

# A Comparative Analysis Of National and Regional Quality Awards

by

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UALITY, AS MOST ORGANIZATIONS KNEW IT, RAPIDLY CHANGED DURING THE 1980s. Due to successful Japanese efforts, U.S. industries began to discover the competitive advantages that quality could bring and how the lack of a quality system could bring an end to business.

With customers demanding quality and competitors responding to such demands, businesses turned to total quality management (TQM) as the key to enhance overall performance. As customer expectations increased and performance improvement initiatives were implemented, quality evolved from a product specific focus to an

organizationwide effort, from a separate manufacturing function to a strategic business initiative. The quality function was expanding, and with that came new practices concerning continuous improvement.

In the late 1980s and early 1990s, several countries established programs to recognize the inventive, yet effective, quality practices taking place—once again, after Japan, which began honoring quality practices in the 1950s. The criteria of most of these award programs encouraged strategic initiatives



in the approach and deployment of quality practices. But as with most successful quality initiatives, the award programs underwent continuous improvements in design and administration.

In their pursuit of TQM, organizations around the world began turning to quality award programs for more than just the recognition such programs offered. Industries realized that the awards also offered models and tools for implementing a quality strate-

gy, benchmarking best practices, performing self-assessments and, ultimately, achieving improvements. The Baldrige Award model, for example, could be used not only as criteria for companies applying for the award, but also as a guide for those interested in implementing proven performance excellence initiatives.

Award criteria for successful and established programs continue to improve, reflecting changes in the quality arena. And as national and regional award criteria include updated strategic content, a trend toward a uniform, international model of organizationwide quality performance is evolving.

**Comparing quality award programs**

This article analyzes five quality awards: the Malcolm Baldrige National Quality Award from the United States, the European Quality Award, the Deming Prize from Japan, the Canadian Quality Award and the Australian Quality Award. The countries from which these awards are administered represent a significant amount of the world’s production of goods and services and, collectively, account for approximately 74% of the world’s gross national product.<sup>1</sup>

When these award programs were compared, significant similarities were found in the criteria used for assessing award applicants. In addition, all of the award programs utilize continuous improvement initiatives to retain their positions as benchmarks in quality systems and as principals in the formation of a global quality model.

**An OVERVIEW of the AWARDS**

**Malcolm Baldrige National Quality Award**

In an effort to improve quality management practices and the competitiveness of U.S. firms, President Ronald Reagan signed the Malcolm Baldrige National Quality Improvement Act on August 20, 1987. The Malcolm Baldrige National Quality Award (MBNQA) was created to promote quality awareness, identify the requirements for quality excellence, and share information about successful quality strategies and benefits.

The National Institute of Standards and Technology (NIST) currently administers the award, with ASQ assisting with the application review process, preparation of award documents and other administrative duties.

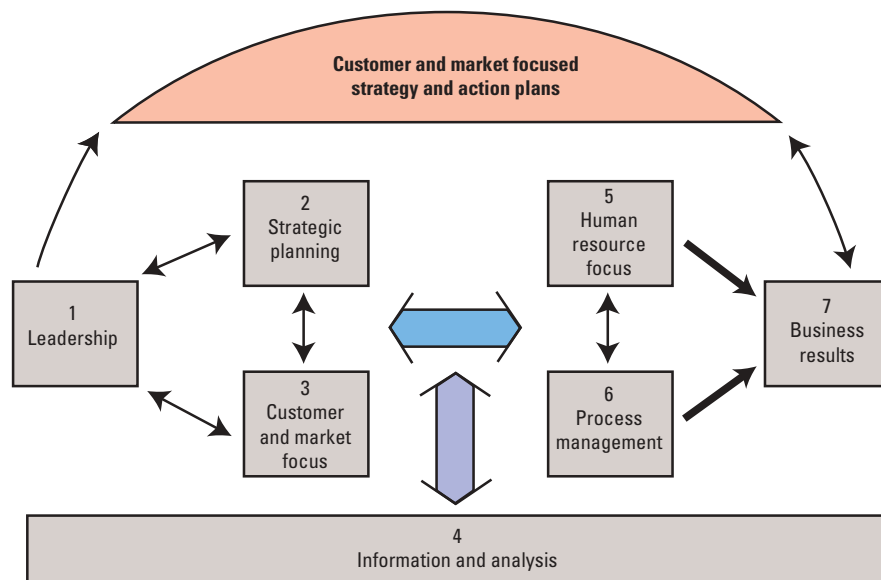
Striving to define quality performance, NIST developed a set of core principles for quality management, including customer driven quality, leadership, continuous improvement and learning, employee satisfaction, design quality and prevention, planning for the future, company responsibility and citizenship, and results.

