Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
A CONCEPTUAL FRAMEWORK FOR
STARTING THE BUSINESS EXCELLENCE (BE) JOURNEY
IN NEW ZEALAND SERVICE ORGANISATIONS

A dissertation submitted in partial fulfilment of the requirements for
the degree of

DOCTOR OF PHILOSOPHY

in

Technology and Management

at Massey University, Palmerston North,
New Zealand

Joanna Innes
2005
ABSTRACT

The services sector is important to the New Zealand economy in that it currently contributes 68% to the gross national product and has consistently contributed the most to economic growth since 2002 (Statistics New Zealand, 2005). It has been suggested by the Workplace Productivity Group (2004) that much of the growth in the economy has been due to people working longer hours and that attention now needs to be given to improving productivity and organisational performance. In response to the need to improve performance New Zealand service organisations are adopting business excellence (BE) and an associated BE framework, the Baldrige Criteria for Performance Excellence or CPE (NZBEF, 2005) to guide their improvement journey. Anecdotal evidence suggests that once the decision has been made to adopt BE, the next challenge is how to start the improvement journey.

BE is an internationally recognised business practice that has evolved from total quality management (TQM) principles and practices. Researchers argue that not all TQM practices are transferable to services (Behara & Gundersen, 2001; Sureshchanda, Rajendran & Anatharaman, 2001) and that not all TQM practices are relevant for the start of the improvement journey (Banerji, Gundersen & Behara, 2005). Although organisations are known to adopt a BE framework to guide the improvement journey, much of the TQM literature to date has focused on the validity of BE frameworks as measurement tools and the organisational results achieved by BE organisations. There has been limited attention given to how organisations start the improvement journey being guided by a BE framework.

The aim of this study is: “To develop a conceptual framework that represents how New Zealand service organisations start the BE journey”. The term BE journey was defined by the researcher for the study, as “an improvement journey being guided by a BE framework, such as the Criteria for Performance Excellence or CPE (NZBEF, 2005)”. An initial conceptual framework was developed through researching the existing relevant literature. This framework was then developed further through obtaining empirical evidence from New Zealand service organisations. The proposed conceptual framework represents the start of the BE journey as an organisational development and change process, with five aligned and integrated elements (1) organisational profile, (2) improvement processes, (3) key practices and people, (4) intermediate outcomes, and (5) organisational results. The study contributes to the existing knowledge base for BE in service organisations, and has the potential to inform BE theory development and to guide BE practice.
ACKNOWLEDGEMENTS

No one undertakes doctoral study and develops a thesis alone. The study and the thesis are the product of many people's contributions; their insights and their ongoing support have been invaluable. Thank you to all of you.

I would particularly like to acknowledge my research team. Dr Robin Mann, who as the primary supervisor provided the business excellence (BE) perspective; and Associate Professor Claire Massey who as second supervisor provided the business perspective and the research design expertise. Both supervisors are from Massey University, New Zealand and are responsible for research centres concerned with business research.

The study would not have been possible without the interest and co-operation of the case organisations and their people, the survey respondents and the BE community within New Zealand. I would particularly like to acknowledge the liaison people within the case organisations - they brokered access to the organisations, co-ordinated my visits, sourced documents for me and reviewed case reports.

A number of people provided technical support. Mike Lawrence provided computer support, Pat Bazeley taught me how to use NVivo for qualitative analysis, and Dr Nigel Grigg assisted with the design of the quantitative analysis and application of SPSS. Judy Lawrence introduced me to ProCite, the bibliographical database used throughout the study.

In addition, the Centre for Organisational Excellence Research, Massey University (COER) assisted with the financial costs associated with field work and attendance at academic conferences. The New Zealand Business Excellence Foundation (NZBEF) assisted with distribution of the survey to its members.

