

1. Managing for Peak Performance
Competitive Session

TQM as an Enabler for Peak Performance:

A Study of UAE Organisations

Dr. Flevy Lasrado

Faculty of Business
University of Wollongong in Dubai
United Arab Emirates

Email: flevylasrado@uowdubai.ac.ae

**TQM as an Enabler for Peak Performance:
A Study of UAE Organisations**

ABSTRACT

The approach to measure the organizational performance with financial indicators is critiqued. There is a need to drive managerial practices based on 'excellence' that yield peak performance beyond financial results. The purpose of this paper is to highlight those practices of business excellence award winning organizations for driving and managing peak organizational performance. The business excellence frameworks are based on total quality management (TQM) philosophy. This paper examines the business excellence winners in United Arab Emirates (UAE). This paper illustrates how the TQM enablers or the business excellence framework help the organizations to achieve peak performance. The findings have useful implications for managers of companies.

Keywords: Peak performance, Business Excellence Framework, TQM, UAE organizations.

BACKGROUND

Corporate enterprises worldwide are under tremendous pressure to ameliorate their performance due to modern globalised economies and increasing competition (Singh, 2013). These challenges make business organizations to rethink new ways of managing performance in order to survive (Honyenuga et al, 2014). *Performance*, traditionally was narrowed to financial results are critiqued. Now there has been a shift in the paradigm from this narrow financial performance measures to strategic performance measures (Honyenuga et al., 2014). Organizational performance is now driven by the measures like customer satisfaction and employee morale emphasising on customers and employees. The customer focus and people focus are two core principles of the Total Quality Management (TQM) Philosophy. Organizations around the globe use various TQM based frameworks such as the national

quality awards or business excellence frameworks to improve the organizational performance (Miguel, 2014).

The objective of this paper is to highlight the practices of winning organizations of national quality awards that are based on TQM approach and understand how they lead the organizations to peak performance. The strategies and key ideas related to the TQM enablers are highlighted. The results of this study would be useful for managers to drive their organisations towards excellence by adopting strategies around these TQM enablers. The next section discuss the relevant literature.

LITERATURE REVIEW

This section presents background on high performing organization and business excellence framework. The improvement of organizational performance is continuous journey. Traditionally, organizations performance measurement processes were consistent with a cost accounting approach, which emphasized selective financial indicators, such as profit and return on investment (Gomes, Yasin & Lisboa, 2006). Today's organizational performance is viewed from many different parameters. Along with the financial results, employee morale, and customer service and satisfaction are used to measure the organizational performance. Therefore, many components have been cited as contributing elements in high performing organizations (Singh 2013). Pondering the concept of peak performance management draws attention to notions such as motivation, collaboration, employee engagement, continuous process improvement, quality initiatives, and workforce harmony (Langford, 2013). Agins & Holden (2007) note, attaining the highest levels of performance is not an overnight effort. Time is needed for whole system transformation that includes changing culture, redesigning processes, and crafting solid information systems that support useful and robust measurement, while keeping the vision of quality in sight at all times. Once this transformation is complete, appropriate measures of performance should consistently reflect improved outcomes. High performing firms therefore have been associated with "quality" mission statements defined by the choice of components (Darbi, 2012). Studies of high performing organisations also find that resources such as good infrastructure are crucial for sustained high performance (Agins & Holden, 2007). So, the Peak performance requires managing many such organizational enablers.

Further, researchers among high-performing organizations identified six key areas in which high-performers excel: people, processes, technology, metrics, communication, and culture (Merisalo, 2010). The *Baldrige Award* recipient companies for example have six identifiable differences including: need to drive continuous evolution, high focus on systems, low need for sole responsibility, high focus on learning from the past, high focus on information, and low tolerance for actions that are inconsistent with the values of the organization. The business excellence programs provide a useful approach to get around the many of the strategic elements necessary for the high performance that revolve around the total quality management principles. The winning organizations are characterized around having good strategy and reviewing it periodically, having good learning within their organizations (Cocks, 2012). High-performing executives create an environment that helps people feel good about doing a good job. They help people understand what day-to-day activities are needed to get the job done; they provide frequent and honest feedback on how well the organization, team, and individuals are doing; and they make sure people know they are appreciated (Hillgren and Morse, 1998). Cocks (2012) explain Leaders exhibit "captain-coach" styles and are players on the field, showing captaincy skills and sharing the work. They are available, egalitarian, supporting their people from close by, not setting difficult challenges from afar. The vast majority of leaders come from within winning organizations and have been with the organization for nearly twice the industry average.