Baldrige administrators believe these core principles form a framework for performance excellence—the basis of the award’s criteria. The criteria, used to assess an applicant’s performance, are divided into seven categories and provide the strategic direction for the entire system (see Figure 1). The categories are leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management and business results.

The Baldrige model is supported by information and analysis, with the remaining categories falling under a customer and market focused strategy umbrella. The model includes a leadership triad (the leadership, strategic planning, and customer and market focus categories) and a results triad (the human resources, process management and business results categories).

One objective of the MBNQA is to provide a model that shows understanding and improvement of quality management by continuously improving the award criteria them-

**FIGURE 1** Baldrige Award Criteria for Performance Excellence Framework



selves. The Baldrige model is refined annually, with major improvements implemented every two years.

### European Quality Award

Recognizing the importance of quality performance, 14 major European companies formed the European Foundation for Quality Management (EFQM) in 1988 with the endorsement of the European Commission.<sup>2</sup> And by 1991, EFQM had developed the European Quality Award program to honor outstanding European businesses.

Unlike other awards, the European Quality Award is a regional program that currently involves 16 countries: Austria, Belgium, the Czech Republic, Denmark, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Portugal, Russia, Slovenia, Spain, Turkey and the United Kingdom.

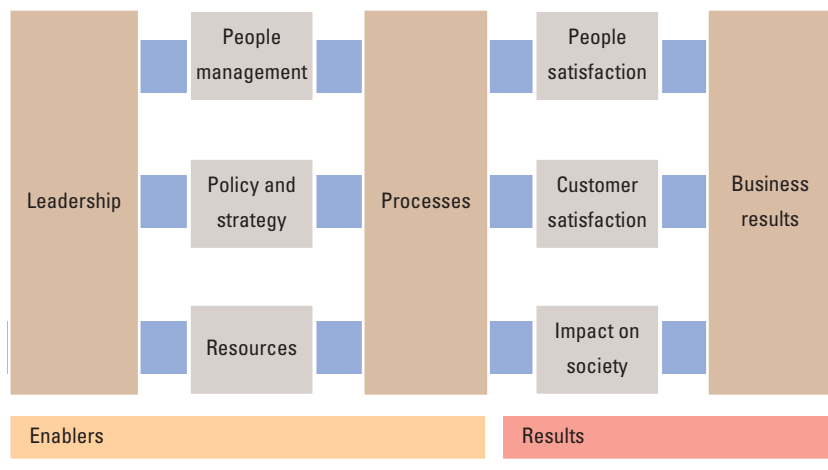
The award is similar to the MBNQA, but its criteria are comprised of enablers and results (see Figure 2). The quality improvement enablers include the following categories: leadership, people management, policy and strategy, resources and processes. Effective implementation of the enablers impacts the results categories—people satisfaction, customer satisfaction, impact on society and business results. EFQM improves its own quality model by continually analyzing applicant feedback and making necessary adjustments.<sup>3</sup>

### Deming Prize

In 1951, the Deming Prize was established in Japan by the Union of Japanese Scientists and Engineers (JUSE). It was named in honor of the American statistician and father of the worldwide quality movement, W. Edwards Deming. Today, the Deming Prize honors private and public organizations for the successful implementation of quality control activities.