The acknowledgements would not be complete without mentioning the wider group of people who supported me throughout the study. Colleagues from COER and my business networks provided a valued sounding board as I explored new ideas. Dr Pat Sandbrook my ever present mentor kept me going. The study and thesis would never have started, not to mention be complete without the ongoing support and understanding of my husband and three children.
# TABLE OF CONTENTS

Abstract .................................................. i
Acknowledgements ........................................ iii
Table of contents ........................................ v
List of tables ............................................. ix
List of figures ............................................ xi

## 1. INTRODUCTION ............................................. 1
   1.1 Background for the study ............................ 1
   1.2 The need for the study ............................... 24
   1.3 The aim and the scope of the study ............... 25
   1.4 Overview of the thesis .............................. 30
   1.5 Conclusion .......................................... 31

## 2. LITERATURE REVIEW ................................. 33
   2.1 Organisational studies .............................. 21
   2.2 Quality management (QM) and business excellence (BE) 22
   2.3 Organisational development and change ............ 54
   2.4 The Business excellence (BE) journey ............. 64
   2.5 Conclusion .......................................... 103

## 3. THE RESEARCH DESIGN ......................... 105
   3.1 Aim of the study and questions .................... 105
   3.2 Selecting the research methodology ............... 107
   3.3 Research methodology ................................ 111
   3.4 Ethical considerations ................................ 135
   3.5 Conclusion .......................................... 136
4. **DESCRIBING THE BUSINESS EXCELLENCE JOURNEY: WITHIN SEVEN SERVICE ORGANISATIONS**

| 4.1 | Organisation A: City Council |
| 4.2 | Organisation B: Information technology services company |
| 4.3 | Organisation C: Crown Research Institute |
| 4.4 | Organisation D: Group of technology companies |
| 4.5 | Organisation E: City Council |
| 4.6 | Organisation F: National defence organisation |
| 4.7 | Organisation G: Regional government organisation |
| 4.8 | Conclusion |

5. **ANALYSING THE BUSINESS EXCELLENCE JOURNEY: ACROSS SEVEN SERVICE ORGANISATIONS**

| 5.1 | Organisational profile |
| 5.2 | Improvement processes |
| 5.3 | Practices and people |
| 5.4 | How practices and people influence the BE journey |
| 5.5 | Organisational results |
| 5.6 | Conclusion |