Learning is the 'secret sauce' for any high-performing organization (Hhrish, 2014). Sawa and Swift (2013) report, to create competitive advantages through people, an organization should focus on promoting the following:

- A belief in individual responsibility and autonomy and a strong sense of team collaboration;
- A culture of continual training, education, and mentoring;
- A challenging work environment in which everyone is committed to excellence;
- Open communication and collaboration; and

- Strong leadership to challenge and support employees to reach higher levels of success.
- Resources, authority

High performing companies recognize the importance of training and skill development (Osborne & Cowen, 2002) and their workforces are encouraged to develop their skills and trained to be resilient and flexible (de Waal et al., 2014). According to Cocks(2012), Winning organizations hire people who believe in their "cause", whose values and attitudes fit, People who do not fit are actively managed out of the organization quickly by a measurement system that balances performance with adherence to values(CockS,2012). Performance management therefore can deliver impressive results for return on equity, revenue growth, profitability and employee turnover (Black & Marshall-Lee, 2011). More importantly, engaged employees equal high-performing organizations (Kelleher, 2011). Providing ongoing feedback and recognition of achievements to employees is also crucial for healthy and satisfied workforce (Mone et al., 2011)

Business Excellence Frameworks: Business excellence, in its simple sense, means doing things better and constantly improving staff, systems, processes, and organizations in a competitive environment. (Arasli, 2012). Business Excellence frameworks have an important role in promoting and rewarding organizational excellence (Hasan and Hannifah, 2013). The first quality award that was introduced to reward the organization is the Deming Prize in Japan in 1951. Following this, USA established, Malcolm Baldrige National Quality Award in 1987. The European Foundation for Quality Management (EFQM) was the next in line to establish the European Quality Award (EQA) in 1991 which is now the EFQM excellence model (Conti, 2007). The Dubai Quality Award is based on the Excellence Model of the European Foundation for Quality Management (EFQM). It has been applied in private and public sector organizations since 1992. The EFQM model comprises five ‘enabler’ criteria: leadership; policy and strategy; people; management, resources and partnerships; and processes. It also comprises four ‘results’ criteria: customer satisfaction, people satisfaction, impact on society and key performance results (EFQM, 2005). Leadership concerns the management’s behavior in driving the organizational towards excellence. Strategy and policy

concerns how the organization formulates, commentates and deploys strategy and policy. Resource management concerns how the organization manages the key resources such as information, technology and the finance. People management concerns management and deployment of people. Process concerns how the organization manages, evaluates and improves its key processes to ensure quality output. Results concern the results achieved by the organization. Samson, Danny and Challis, David (2002) explain that best practice companies have not just developed a distributed leadership capability and "set their workers free. They do more than just know their customers' requirements. They drive to maximize customer value through their organizational activities. In order to do this effectively, they need to clearly understand why customers buy from them rather than from their competitors. They perceive that the vision, mission and values create a positive culture in the organization (Hasan and Hannifah, 2013). Effective leadership starts with the chief executive's vision and develops into a strategy for deployment. Oakland (2011) confirm that Top management should develop the following for effective leadership: clear beliefs and objectives in the form of a vision; clear and effective strategies and supporting plans; the critical success factors and core processes; the appropriate management structure; employee participation tall continents, have certainly become a competitive advantage worldwide in recent decades (Pipan et al., 2012). The next section describes the methodology adopted in this study.

METHODOLOGY

The methodology comprises study of winning organizations profiles presented to Dubai quality awards organizations best practice sharing series. Firstly, data are gathered from the office of Department of Economic Development. Secondly, data was registered in a MS Excel® spreadsheet by categorizing them according to the description of organizational practice, company name, industrial sector, and DQA criteria. Thirdly, each enabler was analyzed with respect to its contents and exemplarity. Following questions were developed to analyze the material

- What are the key practices published by the Department of Economic Development?
- What are common practices among the winning organizations?