Unlike other national or regional quality awards, the Deming Prize does not provide a model framework for organizing and prioritizing criteria. Instead, the evaluation includes 10 equally weighted points that each applicant must address. The 10 points involve the following categories: policies, organization, information, standardization, human resources, quality assurance, maintenance, improvement, effects and future plans. Expert panel members judge performance against these points. While the Deming Prize does not provide a model per se, the categories emphasize values similar to those of the other award models in this article.

**FIGURE 2** European Quality Model



### Canadian Quality Award

The Canadian Ministry of Industry introduced the Canada Awards for Business Excellence in 1984, but revised the program in 1989 to reflect the MBNQA concept. The resulting program—the Canadian Quality Award—was released in 1989.<sup>4</sup> Canada’s National Quality Institute continues to use the reward to honor the practice of continuous quality improvement in Canadian organizations.

Instead of a framework linking award criteria, the Canadian Quality Award relies on a continuous improvement guide entitled *The Roadmap to Excellence* (see Figure 3).

### Australian Quality Award

The Australian Quality Award provides a model certified by the Australian Quality Council, an organization recognized by the Commonwealth Government of Australia as the top organization for quality management.<sup>5</sup> The council was formed in 1993 with the merger of Enterprise Australia, the Total Quality Management Institute, the Australian Quality Awards Foundation and the Quality Society of Australia. Six additional organizations later joined the council, encouraging quality performance in Australian industries.

The goal of the award program is to develop and deploy a comprehensive and contemporary body of quality principles and best practices. The council measures quality performance through seven categories of criteria (see Figure 4). The people, information and analysis, and strategy, policy, and planning categories have the greatest effect on the quality of processes, according to the model. The quality of the processes, in turn, affects organizational performance. Customer focus and leadership are key elements, interacting with all the other parts of the model. Although it is

**FIGURE 3** Canada's Roadmap to Excellence



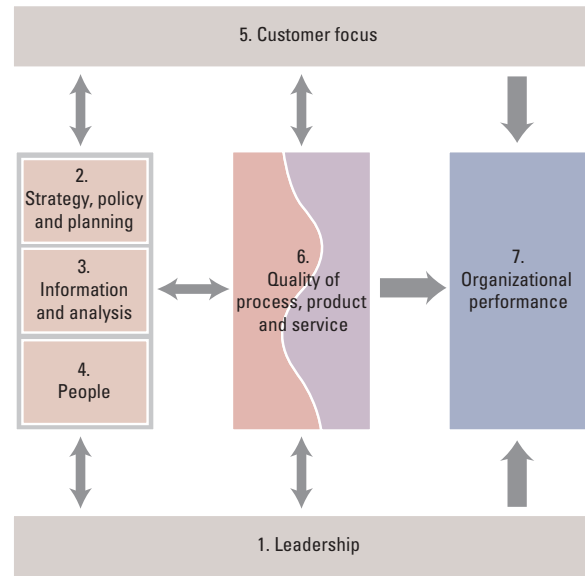
similar to the MBNQA, the Australian Quality Award has an increased emphasis on the significance of multicultural management.

**Comparative analysis**

The quality award programs, their models and their criteria have several objectives in common. Each program emphasizes continuous analysis and improvement (see Table 1) and, with the exception of the Deming Prize (which is concerned with company-wide quality control for product manufacturers), focuses on organizational quality management. Overall, the programs exemplify customer driven quality through streamlined processes, product design, leadership, human resource development and customer focused strategic plans.

All of the quality awards aggressively evaluate their applicants, with judges and assessors trained in the awards' programs, criteria and models.

**FIGURE 4** Australian Quality Criteria Framework



- The assessment procedures share four characteristics:
1. Individual assessors or examiners evaluate the submissions.
  2. A consensus score is determined by an impartial group of examiners.
  3. A site visit is awarded to high scoring finalists.
  4. Awards are given to the companies found to best exemplify the criteria of the award models in both the intent and weighting of the criteria.

