



RESEARCH AND CONCEPTS

Best practices of selected Greek organizations on their road to business excellence

Selected Greek organizations

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The contribution of the new ISO 9000:2000 series of standards

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Abstract

Purpose – To theoretically investigate and empirically test the current status of best practices in selected Greek industrial organizations on the road to business excellence through the European Quality Award (EQA). Also to examine the extent to which Greek organizations link their efforts towards business excellence with the existing quality assurance systems and particularly with the new ISO 9000:2000 series of standards.

Design/methodology/approach – Data were collected from ten selected Greek organizations that were judged as representative. They are all recipients of the European Foundation for Quality Management (EFQM) award for commitment to excellence and they are all either certified, or under certification, by the new ISO 9001:2000 quality standard. The data gathering was carried out through extensive and in-depth interviews with multiple informants.

Findings – Besides the “good stories” of the EQA model implementation, the study also revealed a number of problematic areas such as: increased bureaucracy; lack of flexibility in the design and implementation of the model; low utilization of employees’ skills and knowledge; and low utilization of the award as a marketing tool and as a means of penetrating new markets.

Research limitations/implications – This is the first step towards an understanding of the current status of best practices in selected Greek industrial organizations on the road to business excellence through the EQA. There is a need to evaluate these organizations by measuring their business performance and the degree of EQA implementation in the future.

Practical implications – The approach used by Greek organizations to EQA poses a great challenge to the authors since, in recent years, the move towards a more strategic approach to total quality through the EFQM model has been questioned in the literature.

Originality/value – Provides a reliable and objective depiction of the current level of best practices in Greece, through examination and analysis of other relevant studies, and includes the various approaches, practices and perceptions recorded so far in the literature – some of them based on empirical data and some deriving from rhetoric and a “good stories” or “how things ought to be” perspective.

Keywords European Quality Award, ISO 9000 series, Business excellence, Total quality management, Greece

Paper type Research paper

Introduction

The ISO 9000 contribution to business excellence and total quality management (TQM) has been widely discussed in the quality literature (van der Wiele *et al.*, 2000; Boulter



and Bendell, 2002; Bendell, 2000; Magd and Curry, 2003; Tummala and Tang, 1996) and it has already been proved in the Greek industry through an empirical survey in ISO-9000 certified companies (Gotzamani and Tsiotras, 2001). However, the launch and implementation of the new ISO 9000:2000 series of standards increases even more the companies' expectations and the likelihood that the new systems will bring firms one step closer to TQM and business excellence. In fact, it is being argued that the new ISO 9001:2000 standard represents a real step forward in quality assurance, since it focuses on "customer satisfaction assurance", instead of merely "product quality assurance". Therefore it represents an interesting challenge to study the influence of the new standard on the companies' efforts to achieve business excellence.

The ISO 9000 series and its contribution to certified organizations

The ISO 9000 family of international quality management standards has earned a global reputation in establishing quality management systems. Careful analysis of the ISO 9000:1994 standards' requirements compared to the basic principles of TQM and the requirements of the two most representative business excellence awards, the European Quality Award (EQA) and the Malcolm Baldrige National Quality Award, reveals several main shortages of the ISO 9000:1994 standards which were mainly lack of strategic quality planning, absence of top management commitment; lack of focus on customer satisfaction, lack of systematic training in quality, human resource (HR) issues are not addressed, vital issues related to competitiveness, benchmarking, and quality cost measurement are absent, as well as issues related to health, safety and the environment. Furthermore, supporting functions like marketing, sales and advertisement are not involved in the certification, continuous improvement is not adequately emphasised and finally there is no requirement for any proof of performance improvement and product or service quality results. However, all these standards' shortages should not be considered as disadvantages, since their main purpose is different from the purpose of TQM. The ISO 9000 standards are just designed to check the adequacy of a specific quality system and to reassure that this system is properly maintained. What is more important is that they have managed to communicate the quality message even among small and medium size companies (Conti, 1993). A great number of the above raised issues seem to be addressed by the requirements of the revised ISO 9000:2000 series of standards, which was released in November 2000. ISO 9001:2000 is a significant improvement on the previous version in terms of its conceptual simplification, its process-based vision and its acknowledgement of the importance of customer satisfaction as a key requirement for verifying the effectiveness of the quality system (Conti, 1999b). The basic principles on which the new standards' requirements are based (as found in the ISO 9000:2000 document) are much more TQM oriented.

