

Quality Awards as motivators in achieving Total Quality Management

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ABSTRACT

Total Quality Management (TQM) supports the organizations in their efforts to obtain satisfied customers. A major boost to the growth of TQM is the promotion of quality award models like Deming Application Prize, Malcolm Baldrige National Quality Award, Rajiv Gandhi National Quality Award and CII-EXIM Bank award. These award frameworks are used by many organizations to assess and benchmark their level of TQM implementation. The common purpose of quality award is to promote excellence in quality and implementation of total quality management in enterprises. Many Indian companies have spruced up quality efforts with TQM and have even won the quality awards. This paper describes, compares and analyses some important quality awards which are in use in India. The methodology adopted is based on the critical comparison of criteria of various quality award models. The objective of this paper is to know how TQM principles are incorporated in these quality award models.

Keywords: TQM, India, Quality Award, Motivators

INTRODUCTION

The demand for improved quality of products and services have led to three important changes in international business over the last two decades: i) the growing recognition of the importance of TQM philosophy and methods, ii) a major push by organizations worldwide to seek certifications to the ISO 9000 standards and iii) the growing recognition and application of the quality awards like Deming prize, Malcolm Baldrige National Quality Award (MBNQA) and European Quality Award (EQA). In the recent times awards are used by different organizations as formal evaluation models for their quality practices. Formal evaluation models are the standardized quality models used by the firms in practice as a guide for their implementation, or in order to carry out self evaluations of their quality practices. Self evaluation may be understood as a global, systematic, and regular examination of an organization's activities and results through its comparison with a business excellence model. Although there are some differences between these

models, they have a number of common elements (Sohrab, 2001). Also, these excellence models are based on TQM and they are helpful in defining and describing TQM. A few of the important and popular quality awards are listed below –

International Awards

1. Deming Application Prize
2. Japan quality medal
3. Malcolm Baldrige National Quality Award
4. European Quality Award

National Awards

1. Rajiv Gandhi National Quality Award (RGNQA)
2. Golden Peacock National Quality Award (GPNQA)
3. CII-EXIM Bank Award
4. Ramakrishna Bajaj National Quality Award

(RBNQA)

Organization based Group specific awards

1. RPG Organizational Excellence Award
2. JRDQV Award

The broad aims of these awards are described as follows (Ghobadian and Woo, 1996):

- (1) Increase awareness of the importance of quality management because of its contribution to superior competitiveness;
- (2) Encourage systematic self assessment against established criteria and create awareness simultaneously about market expectations;
- (3) Stimulate sharing and dissemination of information on successfully deployed quality strategies and on benefits derived from implementing these strategies;
- (4) Promote understanding of the requirements for the attainment of quality excellence and successful deployment of quality management;
- (5) Stimulate organizations to introduce a quality management improvement process.

Each award is based on a perceived model of total quality management. Further, the awards provide a useful audit framework against which organizations can evaluate their quality management methods, the deployment of these methods, and the end results. These awards are being given "for having achieved distinctive performance improvement through the application of total quality management" (Mhapralkar, 2002). In this paper, different quality awards won by Indian firms are taken up for comparison and analysis. The objective of this paper is to critically compare the criteria used by these various quality awards. The other important objective is to analyse how TQM is incorporated in these criteria used by the quality award models.

A brief overview of these awards is given in the paragraphs below.

OVERVIEW OF QUALITY AWARDS INSTITUTED IN INDIA

The pressing need to improve competitiveness has resulted in a number of national and international quality awards. These awards publicly recognize the achievements of the organizations which have successfully adopted the concepts of total quality management. The winners serve as useful role models for other organizations planning to implement total quality management practices. In India the movement towards these awards has been started by organizations like CII (Confederation of Indian Industries), BIS (Bureau of Indian Standards), and IMC (Indian Merchant Chamber). Along with them some major companies like RPG and Tata have started their own award frameworks to assess their constituent organizations. Brief overviews of these awards are given below.

1. Rajiv Gandhi National Quality Award

Rajiv Gandhi National Quality award was instituted by the Bureau of Indian standards in 1991, with a view to encouraging Indian manufacturing and service organizations to strive for excellence and for giving special recognition to those who are considered to be the leaders of quality movement in India. This award is intended to generate interest and involvement of Indian industry in quality programmes, drive the products and services to higher levels of quality and equip Indian industry to meet the challenges of domestic and international markets (www.bis.org.in). This award is named after India's Late Prime Minister Rajiv Gandhi, recognizing the new thrust that he gave to the quality movement in India so that India could move into 21st century with pride.