- What are some of the unique steps that the organizations took towards their excellence and what different kind of results were achieved by these organizations?
- What different kind of external recognitions or accreditations company has achieved?

RESULTS

The winning organizations represent various sectors majorly the finance, trade, retail while education and free zone are represented by one organization each. More than 80% of the organizations were also accredited in various quality improvement programs and have also achieved other external recognition. The practices came from 12 companies from five different industrial sectors. Most were associated with customer focus, people management, process improvements and leadership as shown in table 1.

Table 1: Best practices in organizations

Insert Table 1 about here

There are some organizational practices can be categorized as exemplary, i.e., practices that are really a prominent example for other companies. These summarized in table 2.

Table 2: Prominent example for companies

Insert Table 2 about here

Table 3 presents a summary of the unique organizational practices related to enablers. Each of the winning organization exhibit a focus on number of quality principles and have adopted into their organization culture through vary innovative strategies as shown in table 1. All winning organizations achieved results in most common areas that include profitability, revenues and increased sales or market share, customer satisfaction, employee satisfaction and employee engagement. The top 20 results that the organizations achieved are tabulated in Table 4. All of the organizations achieved their

financial results and also the benefits that are unique to their services or products for example a free zone organization.

Table 3: Results

Insert Table 3 about here

Other notable results are in the area of customer satisfaction index and turnaround time, achieving 100% implementation of its projects or shrinkage and waste reduction in a supermarket service. Leadership commitment was crucial in order to get the benefits of participating in the quality award process. The organizations have, initiated regular employee surveys, leader development programs, and more systematic strategic and business planning. Leaders in the organizations were systematic in defining and following up goals both for individuals and for the whole organization. They have strong public responsibility and also had strong links with society.

Interestingly an organization has articulated CRM (Customer Relationship Management) term as “Customer Really Matters”. Understanding the customer requirements and monitoring the customer satisfaction is carried out by all organizations. Organizations follow in the steps of Deming and Juran to monitor and capture the customer requirements. There has been a great deal of technology investment to capture the customer requirements analyze them appropriately.

An organization from hospitality sector for example, states the more freedom that they give to the employees to resolve the guest issues on their own, the more they will take personal ownership. In this endeavour, it may require that they would to shift their leadership style and those they communicate and support a set of empowerment guidelines consistently. Business Excellence framework requires the contribution of its employees towards the achievement of the overall organizational success. There are employee recognition programs such as CEO Excellence Award, Employee of the Year etc. noted in the organizations. A finance sector organization believes that highly engaged employees create better business outputs, more loyal customers and better financial performance. It implemented a program called RACE (Reflex Amplify for Continuous Engagement) to engage and boost the morale

of employees. This has resulted in employee motivation to improve individual performance and career progression.

A robust Balance Scorecard (BSC) mechanism has helped shift leasing in establishing a highly satisfied customer and ensures that the growth story of the organization continues to etc. Results are achieved in various angles. Initiatives like team work and cultural building in a bank helped in enhancing the business performance and staff productivity in a better manner. Their customer satisfaction scores improved from 95.5 to 98 % in the year 2012. Employee satisfaction level rose consistently over 4 years to about 88% followed by career development of 24 employees over 4 years. The winning organizations have exhibited the key result in the area of customer focus.

By promoting team culture, finance sector organizations put together a team that worked towards the award and received recognition without any external help. Their best practice is leadership style and cross functional team. A finance sector organization illustrated implementing integrated management system to drive business excellence. Organizations have initiated centres or cells-like total quality and business excellence department or strategy management office giving importance to their quality drive. Leadership trait and leadership support has been explained as driving force behind the success of the organization. Winning organizations laud the support of top management for their success. Organizations agree that it is crucial to gain the top management support in implanting a quality framework. Besides rolling out strategic plans and aligning the unit's goals and objectives, these leaders are seen supporting the initiative in multiple levels. It is agreed that safety, environment and community are contributing the business excellence.

