You recently published a study investigating organizational excellence in higher education in the UK, USA and Malaysia. Could you describe this and elaborate on your major findings on quality management and performance in the institutions studied?

Gopal Kanji:

This was quite a substantial survey. I received responses from a total of 183 universities, including 51 from the UK of which 20 were university colleges, 18 ‘old’ universities and 13 ‘new’. From Malaysia there were 60, 11 being public institutions and 49 private. Finally there were 72 US participants, 51 public and 21 private institutions.

An early finding was that few of the institutions studied really understood what is meant by business excellence. Hence I used the Business Excellence Index of my Business Excellence Model as a basis for definition as it enables a comprehensive evaluation of performance based on measurement of customers’, employers’ and shareholders’, i.e. stakeholder, satisfaction.

I then set out to explore what proportion of higher education institutions in each of the three countries was applying TQM or business excellence principles and which were the TQM principles being applied. It is claimed that TQM is widely practiced in the USA, i.e. by 71 per cent of institutions. However, while the institutions polled believed themselves to be practicing TQM, my findings indicated that they were merely paying lip service to it; they had failed to understand the finer details.

In terms of application of TQM, Malaysia scored more highly than the UK. Over 50 per cent of Malaysian universities were found to be practicing TQM compared with only 13 per cent in the UK where it was clear that neither TQM nor the concept of business excellence had been understood. I found British universities to be complacent, pointing to academic standards as a gauge of excellence. However academic prowess does not mean the institution as a business is being managed excellently.

Investigating the reasons underlying implementation of TQM in the three countries surveyed I noted that, in the USA, responses given indicated particular interest in customer satisfaction. There I found emphasis on human resource management, and understanding of the need to serve both internal and external customers. There was also recognition of the need to pursue both short- and long-term effectiveness and improvement and there was clearly some understanding of the business excellence approach.

In the UK, meanwhile, there was much talk of student needs, but the over-riding emphasis was on quality assurance in the subject area. In Malaysia, where most universities are private institutions, concerns tend to focus on finances...
and what is needed to sustain the business. Business excellence is seen as an integral part of quality improvement and this is targeted to address students’ needs and ensure customer satisfaction. While Malaysia builds on the British education system, its higher education sector has clearly embraced the importance of quality management.

When studying the barriers to implementation of TQM, some 30 or so impediments emerged. Most significant among these were an insufficient knowledge of business excellence and TQM, complacency, and lack of commitment from leadership. It seems that the vast majority of university vice chancellors fail to take a leadership role in quality endeavours, a situation which contrasts starkly with that existing in other organizations. In universities the mantle is usually handed over to a quality director or the pro-vice chancellor, or some other officer. I see this as a major problem. In addition, many people in the universities dispute the effectiveness of TQM or business excellence. Academics seem particularly resistant to change, seeing little reason for it, and fearing any extra workload.

I then studied the critical success factors for TQM. In America and Malaysia leadership was cited as the most important factor, which is what one would expect. However, in the UK this was put at number two, following continuous improvements. This ranking is a clear indication of prevailing attitudes and complacency.

“All work is a process and, to establish management facts, we need to look at teamwork, how people make quality, and continuous improvement. All of these contribute to business excellence.”

My study explores various critical success factors. These are based on models that I have developed and include leadership and the ability to “delight” customers. Each factor incorporates a number of core concepts. For example, delighting customers includes external customer satisfaction and internal customer satisfaction. All work is a process and it must be continuously measured, but by facts not gut feelings. The measurement and improvement processes must be continuous if the bottom line is to be business excellence.

When I asked the universities polled about their priorities, responses differed from actual practice. While these organizations accepted some of the critical success factors I cited, in practice their priorities were process improvement, followed by management “facts”, and then people management, i.e. analysis of the processes used. People performance, implementation of a quality culture, customer focus, continuous improvement and leadership all came much later. This situation contrasts strongly with that in manufacturing where leadership and delighting the customer are the most important aspects of any quality initiative. This underlines the problems we have in the higher education sector at the moment.

What other cultural differences emerged from your use of the Business Excellence Index to compare implementation in the three countries surveyed?

Gopal Kanji:

The Business Excellence Index gives a score out of 100, based on the critical success factors mentioned. Overall, for example, leadership had a score of 60. In the USA it was 59, in the UK 54, while in Malaysia it was 67. I see the reason for this difference as being that Malaysia is a new country in terms of structure and, as such, it is unburdened by traditions, ingrained ways of doing things and so on. The Malaysians are learning from what is new and they understand the importance of leadership. In the educational sector their commitment to TQM is far greater than it is in the USA or UK.

Moving on to the ability to delight the customer, the overall rating was 63, but in the USA it was 57, in the UK 66 and in Malaysia 69.

The overall index indicates the influence of all the critical success factors in each country. In the USA it was 63, in the UK 60, but in Malaysia it was 64. Even more striking is a comparison of commitment to the improvement of organizational culture in higher education. On this the index shows 52 for the USA, 48 for the UK and 65 for Malaysia.

I find these comparisons fascinating. You may ask, “Why Malaysia?” Well, it is clear that in Malaysia there is a strong belief in the potential for improvement . . . and, indeed, improvement is being implemented. While it could be thought that a country where the university system has been in place for a long time might score more highly, in the older systems people are evidently more set in their ways, seeing no reason to change.
You are the organizer and chairman of the World Congresses for Total Quality Management which are held at Sheffield Hallam University. The most recent of the five congresses held, entitled "Naked Truths about Business Excellence in the 21st Century", took place in June. What were the most significant issues addressed?