The award has been designed in line with similar awards in other developed countries, like Malcolm Baldrige National Quality Award in USA, Deming prize in Japan and European Quality Award. The award has

9 examination points. The main thrust is on leadership, process management and customer satisfaction. Detailed guidelines are provided regarding enterprise scoring system. The award is

operated by the Bureau of Indian Standards, the standards body in India. The examiners are drawn from specialized bodies with quality background.

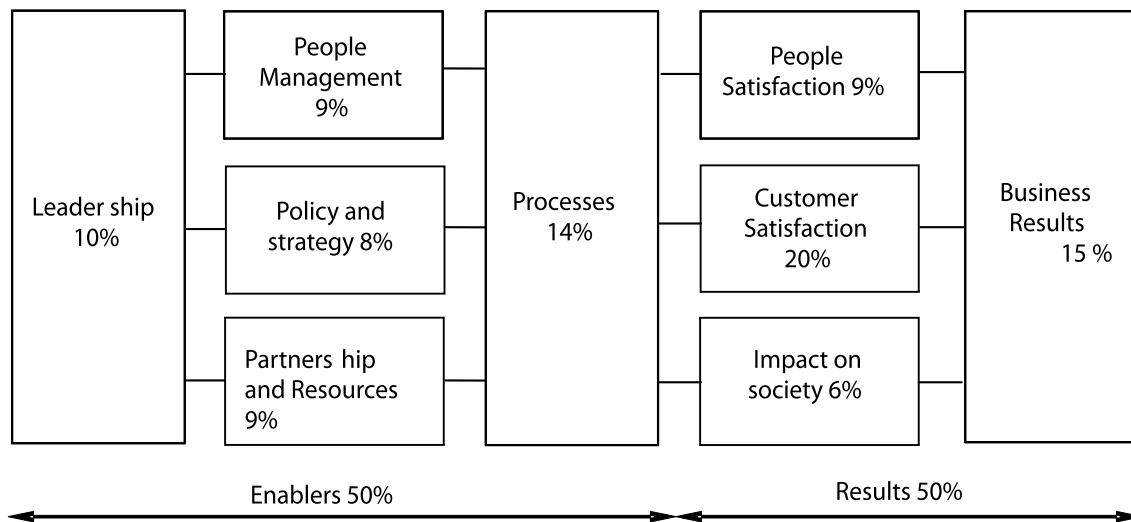


Figure 1: Rajiv Gandhi National Quality Award Model

2. Deming Application Prize

The Deming Prize was established by the Board of Directors of the Japanese Union of Scientists and Engineers in 1951. Its main purpose is to spread the quality gospel by recognizing performance improvements flowing from the successful implementation of firm-wide quality control based on statistical quality control techniques. The Deming Prize has proved to be an effective instrument for spreading TQM philosophy among the Japanese industries (www.deming.org/demingprize/demingapplication.html).

There are ten primary elements in the Deming Application Prize (1996), as well as a checklist that is used to evaluate the performance of senior executives. This checklist emphasizes the importance of top management’s active participation in quality management activities and understanding of the main requirements of quality improvement programs. It also provides senior executives with a list of what they need to do.

The following ten criteria are used for assessing Deming prize applications:

- (1) company policy and planning;
- (2) organization and its management;
- (3) quality circle education and dissemination;
- (4) collection, transmission and utilization of information on quality;
- (5) analysis;
- (6) standardization;
- (7) control;
- (8) quality assurance;
- (9) effects;
- 10) future plans.

Many Indian Auto companies in India have been doing exceptionally well since early 1990's by learning from each other and following the philosophy of Total Quality Management (TQM) as a

way for their corporate strategy to achieve Business Excellence. Many Indian companies especially in the automobile-component sector have been applying the principles of TQM or Business Excellence for competing in this very competitive market. With help from Prof. Osada of Japanese Union of Scientist and Engineers (JUSE) and the Confederation of Indian Industry (CII), these companies have been applying the Deming model for TQM Implementation in their companies for achieving competitive advantage. Figure 2 shows the criteria for Deming application prize.

