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QUALITY SYSTEM MANAGEMENT FOR ACHIEVING BUSINESS EXCELLENCE

Sladjana Živanović¹
Nikola Abramović²

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ABSTRACT

The comprehensive, integrated concept of quality management in the enterprise economy is the latest instance of the evolutionary process of development of quality management, known as the concept of business excellence. This concept relies heavily on total quality management; it, however, includes models of business excellence that aim to concretize and operationalize the concept itself. These models are the cornerstone for company evaluation, on the basis of which business strengths and weaknesses can be identified. This paper analyzes the elements and significance of the business excellence model, as well as its presence in small and medium-sized enterprises. The model of business excellence includes certain criteria on the basis of which company management can perform self-evaluation. They are also the basis for assessing business excellence in the quality award process. As there are a number of quality awards within business excellence, the criteria for these quality awards (Deming Award, Malcolm Baldrige, Australia, European Quality Award) are awarded.

KEYWORDS

business excellence, business performance, quality, EFQM, TQM, small and medium enterprises, quality award, RADAR.

INTRODUCTION

The business excellence of today's organizations is exposed to turbulent changes that affect them and their internal structuring, in the way of management and achieving competitive advantage. Organizations are therefore forced to change their business philosophy and learn to live in an environment where change is the only constant. In order to achieve satisfactory business success, they must have modern management, which is focused on doing business with overall quality management. Companies that have included quality management in their business system become recognizable and represent a dominant factor of competitive advantage. Organizations with this type of business have a product-service with a guarantee, reduce costs, improve communication with business partners while gaining global recommendations.

Constant changes in the business of the organization have a positive effect on the new business relationship that leads the organization to better business success. By uniting organizations, the market

¹ Adriatik University, Faculty of Business Economics and Law, Bar, Montenegro, micozivanovic@gmail.com, ORCID: 0000-0002-6001-3685

² Adriatik University, Faculty of Business Economics and Law, Bar, Montenegro, nikola.abramovic.fpe@gmail.com, ORCID: 0000-0002-7865-3592



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opens up more and more and trade liberalization is accepted through the reduction (elimination) of barriers. This approach to the business of international trade organizations and all intermediary services influences organizations to adapt to existing conditions and face competing organizations.

from this that the competitiveness of the company requires a great struggle in the existing space in terms of technological innovation, knowledge, quality and management.

Companies must reject conventional business practices and create the necessary conditions for continuous business improvement through innovations that represent a source of continuous improvement. Innovations, for their successful implementation, require an entrepreneurial spirit, which domestic companies do not lack.

The motive of every company in the business world is success. Traditionally, this word was associated with the realization of the greatest possible profit for the owners of the company. Today, a larger number of users are interested in the success of the company, and in addition to the owner, the needs and expectations of all stakeholders must be met.

Business excellence represents great business success compared to concrete, i.e. quality management of a company that results in the achievement of the desired business performance. Therefore, business excellence is one of the highest positioned goals in the hierarchy of goals of organizations located in the existing environment. The business functioning of the organization represents the aspiration of the company to improve its business and achieve business with better business success, compared to the previous one.

Organizations that have implemented the Total Quality Management (TQM) model in their business system, which conditions the organization for better and faster business success. These and similar organizations with recognizable product quality are considered international manufacturers with a standard.

It is a fact that such organizations that operate with implemented management quality have a well-organized process activity with managerial skills. These kind of process activities are the basic characteristic of domestic small and medium-sized enterprises. In addition, the lack of international experience is a major limiting factor for the internationalization of these companies. Domestic small and medium enterprises are faced with the challenge of adapting to the conditions of modern market operations

THE CONCEPT OF BUSINESS EXCELLENCE IS AIMED AT IMPROVING THE COMPETITIVENESS OF COMPANIES

Competitive advantage is generally used to describe the relative characteristics of a company versus its competitors. Given that the EFQM model is one of the most modern forms of measuring business performance, its use for the purpose of strengthening the competitive position is justified. Using the EFQM model to achieve and maintain a competitive advantage is reflected through the concept of dynamic capability, which this model forces. The art of applying a dynamic capability before the competition, more consistently, more insightfully and in an unpredictable way, creates and sustains an organization's competitive advantage.

Business excellence enables greater flexibility and the ability to adapt to the market situation, and thus enables the retention of the achieved development position with a competitive advantage. Innovation, learning and creativity give the company the ability to integrate, build and reshape its potentials in response to continuous changes in the environment. Thus, excellence becomes a means of securing distinctive competence and transforming it into a competitive advantage.