The new ISO 9000:2000 standards contribution to business excellence

Literature review on the standards' potential and contribution towards TQM proved to be dichotomised. There is the positive view, according to which the standards can provide a good first step towards TQM, but there is also the negative view, according to which the standards drive organizations away from the more holistic and demanding quality theories and paradigms, like TQM and total customer satisfaction, emphasising conformance and standardization over customer satisfaction, innovation

and improvement. However, the main conclusion that is drawn from literature review is that success or failure of the standards does not depend on the adequacy of their requirements, but rather on the companies' ability and willingness to implement them correctly (Tsiotras and Gotzamani, 1996). The real benefits of the standards can be achieved only if the companies that implement them fully realise both their potential and their limits. Certification alone without the proper development and continuous improvement of a dynamic quality assurance system, continuously adapting to the variable external requirements, will not bring the positive results expected to provide the basis for TQM and business excellence.

An empirical survey that was carried out in the Greek industry by Gotzamani and Tsiotras (2001) proved that ISO-9000 certification can offer a good first step towards TQM, since it offers significant performance improvement in all TQM areas examined by the study. However, the standards' contribution is not the same in all TQM areas. Their most important contribution is in the areas of process management and quality data, while their contribution is much lower in the areas of leadership, human resource management (HRM), and the development of close partnerships with suppliers. In fact, the majority of companies had very low improvement in issues related to HRM, proving that this is the weakest area for companies that want to proceed to TQM. Similar surveys were also carried out by other authors in different countries and their findings support and enrich the findings in the Greek industry, indicating that the "soft" elements of TQM (leadership, employee participation and empowerment and customer relations) are the ones with the least improvement from certification. Improvements in these elements are particularly important since there is adequate research (Samson and Terziovski, 1999; Ahire *et al.*, 1996; Powell, 1995; Hongyi, 2000) proving that performance improvement is more heavily influenced by the "soft" elements of TQM rather than the "hard" ones.

The revised standard places emphasis on processes; customers; measurement; analysis and continuous improvement; resource management; and management responsibility (Bendell, 2000). A process-oriented approach with a stronger emphasis on customer satisfaction has been introduced, focusing on continual performance improvement (McAdam and Fulton, 2002). The new series presupposes that companies have clearly delineated business goals and that they have an approach for tracking changes that will lead to continuous improvement (Zuckerman, 2001). The introduction of the five building blocks and the introduction of the process-based approach are an attempt by ISO to reduce the amount of documentation required. Even more, the new elements that it introduces to the certified companies belong to the "soft elements" of TQM, that have been proved to be the fundamental ones in the TQM system, with a very strong effect in improving company results (Costa and Martinez-Lorente, 2003).

Thus, if certification to the previous standard was found to be a good first step towards TQM, the new standard could be considered as the next step on their way towards business excellence. The changes to ISO 9000:2000 are major, with far-reaching effects that cannot be simplified or minimized without adverse consequences. Organizations need to make an important cultural shift, from following a quality assurance approach to following a quality management approach (Laszlo, 2000). However, there is the fear (Conti, 1999a) that the focus on procedures again will prevail, creating new quality bureaucracies around processes

and losing sight of the purpose, which is satisfaction of the needs of the processes' customers.