DISCUSSION

The winning organizations exhibit great emphasis on vision, mission, and core values of the organizations. These organizations recognize the importance of communicating the company purpose and goals to its employees. Improved computer technology is used to serve the customers. Organizations have demonstrated innovative ways for customer care. Employees are regarded as making key difference. A finance sector organization states that it is due its people support that gained

the excellence award. Teamwork truly gets results. Employees are empowered, encouraged and are authorized for their area of results.

The winning organizations fairly represent the trading, finance and retail indicating, UAE is a service economy. Given the nature of these sectors customer focus therefore has remained major contributed. The results achieved correctly correlated with customer focus outcomes such customer satisfaction, customer engagement and customer appreciation. The interesting programs such customer relationship management, loyalty are visible. Organizations achieving high scores in award assessments in fact are found to be companies with the highest performance across a wide range of indicators, including financial results and productivity (Pipan et al, 2012). The findings published by Hendricks and Singhal (2000) in the USA indicated significantly better financial performance of the award-winning companies in comparison with other companies in the research. The majority of the frameworks have emphasized customer focus. These frameworks have reported results in customer engagement, customer loyalty and customer satisfaction.

Secondly, the closely related focus is found on workforce or employees. The innovative program such employee voluntary program and engagement has created win-win situations justifying the correlation between the customer satisfaction and workforce and organizational growth(Evans ,2007).Thirdly the outstanding focus has been leadership. It is strongly believed that top management support and leadership play a key role in excellence journey. Strategy, vision and plan are seen as of prime importance. Leadership development has been on focus in winning organizations.

The Dubai Quality Award model was perceived by all organizations as a useful approach to quality improvement. So, the national quality awards play an important role in promoting and rewarding quality and business excellence (Xio et al, 1998). Adopting the best practices of business excellence improves a nation's competitiveness which leads to a global sustainable success (Hasan and Hannifah, 2013). The core values of customer orientation, committed leadership, participation by everyone, process orientation and continuous improvement were considered to be most strengthened due to the activities performed at the organizations. The organizations have developed different

methodologies and tools in order to strengthen these five core values. This is in accordance with the findings of Eriksson (2004), who also found that the five previously mentioned core values had been mostly improved due to organizations having participated in quality award processes. They regard self-assessment as key for gap analysis and regard the assessment report as a valuable assessment to continuously improve their processes. Truly, the application of Performance Excellence Frameworks is expected to raise the hope for organizations in maintaining their competitive advantage and long-term profitability (Corredor and Goni, 2010). Investing in excellence as a core of business strategy not only pays and but contributes to business performance (Dhalgaard et al. 2013) and guide the business strategy and continuous improvement in organizations (Brown, 2013).

In summary it can be illustrated that TQM based quality awards and its enablers play a role in peak performance as illustrated in Peak performance prism shown in figure 1.

Figure 1: TQM Enabled Peak Performance Prism

Insert Figure 1 about here

CONCLUSION

The purpose of this paper is to identify the people enablers of peak performance in organisations. This study has revealed that the peak performance can be achieved through the implementation business excellence frameworks which are fundamentally based on TQM principles. The leaders of the organizations must show strong long-term commitment to supporting the values of customer orientation, process orientation and continuous improvement. There are number of key practices that the organizations must foster for driving good results. The practices that are identified in this study might be helpful for practitioners to include the involvement and empowering of employees in the process and improve their customer and process focus. An interesting area of further research would be to compare different methodologies for performance improvement with each other. It is clear that participation in a quality award process generates improvement suggestions. Moving forward it would

be good to examine the various stages of excellence journey and the steps that guide the prospective applicants to embrace the excellence model for peak performance.

