, HR Focus, Strategic Planning					
- Customer & Market focus, Information & Analysis					
2.2 Study Mission					
Activity	2001	2002			
	Q4	Q1	Q2	Q3	Q4
2.3 Survey					
3. AWARD PRESENTATION & PROMOTION					
3.1 Thailand Quality Award Presentation					
3.2 Award Recipient Conference					
3.3 Site Visit to Award Recipient Organizations					

It is evident that without taking into account the holistic view of the entire award movement, best practices and benchmarking will be difficult to sustained. In Thailand where continuous improvement is not the normal practice, most entrepreneurs are looking for quick profits. The success of benchmarking and best practices programs is largely dependent on continuous improvement mindset of the entrepreneurs. At least for the introductory phase, the award will act as an incentive for organizations to experiment on the award as a new approach to productivity improvement. One of the challenges that the Award Committees will face is to generate enough interest toward this award. In addition to the recognition derived from the TQA, more incentives will have to be created to increase the significance of the award such as favorable loan rate for organizations receiving the award, and corporate tax reduction on expenses spent on the award preparation. The appropriate incentive scheme will be considered and proposed to the government by the National Committee in the later phase.

Since the Center was established prior to the existence of the award where there is no award recipient, the approach that Center of Excellence presently uses to identify best practices is to set up a set of criteria for identifying best practice organizations which includes having received recognized national or international awards, having good reputation, and having outstanding organizational performances. For benchmarking, the Center focuses on the benchmarking topics requested from industry groups. The Malcolm Baldrige National Quality Award criteria have been used as a framework for both benchmarking and best practices projects.

For the first time in 2001, the self-assessment program based on the award criteria has been initiated to complement the e-Benchmarking project. These two programs are synergistic as while exercising the self-assessment, the participating organizations will be able to compare their performances with others and learn from those with best practices. The online self-assessment on the Internet would be operational during the middle of September 2001.

Once enough cases on best practices are accumulated, the searchable best practice database would be developed. The plan is for this best practice database to be accessible to public by the end of 2002.

Training Programs

As there are very few consultants in Thailand that are knowledgeable about the award criteria and management system based on such criteria, there is an urgent need to develop consultants in this area so that they will be able to assist organizations interested in using the award framework as an improvement tool and more importantly, potential applicants for next year. Therefore, the TQA training programs are designed for two target groups; that is, TQA consultants and potential applicants.

Training program for consultants to be carried out starting October 2001 would consist of training courses on the Interpretation of the TQA Criteria, Self-Assessment Methodology and How to Write the Application (refer to Table 10). A number of consultants will be selected from within and outside FTPI to attend the courses. It is expected that this group of consultants will be the core of consulting network to be established later on. As for the potential applicants, the training course will also be carried out in October with similar topics as those of the first group. Selected expert(s) will carry out all courses with extensive experiences in the Malcolm Baldrige National Quality Award.

Table 10. Training Schedule for Consultants and Prospective Applicants

Activity		2001				
		8	9	10	11	12
1	TRAINING FOR TQA CONSULTANTS AND POTENTIAL APPLICANTS					
	1.1 Trainer Selection/Course Preparation					
	1.2 Promotion/Selection/Recruitment					
	1.3 Training-Criteria, Self-Assessment, How to Write Application					

FUTURE TRENDS AND DEVELOPMENT

Several short - and long- term measures have been planned to facilitate wider and faster adoption of the TQA framework as follows:

Incentive Scheme

In addition to the recognition derived from receiving the award and improvement as the result of implementing the award criteria, appropriate incentives will be considered and proposed to the government such as the favorable loan rate for the award recipients, corporate tax reduction on the expenses on the award preparation, and subsidy for the training program.

Building Network with Target Groups

Networking with local leading organizations, which are potential applicants, is to be established by way of Benchmarking program to facilitate the use of the award framework.

Consulting Network

FTPI will build up the capability of quality-related consultants both within and outside FTPI by organizing training for the understanding on the TQA criteria and selected topics within the framework so that they will be able to assist interested organizations. A list of consultants knowledgeable about the TQA-related topics will be set up and used as reference for consultant selection if organizations are interested.

Fund Raising

The Promotional and Fund-Raising Sub-Committee would be more aggressive in establishing a network of leading organizations to disseminate the message and assist in requesting financial support from both public and private sectors.

Strategic Alliance

FTPI will form strategic alliance with other countries within and outside APO so that there will be exchange of experts, assessors, speakers, and study mission.