3. Japan Quality Medal

In recent years, companies have recognized more than ever the importance of satisfying customers and employees, contributing to society, corporate social responsibilities and dealing with environmental problems. They are also feeling the impact of turbulent changes in the surrounding environment, such as political and economic developments both nationally and worldwide. To meet the challenges these developments present, companies are realizing that they need to transform the way they do business through implementing TQM

(www.juse.or.jp/e/deming/pdf/JQM_guide_2007.pdf).

Even if a company has established a sound quality assurance system and has won the Deming Prize, it cannot stand still. In a few years, it will surely need to adapt and transform its quality assurance system to meet new challenges and change the scope and practice of its business. For example, it may need to diversify its products, develop new products or initiate new business altogether. To do this, the company must continue educating and training employees and developing new employees who have joined the company since receiving the Deming Prize. It must also develop new managers who have been promoted since the Deming Prize challenge.

To respond to internal and external changes, and to implement TQM more effectively in managing the business, it is extremely necessary for companies that have received the Deming Application Prize to contest for the Japan Quality Medal. The experiences of past Japan Quality Medal-winning companies clearly establish the merit of the contest.

<p>1. Policy and Objectives</p> <ul style="list-style-type: none"> • Policies pursued for management quality, and quality control • Method of establishing policies • Justifiability and consistency of policies • Utilization of statistical methods • Transmission and diffusion of policies • Review of policies and the results achieved • Relationship between policies and long-and short - term planning 	<p>2. Organization and its Operations</p> <ul style="list-style-type: none"> • Explicitness of the scopes of authority and responsibility • Appropriateness of delegations of authority • Interdivisional cooperation • Committees and their activities • Utilization of staff • Utilization of QC Circle activities • Quality control diagnosis
<p>3. Education and Dissemination</p> <ul style="list-style-type: none"> • Education programs and results • Quality-and control- consciousness, degrees of understanding of quality control • Teaching of statistical concepts and methods, and the extent of their dissemination • Grasp of the effectiveness of quality control • Education of related company (particularly those in the same group, sub-contractors, consignees, and distributors) • QC circle activities • System of suggesting ways of improvements and its actual conditions 	<p>4. Assembling and dissemination of information and its utilization</p> <ul style="list-style-type: none"> • Collection of external information • Transmission of information between divisions • Speed of information transmission (use of computers) • Data processing statistical analysis of information and utilization of the results
<p>5. Analysis</p> <ul style="list-style-type: none"> • Selection of key problems and themes • Propriety of the analytical approach • Utilization of statistical methods • Linkage with proper technology • Quality analysis, process analysis • Utilization of analytical results • Assertiveness of improvement suggestions 	<p>6. Standardization</p> <ul style="list-style-type: none"> • Systematization of standards • Method of establishing, revising, and abolishing standards • Outcome of the establishment, revision, or abolition of standards • Contents of the standards • Utilization of statistical methods • Accumulation of technology Utilization of standards
<p>7. Control</p> <ul style="list-style-type: none"> • Systems for the control of quality and such related matters as cost and quantity • Control items and control points • Utilization of such statistical control methods as control charts and other statistical concepts • Contribution to performance of QC circle activities • Actual conditions of control activities State of matters under control 	<p>8. Quality Assurance</p> <ul style="list-style-type: none"> • Procedure for the development of new products and services (analysis and upgrading of quality, checking of design, reliability, and other properties) • Safety and immunity from product liability • Customer satisfaction • Process design, process analysis, and process control and improvement • Process capability • Instrumentation, gauging, testing, and inspecting • Equipment maintenance, and control of subcontracting, purchasing, and services • Quality assurance system and its audit • Utilization of statistical methods • Evaluation and audit of quality • Actual state of quality assurance
<p>9. Results</p> <ul style="list-style-type: none"> • Measurements of results • Substantive results in quality, services, delivery time, cost, profits, safety, environments, etc. • Intangible results • Measures for overcoming defects 	<p>10. Future plans</p> <ul style="list-style-type: none"> • Grasp of the present state of affairs and the concreteness of the plan • Measures for overcoming defects • Plans for further advances • Linkage with the long-term plans

Figure 2 : Criteria for Deming Application Prize

By setting the goal to apply for the Japan Quality Medal when companies receive the Deming Application Prize, they can expect to prevent their TQM from becoming stale and sluggish. In this way, they can further develop their TQM practices. In fact, Deming Application Prize-winning companies are invited to apply for the Japan Quality Medal many times over. Some companies have even received the medal twice.

