Business Excellence and Human Resources: Investigating Best Practices in European Quality Awarded Greek organizations

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ABSTRACT

The main objective of this paper is to investigate best practices in HR Management by selected Greek industrial companies. These companies are on their road to Business Excellence through the European Quality Award (EQA). The paper also examines issues like challenges, barriers and benefits that were witnessed during this procedure. Data was collected from seventeen Greek organizations that were judged as normal, ordinary and representative. Some of them are certified with the ISO 9001:2000 and they are all awarded in one of the European Quality Award categories. The research results show that there is a tendency of increased loyalty of leadership to quality and also there is a change in the way EQA organizations are thinking about matters of utilizing its human resources. Also, an extension of this change is the direct connection and dependence between the corporate strategy and the human resources strategy.

Keywords: Business Excellence, Human Resources, European Quality Award, Research, Greece

1.0 Introduction

Only recently quality experts, researchers, academics and practitioners realized that "human resources" issues can be at the core of the quality philosophy and that employee involvement and commitment is essential for the successful introduction and implementation of quality initiatives, programmes or practices and techniques (Blackburn & Rosen, 1993; Soltani, et.al, 2004; Kufidu & Vouzas, 1998; Vouzas, 2005). It is widely accepted that TQM has a high human resource context and that quality movement recognizes the importance of human resources utilization and states a conceptual and well-defined image concerning human behaviour and motivation.

2.0 Theoretical Background

The theoretical and the empirical research showed that recently organizations have realized the huge importance of human recourses role to their road to quality. Top management commitment to the implementation of Total Quality is present and an effort is made to develop a close and direct relationship between leadership and employees (Wilkinson et al., 1993; Dale & Cooper, 1994; Kanji, 1998; Bennis & O' Toole, 2000 and Sila & Ebrahimpour, 2002 by E. Soltani, R. van der Meer, T. Williams and P. Lai, 2006). Companies in many cases encourage the participative style of management and organize meetings about quality matters which are characterized by the free exchange of ideas and interaction. Also, leadership pays much attention to the employee's training to quality matters and tries to transfer the quality spirit to them (Moreno-Luzon, 1993a by T. Gonzalez & M. Guillen, 2002). Furthermore, many managers perform formal benchmarking in order to examine the market, the competition and the best practices adopted by successful companies around quality issues (Hamzah & Zairi, 1996c and Oakland, 1996 by Curry & Kadasah, 2002).

It is also observed that companies have started to recognize the efforts of employees and have enclosed it to the philosophy of the Human Resources Department. The recognition can be expressed either by financial or by ethical awards and can be realized through an open or a close ceremony. Companies start to pay more attention to the system and the procedures needed for employee recognition. Furthermore, it is very interesting that more and more companies seemed to realize the importance and the role of the Human Resources Department to the implementation of Total Quality. Analytically, they devote an important part of the total budget to the Human Resources Department so as to be created meeting rooms, class for training etc (Hamzah & Zairi, 1996c).

Regarding human resources management policy, it was observed that it has been integrated to the corporate strategy creating a strong relationship among them. Every decision that is taken and is related to

the corporate strategy, leadership must foresee the possible influence that could have to human resources and reverse. Also, human resources management is characterised by programs of social help & support for the company's employees. It was also found that companies don't simply transfer knowledge to the employees but they try to inspire them the philosophy of quality and a different way of thinking (Moreno-Luzon, 1993a by T. Gonzalez & M. Guillen, 2002 and Spechler, 1989 by Herbig, Palumbo & O' Hara, 1994). Managers encourage employee's training around quality matters in order to be able not only to do their job under the new facts but also to trace chances of quality and points for correction. Training programs can be either technical or managerial like risk management and decision making. The program's efficiency is counted through research of employee's and client's satisfaction.

Companies which are to their road to quality encourage the active participation of employees to the procedure of decision making and to the free exchange of ideas. Employees have the opportunity to propose new practices, use quality teams to express their opinions and evaluate their managers (Evans, 1985 & Hogan, 1992 by Sun, Hui, Tam & Frick, 2000).

The most popular channels of communication that companies use are newsletters, publication of magazines, videos, frequent meetings between quality teams, conversations between focus groups, unofficial discussions between leadership and employees (Hamzah & Zairi, 1996c).