6. **ANALYSING THE BUSINESS EXCELLENCE JOURNEY: USING DATA FROM THE SURVEY**

| 6.1 | Organisational profile |
| 6.2 | Improvement processes |
| 6.3 | Practices and people |
| 6.4 | Intermediate outcomes |
| 6.5 | Organisational results |
| 6.6 | Conclusion |
# List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1.1</td>
<td>Evolution of business excellence – key people or organisations and their contribution</td>
<td>7</td>
</tr>
<tr>
<td>Table 1.2</td>
<td>TQM guiding principles, practices and techniques</td>
<td>8</td>
</tr>
<tr>
<td>Table 2.1</td>
<td>Developments in organisational studies 1900 - 1960</td>
<td>35</td>
</tr>
<tr>
<td>Table 2.2</td>
<td>Developments in organisational studies 1960 - 1990</td>
<td>37</td>
</tr>
<tr>
<td>Table 2.3</td>
<td>CPE (NZBEF, 2005) core values and concepts mapped to the key philosophies of Deming, Juran &amp; Crosby</td>
<td>42</td>
</tr>
<tr>
<td>Table 2.4</td>
<td>Summary of empirical research for BE in services</td>
<td>46</td>
</tr>
<tr>
<td>Table 2.5</td>
<td>Summary of empirical research for QM in services</td>
<td>50</td>
</tr>
<tr>
<td>Table 2.6</td>
<td>Factors within the Model of Organisational Performance and Change</td>
<td>63</td>
</tr>
<tr>
<td>Table 2.7</td>
<td>Examples of processes associated with self-assessment</td>
<td>75</td>
</tr>
<tr>
<td>Table 2.8</td>
<td>Summary of QM or BE in services studies that identify key practices that enable the QM or BE journey</td>
<td>79</td>
</tr>
<tr>
<td>Table 2.9</td>
<td>Summary of organisational measures applied in QM or BE in services studies</td>
<td>84</td>
</tr>
<tr>
<td>Table 2.10</td>
<td>Summary of QM or BE in services studies that identify key practices that constrain the QM or BE journey</td>
<td>91</td>
</tr>
<tr>
<td>Table 2.11</td>
<td>Summary of QM or BE in services studies that present evidence for a relationship between QM or BE and a change in organisational performance</td>
<td>100</td>
</tr>
<tr>
<td>Table 3.1</td>
<td>Key characteristics of the pilot and the case organisations</td>
<td>120</td>
</tr>
<tr>
<td>Table 3.2</td>
<td>The dependability test of quality as applied to the study</td>
<td>122</td>
</tr>
<tr>
<td>Table 3.3</td>
<td>The credibility test of quality as applied to the study</td>
<td>123</td>
</tr>
<tr>
<td>Table 3.4</td>
<td>The confirmability test of quality as applied to the study</td>
<td>124</td>
</tr>
<tr>
<td>Table 3.5</td>
<td>The transferability test of quality as applied to the study</td>
<td>125</td>
</tr>
<tr>
<td>Table 4.1</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation A)</td>
<td>140</td>
</tr>
<tr>
<td>Table 4.2</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation B)</td>
<td>147</td>
</tr>
<tr>
<td>Table 4.3</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation C)</td>
<td>152</td>
</tr>
<tr>
<td>Table 4.4</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation D)</td>
<td>158</td>
</tr>
<tr>
<td>Table 4.5</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation E)</td>
<td>164</td>
</tr>
<tr>
<td>Table 4.6</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation F)</td>
<td>171</td>
</tr>
<tr>
<td>Table 4.7</td>
<td>Practices &amp; people perceived to influence the BE journey (Organisation G)</td>
<td>180</td>
</tr>
<tr>
<td>Table 5.1</td>
<td>Key characteristics of the 7 case organisations</td>
<td>187</td>
</tr>
<tr>
<td>Table 5.2</td>
<td>Drivers perceived to influence the decision to start the BE journey</td>
<td>189</td>
</tr>
<tr>
<td>Table 5.3</td>
<td>Practices &amp; people perceived to influence the BE journey over time</td>
<td>195</td>
</tr>
<tr>
<td>Table 5.4</td>
<td>Practices perceived to have significantly influenced the start of the BE journey</td>
<td>199</td>
</tr>
</tbody>
</table>
Table 5.5: People perceived to have significantly influences the start of the BE journey
Table 5.6: Perceived change (improvement) in organisational performance over time
Table 6.1: Descriptive analysis for key drivers perceived to influence the decision to start the BE journey
Table 6.2: Level of significance for key drivers perceived to influence the decision to start the BE journey
Table 6.3: Descriptive analysis for key drivers perceived to influence the decision to adopt the CPE
Table 6.4: Level of significance for key drivers perceived to influence the decision to adopt the CPE
Table 6.5: Cross tabulation for industry challenges and extent of influence
Table 6.6: Cross tabulation for CEO's individual performance measures include BE and extent of influence
Table 6.7: Cross tabulation for restructuring and extent of influence
Table 6.8: Cross tabulation for prior experience of a quality initiative and extent of influence
Table 6.9: Cross tabulation for staff are reluctant and extent of influence
Table 6.10: Key practices & people perceived to influence the start of the BE journey
Table 6.11: Key practices & people mapped to the CPE system categories
Table 6.12: Key practices & people mapped to the Model of Organisational Performance and Change
Table 6.13: Relationship between key practices & people and change in organisational performance
Table 6.14: Descriptive analysis for the perceived change in organisational performance
Table 6.15: Level of significance for the perceived change in organisational performance
Table 6.16: Descriptive analysis for the extent to which BE is perceived to have influenced the change dimensions
Table 6.17: Level of significance for the extent to which BE is perceived to have influenced the change organisational performance
Table 8.1: Element 1- Organisational profile
Table 8.2: Element 2 – Key improvement processes
Table 8.3: Element 3 – Key practices and people
Table 8.4: Element 4 – Intermediate outcomes
Table 8.5: Element 5 – Organisational results
# LIST OF FIGURES