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VIETNAM

Duong Xuan Chung

Directorate for Standards and Quality (STAMEQ)

BACKGROUND

In August 1995, at the First Vietnam Quality Conference held in Hanoi, State Vice President Nguyen Thi Binh launched the Productivity and Quality Campaign in the Decade of 1995-2005, which the Directorate for Standards and Quality (STAMEQ) initiated. In that same conference, the Minister of Science, Technology, and Environment announced Decision No. 1352/QĐ-TĐC dated May 8, 1995, creating the annual Vietnam Quality Award to be conferred to enterprises and organizations with outstanding achievements in improving quality and production efficiency, contributing to the quality movement in Vietnam. STAMEQ, Vietnam's National Productivity Organization, which is an agency under the Ministry of Science, Technology, and Environment, would be the Award Administrator.

The Vietnam Quality Award (VQA) seeks to select the country's best organizations in terms of their business success and their active contribution to the development of Vietnam's economy and society. The VQA aims to encourage manufacturing and service organizations to improve the in improving the quality of their activities in order to produce and deliver high-quality products and services in the domestic and overseas markets.

The VQA has been presented annually to recognize Vietnamese organizations for outstanding quality achievements and positive impact on the society. During VQA's first award cycle in 1996, the VQA attracted strong supports from government agencies, industries, and companies in the whole country. In 1996, over 100 companies and enterprises from 20 cities and provinces applied for the Award. These applicants were evaluated using seven VQA examination categories that, in turn, were broken down into 23 examination items. The Ministry of Science, Technology, and Environment gave the Golden Award to the Coats Total Phong Phu, a joint venture company in Ho Chi Minh City, and presented 31 awards of different categories to organizations all over the country. In 1997, there are four Golden Awards and 46 Awards of different categories.

During the last five years, the Vietnam Quality Award has been constantly improved to adapt with challenging conditions in the country and to integrate with countries in the region. In the process of improving the Award, STAMEQ as Award Manager have studied the experiences of other national quality award systems, including the U.S. Malcolm Baldrige National Quality Award, European Quality Award, Singapore Quality Award, Japan's Deming Prize, Australian Business Excellence Award, and New Zealand Quality Award.

Since its inception, the National Council on Quality Award had reviewed and recommended the conferral by the Ministry of Science, Technology, and Environment of quality awards to over 300 enterprises (including domestic enterprises, joint-venture companies, and 100% foreign-investment companies), about 40 of which were Golden Awards (see Table 1). Participation in the Viet Nam Quality Award has been an opportunity for enterprises to direct their production to adopt a quality orientation, to improve their competitiveness in the market, and to boost the quality movement in Vietnam.

Table 1. Number of Awards Conferred, 1996-2000

Year	Number of Provinces	Number of Awards	Gold Award	Silver Award	Encouragement
1996	26	32	1	31	0
1997	23	50	4	33	13
1998	29	67	10	43	14
1999	34	93	11	50	32
2000	27	70	13	50	7
Total		312	39	207	66

AWARD FRAMEWORK

The Vietnam Quality Award has been patterned after the Malcolm Baldrige National Quality Award. The Vietnam Quality Award has adopted the core values, criteria, and point distribution of the Baldrige Award. Figure 1 illustrates the Vietnam Quality Award framework.