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As the ability to adapt to changes in the environment and align the company's resources with external needs is key to the evolution and survival of the organization, it is inevitable that the implementation of the concept of business excellence should be set as a priority. Business excellence then becomes an important part of enabling superiority, comparing with other organizations in the subject area.

APPLICATION OF THE PRINCIPLES OF BUSINESS EXCELLENCE IN THE SMALL AND MEDIUM SIZED ENTERPRISES IN MONTENEGRO

Small and medium-sized enterprises should know that the modern economy does not recognize profit as the main goal, but as a consequence of well-designed and managed business. The interests of interested parties in products as well as social communities are always in the first place, so with patience and smart investment, the interest of everyone, especially the owner, can be satisfied. That is why it is necessary for small and medium-sized companies to have a clear picture of the organization and to choose the areas that need to be improved and determine with which activities to start work on continuous implementation of improvements and regular checking of results.

Doing business with business excellence for small and medium-sized enterprises means constant performance improvement, which helps them to move forward rapidly with good results. Organizations with business excellence have the ability to be more flexible and to adapt more quickly to the current situation in the subject area while preserving the achieved position with a competitive advantage. Organizations are more capable and ready to limit the adverse effects of the environment and to strengthen the elements of flexibility by minimizing the costs of responding in conditions of an unstable and unfavorable environment.

Organizations with business excellence emphasize a constant desire to improve to higher level criteria. It is business excellence that advocates an organizational structure with conflict-free synergy among the organization's product-providing functions

Consistently following the principles of business excellence allows companies to improve their position in a given environment by finding new sources of competitive advantage. Great opportunities open up for companies, such as strengthening their market position, creating new partnerships, expanding their assortment, attracting new staff, etc.

The implementation of the European model of business excellence encourages innovation and stimulates continuous changes to ensure the survival and growth of companies in a dynamic environment.

Heraclitus' saying, which is several tens of centuries old, "everything changes, only changes are constant" best describes modern business conditions, the only thing being that in this case, the ability to change must be based on the ability to innovate. Modern conditions and rapid changes require organizations to react faster in all business segments, in order to ensure competitive advantage and constant improvement at all levels, as well as constant increase in interest group satisfaction. The only way for companies to succeed in such conditions is to encourage and ensure the introduction of innovations and innovative ventures as intensively and comprehensively as possible. It is necessary to react faster than your rivals in order to create a sustainable competitive advantage. The EFQM model of business excellence exactly forces such a way of doing business through its principles. Constancy of change and learning leads organizations to improve business performance and is an integral part of the philosophy of business excellence. This fact is of particular importance for creating a competitive



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advantage and an important factor that significantly affects the economic power of small and medium-sized organizations.

The implementation of the European model of business excellence for small and medium-sized organizations represents the choice of the right strategy for achieving a competitive advantage. In this way, innovation is strengthened, which is of essential importance for the growth and development of the organization. That is why management and employees' commitment to innovative and continuous improvements of all, even the smallest details of business, is the only correct path to stable results.

Organizations with business excellence support sustainable development, establish a strategy, work effectively with partners, optimally use resources and focus on increasing the knowledge of employees. The application of acquired knowledge and the improvement of all processes is the basis for increasing the productivity of the entire business, which ultimately leads to the improvement of the quality of the entire business of the company. Such enterprises achieve the ability to process information more efficiently, which makes effective decisions and has a higher probability of achieving success in the market.

Continuous process improvement plays a key role in achieving business excellence. By creating efficient processes and using business excellence factors, it improves the work of the organization. This happens through a continuous circular process of work improvement, on the basis of which we receive information about the degree of improvement of the work process. There is always plenty of room for improvement in the area of reliability, performance, efficiency of production systems; for example, all unnecessary equipment can be eliminated and the consumption of energy and materials can be rationalized.

Business excellence is focused on the improvement of performance, where constant harmonization reduces rework, scrap, user complaints, which results in a significant reduction in costs. Also, by achieving the excellence of the system, the number of external errors is also reduced because the production is carried out according to international standards. Reaching the maturity stage of quality management, i.e. stages of business excellence ensure defect-free operations. Zero defect is achieved not only in the production process, but in the entire business, it works well and has a preventive effect on defects and quality. The quality important for the success of the entire organization is considered here. Then the condition of Crosby's claim that "quality is free" is fully met, i.e., the costs of quality become lower than the investment in achieving it.

Modern theory and practice knows several types of management tools and models that serve the same purpose, successful management of the company and its translation into the desired state, improvement of all dimensions of business activity, identification of weak operational performance and design of programs to improve financial and non-financial performance. They contribute to the improvement of the achieved results while observing the overall operations of the organization in much more detail, as well as observing the success of the organization depending on the type and type of tool.