Through the literature review, it was observed that empowerment is a very important issue. Empowerment creates the feeling to employees that belong somewhere (D. Harrington & B. Williams, 2004) and it can be succeeded when managers delegate responsibilities and duties. The most usual way of empowering are seminars and through active participation to quality teams (Bounds et al., 1994 by Sun, Hui, Tam & Frick, 2000).Teams are basic ingredients for the implementation of Total Quality and usually are named quality teams. Employees of these teams occupy with matters and opportunities of quality, problems and resolutions of them (Rao et al., 1996 by Chiu, 1999). These teams are independent and self-controlled (Mohrman et al., 1996 by Chiu, 1999). They communicate directly with management and usually have important responsibilities.

Through research it was observed that there is rich bibliography about the disputable relationship of Total Quality and Appraisal System. There are important gurus of Total Quality like Deming (Deming, 1986 by E. Soltani, R.B. van der Meer, J. Gennard & M.T. Williams, 2004a) who support that Total Quality cannot exist parallel to the appraisal system because the one cancels the other (Scholtes, 1993 by E. Soltani, R.B. van der Meer, J. Gennard & M.T. Williams, 2004a). Though on the other hand, there are many academics that support that it is possible for Total Quality and appraisal system to coexist under some circumstances like the way that the rating is built, the existence of the 360^0 appraisal (Petrick & Furr, 1995 by Soltani, 2005), the criteria that are used (mostly qualitative and not so much quantitive) (Carson et al. 1992; Caudron, 1993; Ghorpade et al., 1995; Graber et al., 1992; Waldman & Kenett, 1990; Masterson & Taylor, 1996). The companies that are examined have managed to acquire an appraisal system that allows the parallel implementation of quality. Analytically, the objectives are team-oriented, the criteria and the results are discussed and decided since leadership and employees have agreed. Finally, apart from the employee's appraisal, it is also realized the leadership's appraisal (up-ward appraisal).

3.0   Research Methodology

Data was collected from seventeen Greek organizations that were judged as normal, ordinary and representative. Most of them are certified with the ISO 9001:2000 and they are all awarded in one of the European Quality Award categories. For this reason, a questionnaire was developed and addressed to organization's Human Resources Manager. The objective of this research is to examine best practices in human resources management that Greek companies implement in their road to Business Excellence. The questionnaire consists of 7 parts. The first part refers to the identity of the company (origin of capital, number of employees), the second to the motives of the model's implementation, the third to the procedure of the implementation and the fourth to the problems and the difficulties that were faced. At the fifth part, questionnaire addresses the organization's HRM implementation methodology and the prevailing Human Resources Management practices. The sixth part refers to the results of HRM implementation practices and the seventh the influence of EQA implementation to the organization's road to business excellence.

4.0   Empirical Findings

The majority of organizations were Greek and employees were highly experienced. Most of them were firstly certified with ISO9001:1994 and half of them were already certified with the ISO9001:2000. The most important motives to EFQM implementation model were, the enrollment to the general policy of the company (4,41), the client's satisfaction (4,3), the qualitative improvement of goods and services (4,29), the creation of a strong culture (4,29) and the improvement of the internal communication (4,23). The degree of the consultant's participation and their assistance to EFQM's model implementation wasn't very high (2,41) in contrary to that of the leadership (4,41), of the middle managers (3,76) and the employees (3,23).

In general, the problems and the difficulties of the implementation of EFQM model were minimal. The most important difficulties were around the development and the implementation of the new procedures (2,7), the absence of knowledge about Business Excellence in general (2,59), the absence of time and the financial cost (2,53), the adaption to the new way of operation (2,53) and the employee reaction due the extra work burden (2,18).

The authors observed that leadership had a high degree of commitment to the development of human resources (4,11) and recognized the importance of them to the accomplishment of the corporate objectives (4,18). Companies offer to their employees programs of empowerment, training and education (3,94) and encourage a working environment where employees can develop themselves through cross-functional teams (3,9).

