

## ЗАГАЛЬНІ ПРОБЛЕМИ ЕКОНОМІКИ

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### EFQM EXCELLENCE MODEL: STRUCTURE AND BENEFITS

*The article considers the structure of the European model of business excellence. The fundamental concepts of excellence are outlined and the set of criteria of the Model is characterized. The advantages of using the Model for the management of the company, its employees and the business community as a whole are presented. Examples of successful implementation of the Model by the universities of Russia, Ukraine and Kazakhstan are given. Uninvestigated parts of general matters defining is the lack of unequivocal advantages of the model of business excellence, as well as the need to understand the structure of the model, which has begun to spread not only in Europe, but all over the world. In addition, if Ukraine focuses on integration into the European Union, it became necessary for Ukrainian companies to improve their competitiveness, which determined the relevance of this issue. Consequently, Ukrainian companies and organizations need to enter the European market and take part not only in Ukrainian awards but also in European ones, which are of greater weight and recognition in the world. Also, it should be noted that one of the possible means of activation and social orientation of Ukrainian organizations is to use of the above-mentioned European model of excellence (with the condition of adaptation to Ukrainian business peculiarities and conditions of the modern business environment), serving as a benchmark for leading companies. EFQM Excellence Model has an effective structure that allows organizations to improve their own business, find and solve problems in advance. Its aim is increasing the innovation and establishing a quality system of work of any organization. So, for today for European companies EFQM Excellence Model is one of the main tools for enterprise performance evaluating. Perfect companies use the model criteria to improve individual aspects of their business: to define goals and strategies, establish partnerships with consumers and suppliers, motivate and engage staff, produce and sell competitive products.*

*Keywords: EFQM, business excellence, Europe, Ukraine, university.*

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### МОДЕЛЬ ДОСКОНАЛОСТІ EFQM: СТРУКТУРА І ПЕРЕВАГИ

*В статті розглянута структура європейської моделі ділової досконалості. Викладені базові концепції досконалості і охарактеризована сукупність критеріїв моделі. Представлені переваги використання моделі для керівництва компанії, її працівників і ділового співтовариства в цілому. Наведені приклади успішної реалізації моделі університетами Росії, України і Казахстану.*

*Ключові слова: EFQM, ділова досконалість, Європа, Україна, університет.*

The urgency of research. Constant development of scientific and technological progress and increasing competition in various markets forces companies to look for new ways of improving and gaining advantages over competitors. One such way is the EFQM business excellence model, which is predominantly used in Europe.

As Ukraine focuses on integration into the European Union, Ukrainian companies also need to improve their competitiveness compared to European counterparts. One of the options can be to adhere to the concepts of the EFQM model and receive a reward.

Target setting. The purpose of the paper is to analyze the structure of the model of business excellence and to highlight the benefits of its use.

Actual scientific researches and issues analysis. Today, the most commonly used in organization management is the TQM, the use of a balanced scorecard, the process-oriented approach and the EFQM model.

The business activity models were initiated relatively recently and are aimed at managing efficiency, and therefore it is the object of studying modern scholars. It is important to mention American and Japanese scholars who have made an active contribution to the development of the model: E. Deming, J. Juran, K. Ishikawa, F. Crosby, G. Taguchi, J. Harrington. It is also worth noting domestic and foreign scientists who took an active part in shaping the model: U.P. Adler, E.M. Wexler, O. I. Momot, M. I. Shapoval and others. Their works allow us to analyze the model from different points of view and draw conclusions about the benefits of using and introducing into the activities of companies.

Not investigated parts of general matters defining is the lack of unequivocal advantages of the model of business excellence, as well as the need to understand the structure of the model, which has begun to spread not only in Europe, but all over the world. In addition, if Ukraine focuses on integration into the European Union, it became necessary for Ukrainian companies to improve their competitiveness, which determined the relevance of this issue.

The statement of basic materials and Conclusions. The EFQM Excellence Model is a proven, structured approach that allows organizations to assess their achievements on the path to excellence, enabling them to understand their main strengths and potential problems, based on their goal.

In general, the model includes three components that appear in the process of its work and correspond to the structure [6]:

- 8 fundamental concepts of excellence, describing the principles pursued by a perfect organization;
- 9 criteria and 32 subcriteria describing the approaches applied by the perfect organization and the results achieved by it;
- RADAR logic that describes how a perfect organization manages its activities.