As on January 1995, the Japan Quality Medal was opened to the following organizations: (1) An individual division of companies that has won the Deming Application Prize or the Deming Application Prize for Small Companies. (2) An individual division of a company that received the Deming Application Prize for Divisions. Originally, Deming Prize winning companies became eligible to apply for the Japan Quality Medal five years after winning the prize including the winning year, but as of January 2000, the period has been shortened to three years. For instance, a 2003 winner can apply for the medal in 2006. When it is recognized that an applicant's implementation of TQM has improved substantially beyond the level at the time it won the Deming Application Prize, the company is awarded the Japan Quality Medal. Winners of the Japan Quality Medal may repeatedly apply for the medal as long as they wait three years or more (including the award year) after winning.

The Japan Quality Medal was created to commemorate the first International Conference on Quality Control (ICQC), held in October 1969 in Tokyo, and to maintain and upgrade the spirit of the conference long into the future. With the purpose of further developing the world of quality control, the Japan Quality Medal was established with a fund from surplus conference revenues. Therefore, for those companies or divisions that have been practicing TQM for a long time, receiving the Japan Quality Medal is the highest honor.

4. Golden Peacock National Quality Award (GPNQA)

The National Quality Award Scheme was instituted by the Institute of Directors in February 1991 to encourage Total Quality improvements in both manufacturing as well as service organizations in India including:

- Public and private undertakings
- All sectors of industry and commerce
- Government and Semi-Government departments
- Trade and professional associations
- Educational, Service and Research Establishments

The GPNQ Awards are normally presented on the inaugural day of the World Congress on Total Quality held in January/February each year, to organizations adjudged to have made the most significant achievement in the field of Total Quality. The Golden Peacock National Quality Award stimulates and helps organizations to rapidly accelerate the pace of customer-oriented improvement process. It is a powerful self-assessment process and a way to build an organizations' brand equity on QUALITY. The preparation for the award helps to inspire and align the entire work force and management functions. The knowledge gained by the organization in describing and self assessing its operations leads to IMPROVED organizational performance. (www.goldenpeacockawards.com/gpnqa.html)

The Golden Peacock National Quality Award, named after India's national bird the "Peacock", is awarded every year. The award winners may use the Golden Peacock National Quality Award logo on their printed and promotional material for the next 3 years. Selected organizations may be given a commendation card. The Golden Peacock National Quality Award is being given separately for manufacturing and service sector organizations. Figure 3 shows the GPNQA model.

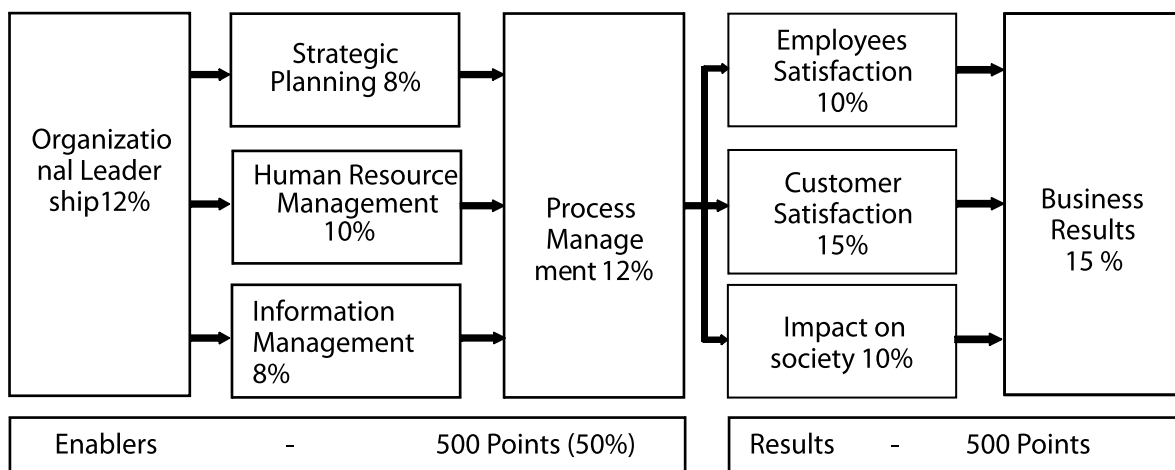


Figure 3: GPNQA Model

5. CII-EXIM Award for Business Excellence

The CII EXIM bank award for business excellence was established jointly by the Confederation of Indian Industry (CII) and Export-Import bank of India in 1994 to enhance the competitiveness of India Inc (www.ciionline.org).

