

The Strategic Study of National Quality Award through Business Excellence Model

– The IBM, Panasonic and E.SUN Bank Cases in Taiwan

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ABSTRACT

Quality is a dignity to a country and also masterpiece and bedrock for the development of a country. To recover economical prosperity immediately right from the II world war, Japan founded Demin Quality Award to encourage the improvement of quality and promote the whole scale of competence core for enterprises in 1951. All the products produced by Japan are entirely favoured by the customers around the world during the period of 1975. The Japanese made automobiles, electronics and appliances are inexpensive and competitive enough to sluggish the economy growth of USA. To counter the serious threats and regain the advantage of the market, the United States finally founded Malcolm Baldrige National Quality Award, MBNQA to provide a series of

standards for excellence performance in 1987. European Excellence Award was set up by the European Foundation for Quality Management, EFQM for advancing the superiority of tech development in 1991.

Among the developing countries, there is no exception can be made for the emerging countries, especially in area of Aisa. Taiwan is the first country in Asia to establish Taiwan National Quality Award, TNQA in 1990 to represent the great honour of quality, also the first national quality award in this area. As the candidate with the great potential to be developed country in this region, not only Taiwan is struggling to advance its technology, but also promote the quality issues by quality related policies of government. Therefore, this paper is to examine the process of involvement in the promotion to Taiwan National Quality Award for three different enterprises, the

assessment of various dimension in company through spot visit by judges of TNQA, and the analysis of interview record from the superior executives for the further research and introductive contribution of this award. Conclusively, this paper is trying to draw the overview of how to improve the excellence of quality in the practice of business operation and provide the suggestions and contributions to the policies of TNQA.

Keywords: Business Excellence, Taiwan National Quality Award (TNQA), Quality Management.

1. FORWARDS

Taiwan economic and industrial development has been transformed from labour intensive, original equipment manufactures (OEM) and mass production with low cost into creation focused, technology intensive, knowledge based and service orientated. With the sever competition from worldwide, the competition among corporations have been heading to the value races on global levels of innovation, quality, knowledge and speed, among which product and service quality are the basic condition.

To build up Quality – Taiwan, the government recognize quality as an dignity of a country and also the bedrock and mainstream of enterprises. In 1951, Japan setup Demin Award to inspire the quality improvement, promote the whole-scale core competency and rescue Japan's economy from depression in Second World War. Later in 1975, the quality of all products from Japan was positively affirmed by the whole world and also threatens the survival of American economy. Coping with such continuous competition worldwide, the government should then step in to involve, adjust, regulate or rectify matters when the enterprises are in the middle of intersection. Henceforth, the Taiwan National Quality Award (TNQA), established in 1990 by the Taiwan government, has been successfully conducting such responsibility for more than 18 years. With the encouragement of the government over the past decades, many Taiwanese companies have dedicated much effort to quality enhancement in competing for the TNQA. After employing total quality management (TQM) programmers, many companies not only made improvements in quality of products and services, but also recognized the importance of TQM as a business model. However, with the fierce competition from the other countries, especially for the emerging industries in the Asia area or specialized industries in western world, Taiwan industries should seek another blue ocean strategy to distinguish themselves from the survival techniques in the red ocean.

2. THE HISTORY OF NQA PROMOTION POLICY

The one of critical events in improving quality for Taiwan government is to setup National Award for quality. All the developing roadmap of NQA was initiated by the technology consultant group of Executive Yuan in 1987, and therefore the pre-plan of NQA adopted by the industrial bureau of economic department and also being driven by the relative budget for the movement of advancing whole scale quality in one year. The first NQA was hereby presented by the former president Li, Teng-hue. This was a significant achievement reached by

Taiwan at that time and also the first country in Asia with National Award for quality. All the relevant milestones for developing the NQA in Taiwan are summarized as the followings:

In 1987, the meeting of consultant group in Executive Yuan reached the decision to setup NQA.

In 1988, the preliminary program of NQA was founded.

In 1990, the first NQA was approved by the Executive Yuan.