How companies will proceed after ISO-9000 certification depends very much on their particular needs and on where they stand after certification. It is proved through empirical research (McAdam and Mckeown, 1999) that the businesses benefiting more from TQM are those which start with ISO-9000 certification and then focus on external (e.g. customer satisfaction, etc.) as well as internal measures (scrap, efficiency, etc.) of performance. A company may adopt ISO 9001:2000 to achieve a first level of performance and then implement the practices described in ISO 9004:2000 in order to increase effectiveness and efficiency of the quality management system. On this matter, Macey and Karapetrovic (2003) propose a model for the effective integration of ISO 9001:2000 with business excellence, based on the requirements of the ISO 9004:2000 and the criteria of the most popular business excellence models.

Methodology of the study

Since the aim of this paper is to theoretically investigate and empirically test the current status of the best practices in selected Greek industrial organizations on their road to business excellence through the EQA, data was collected from ten selected Greek organizations that were judged as normal, ordinary, and representative. They are all recipients of the European Foundation for Quality Management (EFQM) award for commitment to excellence and they are all either certified, or under certification, to the new ISO 9001:2000 quality standard. The data gathering was carried out through extensive and in – depth interviews in all ten organizations, asking several multiple informants, i.e. the plant manager, the production manager, and the quality manager, using a semi-structured questionnaire with open – ended questions. The data analysis provides some ground for generalizations, even though subjective judgments were also made from the analysis of the organizations studied.

Results of the study

In order to analyse the best practices and the ISO 9000 contribution to business excellence, a thorough examination of the motives that lead the organizations to apply for the EQA was considered necessary. According to the data collected from all studied organizations, meeting future customer needs, utilizing human resources, improving final product quality and promoting an overall quality improvement philosophy and culture were the highest rated motivating factors, followed by formalizing the internal communication system, and accessing new markets. Surprisingly, further development of the ISO 9000 quality assurance system and direct improvement of the internal quality processes were not rated as motivating factors for the EQA.

Use of external help in the design and implementation of the EQA was documented in almost all organizations while employee involvement in the process was rated as “average”. According to the quality manager of one organization, the low employee' involvement was due to the nature of the product and the complexity of the procedures followed. Only one of the studied organizations mentioned complete absence of external consultants in the implementation process. The practice followed by this organisation was the implementation of extensive training programs and the involvement of employees from all management levels and departments within the organisation.

The main problems that the majority of the studied organisations faced during their preparation for the award were: to convince employees for the necessity of the time and efforts needed in order to apply new working methods and forms of communication, so as to improve efficiency and solve quality problems; and to justify and to help all members of the organisation to understand and accept all necessary procedures and areas of improvement described in the award. Although in other similar studies, employee commitment and departmental barriers were common problems in the implementation phase, the majority of the organizations studied, mentioned that these were minimal and posed no direct threat to them.

The EQA model was perceived by all organizations as a useful approach to quality improvement. Senior management expected that the EQA model would provide the necessary ingredients to further formulate quality strategy, in order to meet the already established quality goals. The participants stated that there was a clear improvement in terms of clarity and consistence of the quality policy and the overall quality strategy. Although ISO-9000 certification was the first step to the development of a coherent corporate quality policy, the EQA seems to have helped the majority of the organizations to integrate the various aspects and elements of the quality system under a holistic quality strategy umbrella. A number of quality improvement tools and techniques (such as benchmarking and BPR) were used, in order to enhance the efforts towards “best practices mentality” using competitors’ performance as a base for improvement. Quantitative quality goals were introduced and systematic and continuous evaluation was in place, providing the necessary feedback to all organizational members.

Reaching a level of excellence according to EQA is not just setting a quality policy and introducing of an overall quality strategy for the whole organization. The authors found that building awareness through EQA is an ongoing process, which is still under way, and many organizations are continuously striving to convince managers and employees to embrace and support the effort. The practice followed by one organization towards this goal was the formation of a top management team called “strategic management committee” in order to motivate employees and provide a role model for middle managers, which were reluctant to participate and change their role.