The excellence model is based on universally accepted standards and practices that are found in the European Quality Award, the Malcolm Baldrige National Quality Award, Japan Quality Award and the Australian Quality Award. The CII-Exim Bank Award for excellence encourages organizations to strengthen their management systems practices and capabilities to enhance and sustain their competitiveness to become world class organizations. The award is administrated by CII.

Confederation of Indian industry is a non-Government, not –for-profit, industry led and industry managed organization, playing a proactive role in India’s development process. CII is a member of the network of Global Excellence Model (GEM) organizations, which include administrators of the US MBNQA, the EQA, the Australian Business Excellence award, the Japan Quality Award. This affiliation ensures that CII Exim bank Excellence framework reflects the world’s best validated management principles and practices. Export – Import (Exim) Bank of India is an apex financial institution set up in the year 1982 for financing, promoting and facilitating India’s international trade.

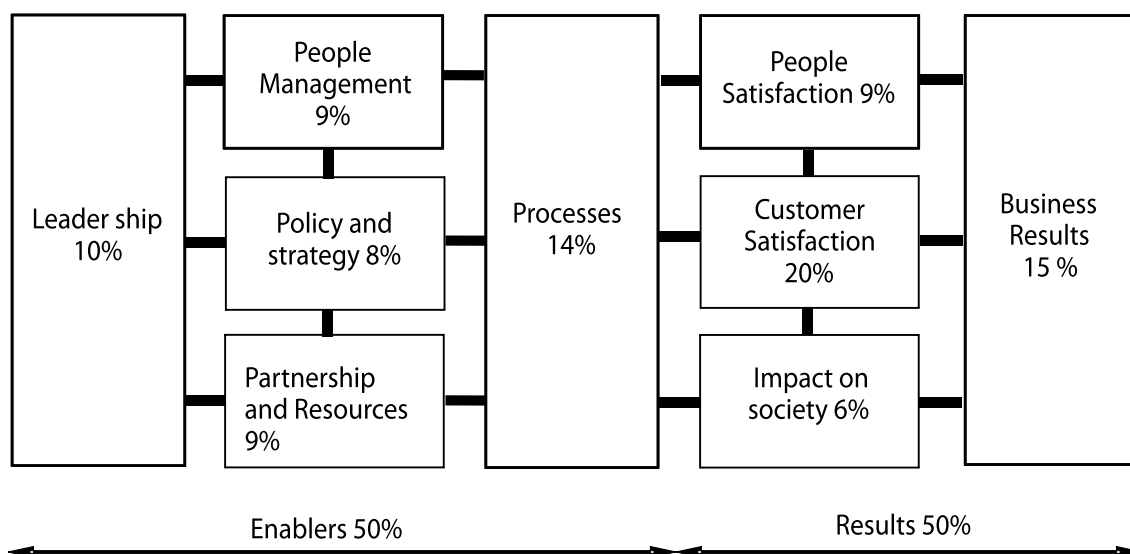


Figure 4: CII-EXIM Award for Business Excellence

The Excellence model 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. "Enablers" cause 'Results'. Figure 4 shows the CII- EXIM Award model. CII ensures that the model remains dynamic and contemporary to management thinking. Both CII and EFQM are committed to researching and updating the model with practical and academic inputs drawn from organizational experiences across the world.

6. RPG Organizational Excellence Award

The RPG Quality Awards were implemented by the Corporate Quality Center of the RPG group in 1999. Consequently, most RPG companies have started looking at Operational Excellence as measured through customer satisfaction, employee satisfaction, non financial and financial benchmarked results. The Corporate Quality Centre prepared a framework, the RPG Organizational Excellence Model, which is helping RPG companies to achieve continually improved Quality levels which are not only internalized but also externalized based on what customer wants and what market demands (www.rpggroup.com/quality.htm)

The RPG Quality awards are being given to the group companies, in the manufacturing or the service categories, which exhibit outstanding Operational Excellence, based on a set of criteria. Each of the applicants is assessed on RPG Quality Awards criteria and feedback reports are given by the assessment teams, to facilitate them to further enhance their capabilities to move towards operational excellence.

