

## QUALITY AWARDS AS A TOOL OF COMPANY SELF-ASSESSMENT

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**Key words and phrases:** the Deming prize; European Quality Award; the Malcolm Baldrige National Quality Award; quality award; self-assessment.

**Abstract:** It is emphasized that company self-assessment is a comprehensive and systematic tool for analyzing its performance with reference to quality management. It can help to identify the areas for improvement and innovation. The author argues that the self-assessment results reveal the strengths and weaknesses, identify the level of maturity of the organization, and can be considered as valuable information for management review.

### Introduction

With the introduction of ISO 9000 in the company working practices, most organizations started internal audit and management reviews, which triggered the company self-assessment covering all the activities of the organization. Its ultimate objective is to identify the strengths and weaknesses in the company's operations and planning of activities to bring the company's ability to match its mission and goals. In this case, self-assessment contributes to the systematizing and structuring of company's management, enables to trace the dynamics of improvements and build up a self-learning organization based on the principles of continuous improvement. The basis of self-assessment is score system that involves comparing the achieved results with the standard ones, or those of other organizations, as well as to track the dynamics of improvement in another self-assessment. Such an approach is typical of quality awards with self-assessment based on the models of prizes.

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## History background

Self-assessment was introduced in 1987 together with the first version of ISO 9000. The scope of self-assessment has increased dramatically due to the massive introduction of quality management systems ISO 9000 and holding various competitions for quality prizes. According to ISO 9004:2001 'Quality Management System. Recommendations for performance improvement', self-assessment is comprehensive evaluation that draws a conclusion about the effectiveness and efficiency of the organization and the level of maturity of the quality management system.

The ISO 9000:2001 QMS 'Quality Management System. Fundamentals and Glossary' states: company self-assessment is a comprehensive and systematic analysis of the company activities and results with respect to the quality management system or the model of excellence (Model Quality Award). Self-assessment can give the idea of the company and the degree of quality management system development. It can also help organizations to identify areas for improvement and development priorities.

## Objectives and procedure of self-assessment

*The objective of self-assessment* is to provide a company with a list of recommendations based on the facts concerning the scope of resources to improve its operations. Self-assessment as a management tool enables to get a comprehensive picture of the company; find out whether its customers, employees, partners, suppliers, owners and community are satisfied with its performance [1].

*The procedure of self-assessment* involves the analysis of the company performance, which is based on data. This procedure involves the assessment of:

- company strategy and tactics (policy and strategy are re-defined and adjusted, working practices are reviewed, taking into account the influence of the environment);
- management contribution of main divisions into the company performance;
- personnel policy (staff training with respond to the ongoing changes; creating favorable working conditions and so on);
- management of resources (including fixed assets, finance, labor, information and other resources, etc.);
- process management (evaluation of key processes of the company);
- company personnel policy (incentives to motivate the staff);
- company performance (including customer satisfaction as well as actions aimed at improving the company reputation).

Self-assessment results in purposeful planning of activities, strict observance of which leads to real improvements in the company performance. Self-assessment can help to redistribute the funds allocated to address quality assurance [4].

## Methodology of self-assessment

One of the simple techniques of self-assessment is proposed by ISO 9004:2000. It can be applied to the whole quality management system, or its part, or any process. Quality is assessed on a five point scale, with each point reflecting the levels of performance [2]:

– *one point* – there is neither formal approach to company management nor consistency in solving problems, there are no positive results, or they are bad and unpredictable;

– *two points* – the problems are addressed when they occur, however, the systematic approach is based on minimal data on the availability of the results of improvement;

– *three points* – there is a well-established formal systematic approach, however, the improvements are in the initial stage; there's some evidence of the objectives compliance and a positive trend towards improvement;

– *four points* – there is a clearly visible emphasis on continuous improvement, the process of improvement is ongoing, there are positive results and stable trends towards improvement;

– *five points* – the best results in this class of activity is achieved, there is a strong integrated process of improvement, demonstrated by comparison with results of similar objects.

## Quality award as a self-assessment tool

Another popular option of self assessment procedures is participation in the competition to meet the criteria of quality awards. Among them is the well-known and world recognized awards in the form of models that shape the national policy in the field of quality. This is primarily the models business improvement enabling the managers to structure and organize the work within the company and begin the process of self-improvement.

Typically, the model of these prizes is a set of assessment criteria that have internal links and integrated graphics circuit. Building a management system based on the model of quality awards involves the desire to meet their criteria. The popularity of quality awards as improvement models is growing. The most prestigious quality awards include:

- 1) the Deming prize (Denting Application Prize – **DAP**) in Japan;
- 2) the Melcom Baldrige National Quality Award (**MBNQA**) in the USA;
- 3) the European Quality Award (**EQA**) for European companies.

The first Deming prize was awarded by the Japanese Union of Scientists and Engineers in September 1951, this period was characterized by extensive use of quality control in Japanese companies, and some of them were transforming quality control into total quality control of the company (Company Wide Quality Control – **CWQC**), based on statistical quality control (**SQC**) [3]. Before 1984 the Deming Prize was awarded only to Japanese companies that distinguished themselves in the effective implementation of CWQC as well as individuals and groups who made significant contributions to the development

and promotion of quality control. In 1984, the Deming Prize for foreign companies as a special award was established by Japan Committee.

Currently, Japan Committee for awarding the Deming prizes has five nominations: for big companies, small businesses, departments, personal award for individuals and groups, and the prize for foreign companies. This award is the first and by far one of the most prestigious awards in the field of quality.

The criteria for the first level of assessment model of companies applying for the DAP award, are the following key points in their activity:

- 1) the policy and objectives;
- 2) the organization and functioning;
- 3) training and development;
- 4) collection, spread and use of information;
- 5) analysis;
- 6) standardization;
- 7) control;
- 8) quality assurance;
- 9) results; plans.