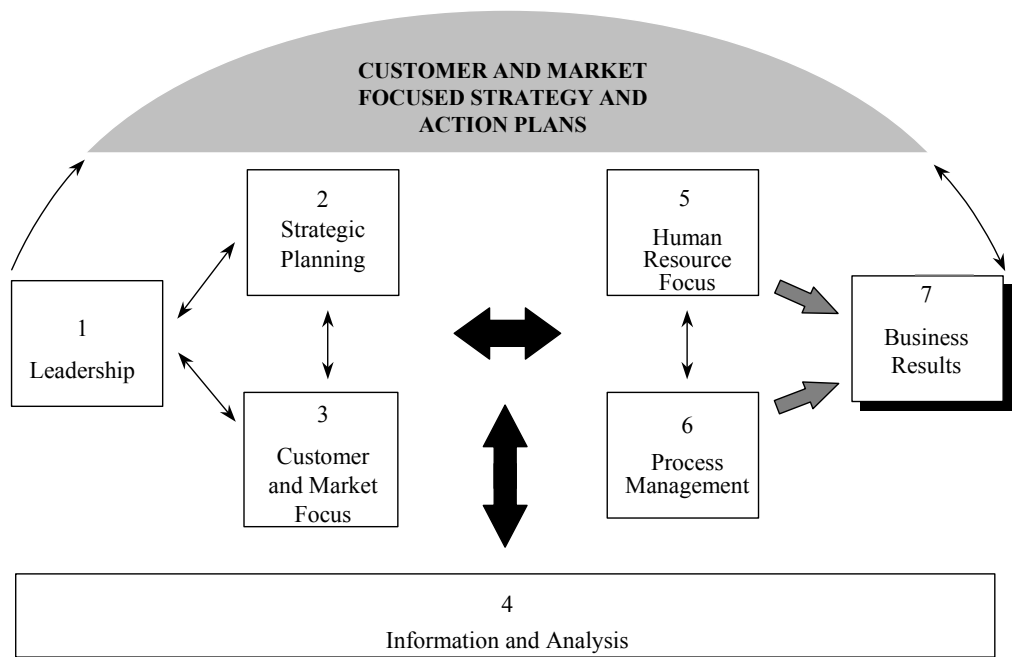


Figure 1. Vietnam Quality Award Framework

The 2001 VQA criteria followed the 2001 Baldrige Award criteria. The seven criteria categories of the Vietnam Quality Award and the respective point values of each category are as follows:

- Category 1 Leadership (120 points)
- Category 2 Strategic Planning (85 points)
- Category 3 Customer and Market Focus (85 points)
- Category 4 Information and Analysis (90 points)

- Category 5 Human Resource Focus (85 points)
- Category 6 Process Management (85 points)
- Category 7 Business Results (450 points)

STAMEQ introduced appropriate modifications to the VQA criteria to adapt to the level of Vietnamese companies. Among the modifications is the requirement that the applicant report at least three years' data on business results as part of its award application. Another modification is that there are two levels of recognition—Gold and Silver—and a certificate of encouragement for those applicants that do not qualify for the higher levels of recognition.

ADMINISTRATIVE SYSTEM

In 2000, Vietnam started participating in the International Asia-Pacific Quality Award (IAPQA), which was initiated by the Asia-Pacific Quality Organization (APQO) that has Vietnam as one of its core council members. IAPQA is an international award process patterned after the Baldrige Award; hence, all APQO members or any one who wishes to participate to it must learn or adjust/improve their existing national quality award system to the Baldrige Award framework. In this context, Vietnam was not an exception. Therefore, in 2000, STAMEQ sought Baldrige Award qualified experts to provide the necessary consultancy and training assistance to improve its Vietnam Quality Award.

Through the Technical Expert Services (TES) Program of the Asian Productivity Organization, STAMEQ engaged the services of Dr. Luis Ma. R. Calingo, a Baldrige Examiner who has also been involved in the development of the Philippine Quality Award. Through the APO-TES Program, STAMEQ was able to realign the VQA Criteria to the 2000-2001 Baldrige Award Criteria and conduct a series of Baldrige-based VQA examiner preparation courses and internal assessor training courses. During 2000 and 2001, a total of 85 examiners participated in the examiner preparation courses.

During 2000 and 2001, STAMEQ sought input from Vietnamese enterprises, branches, and localities in order to improve the value of the Vietnam Quality Award and in order to better integrate the Award with the regional and international economy. Based on these consultations, the Ministry of Science, Technology and Environment released the Decision No 47/2001/QD-BKHCMNT, which promulgated reformed regulations for selecting the presenting the Award starting 2001.

Based on the new Regulation, in 2001, the National Council on Quality Award recommended for the Vietnam Quality Award 45 enterprises with high achievements in quality performance and business results, as well as prior performance in the quality of goods and services. With the approval of the relevant ministries, branches, and localities, the Council also recommended that the government present Certificates of Merit to four enterprises.

ASSESSMENT PROCESSES

The stages in the Vietnam Quality Award's cycle conform to the Baldrige Award's stages (i.e., individual review, consensus review, site visit review, judges' final review). The Minister of Science, Technology, and Environment appoints a national panel of judges to oversee the evaluation process and determine the Award recipients at each level of recognition.

As of 2000, there were a total of five eligibility categories, three under manufacturing and two under service. The manufacturing categories were large enterprises,

small- and medium-sized enterprises, and foreign-invested enterprises. The service categories were Vietnamese service providers and foreign-invested service providers. Starting 2001, the eligibility categories were streamlined into four: large manufacturing enterprises, small- and medium-sized manufacturing enterprises, large service providers, and small- and medium-sized service providers. Table 2 presents the number of awards conferred by eligibility category.