In 1994, the fifth anniversary of NQA changed the personal award into personal research and promotion award and added one more personal award for personal implementation award.

In 1995, the sixth anniversary of NQA increased seven more non-production industries for qualified applicant of NQA, including information service, civil engineering, construction engineering, warehouses, retailers, transportation.

In 1996, the seventh anniversary of NQA again merged personal research and promotion award and personal implementation award into personal award. Also, the NQA divided into three categories, research, promotion and implementation based on the facts of being awarded.

In 1997, the reunion of NQA was established by the central satellite developed unit.

In 2001, the twelfth anniversary opened the application from all the industries.

In 2003, the fourteenth anniversary of NQA added one more award for Special National Quality Award

In 2008, the extra self-assessment was included into the assessment criteria of nineteenth anniversary of NQA.

3. THE DISCUSSION AND REVIEW OF THE POLICIES AND ACTIVITIES ADOPTED BY TAIWAN GOVERNMENT.

The purpose of establishing NQA is to build up the best practice with high standard of operation and also mobilize all the enterprises and organizations to imitate each other and learn the procedures and standards of selections. The destination of such award is not only to consolidate the quality ability and image, but also to strengthen the continuous competitiveness by the implementation of TQM. The advantages and benefits of carrying out role models are stated as the followings:

1. To encourage the persons and enterprises with great performance in TQM
2. To setup the practice of bench marking
3. To promote the whole scale of operation quality
4. To establish the excellent organization image.

Every nation has its own strengths and weaknesses that need to be explored and recognized. Once found, the accepted rule is to

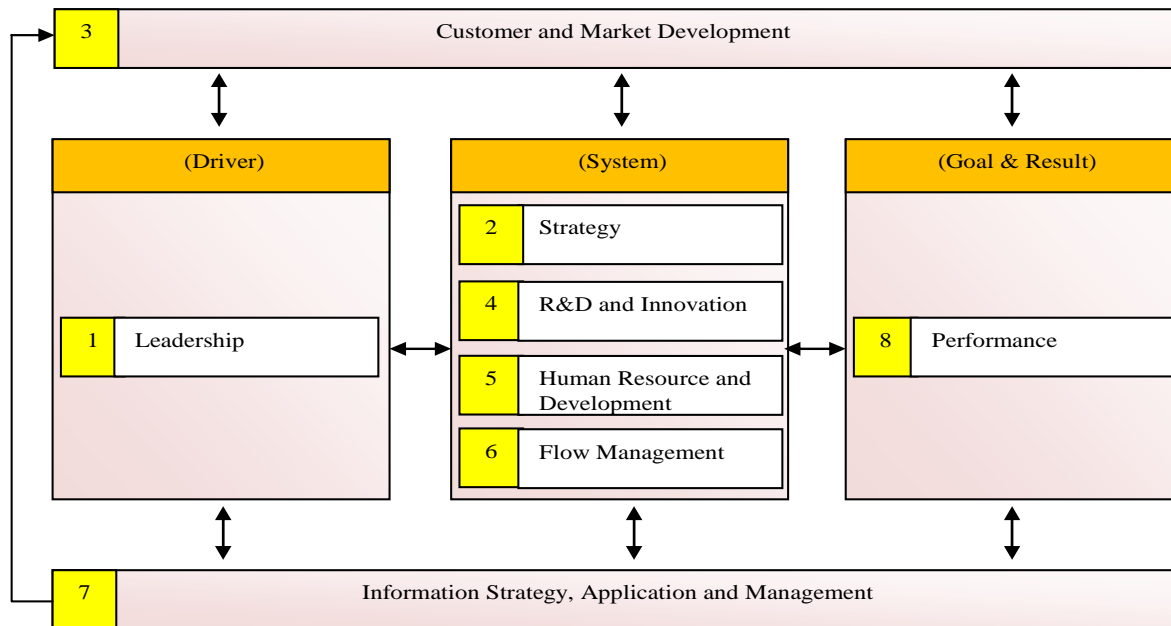


Figure 1 Mutual Relations among the key components

try to take advantage of the strengths and make up for the weaknesses. Afterward, on the basis of one's strengths, the principle of comparative advantage can then be applied. Taiwan's strength lies in its manpower in high education, knowledge of building up know-how to manufacture and the flexibility to changing environment of the world market, which is characterized by great diligence and a system of universal education and the size of enterprises while it was compared with the rest of the other developing and developed countries. According to the past research, about 32.4% of a company's sales come from new products available in the market (Griffin, 1997).