The RPG quality awards and the publicity accorded to the winners of the RPG quality awards are increasing

awareness for reaching excellence in quality by the group companies. People who rarely thought of quality as an important topic for structured discussion have started talking about the awards, their eligibility, the criteria, the application and selection process, the winners and their achievements. Further, these awards are also generating a healthy competition among the group companies. The competition generated by the award is naturally leading to greater all round improvement efforts and helping RPG's TQM movement. Figure 5 shows the RPG Organizational Excellence award model.

The advantages of corporate quality awards are getting increasingly recognized by enlightened managements within the group. Prominent among these are:

1. Providing direction and creating a uniform TQM culture throughout.
2. Recognizing contributions made by individual units.
3. Motivation for improvements to the managements and employees to work towards improvement on a continuing basis.
4. Improving performance of the company, both in financial and non financial areas based on a sound approach on the policies and processes and their companywide deployment.
5. Improved business results, which will in turn enhance the competitive position of the individual units of the corporation among the domestic and global players.

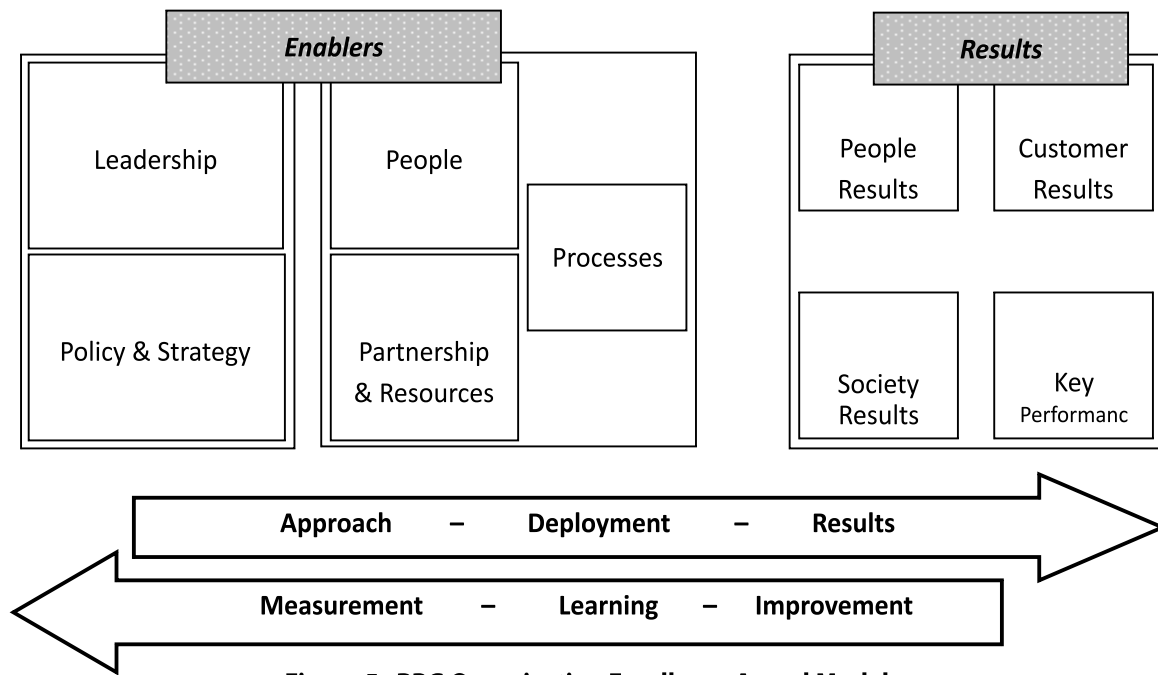


Figure 5 : RPG Organization Excellence Award Model

7. IMC Ramakrishna Bajaj National Quality Award (IMC-RBNQA)

Since 1996, The IMC RBNQA Criteria have been used by hundreds of Indian organizations to keep themselves abreast of ever-increasing competition and to improve their performance. The criteria emphasize openness and transparency in governance and ethics; the need to create value for customer and business; and the challenges of rapid innovation and capitalizing on the knowledge assets. The criteria provide a valuable framework that helps to align resources and approaches such as ISO 9000, Six sigma, Lean enterprise system and International quality maturity model, in order to, improve communication, productivity, quality effectiveness and customer satisfaction and achieve strategic goals on the journey to the vision. An annual trophy is awarded by the IMC for each of the following

categories; Manufacturing, services, and small business. (www.imcnet.org/aboutus/quality/bajaj.asp)