Table I: Strategic Human Resources Management (SHRM)

	Median	**Standard Deviation**
Commitment of leadership to the development of human resources	4,11	0,86
Recognition of human resources 's importance by leadership	4,18	0,95
Training and recognition of employees	3,94	0,9
Quality culture to human resources policies	3,9	0,86
Develop employee's abilities and knowledge	3,8	0,56
Alignment of HRM with business strategy	3,76	0,97
Team spirit and collectivity	3,65	0,93
Clear qualitative and quantitative goals for HR	3,53	1,07
Committed sources to the development of human resources	3,41	0,87
Continuous communication between employees and leadership	3,35	1,11
Written HR policy	3,29	1,36

 * (0=Not at all, 1=Very Little, 2=Little, 3=Moderate, 4=Much, 5=Very Much)

In general, HR implementation methodology didn't score high. Analytically, moderate scores were observed regarding systematic appraisal of opportunities for the development of HRM practices (3,41) and cooperation to their implementation (3,41). Also, they were low scores regarding formal planning for the development of organization's human resources management (3,29), employee participation encouraging (3,29) efficiency evaluation of HRM's practices (3,23).

Table II: Methodology of HRM implementation

	Means	**Standard deviation**
Systematic appraisal of opportunities for the development of HRM practices	3,41	0,94
Cooperation and team spirit to the implementation of HRM	3,41	1,17
Systematic design of HRM	3,29	0,98
Employee's participation to the HRM	3,29	1,05
Systematic evaluation of the HRM practice's efficiency	3,23	1,09
System for the performance appraisal according to objectives	3	1,37
Procedure for the implementation of the HRM' s practices	2,94	1,3

The organizations used a wide range of HR practices such as: training employees to their expertise (3,94), organizing effectively the HR function (3,82) and having a performance appraisal system in place (3,7). Also, companies trained employees for their personal development (3,65) and provided motives to increase their performance (3,59). Furthermore, programs of social support were developed (3,59) and employees were trained to quality matters (3,53). Finally, systems of hygiene and security (3,53) and procedures of recruitment and selection (3,53) were realized.

Table III: HRM Practices

	Median	Standard Deviation
Training of employees to their expertise	3,94	1,09
Organize effectively the HR function	3,82	1,07
Appraisal system	3,70	1,16
Education of employees for their personal development	3,65	0,1
Motives for development of appraisal	3,59	1,12
Programs of social support	3,59	1,12
Training to quality matters	3,53	1,37
Systems of employee's security and hygiene	3,53	0,94
Procedures of employee's attraction and selection	3,53	1,28
Offering equal chances	3,47	1,23
Systems of securing quality to the human resources department	3,47	1,58
Observation and rating employee's satisfaction	3,35	1,54
Participation of employees to actions of improvement	3,35	1,41
Informative system	3,29	1,49
System of proposals from employees	3,18	1,67
Training of employees to other specializations	2,82	1,13
Systems of retirement	2,76	1,35

Regarding the results after the implementation of the EFQM model in relation to HR, it can be observed that one impressive result is the decrease of employees' absences (4,47). Also, important results are, the improvement of the internal communication (3,94), of the working environment (3,76), the decrease of disputes between the leadership and employees (3,7) and the increase of productivity (3,7). Furthermore, important result is the improvement of the working conditions (3,59), the employee's knowledge and abilities (3,59) and also the company's competitive position (3,59). Finally, the increase of employee's satisfaction and the decrease of client's complaints (3,5).

Table IV: Results of EQA on HRM practices

	Median	Standard Deviation
Decrease of absences	4,47	2,9
Improvement of company's communication	3,94	1,09
Improvement of organizational environment	3,76	1,09
Decrease of disputes between employees and leadership	3,7	1,10
Increase of productivity	3,7	0,85
Improvement of working conditions	3,59	1,06
Improvement of employees' knowledge	3,59	0,87
Improvement of the competitional position of the company	3,59	1,12
Increase of the employees' satisfaction	3,53	1,07
Decrease of client's complaints	3,5	1,42
Decrease of disputes between employees	3,47	1,07
Connection between wages and performance	3,35	1,45
Increase of sales	3,25	1,34
Decrease of turn over	3,12	1,36
Increase of employee's suggestions	3,06	1,03

Increase of employees to the quality teams	3	1,12
Increase of profits	3	1,41
Increase of sales/employee	2,88	1,54
Decrease of accidents	2,87	2,25
Increase of department's resources	2,44	1,5

ISO 9000:2000 certification seemed to provide the motivation to the implementation of the model and (4,11) to increasing organization's quality awareness, and influencing their afterwards course to business excellence through the EFQM model (4).