The success of new product development became an important determinant for an enterprise in the market, as well as an important profit source in its future. Previous research indicated that enterprise's distinctive core competency is indeed beneficial to its new product development performance (Ramaseshan et al., 2002); therefore, when a firm hires capable and productive employees and experienced managers, who are able to make good use of their skills and capabilities and understand their customers' needs, it will be beneficial to its new product development (Rhyne et al., 2002). In addition to differentiate the distinctions of culture background and the characters of different countries, it is an important system path to distinguish the roles of R&D and Knowledge management exclusively to boost up the enterprise capacity transforming from the OEM to ODM and OBM. The model of TNQA was then justified as the figure 1 to illustrate the mutual relations among the key components.

To encourage and inspire all the private sectors and persons in Taiwan, Taiwan governments hereby setup the following four different awards.

1. Enterprise Award : This award is awarded to those enterprises with great performance in total quality management (TQM)
2. Small and Medium Size Award : This award is presented to

the small and medium size enterprises with great performance in TQM.

3. Group and Public Sector Award : This award is dedicated to the groups and public sectors with significant performance in TQM.
4. Personal Award : This award is devoted to the person who has extraordinary performance and dedication to TQM.

4. THE RELATIVE RESEARCHES AND STUDIES OF NQA

Many experts and scholars in different field have offered their opinions on how Taiwanese companies might achieve success through the implementation of TNQA. The TNQA criteria examined whether the companies were operating appropriately and smoothly. By applying the TNQA criteria, it was argued that companies not only enhanced the quality of their products, but also increased the productivity and loyalty of employees (Liao, 1995). Yang (1995) stated that companies would adopt the correct perspective and learn know-how of sustainable improvement of their total quality when they apply the procedures ruled by the TNQA. The winners of the TNQA suggested that strategic planning, process improvement, job assignment, and training were critical factors in companies winning the TNQA (Tseng, 1993). In 2001, the TNQA was first modified, based on the 2000 Malcolm Baldrige Award, the 1998 Deming Award, the 1999 European Quality Award, and ISO 9000-2000 (CSD, 2001). At the same time, the non-manufacturing sector also became eligible to compete for the TNQA (Su, 2003). How to justify the new one with the fair criteria and also reach the goal of evolving Taiwan enterprises become a main issue in the public and argument among policy makers and experts. As regarding to the necessary categories that should be surely included in the new TNQA model, Sousa & Voss (2002) drew the distinction between quality implementation content 'the what' and quality implementation process 'the how'. This formulation was adapted to form a basis for evaluating implementation success. A measure of implementation process was determined based upon the

Table 1. The Assessment Criteria of Weight for NQA

Assessment Items	Weights	Assessment Items	Weights
1. Leadership 1.1 Leadership and Value 1.2 Commitment and Vision 1.3 Leadership of Executives 1.4 The Shaping of TQM Culture 1.5 Social Responsibility	160	5. Human Resource and Knowledge Mgt 5. Human Resource Programming 5.2 Human Resource Development 5.3 Human Resource Application 5.4 Employees Relation Management 5.5 Knowledge Management	130
2. Strategic Mgt 2.1 Strategic Programming 2.2 Business Model 2.3 Strategic Execution	90	6. Information Strategy, Application and Mgt 6.1 Information Knowledge Mgt 6.2 Internet Application 6.3 Internet Application	90
3. R&D and Innovation 3.1 R&D Strategy and Flow 3.2 Investment of R&D and Innovation 3.3 The Assessment of R&D and Innovation	90	7. Flow Mgt 7.1 Product Process Mgt 7.2 Support Activity Mgt 7.3 Cross Organization Mgt	90
4. Customer and Market Development 4.1 Product and Market Strategy 4.2 Customer and Market Mgt 4.3 CRM	100	8. Performance 8.1 Customer Satisfaction 8.2 Market Development Performance 8.3 Financial Performance 8.4 Human Resource Development Performance 8.5 Information Mgt Performance 8.6 Flow Mgt Performance 8.7 Innovation and Core Competency Performance 8.8 Social Judgement	250

