

## Project Reports: Industry and Services

### APO Symposium on Quality and Business Excellence Awards

18–20 September 2001, Nadi, Fiji

#### BACKGROUND

Productivity and quality awards that recognize excellent organizational performance have emerged as a significant component of productivity promotion strategy. A leading example is the well-known Malcolm Baldrige National Quality Award, which was launched in the USA 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 British Quality Award and the Japan Quality Award.

The US Malcolm Baldrige Quality Award, the European Quality Award, and the Australian Business Excellence Award were among the first awards introduced in the late 80s and early 90s. Today, there are more than 70 countries with similar award schemes worldwide. Among the APO member countries, some 13 countries have introduced quality award schemes. This testifies to the increased global interest in the promotion of such awards at the national level.

While many countries have modeled after the Malcolm Baldrige National Quality Award and the Deming Prize of Japan, in developing their award schemes, 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 schemes.

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. The Symposium on Quality and Business Excellence Awards 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:

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

Twenty-two (22) participants from twelve (12) member-countries plus two (2) resource persons contributed to the Symposium. The two resource persons were: (1) Dr. Luis

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. The program and the list of participants (including resource persons) are attached as Appendices A and B, respectively.

**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.

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 least six strategic issues that must be addressed:

- a. 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?
- 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 from the country presentations:

- a. 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
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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

- b. 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.

<b>Award</b>	<b>Orientation</b>	<b>Proportion of Site-Visited Applicants</b>
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	5%
European Quality Award	Recognition of excellence and communication of best practices	about 5%
Japan Quality Award	Recognition of excellence and communication of best practices	Site visit if $\geq 500$
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%
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

- c. 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.

<b>Award</b>	<b>Mode of Customization</b>	<b>Number of Criteria</b>
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

- d. 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.

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

- e. 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.

<b>Award</b>	<b>Enabler Categories</b>		<b>Results Categories</b>	
	<b>Number</b>	<b>Points</b>	<b>Number</b>	<b>Points</b>
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

f. 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.

g. 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.

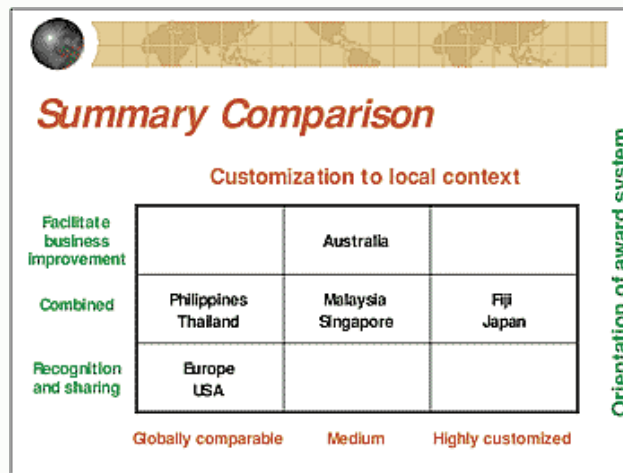
<b>Award</b>	<b>Title of Examiners</b>	<b>Number of Examiners</b>
Australian Business Excellence Award	Evaluator	140
Malcolm Baldrige National Quality Award	Examiner	≥ 400/year
European Quality Award	Assessor	
Japan Quality Award	Examiner	170/year
Singapore Quality Award	Assessor	100 with pool of 450
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

- h. 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	Generally $\geq 700$			
European Quality Award	3	?	$\geq 400$	$\geq 550$	
Japan Quality Award	3	Local awards		$\geq 500$	$\geq 650$
Singapore Quality Award	1	SQ Class $\geq 400$ ; SQ Award $\geq 700$			
Malaysia Prime Minister's Quality Award	1	Generally $\geq 900$ ; "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	$\geq 600$	$\geq 700$
Thailand Quality Award	3	$\geq 400$		$> 550$	$\geq 700$

- i. 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.



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

- a. 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.
- b. 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.
- c. 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.
- d. 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:
  1. 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.
  2. Development of the quality and business excellence award criteria, award process, and system of operations.
  3. Establishment of a board of overseers or governing council, panel of judges, management committee, and award administrator or secretariat.
  4. 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.

5. Securing "seed funding" from either the government or the private sector and establishment of a foundation with the objective of endowing the award program.
6. Marketing and promotion of the award program to a wide variety of organizations.
7. Training prospective applicant-organizations on how to prepare an award application.

#### **ANALYSIS AND RECOMMENDATIONS REGARDING SYMPOSIUM ISSUES**

The 22 participants were divided into four groups, with each group being assigned one of the following issue areas:

- a. 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?
- b. 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?
- c. Knowledge management: How does the NPO disseminate the knowledge on the best practices of award recipients?
- d. 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)?