The criteria are built based on the following set of interrelated core values and concepts:

- Visionary leadership
- Customer driven excellence.
- Organizational and personal learning.
- Valuing employers and partners.
- Agility.
- Focus on future.
- Managing for innovation.
- Management by fact.
- Social responsibility.
- Focus on results and creating value.
- System perspective

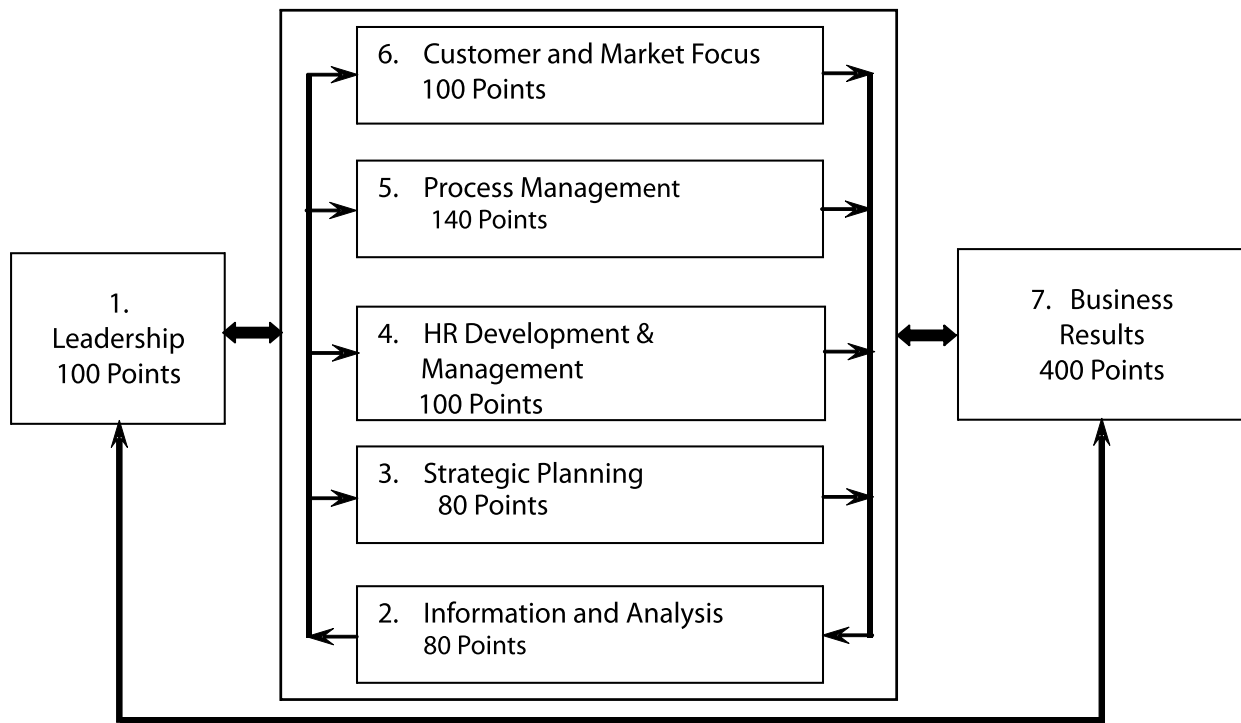


Figure 6 : IMC Ramakrishna Bajaj National Quality Award

8. The JRDQV Award

Jehangir Ratanji Dadabhoy Tata or JRD, as he was popularly known in business circles, guided the destiny of India's largest business house for well over half a century. JRD, who as chairman of the Tata group helped establish many new enterprises, was always conscious of the importance of quality, and ensured that this quality consciousness pervaded to all the organizations that belonged to the Tata group.....