difficulty with which the business excellence system was implemented into the organization. For a measure of content, award models, and the EFQM Business Excellence model in particular, included the idea of self-assessment. Porter & Tanner (1996) stated self-assessment systems provided an opportunity to design in quality on an organization-wide basis. Moreover, van der Wiele et al. (1996b) suggested using the score a company achieves in relation to the European Quality Award as an indicator for quality maturity. This was reinforced by their finding that subsequent self-assessments had higher mean scores than the first self-assessment (van der Wiele et al., 1996a). Based on the concerns of the loss of cooperative low labor cost advantage, the R&D hereby plays a key role to its strength and the engine to boost the productivity value for the enterprises across the country. The balance of leveraging necessary components, especially the inclusion of R&D and the knowledge to R&D in the TNQA, to maintain the competitiveness for enterprises comes to a dilemma for government. What Taiwan government is going to especially include in the new setup model and How Taiwan government successfully implement with new elements in the model? It was also claimed that superior performance within the ‘enablers’

criteria would ultimately lead to excellent performance in ‘results’ criteria. Successful new product development is a significant managerial topic for firms, especially for a technology-oriented company. New product development performance will be outstanding if a company makes good use of information in a market to understand what customers want, and then makes proper strategies to meet the desires of its customers; moreover, if a company is willing to make investment in marketing and its managers can fully support its employees to achieve new product development, then new product development performance would be excellent (Ramaseshan et al., 2002). The importance of product development and the management of knowledge to distinguish have long been emphasized by the enterprises to sustain their growth. However, both of them are not explicitly listed as the key elements or criteria to evaluate the performance of enterprises. TNQA, as the first government unit in the world, exclusively include two of them as the key components in the model, then followed by the self assessment technique to build up its own model.

NQAs are designed to provide those enterprises and organizations certificates and medals without any compensation and allowance and ruled out the possibility of reapplication in 5 years. For all the applicants, only three cases applied twice in the past 19 years. All these three cases just happened to be one foreign enterprise, Branch Company of IBM in Taiwan, one Japanese company and the last one is a localized enterprise located in Taiwan, called E. Sun Bank.

For the three special enterprises that win NQA twice in the past 19 years, there are more discussions and lessons that we should learn from the assessment based on the comparison of their cultures, background, visions and strategies.

1. Taiwan IBM was founded in 1956 and has been operating for 53 years. There are two times for Taiwan IBM to win the special medals in 1995 and 2002, separately. Being the best partner of Taiwan for the past time, Taiwan IBM is famous for its beliefs, including best service, persuasion of excellence and earning respect, which push Taiwan IBM aggressively to the international stage. Still, Taiwan IBM not only involved in the local culture of Taiwan Economy, but introduced TQM and human resource development, which earned the respect and credit from customers and the trust and dignity from government. Committing to the mission of "Commitment to innovation, development and pioneering technology in the industry and create the value for customers through our professional solution, advanced technology and global service. Promoted by the Customer-Centric-Transformation in TQM to shape five dimensions of operation, including Change coverage model, industry value project, process change, operation structure and integrated management mechanism, Taiwan IBM continuously invest in Taiwan and explore the information potentials national wide and also participate in the economical growth. Therefore, the extraordinary performance of operation and business model were again recognized twice by Taiwan NQA.
2. Panasonic Taiwan Co.,Ltd was in 1962, a second Japanese sponsored foreign Panasonic Taiwan Co.,Ltd, accompanied with the economical growth, industrial upgrade and the promotion of civilian's living standard. Not only has Panasonic Taiwan Co.,Ltd become a largest electronic company in Taiwan, but also products are selling worldwide. The business value and belief of Panasonic Taiwan Co.,Ltd sticks to the humanitarian concerns, continuous improvement in living quality, contribution to worldwide culture and founded the basis of business activities. To reach the destination of eternal operation, the company keep exploring high value-added products to persuade the value of customers for reflecting customer's demand. In 2004, taking the lead to build up the centre of customer consultation and centre of living design for doing research about the localized culture, cultural tradition and produced by customer-orientated for better quality of service.
3. E. Sun Bank was founded in 1992. To fill in the commitment of being a role model for the rest of banks in Taiwan and cultivate the most professional expert in the field of corporate banking. The resolution for E. Sun Bank is to consolidate the quality of service. In 2001, E. Sun bank was awarded NQA for its continuous improvement in persuading excellence based on the performance of far sighted vision, new concept, new organization, new safety,