Table 2. Number of Awards Conferred by Eligibility Category, 1996-2000

Category	Number of Awards	Percent of Total
Large Enterprises	123	39.4
Small- and Medium-Sized Enterprises	126	40.4
Foreign-Invested Enterprises	11	3.5
Vietnamese Service Providers	47	15.1
Foreign-Invested Service Providers	5	1.6
Total	312	100.0

The Ministry of Science, Technology, and Environment issued Decision No. 710/QĐ-BKHCNMT regulating presenting the 2001 Vietnam Quality Award to 45 award applicants. On April 5, 2002, the Prime Minister issued Decision No. 253/QĐ TTg, which stipulated the awarding of the Prime Minister's Certificate of Merit to four enterprises, including:

- Phu Rieng Rubber Company—Vietnam Rubber Corporation
- Coal Trading and Port Company—Vietnam Coal Corporation
- Tay Nguyen Coffee Im-Export and Investment Company—Vietnam Coffee Corporation
- AUSTNAM Metal Roofing Enterprise Ltd.

MARKETING AND PROMOTION STRATEGY

The Vietnam Quality Award offers applicants the opportunity to gain an understanding of total quality management and quality assurance systems. They will learn how to improve their application of the principles of total quality management, best practices, and business excellence. In promoting the Vietnam Quality Award to prospective applicants, STAMEQ highlights the following benefits of applying for the VQA:

- Organizations will find that applying for the VQA is a highly enriching and education process.
- Applying for the award will thus be an invaluable learning process, helping to fine-tune an organization's quality management system and fostering a quality culture throughout the organization.
- All applicants will have the benefits of a feedback report highlighting their strengths and the areas for further improvements.
- All winners are required to share their non-proprietary best practices with others through public seminars and workshops.
- Self-assessment is especially useful for companies that intend to develop and monitor their quality management system. It is one of the most important management activities of any TQM effort.

Through the APO-TES Program, STAMEQ was able to conduct a series of Baldrige-based VQA self-assessment training courses for prospective Award applicants. During 2000 and 2001, a total of 226 managers representing about 150 business, industry, and government organizations attended these self-assessment training courses.

FUTURE TRENDS AND DEVELOPMENT

During the 2001 APO technical expert mission on the Vietnam Quality Award, the following recommendations were developed to continuously improve the VQA:

- Continue the improvement of the Vietnam Quality Award consistent with the core values, criteria, scoring system, and practices of the Malcolm Baldrige National Quality Award.
- Develop and implement a long-range training and development plan to create a pool of Assessors, Senior Assessors, and Judges for the coming years. The members of the pool should be drawn from each province in Vietnam. The members of the pool should also be representative of: (a) all sectors eligible for the VQA (e.g., manufacturing, service, small and medium enterprises, state-owned enterprises), and (b) functional-area expertise in VQA examination categories (e.g., strategic planning, information systems). The pedagogically optimum class size for these courses is 20-25, which is smaller than the classes just conducted. The training programs should be implemented in Hanoi, Hue, and Ho Chi Minh City.
- Study the experiences of other APO member-countries that have successfully launched national quality award systems. Some models that STAMEQ might emulate are Singapore, the Philippines, and Malaysia where the national quality award systems reach the Prime Minister's level.
- Continue the development of local training materials, including a Vietnam-based case study and the translation of Baldrige training materials into Vietnamese. The preparation of a local case study is of particular importance to reduce the dependence on Baldrige case studies.

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PROGRAM AND SCHEDULE

Date/Time

Activity

Tuesday, 18 September 2001

Morning

Inaugural Session

Session I: *“The US Malcolm Baldrige Award – Recent Developments, Processes, and Applicability to the Asian Setting”* by Dr. Luis Calingo, Dean, College of Business Administration, California State University-Long Beach and Member of the Board of Examiners for the Malcolm Baldrige National Quality Award

Afternoon

Session II: *“Business Excellence Awards, The Australian Experience”* by Mr. Norbert Vogel, CEO, Australian Quality Council (AQC)

Selected Country Paper Presentations I

- Japan
- Singapore

Wednesday, 19 September 2001

Morning

Selected Country Paper Presentations II

- Malaysia
- Fiji

Session III: *“Presentation by an Award Winning Company in Fiji”*

by Mr. Pio Vunituraga, Employee Relations Manager, Coca Cola Amatil (Fiji) Ltd.

Afternoon

Selected Country Paper Presentations III

- Philippines
- Thailand

Syndicate Discussions

- Briefing by Dr Calingo on issues to be discussed
- Group Deliberations

Thursday, 20 September 2001

Morning	Syndicate Discussions (Continued)
	Group Presentations
Afternoon	Summary of Symposium
	Closing Program