(www.tata.com/0_our_commitment/corporate_governance/quality/jrdqv_award.htm). The quality movement in the Tata group is defined by a framework known as the Tata Business Excellence Model (TBEM), which has been adapted from the renowned Malcolm Baldrige archetype.

As a tribute to JRD's quest for perfection in every sphere of activity, the JRD Tata quality value award was instituted in his memory, which is a forerunner to TBEM. The award is modeled on the MBNQA and it has also attributes from other quality awards. The award recognizes companies within the Tata group that

excel in quality management and the achievement of the highest levels of quality. This is an annual award presented to the winning company on July 29, JRD's birth anniversary.

Objectives of the award: The JRDQV award is given to Tata group companies in order to;

- Create awareness of the importance of quality and the need for total customer satisfaction in all areas of operations of group companies.
- Achieve and sustain continuous excellence and consequently leadership in the market place through perfection and the achievement of quality that will be recognized as being the best and ahead of competition.

All Tata group companies are encouraged to volunteer for evaluation for the award. They are categorized into three sectors; manufacturing, Service and small business. The applications received are evaluated by a 'core group'. The evaluation is based on a point system across various parameters such as leadership, planning strategy, human resource management and process

management. The short list of companies prepared by this core group is then evaluated by an apex group headed by the chairman of Tata Sons.

There are seven criteria in TBEM assessment with a potential of 1000 points.

1. Leadership
2. Strategic Planning
3. Customer and Market Focus
4. Measurement, Analysis and Knowledge Management
5. Human Resource Focus
6. Process Management
7. Business Results

Comparison of Quality Awards

When these award models were compared, significant similarities have been found in the criteria used for assessing the award applicants [Vokurka, Steading, and Brazeal, 2000). All of the quality awards aggressively evaluate their applicants, with judges and assessors trained in the awards programs, criteria and models. While the programs have similar criteria, the approaches and definitions involved vary from award to award. Table. I demonstrates how each awards criterion address seven quality areas- leadership, planning, customers, employees, processes, suppliers and results. Differences also exist

in the point allocations placed on each criteria.

From the table we can see that the RGNQA, GPNQA and CII-EXIM awards are using the European Quality Award framework as their models. Similarly, RBNQA and JRDQV awards use the framework or criteria of MBNQA. That means Indian awards took two major awards like EQA and MBNQA as their role models or they took them as their benchmarks.

CONCLUSION

The criteria of different quality awards clearly focus on quality and customer satisfaction. By applying these various Business Excellence Models the companies in India have become globally competitive (Sridharan, 1998). It has been seen that by applying the principles of TQM through the quality award frameworks, any company can gain competitive advantage and move towards Business Excellence as described in this paper. Many companies in India have done this because of their foresight and the vision of the top management leadership and support from all its employees. These companies have prepared themselves to compete and be successful in a competitive world. To spread good total quality practice, the awards publicly recognize the achievements of these organizations which have successfully adopted the concepts of total quality management. The winners serve as useful role models for other organizations intent on adopting total quality management practices.

Table 1 : Comparisons of Various Quality award criteria

Deming Prize	RGNQA	GPNQA	RPGQA	RBNQA	JRDQV	CII EXIM
Polides	Leadership	Organizational Leadership	Leadership commitment and system	Leadership	Leadership	Leadership
Organization	People management	. Strategic Planning	Customer focus	Strategic Planning	Strategic Planning	People
Quality circle education and dissemination	Policy and Strategy	Information Management	Process focus	Customer and Market focus	Customer and Market focus	Policy and strategy
Information on quality	Resources	Human Resource Management	Data analysis	Measurement, Analysis, and Knowledge Management	Measurement, Analysis, and Knowledge Management	Partnership and resources
Analysis	Processes	Process Management	People focus	Human Resource Focus	Human Resource Focus	Processes
Standardization	People Satisfaction	Employees Satisfaction	Resource utilization	Process Management	Process Management	People results
Control	Customer Satisfaction	Customer Satisfaction	Customer satisfaction results	Business Results	Business Results	Customer results
Quality assurance	Impact on Society	Impact on Society	Employee satisfaction results			Society results
Effects	Business Results	Business Results	Key performance results			Key performance results
Future plans.			Community satisfaction results			

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