All of the awards' criteria are updated periodically by award administrators in order to represent the most current understanding of organizational quality practice and improvement. Throughout the criteria, customer, employee and community satisfaction are emphasized. Benchmarking is also consistently recommended where improving business practices is concerned.

While the programs have similar criteria, the approaches and definitions involved vary from award to award. Table 2 demonstrates how each award's criteria address seven quality areas—leadership, planning, customers, employees, processes, suppliers and results.

Differences also exist in the point allocations placed on each criterion (see Figures 5a through 5e). Business results have the greatest weight for the MBNQA, customer satisfaction for the European Quality Award, organizational performance for the Canadian Quality Award, and people or process for the Australian Quality Award. All of the checkpoints in the Deming Prize are equally weighted.

Table 3 demonstrates how the European Quality, Deming, Canadian and Australian award criteria address MBNQA categories. When compared to the

**TABLE 1** Award Descriptions

	Malcolm Baldrige Award (U.S.)	European Quality Award	Deming Prize (Japan)	Canadian Quality Award	Australian Quality Award
<b>Objectives</b>	<ul style="list-style-type: none"> <li>To help improve performance practices and capabilities.</li> <li>To facilitate communication and sharing of best practices among U.S. organizations.</li> <li>To serve as a working tool for understanding and managing performance, planning, training and assessment.</li> </ul>	<ul style="list-style-type: none"> <li>To stimulate and assist European organizations in improving customer and employee satisfaction, impact on society and business results.</li> <li>To support European managers' efforts to initiate total quality management and achieve global competitive advantage.</li> </ul>	<ul style="list-style-type: none"> <li>To evaluate and recognize methods of companywide quality control for Japanese businesses.</li> </ul>	<ul style="list-style-type: none"> <li>To encourage the adoption of quality principles, practices and processes in Canada.</li> <li>To improve the profitability, responsiveness and efficiency of organizations through continuous improvement.</li> <li>To bring higher living standards to Canadians.</li> </ul>	<ul style="list-style-type: none"> <li>To give Australian organizations the drive and knowledge for achieving the world's best quality practices.</li> <li>To secure the Australian Quality Council as the commonwealth's principal quality organization.</li> <li>To create national wealth.</li> </ul>
<b>Quality principles</b>	<ul style="list-style-type: none"> <li>Companies must have direction and customer focus.</li> <li>Quality and performance are judged by customers.</li> <li>Organizational and personal learning are required.</li> <li>Employees and partners are vital to company success.</li> <li>Success requires capacity for change and flexibility.</li> <li>Market leadership requires a future orientation.</li> <li>Making meaningful change requires innovation.</li> <li>Management requires factual analysis.</li> <li>Public responsibility is important.</li> <li>Performance measurement should focus on results.</li> <li>A systems perspective is required.</li> </ul>	<ul style="list-style-type: none"> <li>Customer focus.</li> <li>Supplier partnerships.</li> <li>People development and involvement.</li> <li>Processes and facts.</li> <li>Continuous improvement and innovation.</li> <li>Leadership and consistency of purpose.</li> <li>Public responsibility.</li> <li>Results orientation.</li> </ul>	<ul style="list-style-type: none"> <li>Create a vision, and demonstrate commitment.</li> <li>Learn the new philosophy.</li> <li>Understand inspection.</li> <li>Stop making decisions purely on the basis of cost.</li> <li>Improve constantly and forever.</li> <li>Institute training.</li> <li>Institute leadership.</li> <li>Drive out fear.</li> <li>Optimize the efforts of teams.</li> <li>Eliminate exhortations.</li> <li>Eliminate numerical quotas and management by objective.</li> <li>Remove barriers to pride in workmanship.</li> <li>Encourage education and self-improvement.</li> <li>Take action.</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation + team + partnering = win-win.</li> <li>Leadership = involvement + example.</li> <li>Primary focus = customer.</li> <li>Respect and encouragement heighten employee potential.</li> <li>Strategies should be process oriented and prevention based.</li> <li>Companies should continuously improve methods and outcomes.</li> <li>Decisions should be made based on factual data or information.</li> <li>Companies are obligated to stakeholders and society in general.</li> </ul>	<ul style="list-style-type: none"> <li>The customer defines quality.</li> <li>All processes are variable.</li> <li>Improved process = improved output.</li> <li>Decisions should depend on facts.</li> <li>Improvement should be planned.</li> <li>People work in a system.</li> <li>People = most important resource.</li> <li>Leadership = direction + support.</li> <li>Continuous improvement requires continual learning.</li> </ul>
<b>Criteria</b>	<ol style="list-style-type: none"> <li>Leadership.</li> <li>Strategic planning.</li> <li>Customer and market focus.</li> <li>Information and analysis.</li> <li>Human resource focus.</li> <li>Process management.</li> <li>Business results.</li> </ol>	<ol style="list-style-type: none"> <li>Leadership.</li> <li>Policy and strategy.</li> <li>People management.</li> <li>Resources.</li> <li>Processes.</li> <li>Customer satisfaction.</li> <li>People satisfaction.</li> <li>Impact on society.</li> <li>Business results.</li> </ol>	<ol style="list-style-type: none"> <li>Policies (hoshin).</li> <li>Organization.</li> <li>Information.</li> <li>Standardization.</li> <li>Human resources.</li> <li>Quality assurance.</li> <li>Maintenance.</li> <li>Improvement.</li> <li>Effects.</li> <li>Future plans.</li> </ol>	<ol style="list-style-type: none"> <li>Leadership.</li> <li>Planning.</li> <li>Customer focus.</li> <li>People focus.</li> <li>Process management.</li> <li>Supplier focus.</li> <li>Organizational performance.</li> </ol>	<ol style="list-style-type: none"> <li>Leadership.</li> <li>Strategy, policy and planning.</li> <li>Information and analysis.</li> <li>People.</li> <li>Customer focus.</li> <li>Quality of process, product and service.</li> <li>Organizational performance.</li> </ol>