REFERENCES

- Agins, B. D. & Holden, M. M. (2007). Defining a high performance healthcare organisation. *BMJ*; 335:1055. doi: <http://dx.doi.org.ezproxy.uow.edu.au/10.1136/bmj.39359.605752.80>
- Arasli, H. (2012). Towards business excellence in the hospitality industry: A case for 3-, 4-, and 5-star hotels in Iran. *Total Quality Management & Business Excellence*, 23(5-6), 573-590.
- Black, O, & Marshall-Lee, D. (2011). Dynamic performance management: how to deliver more, with less, forever. *Industrial and Commercial Training*, 43(5), 275 - 282
- Brown,A. (2013). How do excellent companies stay excellent?, *Total Quality Management & Business Excellence*, 24:1-2, 108-118, DOI: 10.1080/14783363.2012.704264
- Cocks, G. (2012). Creating benchmarks for high performing organisations. *International Journal of Quality and Service Sciences*, 4(1), 16-26.
- Conti, T. A. (2007). A history and review of the European Quality Award Model. *The TQM Magazine*, 19(2), 112-128.
- Dahlgaard,J.J, Chen, C.K, Jang,J.Y., Banegas,L.A., & Dahlgaard-Park,S.M.(2013) . Business excellence models: limitations, reflections and further development, *Total Quality Management & Business Excellence*, 24:5-6, 519-538, DOI: 10.1080/14783363.2012.756745
- de Waal, A., Goedegebuure, R., & Geradts, P. (2011). The impact of performance management on the results of a non-profit organization. *International Journal of Productivity and Performance Management*, 60(8) 778–796.
- Eriksson, H. (2004). Organisational value of participating in a quality award process: a Swedish study. *The TQM Magazine*, 16(2), 78-92.
- Gomes, C. F., Yasin, M. M. & Lisboa, J. V. (2006). Key performance factors of manufacturing effective performance. *The TQM Magazine*, 18(4), 323 – 340.
- Hasan, M., & Hannifah, H. (2013). A Study of Australian Business Excellence Award Winners.
- Hendricks, K. B., & Singhal, V. R. (2000). The impact of Total Quality Management (TQM) on financial performance: Evidence from quality award winners. Melalui< <http://www.yahoo.com>.
- Hillgren, J. & Morse, E. (1998). High-performing organizations. *Executive Excellence*, 15(10), 9.
- Hirsh, S. 2014, "Learning is the 'secret sauce' for any high-performing organization", *Journal of Staff Development*, vol. 35, no. 1, pp. 76.

- Honyenuga, B. Q., Tuninga, R. S., & Ghijsen, P. W. T. (2014). High performance organizations framework as a predictor of firm performance in the insurance industry in Ghana. *Journal of Transnational Management*, 19(4), 261-278.
- James R. Evans. *Quality and Performance Excellence: Management, Organization, and Strategy*, Ed. 7. Cengage, 2009. ISBN-10: 0324381328 ISBN-13: 978032438132
- John Oakland (2011) Leadership and policy deployment: The backbone of TQM, *Total Quality Management & Business Excellence*, 22:5, 517-534, DOI:
- Journal of Entrepreneurial Behavior & Research*, 20(6), 542-561.
- Karmen Kern Pipan, Boštjan Gomišček & Miroljub Kljajić (2014): Slovenian National excellence award and total quality management deployment in Slovenian companies, *Total Quality Management & Business Excellence*, DOI: 10.1080/14783363.2014.904569
- Kelleher, B.(2011) Engaged employees equals high-performing organizations (achieving successful employee engagement). *Human Resource Management International Digest*, 19(6).
- Kelleher, B.(2011) Engaged employees equals high-performing organizations (achieving successful employee engagement). *Human Resource Management International Digest*, 19(6).
- Langford, L.K. *Engineering Management Review*, IEEE Volume:41, Issue: 1
- Macky, K. & Boxall, P. (2007). The relationship between 'high-performance work practices' and employee attitudes: an investigation of additive and interaction effects. *International Journal of Human Resource Management*, 18(4), 537-567.
- Merisalo, L. J. (2007). What makes a great leader. *Health Care Registration: The Newsletter for Health Care Registration Professionals*, 17, 2-3.
- Miguel, P.A.C. (2015). "Receiving a national quality award three times: recognition of excellence in quality and performance: ", *The TQM Journal*, Advance online publication.
- Mone, E., Eisinger, C., Guggenheim, K., Price, B., & Stine, C. (2011). Performance Management at the Wheel: Driving Employee Engagement in Organizations. *Journal of Business Psychology*, 26, 205–212.
- Osborne R.L. & Cowen, S. S. (2002). High-performance companies: the distinguishing profile. *Management Decision*, 40(3), 227–231.
- Phanuel Kofi Darbi, W. (2012). How do high-performing organizations define their mission in Ghana?. *African Journal of Economic and Management Studies*, 3(2), 184-204.
- Pilar Corredor Salomé Goñi, (2010), "Quality awards and performance: is there a relationship?", *The TQM Journal*, Vol. 22 Iss 5 pp. 529 - 538 Permanent link to this document: <http://dx.doi.org/10.1108/17542731011072865>
- Samson, D., & Challis, D. (2002). Patterns of business excellence. *Measuring Business Excellence*, 6(2), 15-21.
- Sathe, V. & Smart, G. H. (1997). Building a winning organization: the mind-body diagnostic framework. *Journal of Management Development*, 16(6), 418–427.