For a more detailed analysis of the company applying for DAP, there is a second level of assessment. For clarity, the process of building management system is based on the DAP model, where each criterion has a numeric value and weight content in the overall company assessment. For example, the criterion of leadership in DAP is 120 points (12 %) of 1000 points.

National Award for Quality – the Melcom Baldrige National Quality Award – is named after the former U.S. State Secretary, who bestowed a personal interest in the development of management and improving the quality and personally participated in the draft program of the award shortly before his death in 1987.

The award was established in August 1987 and until 1999, the companies operating in the industrial and service sectors could only apply for this award, however, in the mid-90's the criteria for evaluating the applicants from educational institutions and health care organizations were developed.

The criteria for Melcom Baldrige model include the key indicators of company performance excellence that assess the following aspects of its activities:

– leadership: how well top management of the company directs its activities in terms of application of best practices;

– strategic planning: involves the assessment of the progress in achieving the company goals to improve the quality of its performance;

– assessment, analysis and knowledge management: involves assessing the company progress in collection, analysis and use of information to improve quality;

– focus on customers and markets: involves assessing the ability of the organization to meet the needs and expectations of customers;

– process management: involves the assessment of efficiency and effectiveness of process management and continuous improvement;

– quality results: assessing progress in all areas of the organization by the relevant quality indicators and measuring results.

The criteria for the Melcom Baldrige National Quality Award are continuously developed and improved. These criteria focus on the preventive actions. Competing for the Melcom Baldrige National Quality Award is not restricted to those evaluation criteria. The prize is awarded to no more than two organizations in each category. It is the U.S. president who hands over the award on the second Thursday of November, when the World Day of quality is celebrated.

European Quality Award was established by the European Foundation for Quality Management, with the support of the European Organization for Quality and the European Commission. The first prize was awarded in Madrid to the European Office of Xerox – Rank Xerox Limited in 1992. This prize is awarded annually. European Quality Award has two components (groups of criteria):

1) the Company's quality activities (capabilities reflected in the quality system);

2) the results of these activities (degree of customer satisfaction).

The criteria for judging the entries are:

– leadership (10 %) – the role of all top managers in the implementation of TQM principles in the company is assessed;

– HR management (9 %) – the attitude of employees to the company, development of corporate loyalty rather than focus on methods and forms of HR management of the company;

– policy and strategy (8 %) – the vision of real goals and ways to achieve them is assessed;

– resource management (9 %) – the effectiveness of technological, informational, and financial resources is assessed;

– process management (14 %) – the effectiveness of all processes within the company that create added value is assessed;

– satisfaction of internal customers (9 %) – employee satisfaction, conditions of their work, and their attitude to the company are measured;

– satisfaction of external customers (20 %) – satisfaction of external customers (direct and indirect) with products and services is assessed;

– the impact on society (6 %) – the opinion of people and organizations that are in contact with the company, the impact of its activities on the conservation of the environment and quality of life are assessed;

– efficiency (15 %) – the extent to which the results of the planned business results are achieved.

There are two levels of criteria with equal weight in total score. The total score for all criteria is 1000 points. European award for quality is awarded to companies that have demonstrated excellence in quality management.

Having considered the assessment criteria for DAP, MBNQA, EQA, it can be concluded that the composition of the criteria form the basis of assessment and self-assessment of organizations; they are based on the principles of TQM and are quite similar. International Quality Awards do not provide a monetary

reward. The winners of these awards are presented with the award symbol, which they can use for promotional purposes. The criteria and their weight are constantly refined and improved.

Apart from the most famous international awards for quality such as DAP, MBNQA and EQA, there is a significant number of national, regional and corporate awards for quality.

Among them is the Prize of the Russian Federation which was introduced on April 12, 1996. It has been awarded each year since 1997, on a competitive basis for the great achievements in the field of safety and quality of products and services, as well as for the implementation of high-quality management. The year no more than 12 awards are awarded [5].

The award is based on the principles of TQM. It includes two sets of criteria. The first group comprises the capabilities of the company to achieve results in terms of quality (5 criteria), the second group comprises the company performance (4 criteria). The weight of each group of criteria is 55 and 45 %, respectively.

The total possible score is 1000 points. The main objective of this competition is to encourage Russian companies to improve the quality of their products and services so as to compete at a new, higher level, both in Russia and in the global market.

Competition participants may include Russian companies and organizations as well as enterprises and organizations with foreign capital, producing goods and providing services on the territory of Russia, as well as foreign firms competing in the “Supplier to the Russian market”.

## **Conclusion**

Self-assessment is a comprehensive and systematic review of the principles of the company and its performance. Self-assessment is aimed to assess the maturity as a certain degree of approximation to the “excellence” within a model with the list of areas for improvement, where you can make changes. A lot depends on the choice of model that should be flexible, specific, tailored, being able to reflect the character of the company. Self-assessment process allows the company to better understand their strengths and identify the areas for improvement that can lead to the promotion of the business. Self-assessment enables to plan activities that can lead to real progress and improvements.

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**Премии качества как инструмент самооценки  
деятельности организации**

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**Ключевые слова и фразы:** Европейская премия за качество; награда за качество Мэлкома Бэлдриджа; премия качества; приз Деминга; самооценка.

**Аннотация:** Показано, что самооценка организации является всесторонним и систематическим инструментом анализа результатов деятельности организации в области менеджмента качества. Самооценка способна помочь выявить области, требующие совершенствования и инновационного подхода. Результаты самооценки показывают сильные и слабые стороны, уровень зрелости организации, а также могут представлять собой ценную информацию для анализа со стороны руководства.

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