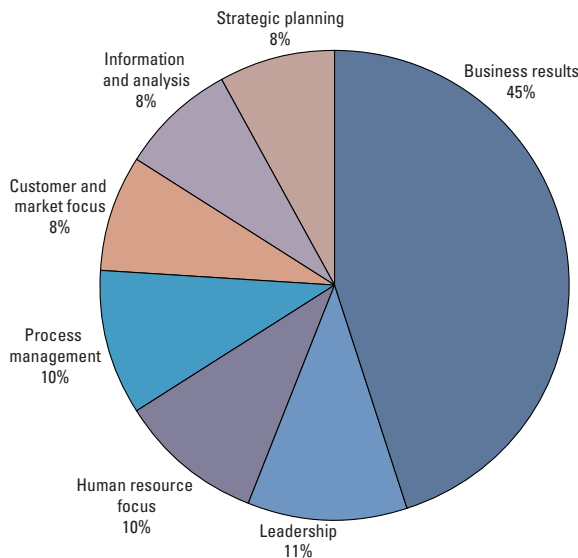


**TABLE 2** Common Award Criteria

	Malcolm Baldrige Award (U.S.)	European Quality Award	Deming Prize (Japan)	Canadian Quality Award	Australian Quality Award
<b>Leadership</b>	Executive, company and community leadership.	Inspiration, support and promotion of total quality management.	Policy, organization and helpful supervision.	Strategic direction, involvement and improvement.	Executive, company and community leadership.
<b>Planning</b>	Strategic direction, plan development, plan deployment and performance tracking.	Product of policy and strategy.	Future plans, quality control initiatives and policy focus.	Development, assessment, deployment and improvement.	Policy, value integration and strategic process.
<b>Customers</b>	Market requirements, customer relationships and satisfaction.	Measurement of customer satisfaction.	Service activities and customer relationships.	Knowing customer needs, relationship management, customer satisfaction and improvement.	Customer need awareness, relationships and satisfaction.
<b>Employees</b>	Human resource development and participatory environment.	Release of full potential through people management.	Training and motivation of skilled labor personnel.	Human resource planning, participation, learning and improvement.	People management, involvement, training, communication and satisfaction.
<b>Processes</b>	Process design, implementation, management and improvement.	Identification, management, review and improvement.	Standardization, quality assurance, maintenance and improvement.	Design, control, analysis and change, and improvement.	Quality of product design and services, supplier relationships and improvement.
<b>Suppliers</b>	Improvement of partnering process and evaluation of supplier performance.	Leadership involvement with and management of supplier resource.	Vendor training and associations of related companies.	Partnership, supplier quality and improvement.	Quality of relationships.
<b>Results</b>	Customer, financial, human resource, supplier, operational and competitive.	Objective achievement, stakeholder satisfaction, financial success and impact on society.	Quality, delivery, cost, profit, safety and environmental effects of quality control.	Product, operational, customer, employee and financial.	Organizational performance with customers, shareholders, employees and community.

All the awards encourage continuous improvement of leadership techniques, strategic plans, company processes and stakeholder relationships through the analysis and change of business results.

**FIGURE 5a** Percentage Emphasis of Baldrige Award Criteria



MBNQA, for example, the Deming Prize places more emphasis on process control and improvement. On the other hand, customer and market knowledge get relatively little consideration. Similarly, the Canadian Quality Award is less concerned with competitive information and success measures, but is more focused on continuous improvement.

**The importance of business results**

Results are important when implementing any quality endeavor—true TQM cannot be successful without evaluating results. As is the case in the evaluation of any improvement initiative, results are the true indicator of success. The award criteria reflect this importance, as one of the greatest commonalities found between the programs is the weight that business results are given