The composition of each discussion group is attached as Appendix B. The following table summarizes the analysis and recommendations of the participants in these four issue areas.

#### **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:

- a. Publication of a compendium of the quality and business excellence award systems being implemented in APO member-countries.
- b. 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.

#### **APPENDIX – A**

### **PROGRAM & SCHEDULE**

#### **APO Symposium on Quality and Business Excellence Awards (18-20 September, Nadi, Fiji)**

**Tuesday, 18 September 2001**

09:00-09:30	Registration
09:30-10:00	Inaugural Session
10:00-10:30	Tea Break
10:30-12:00	Session I: <b>"The US Malcolm Baldrige Award - Recent Developments, Processes, and Applicability to the Asian Setting"</b> 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
12:00-13:30	Lunch Break
13:30-15:00	Session II: <b>"Business Excellence Awards, The Australian Experience"</b> by Mr. Norbert Vogel, CEO, Australian Quality Council (AQC)
15:00-15:30	Tea Break
15:30-17:00	Selected Country Paper Presentation I <ul style="list-style-type: none"> <li>• Japan</li> <li>• Singapore</li> </ul>
18:30-20:30	Welcome Dinner Hosted by the APO

### Wednesday, 19 September 2001

09:00-10:30	Selected Country Paper Presentation II <ul style="list-style-type: none"> <li>• Malaysia</li> <li>• Fiji</li> </ul>
10:30-11:00	Tea Break
11:00-12:00	Session III: <b>"Presentation by an award winning company in Fiji"</b> by Mr. Pio Vunituraga, Employee Relations Manager, Coca Cola Amatil (Fiji) Ltd.
12:00-13:30	Lunch Break
13:30-15:00	Selected Country Paper Presentation III <ul style="list-style-type: none"> <li>• Philippines</li> <li>• Thailand</li> </ul>
15:00-15:30	Tea Break
15:30-17:00	Syndicate Discussions <ul style="list-style-type: none"> <li>• Briefing by Dr Calingo on issues to be discussed</li> <li>• Group Deliberations</li> </ul>

18:30-20:30 Farewell Dinner Hosted by FNTC

**Thursday, 20 September 2001**

09:00-10:30 Syndicate Discussions (Continue)

10:30-11:00 Tea Break

11:00-12:30 Group Presentations

12:30-13:30 Lunch Break

- 13:30-15:00
- Summing Up
  - Closing

**APPENDIX – B**

<b>SUMMARY OF ANALYSIS AND RECOMMENDATIONS ON SYMPOSIUM ISSUES</b>		
<b>Recommendations to NPOs and National Award Bodies</b>	<b>Recommendations for Sharing Schemes Among NPOs and Award Bodies</b>	<b>Recommendations for Programming and Related Support from APO</b>
<p><b>ISSUE #1: Public-private partnership.</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?</p>		
<p>1. The alternative organizations for administering the national award are the government, foundation/NGO, and committee/council.</p> <p>2. The alternative organizations may be evaluated in terms of four dimensions of the public-private partnership: administration, finance, human resources, and operations.</p> <p>3. Among the alternative structures, a</p>	<p>1. Exchange NPO experiences through symposia, seminars, and workshops.</p> <p>2. Implement networking through:</p> <ul style="list-style-type: none"> <li><b>a.</b> Exchange of missions and experts.</li> <li><b>b.</b> Benchmarking among APO members.</li> </ul>	<p>1. Build a database describing the award systems of each APO member-country and other countries or regions.</p> <p>2. Conduct regional forums on award systems on a regular basis.</p> <p>3. Promote the benefits of national quality and business excellence awards to governments of APO member-countries.</p>

<p>private-sector-led effort with public sector support appears to be the best structure.</p> <p>4. To sustain the initiative, the NPO should:</p> <ul style="list-style-type: none"> <li><b>a.</b> Facilitate the award process.</li> <li><b>b.</b> Encourage involvement of all parties: funding, networking, and promotion.</li> </ul>		
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**ISSUE #2: 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?