<p>| Figure 1.1: | Services growing importance | 3 |
| Figure 1.2: | Baldrige Criteria for Performance Excellence or CPE | 20 |
| Figure 1.3: | CPE list of categories, items and points | 21 |
| Figure 1.4: | Overview of the thesis | 31 |
| Figure 2.1: | Relationship between the literature for organisational studies, QM and BE, and organisational development and change | 34 |
| Figure 2.2: | Levels of TQM adoption | 57 |
| Figure 2.3: | The strategic application of the Business Excellence Model | 59 |
| Figure 2.4: | Components of the contextualist mode of analysis | 60 |
| Figure 2.5: | A Processual Framework | 61 |
| Figure 2.6: | Model of Organisational Performance and Change | 62 |
| Figure 3.1: | Representation of the sequential mixed model design | 114 |
| Figure 3.2: | Representation of the multiple case study method | 116 |
| Figure 3.3: | The BE journey represented as a conceptual framework (version 1) | 117 |
| Figure 4.1: | CPE score over time (Organisation A) | 142 |
| Figure 4.2: | CPE score over time (Organisation B) | 149 |
| Figure 4.3: | CPE score over time (Organisation C) | 154 |
| Figure 4.4: | CPE score over time (Organisation D) | 160 |
| Figure 4.5: | CPE score over time (Organisation E) | 167 |
| Figure 4.6: | CPE score over time (Organisation F) | 175 |
| Figure 4.7: | CPE score over time (Organisation G) | 182 |
| Figure 5.1: | CPE score over time (7 case organisations) | 209 |
| Figure 5.2: | The BE journey represented as a conceptual framework (version 2) | 212 |
| Figure 6.1: | Role of respondents | 218 |
| Figure 6.2: | Focus for research effort | 218 |
| Figure 6.3: | Type of industry | 220 |
| Figure 6.4: | Type of business | 220 |
| Figure 6.5: | Duration of the BE journey | 221 |
| Figure 6.6: | Extent of influence for drivers perceived to influence the decision to start the BE journey | 222 |
| Figure 6.7: | Extent of influence for drivers perceived to influence the decision to adopt the CPE | 224 |
| Figure 6.8: | Assessment approach and year of the BE journey | 227 |
| Figure 6.9: | Key organisational practices perceived to influence the start of the BE journey | 235 |</p>
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.10</td>
<td>Key BE practices perceived to influence the start of the BE journey</td>
<td>235</td>
</tr>
<tr>
<td>6.11</td>
<td>Key organisational people perceived to influence the start of the BE journey</td>
<td>236</td>
</tr>
<tr>
<td>6.12</td>
<td>Key BE people perceived to influence the start of the BE journey</td>
<td>236</td>
</tr>
<tr>
<td>6.13</td>
<td>Change in CPE scores over time</td>
<td>248</td>
</tr>
<tr>
<td>6.14</td>
<td>Perceived change in organisational performance</td>
<td>250</td>
</tr>
<tr>
<td>6.15</td>
<td>The extent to which BE is perceived to influence the change in organisational performance</td>
<td>252</td>
</tr>
<tr>
<td>6.16</td>
<td>The BE journey represented as a conceptual framework (version 3)</td>
<td>257</td>
</tr>
<tr>
<td>8.1</td>
<td>The BE journey represented as a conceptual framework (version 3)</td>
<td>289</td>
</tr>
</tbody>
</table>