**TABLE 3** Mapping of National and Regional Quality Award Criteria on the Baldrige Award

Malcolm Baldrige Award Requirements	European Quality Award	Deming Award	Canadian Quality Award	Australian Quality Award
<b>1. Leadership:</b> How senior leaders and the leadership system address values, company directions, performance direction, stakeholder (customer) focus, learning and innovation.				
1.1 Organizational leadership	1a-d, 2c, 3c, 3e, 4a, 5a-b	1.6, 2.2-2.5	1.1-1.4	1.1, 1.2
1.2 Public responsibility and citizenship	8a-b	6.9	1.2	1.3
<b>2. Strategic planning:</b> How the company sets strategic directions and develops strategies or action plans. Also, how plans are deployed and performance is tracked.				
2.1 Strategic development	2a-b, 2d, 5a	1.3, 8.1, 8.2, 10.1	1.1, 1.3, 2.1, 2.2, 2.4	2.2
2.2 Strategy deployment	2c-d, 3a, 3c, 4b-e, 5c, 7b	1.1, 1.2, 1.4, 1.5, 10.2-10.6	1.1, 2.3	2.1
<b>3. Customer and market focus:</b> How the company determines customer (market) requirements, expectations and preferences. Moreover, how the company builds customer relationships and measures customer satisfaction.				
3.1 Customer and market knowledge	6a-b	None	3.1, 3.5	5.1
3.2 Customer satisfaction and relationships	6a-b	6.11	3.2, 3.3	5.2, 5.3
<b>4. Information and analysis:</b> How effectively information is selected, managed and used to support key processes, strategic plans and performance management systems.				
4.1 Measurement of organizational performance	2a, 5a, 6a-b, 7a-b, 8b	3.1, 3.2, 3.4-3.6	3.1, 3.3, 6.1	3.1
4.2 Analysis of organizational performance	1b, 2a, 4a, 5a, 5c, 6a-b, 7a-b	3.1, 3.2, 3.3, 8.3, 8.4, 9.3	2.2, 3.3, 4.3, 4.4	3.1, 3.2
<b>5. Human resource focus:</b> How the company enables employees to achieve their full potential in alignment with company objectives. Also, how the company's work environment encourages excellent performance, full participation and personal/organizational growth.				
5.1 Work systems	1d, 3b-e, 5d-e	2.1, 5.2, 5.5	4.1, 4.2, 4.6	4.1-4.3, 4.5
5.2 Employee education, training and development	3b	5.1, 5.3, 5.4	4.3, 4.6	4.4
5.3 Employee well-being and satisfaction	3b-c, 3f, 7a-b	5.3	4.4, 4.6	4.6
<b>6. Process management:</b> How key processes are designed, implemented, managed and improved to achieve better performance.				
6.1 Product and service processes	4a, 4c-e, 5a-e	4.1-4.6, 6.1-6.8, 6.10, 6.12, 7.1-7.6, 8.5, 8.6	5.1-5.3, 5.5	6.1, 6.3, 6.4
6.2 Support processes	4b, 4d-e, 5b-e	4.1-4.6, 6.1-6.6, 6.8, 6.10, 6.12, 7.1-7.6, 8.5, 8.6	5.1-5.3, 5.5	6.3, 6.4
6.3 Supplier and partnering processes	4c, 5b-c	2.6, 5.6, 6.1, 6.2, 6.7, 6.10, 7.1-7.6, 8.6	6.1, 6.3	6.2
<b>7. Business results:</b> How the company performs and improves in customer satisfaction, financial and marketplace performance, human resource results, supplier/partner performance, operational performance and competitive performance.				
7.1 Customer focused results	6a-b	9.1, 9.2, 9.4	3.4, 7.1, 7.3	7.1
7.2 Financial and market results	9a	9.1, 9.2	7.3, 7.5	7.1
7.3 Human resource results	3c, 7a	9.4	4.5, 7.4	7.1
7.4 Supplier and partner results	4c	9.5	6.2, 7.2	7.1
7.5 Organizational effectiveness results	8b, 9b	9.6	5.4, 7.2	7.1