The European model of business excellence is complementary with various tools for the reason that it was not conceived as a tool for "process improvement", so this deficiency is eliminated by integrating with modern management tools for improving the performance of the organization's processes, such as: the Balance Chart method, Lean production, Six Sigma concept, supply chain management, Prism performance and InCaS concepts. Various tools are used to improve one or more individual areas of business, while the excellence model aims to establish a program of continuous improvements, and objectively assess the level of excellence of business entities. All these tools have their strengths and weaknesses, and by combining them with the business excellence model, the shortcomings are eliminated, and the advantages are emphasized.



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New times demand new answers, as well as survival and development, regardless of the territorial affiliation of the companies. In developed countries in the world, the basic principles of business are already being applied in order to achieve world-class business. The choice of one of the world's models of business excellence is most often influenced by geographical location. Montenegro's territorial affiliation to Europe naturally encourages domestic companies to use the European model. The research indicated that the nine criteria of the EFQM model can be used in Montenegro and that they have the same weight (relative importance) when evaluating the overall success of a company as is the case in other developed countries. In doing so, the specificities of the domestic market, capabilities or differences between local market conditions or other facts should be taken into account.

The advantage of this fact is that domestic organizations have the opportunity to compare themselves with companies from developed countries and thus understand their position when applying for one of the international quality awards.

Application of the principle of business excellence contributes to greater efficiency and strengthening of the market position of companies through a higher level of quality of products/services, reduction of costs due to the elimination of errors and reduction of non-compliance, as well as raising the level of competence of employees. By consistently providing greater value, the company gains satisfied stakeholders. By applying the principles of business excellence, the company shows interest groups in the best way that it takes care of them and their needs. Taking care of interest groups means responding in a timely manner and meeting their needs. The overall goal of excellent companies is their satisfaction.

Getting to know the principles and philosophy of the business excellence model, and especially the EFQM model, makes it significantly easier for companies to ensure customer satisfaction. Companies opt for a business philosophy in which quality plays a key role, while taking care of consumers enables timely response to their needs, new trends and the development of innovative products.

Competitive advantage encompasses the company's overall value system. That is why the role of organizational culture, which is recognized as critical for quality management and business excellence, is very important. Business excellence, among other things, in its foundation contains a change of opinion of all employees with the aim of creating new values, i.e. organizational culture of the company. Business excellence integrates the existing organizational culture with new attitudes on the issue of quality and quality management.

Given that the knowledge and experience of managers acquired in the traditional market cannot be sufficient for modern business, it is necessary to apply new models, such as business excellence. The model implies the application of new rules and procedures that contribute to a better organization of work.

Education is the foundation for all changes. Management should know that education and training of employees is the right way to achieve competitive advantage. Training becomes the most important investment in one's own future and development, and modern organizations become places of constant learning, education and development. Organizations eager for progress understand employee education as a continuous process with the application of acquired knowledge as a profitable investment in improving quality and reducing business costs.

GENERAL GUIDELINES FOR FUTURE RESEARCH

Based on the research, it can be said that the measurement of business excellence in enterprises from the sector of small and medium enterprises in Montenegro is only at the initial level and that the level



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of business excellence is low. The assumptions are the constant improvement of small and medium-sized enterprises that will base their operations on the principles of business excellence, which will further significantly contribute to the development of our country's economy. It was confirmed that continuous work on improving business processes leads to strengthening the competitive advantage of this sector, and that in the future, companies from Montenegro are expected to compete for prestigious European awards for quality management. It is expected that with continuous improvement and a systematic approach, companies from Montenegro will find themselves in the company of companies that are "recognized for excellence" in a few years, i.e. exceed the level of 400 points measured according to the EFQM model.

During the research process itself, many opportunities for improving business performance were identified, such as simply reducing scrap, shortening production cycles or more adequate inventory management. Companies must also consider the possibilities of raising the working conditions of employees, their level of satisfaction, eliminating conflicts, establishing better relations with suppliers and customers, and strengthening social responsibility. For these purposes, companies can use a number of modern management tools and concepts that are often possible, even desirable, to combine in order to achieve the best possible results. The cumulative effect of such continuous incremental improvements and modifications can be extremely large and contribute to strengthening the company's competitive position.

The results of the research provide domestic and foreign researchers, as well as managers of small and medium-sized enterprises, with significant information, based on empirical and scientifically verified results, about the most significant factors that can influence the improvement of business and performance of organizations in Montenegro.

The results presented in this research should be interpreted with caution due to certain minor limitations. First of all, the research was done in a certain period of time (the beginning and culmination of the world economic crisis) and is subject to the influence of factors that arose at that moment.

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