- Sawa, B. & Swift, S. (2013). Developing High-Performing Organizations: Keys to Recruiting, Retaining, and Developing People Who Make the Difference. *Leadership and Management in Engineering*, 13(2), 96–100
- Singh, M.R. (2013). Cultural Paradigm of High Performing Organizations: An Ethnographic Study in India Context. *International Journal of Business Anthropology*, 4(1), 92-107.
- Xie, M., Tan, K. C., Puay, S. H., & Goh, T. N. (1998). A comparative study of nine national quality awards. *The TQM Magazine*, 10(1), 30-39.

Table 1: Best practices in organizations

FOCUS	Practice	1	2	3	4	5	6	7	8	9	10	11	12
QM Principles													
Measurement and Improvement	Measurement system such as Balance scorecard / Or Internal ,easurement system such as surveys	✓	✓		✓	✓		✓					
Leadership	Inception of strategic Management Office or Excellence Departments	✓	✓	✓	✓				✓		✓		✓
Customer Focus	"Video Mystery shopping Program " Customer loyalty program	✓				✓	✓		✓				✓
Continuous Improvement	Corrective Action Plan	✓				✓							
	Traning Programs /Satisfaction/Teamwork/performance Mangt/Right people/Empluee volunoty program												
Workforce Focus	Talent development	✓				✓	✓			✓	✓	✓	

Table 2: Prominent example for companies

Practice	Frequency
Performance Management system every level	9
Assess and review your approaches;	
Benchmark	
Align and integrate goals	
Build Awareness	4
CRM/Feedback	2
Employee development/Appreciation	2
Team work	8
Ensure leadership commitment for excellence culture	6
Resources	2
Strategic plan	3
Establish a clear roadmap for excellence with adequate resources	2
Manage change ;gain everyone on our side	2
Structured process for implementing business excellence	2
Follow an excellence model	2
Develop strategic controls	2
Maintain up to date knowledge of technology, product and services	2
Measure satisfaction of all stakeholders	2
Celebrate quick wins	2
Plan ahead and focus	2
Prepare evidences	2
Cross fn team	2
Utilize the excellence feedback report to continue with the excellence	2

Table 3: Results

#	Top 20 results Achieved	Sector
1	100% completion of projects	Free zone
2	Customer Satisfaction (84%) or 95%	Trading/Retail/Education/tourism
3	Customer reach	Finance
4	Customer appreciations	Finance
5	Customer engagement	Finance
6	Customer relationships built	Education/Retails
7	Employee Satisfaction - 84% or (90%)	Education/Retail
8	Improvement in cost	Retail/Trading
9	Increase in sales	Retail/Trading
10	Increase in turnkey project	Free zone
11	Market Share	finance/Retail
12	Net Profit Improvement	Retail
13	Net promoter score	Retail
14	Net Revenue	Retail
15	Net revenue from new sales	Retail
16	Optimization of process (100%)	Free zone
17	Shrinkage in wastage	Retail
18	stock turn over days reduced	Retail
19	Turn Around Time	Retail
20	Workforce skills	Finance

Figure 1: TQM enabled Peak Performance Prism