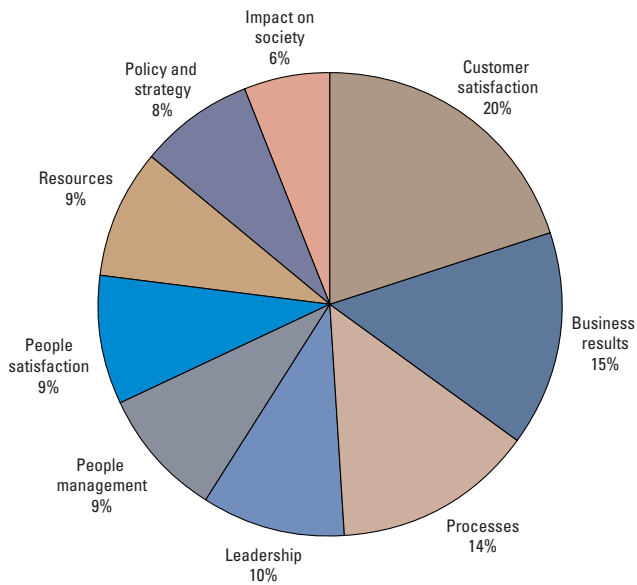
where competitive advantage is concerned.

The history of change regarding the MBNQA exemplifies the importance of rating business results. When first established, the award did not allocate substantial weight to such results. As award winners began to realize that TQM did not guarantee increased profits, the MBNQA criteria gave more weight to results.

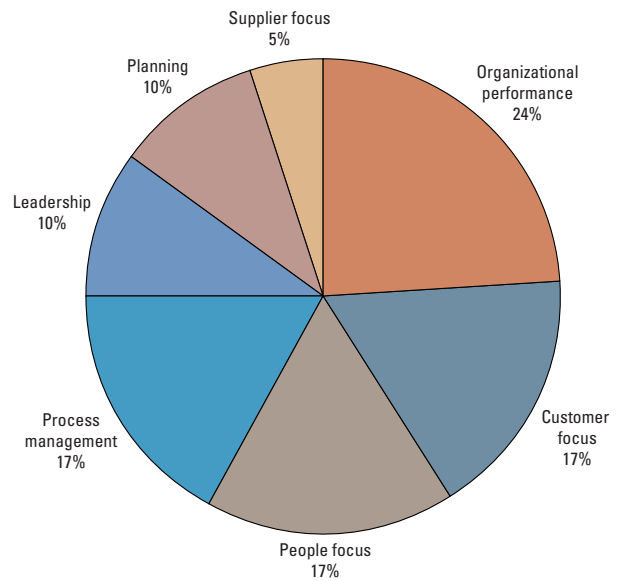
Now, business results and customer and market focus account for more than 50% of the MBNQA model weighting (see Figure 5a).