Gopal Kanji:

One of the major issues addressed related to confusion over the many quality awards and business excellence models which have been introduced over the years. Our intention was to offer a platform for discussion, both from a research point of view and the point of view of business excellence models which have been introduced over the years. Our intention was to offer a platform for discussion, both from a research point of view and the point of view of business excellence and how this can be defined. This brings us to the question of how to measure business excellence. To do this we need to look at various models such as EFQM, Baldrige, the Japanese model and the model that I promote, Kanji's Business Excellence Model. Here we need to ask: how do these models work and do they fulfill the necessary criteria? This year's congress, "The Naked Truth about Business Excellence"; sought to encourage people to do their research and share their ideas about what is good, what is bad and how we need to go forward in the twenty-first century.

One of the problems with business excellence models such as EFQM, Baldrige and the Japanese model is that they do not measure business excellence as such. This is partly because not everything in these models has a quality dimension. Because they are designed by business people interested in gaining quality awards, such models are based on many other criteria. Large companies, the major contributors to these models, establish the criteria which they think are important for their companies. Their goal is not to promote business excellence per se. As an educator, I could compare this with inviting my students to prepare the syllabuses that suit them. Not a single academic or researcher is involved in design or allocation of these quality awards. They are designed and awarded by business for business. I believe that this is wrong and that the quality award system needs opening up so these issues can be addressed.

Another criticism that is often made is that, while there has been an increase in the number of award points needed, this does not lead to improvement in the quality of the operation assessed and therefore has no bearing on improvement of the quality of the organization as a whole. This too merits discussion.

Our world congress is the only event of its kind in Europe – other European quality conferences tend to be solely business-oriented. The value of our congress is that it effectively provides a platform for discussion and debate, interactions, networking, and learning from each other which will hopefully lead to emergence of some new, cutting edge ideas. Participants attend from all over the world. Past congresses have seen representatives from over 20 different countries. This year there will be 10 representatives from Malaysia, and a dozen or so from Sweden, while ICL is sponsoring 54 of its people from all over the world as part of its education and training programmes.

You recently introduced a Business Excellence Model to measure stakeholder satisfaction within organizations, which I understand has been applied in a number of companies in Hong Kong. Could you elaborate?

Gopal Kanji:

This model is based on my definition of business excellence and the ideas of core concepts and critical success factors. It is a structural model enabling me to measure the impact of leadership on overall business excellence and the contribution of leadership to, for example, people management, continuous improvement or the ability to delight the customer. With the index giving marks out of 100, if your business rates, say, 60 or 70 in one area or another, you would question how you could improve this.

Take leadership, for example, which is crucial, and which I call a “prime”. It has related principles which include the ability to delight the customer, management facts, people management, and continuous improvement. In order to measure this prime and its principles you must have the core concepts of external customer satisfaction and internal customer satisfaction which need to be explored.

All work is a process and, to establish management facts, we need to look at teamwork, how people make quality, and continuous improvement. All of these contribute to business excellence. The structural nature of my model makes possible the measurement of the effect that leadership has on principles such as the ability to delight the customers. These other such measurements all have an impact on the Business Excellence Index. In Hong Kong I used this index in three different areas, the hotel industry, retail banking, and supply chain management.

You have been appointed by the EU Commission to act as a technical expert for the development of the European Customer Satisfaction Index. Can you explain the nature and goal of this index?
Gopal Kanji:

I have been working on the Customer Satisfaction Index for five to six years along with other people in America and Sweden. The idea of a Customer Satisfaction Index arose in Sweden where a Customer Satisfaction Barometer was introduced some 15 years ago. Working from this, the Swedes are now developing a Standard Customer Satisfaction Index. A similar index has been introduced in the USA and this was recently introduced in all government departments. Such indexes aim to analyze customers' expectations, e.g. in terms of value for money or quality, and then customer satisfaction, and ultimately customer loyalty.

Some three to four years ago, the European initiative was launched. The idea was to design a single means of measurement to enable comparison of organizations sector by sector which would also allow individual companies to see how they compared with their peers. I was part of the group researching this and we were initially sponsored by European quality organizations and the European Commission’s DGIII – the Directorate General for Internal Market and Industrial Affairs.

Half a dozen people are involved in this work and we started off by investigating the US model to see how a European model should differ from this to reflect cultural differences. Last year we introduced a pilot project which explored three distinct sectors of the economy, namely telecommunications, banking and supermarketing.

The initiative is now led by two groups, the recently created Internal Foundation for Customer Focus (IFCF), which is a group of academics, and the EFQM. When the pilot project is complete, we shall be extending the project in an endeavour to garner further support across Europe.

Will the final product be saleable?

Gopal Kanji:

Yes, that's the whole idea. The index will be produced in a report form so that individual companies that have not participated in the research can use it as a means of benchmarking, comparing their performance with that of companies included in the index. They will then be able to see where improvement is needed.

What do you see as the major challenges to organizational excellence at the current time?

Gopal Kanji:

My view is that the challenges to organizational excellence stem primarily from the role of leadership. Leadership is still not taken seriously enough, whether in business or other organizations. While some of the large companies are managing relatively well, they still need to learn how to measure performance. They are not very serious about this. They seem to consider that gaining a couple of quality awards will suffice. They are not seriously and scientifically trying to measure performance with a view to knowing where improvement is necessary.

My view is that, in this new century, organizations really must focus on excellence. They must be serious about identifying their customers and their critical success factors. They must take a holistic approach, understanding what is meant by excellence, what the forces of excellence are that will promote organizational improvement, and what investment is necessary. Such issues are crucial in an ever faster moving, competitive and global business environment.

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