new methodology and more aggressive attempt to take action. In 2008, NQA once again was awarded NQA for the strategic integration of customer satisfaction, cross-industries cooperation and common platform of marketing. There are three pillars of in E. Sun Bank, one is to put more emphasis on the operation management, the other one is to cultivate the future candidates for operation and the last one is to build up information management.

5. THE LESSONS AND CHALLENGES TAIWAN LEARNED FROM NQA

The achievement and experiences of Taiwan's economic development serve not only as a worldwide example for other developing nations, but also provide Taiwan itself with a good opportunity for promoting from where it is right now to another milestone. Taiwan's future challenge is already striding toward liberalization and internationalization. Although many other factors can also influence economy growth, a good technique of transforming Taiwan industries into worldwide competitiveness is definitely a prerequisite to knock the door for stepping into the stage of developed countries. In light of this, Taiwan's industry development has to face a number of major challenges:

- Taiwan has already lost the comparative advantage of inexpensive labor.
- When an economy approaches a stage of maturity, the revolutionary uprising of high value-added to Taiwan enterprises is inevitable.
- Taiwan will have to rely on the continuous improvement of technology, skills, and techniques in order to cope with the worldwide competition. If these improvements are not made,
- Taiwan will be unable to compete with other developing nations and developed ones. Only when these key successful factors are well organized and implemented will Taiwan be able to take advantage of its strength of competency to sustain the expected growth.

In any case, if during the current stages of a Taiwan's economic development, the competitive cores of the enterprises are not applied, or if the government does not find a proper course to follow, then a high price has to be paid in initiating a globalization competition. Right now, the role that government plays is extremely important. Such role includes the implementation of a stable and legal policy to sustain the growth of countrywide enterprises and to promote the total quality of enterprises through exploring the justified model to distinguish the performance of companies countrywide.

6. CONCLUSIONS

Taiwan government has been successfully promoting and consolidating NQA as a world class award, and also deeply rooted as guarantee of quality to whole scale of operation and management. With the culture of quality centred, most of the enterprises have already dedicated to all efforts for the honour of winning medal. At the same time, the social economy, industries and enterprises are driven by the core competency of persuading business excellence and the source to evolve. All the benefits that Taiwan government learned from NQA are as the followings:

- Consolidating the interior strength of an organization and persuade the quality of business operation.
- Making continuous improvement through integrating information, self-assessment and review of performance
- Presenting the advices to all the applied enterprises by the objective and professional judge review

This research demonstrated important insights into the implementation and their performance for three different types of enterprises in Taiwan, two of them are foreign enterprises and the last is local one. Discussing all aspects of judges from assessment items, a well defined structure of model with the enabler, process and results seem to contribute to a successful implementation of business excellence. An further examination of the contribution from R&D and knowledge management can be done by distributing questionnaires to confirm if there exist positive influence on the results among all three countries. Their analysis will help determine the way forward towards the successful implementation of business excellence with different culture background. This may best be achieved with external guidance to ensure the development of an efficient and effective concept. Such a concept can be used, not only when implementing business excellence, but also with other change programs and frameworks. This research has also designated a future research agenda related the validity of enterprises with different culture or industries by self assessment as a measure of quality maturity.

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