Despite changes in customer expectations, economic pressures and management approaches, quality awards continue to offer organizations comprehensive and contemporary bodies of quality principles and

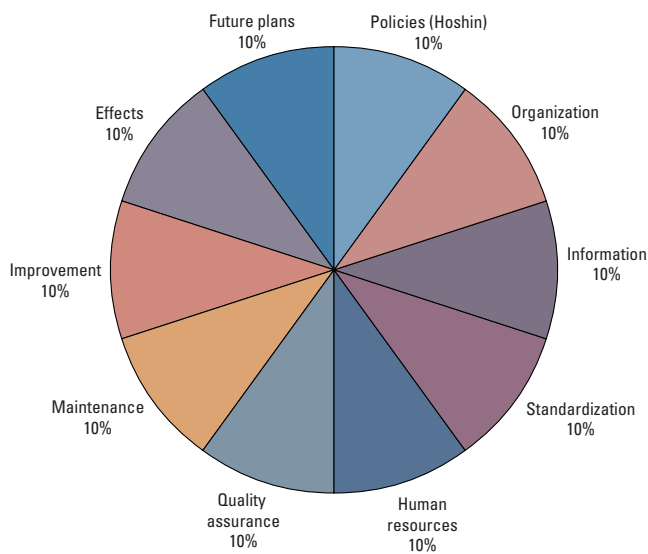
**FIGURE 5b** Percentage Emphasis of European Quality Award Criteria



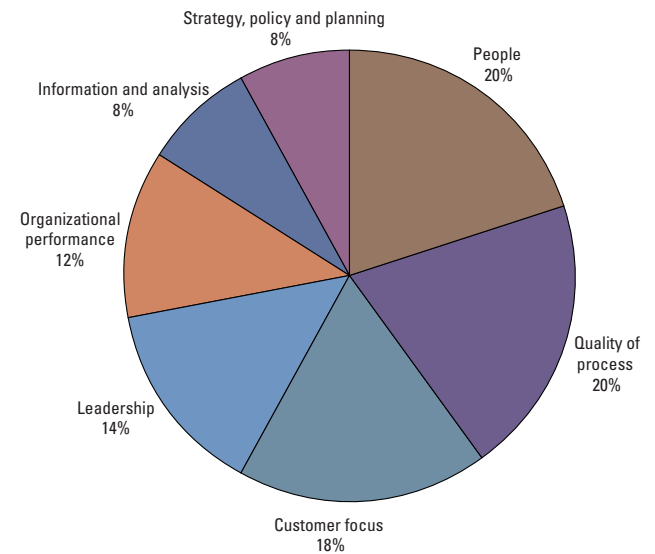
**FIGURE 5c** Percentage Emphasis of Canadian Quality Award Criteria



**FIGURE 5d** Percentage Emphasis of Deming Prize Criteria



**FIGURE 5e** Percentage Emphasis of Australian Quality Award Criteria





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practices. With the national and regional quality awards being periodically reviewed and updated, further similarities between their models and criteria should result as these quality award models continue to evolve and mature. As processes evolve, a strategic model for quality and organizational performance assessment is emerging.

The model should not be considered a panacea for all problems, however. Competitive advantage still remains a function of individual organizational infrastructure and cannot be achieved by simply replicating a quality award model. Instead, the award programs should be used to provide a foundation for assessing and encouraging TQM in the global marketplace.

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