<p><b>Logistical Requirements:</b></p> <ol style="list-style-type: none"> <li>1. Funding mechanisms might include:           <ul style="list-style-type: none"> <li><b>a.</b> Seed money from government or international NGOs (e.g., World Bank, APO)</li> <li><b>b.</b> Application fees</li> <li><b>c.</b> Membership and sponsorship</li> <li><b>d.</b> Products and services</li> <li><b>e.</b> Contribution from alumni of award recipients</li> <li><b>f.</b> Maintenance fees from assessors.</li> </ul> </li> <li>2. Training programs for assessors</li> <li>3. The award administrator:           <ul style="list-style-type: none"> <li><b>a.</b> Must ensure confidentiality.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Exchange of:           <ul style="list-style-type: none"> <li><b>a.</b> Assessors</li> <li><b>b.</b> Experts (e.g., trainers)</li> <li><b>c.</b> Information (e.g., case studies, publications)</li> <li><b>d.</b> Award process and guidelines (e.g., site visits).</li> </ul> </li> <li>2. Hosting of study/best practice missions.</li> </ol>	<ol style="list-style-type: none"> <li>1. establish an Asia-Pacific Excellence Model Network (APEM Network).           <ul style="list-style-type: none"> <li><b>a.</b> Existing Best Practice Network could be part of APEM Network.</li> </ul> </li> <li>2. Organize Asia-Pacific Winners Conference (with concurrent session for assessors).</li> <li>3. Develop a directory of winners, experts, trainers, assessors, and consultants.</li> <li>4. Establish a Business Excellence Academy.           <ul style="list-style-type: none"> <li><b>a.</b> Offer diploma/degree courses on business excellence.</li> <li><b>b.</b> Certification of</li> </ul> </li> </ol>
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<p><b>b.</b> Staff should include professionals.</p> <p><b>c.</b> Should act independently.</p> <p>4. Promotion strategies might include:</p> <p><b>a.</b> Award patronage by heads of state.</p> <p><b>b.</b> Use of website and press media.</p> <p><b>c.</b> Distance learning for contents (Award framework)</p> <p><b>d.</b> Education programs for award users and applicants (criteria, procedures, and best practices).</p> <p>5. Partnership programs:</p> <p><b>a.</b> Network of advocates and ambassadors (including chambers and assessors).</p> <p><b>Ensuring Integrity of Award Process:</b></p> <p>1. Fundamental to the award process are the principles of impartiality, objectivity, and confidentiality.</p> <p>2. Assessors, evaluators, judges, and award administrators to abide by a code of confidentiality:</p> <p><b>a.</b> Sign a code of confidentiality and commitment.</p> <p><b>b.</b> Develop guidelines for assessors.</p>		<p>international assessors and judges</p> <p>5. Conduct research from their network on impact of Excellence Award framework on businesses in each country.</p>
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| <p>3. Selection of assessors:</p> <ul style="list-style-type: none"><li><b>a.</b> Professionals with wide experience in management fields.</li><li><b>b.</b> Minimum qualifications to be specified.</li><li><b>c.</b> Composition of assessor teams (recommend a minimum of three led by an experienced senior assessor).</li></ul> <p>4. Strong support from the chambers of industry and commerce.</p> <p>5. Award should not be a commercial venture:</p> <ul style="list-style-type: none"><li><b>a.</b> To be administered by a not-for-profit agency.</li><li><b>b.</b> Award administrator to be kept separate from commercial activities.</li></ul> <p>6. Selection of judges:</p> <ul style="list-style-type: none"><li><b>a.</b> Committee should be composed of renowned experts in related fields and award process (senior assessors).</li></ul> <p>7. Participation of assessors should, as far as possible, be voluntary but positioned as a privilege.</p> |  |  |
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**ISSUE #3: Knowledge management.**

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

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

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.

1. BCBN, e.g., OSM, attending conferences or symposium on best practices sponsored by organizations other than APO
2. Technical Expert Services
3. The regular APO program under Development of NPOs, such as:
  - a. capability building on best practice
  - b. developing Best Practice writing skills
4. Roster of experts on business excellence and best practices

**ISSUE #4: 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)?

<p><b>Positioning issues include:</b></p> <ol style="list-style-type: none"> <li>1. ISO and other international standards lay the foundation for quality and business excellence awards.</li> <li>2. NPO awards are locally recognized (i.e., no international credibility).</li> <li>3. International management standards are internationally recognized (credibility).</li> <li>4. Public (local) - Quality and Business Excellence Award.</li> <li>5. Private - international management standard (customer- and market-driven).</li> </ol>	<ol style="list-style-type: none"> <li>1. APO Awards for regional recognition</li> <li>2. Mutual recognition of NPO Awards among APO members.</li> <li>3. Exchange of evaluators among APO members.</li> </ol>	<ol style="list-style-type: none"> <li>1. Umbrella recognition from APO (certification) of the respective NPO awards</li> <li>2. Promotion of the NPO Awards to drive recognition</li> <li>3. Sharing of best practices (success stories)</li> </ol>
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