Table V: Implementation of the model for business excellence

	Μέσος	Τυπική Απόκλιση
Objective is the EFQM Award	4,11	0,78
ISO Certification influenced the course to EFQM	4	1,36

* (0=Not at all, 1=Very Little, 2=Little, 3=Moderate, 4=Much, 5=Very Much)

5.0   Conclusions

The existence of a vision and a mission for Human Resources followed by systematic design and implementation of Strategic HRM practices seemed to be the main issues from EQA awarded organizations. However, EQA organizations seemed to have a better way to approach and implement HR issues comparing that of ISO9000 organizations and this is due to the nature and the context of the award requirements (Vouzas & Gotzamani, 2005; McAdam & O'Neill, 1999). We generally realised theoretically and empirically that a full and thorough implementation of Quality Management to all levels of a company can create successful results to the management and to clients. Besides, this is the reason that more and more companies decide to adopt the principles of Total Quality.

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Authors' Background

Mr. Fotis Vouzas *is a lecturer in the department of Business Administration in the University of Macedonia, Greece. Studies include BA in Management (Greece), MBA in Management and Organizational Behaviour, MSc in Technology Management (USA) and Doctorate from the University of Macedonia (Greece). Senior Researcher at Lancaster University (UK) in part of the European Union Research Project Human Capital and Mobility Programme. Participant in various European Union projects ADAPT, TEMPUS specialised in TQM related issues. Current research interests on TQM-HR relationship, Quality Assurance, Logistics, Business Excellence and Managerial Effectiveness. Research work published on domestic and international journals and in a collective book, participation in a number of conferences and seminars.*

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On the other hand, Business Excellence literature is mostly based on rhetoric and "good stories" on EQA and MBNQA awarded organizations in Europe and USA. Bohoris [24] in a comparative analysis of the two main awards stated that "Quality Awards' assessment procedures seem to be the only comprehensive means available to date by which TQM initiatives can be thoroughly monitored and assessed, providing any business with a competitive internal. mechanism necessary to face the imposition of future new barriers to trade in the form of technical or quality standards requirements. However, the critici... Today's human resource department is the backbone of a successful organization, and these thirty are leading the pack. From planning marketing strategies to recruit top-notch employees, to implementing incentive programs for hard-working staff, to diagnosing and treating organizational problems, today's HR departments rely on innovation and creativity to keep the company on the cutting edge of competition. The most successful companies consider their HR teams to be partners in the business. 50 Most Affordable Small Colleges for an HR Degree. We then researched and investigated each potential entry, comparing the following criteria, and selecting our top 30 from among more than 100 reviewed. Contents 1. Human Resource best practices 2. Seven HR Best Practices 2.1 Providing security to employees 2.2 Selective hiring: Hiring the right people 2.3 Self-managed and effective teams 2.4 Fair and performance-based compensation 2.5 Training in relevant skills 2.6 Creating a flat and egalitarian organization 2.7 Making information easily accessible to those who need. Best practices are a set of Human Resources Management processes and actions that work universally. Being informed about the business is also something that employees often mention as something they find important in attitude surveys, as well as having a chance to contribute to and influence decisions affecting their working life. Vouzas F (2009) Business excellence and human resources: investigating best practices in European Quality Awarded Hellenic organisations, International Journal of Business Innovation and Research, Vol.3, No.3, pp.281-297. Gotzamani K, Vouzas F and Longinidis P, (2009) Quality management in the logistics function: a study of the Greek industry, Int. J. Business Excellence, Vol. 2, No. 2, pp.194-218. 2008. Business excellence and human resources: investigating best practices in European Quality Awarded Hellenic organisations. FK Vouzas. International Journal of Business Innovation and Research 3 (3), 281-297, 2009. 13. 2009. Quality management in the logistics function: a study of the Greek industry. K Gotzamani, F Vouzas, P Longinidis. International Journal of Business Excellence 2 (2), 194-218, 2009.