An unexpected finding from the study was the absence of systematic evaluation of the various quality initiatives introduced during and after the EQA. Also, in almost all organizations studied, ISO-9000 certification was not used as an overall internal evaluation tool. This finding supports the argument that when quality management evolves from quality assurance systems, it tends to focus on the “process” (technical) aspects of quality rather than on strategic quality issues covering all functions of the organization (Kufidu and Vouzas, 1997). According to Bohoris (1995), EQA examines how an organization’s critical processes are identified, managed and improved. From our data, it is obvious that the implementation of the EFQM model leads to a process management context, which is rather descriptive and strongly related to the internal and external customers. The majority of the organizations seemed to improve and systematize all processes related to the requirements of the award and cover issues of measurement, follow-up, and continuous improvement to satisfy customer needs. However, in a few cases, quality managers indicated that they were still experiencing various problems related to process management and improvement like the clarity and adequacy of existing processes and the cooperation and integration with other

functions for their implementation. Furthermore, it was evident in all organisations studied, that after development of the model, they are strongly emphasising the management of processes so as to achieve organizational “results” rather than just following the much more technical and procedure-related requirements of the ISO 9000 standard.

As far as HR issues are concerned, EQA seems to provide a new platform for introducing new practices and upgrading the role of the HR function, which was previously found to be the most problematic area after ISO 9000 implementation. Management and utilization of people is at the core of the EQA and it seems that the sample organizations are striving to focus on specific issues and measures, covering all HR-related activities. However, in some of the organizations the strategic role of people is still not dynamic. It is considered to be very costly and complex, while respondents realize that there are still high opportunities for improvement in this area. It was obvious from the study that human resources issues were not at the centre of the quality strategy formulation and implementation within the sample companies.

Regarding the results realized from the implementation of the EFQM model and the contribution of the revised ISO 9001:2000, as it was expected, organizations claimed that they have made a major step into quality improvement. Most specifically the majority of the respondents mentioned increased productivity, improved final product quality, scrap elimination, reduction of customer complaints, improved internal processes, re-establishment of communication channels, introduction of quality teams, reduction in the number of accidents and hazards in the work environment, improved quality reputation by both suppliers and customers and finally, the development of a new organizational quality climate. Also, the majority of the respondents stated that ISO 9000:2000 provides the ground for further development of a “results” orientation which is heavier influenced by “external factors”.

However, besides the “good stories” of the European quality model implementation, the study also revealed a number of problematic areas such as: increased bureaucracy, lack of flexibility in the design and implementation of the model, low utilization of employees’ skills and knowledge, and low utilization of the award as a marketing tool and as a mean to help penetrate into new markets.

Conclusions

The study findings show that the EQA is considered far more vital and challenging than the ISO 9000 standards in terms of its purpose, goals and context, and it is mainly used as a mean to promote quality awareness to all “internal” and “external” customers. On the other hand, these same organizations seem to apply ISO 9000:2000 not as complementary to EQA but rather as an effective quality system which provides confidence in customers that their products and services consistently conform to their specified requirements. Important factors that are evaluated by the EQA, such as competitiveness, customer focus, continuous improvement, benchmarking, fact-based management, people participation and partnership, and strategic quality planning, advance their quality management systems well beyond ISO-9000 certification. However, as mentioned above, the EQA is still not sufficiently utilized by Greek organizations. The main reasons for this are the dominant role required by senior management, the lack of integration between the model and the existing quality

assurance systems and the lack of strategic orientation towards organizational excellence in all functions of an organisation.

EQA provides a unique opportunity for self-assessment and quality improvement based on well-accepted criteria. Greek organizations that wish to stay competitive and improve their quality systems need to understand that ISO 9000 is an integral part of TQM, and that the combination of the two will lead them to organizational effectiveness through a holistic quality approach. Best practices applied in the majority of the organizations need to have a “strategic total quality” orientation and context.

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