This approach allows you to create a truly bulky and detailed 3D model of an ideal organization that can serve as a compass for those who seek perfection.

The fundamental concepts of excellence on which the philosophy of the model is based are [8, p. 168]:

- Adding value for customers;
- Creating a sustainable future;
- Developing organizational capability;
- Harnessing creativity & innovation;
- Leading with vision, inspiration & integrity;
- Managing with agility;
- Succeeding through the talent of people;
- Sustaining outstanding results.

The concept defines general organization's behaviour, believes and values of the organization, its perception of "what is good and what is bad". Movement of organization toward excellence can begin from understanding these concepts, believing in them and accepting them as the basis for its development [4, p. 9].

In fact, comparing these concepts is inappropriate. That is why choosing one of the concepts for awarding is not perfect. First of all, each concept is unique, and therefore comparing different companies according to different concepts is unfair. Companies that have been awarded the 5-star recognition of the EFQM perfection model over the last two years can participate in the award. This condition is necessary and evenly distributed to all companies, regardless of the type of activity.

Summarizing all the concepts and requirements that are necessary for the selection of companies, the main is the availability of one of the concepts, which was introduced during last two years. Such a system is not perfect, but it has gained popularity in Europe and companies are trying to conquer a leader's place.

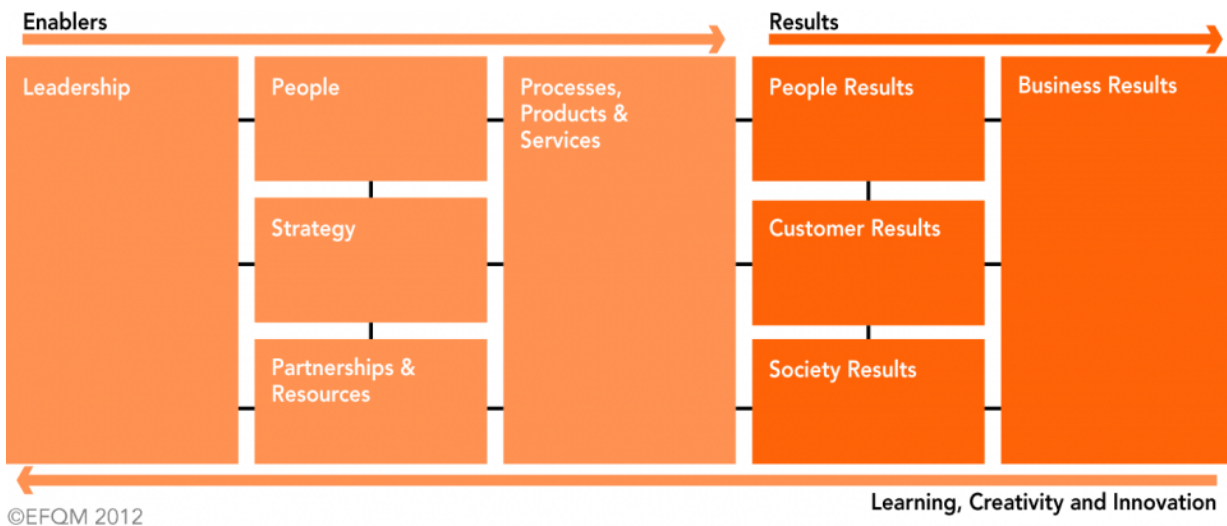


Fig. 1. The EFQM Excellence Model [7]

In comparison with the European reward, the Japanese model in the form of the Deming Prize makes other demands. In order to receive this award, the company must implement its own quality management model that best suits its business size, customers and products. This model of quality management includes not only the quality standards, but also the relationship with customers, the degree of innovation and company's development [2, p. 217]. So the Deming Prize assumes a complete evaluation of companies participating in the competition, as well as taking into account the influence of a number of different indicators.

The EFQM Excellence Model similarly consists of nine criteria and 32 subcriteria which describes an excellent company. These criteria are divided into two parts (fig. 1):

- Five Enablers criteria (cover what and how an excellent company does): Leadership, People, Strategy, Partnership and Resources, Processes Products and Services.

• Four Results criteria (cover what an excellent company achieves): People Results, Customer Results, Society Results and Business Results.

In the framework of each criterion part the Model includes a set of good practices used by excellent organizations (tab. 1). The structure of Fundamental Concepts and Model criteria are linked: an organization should adhere to the philosophy described in Fundamental Concepts while operating an activity assessed against these criteria.

Table 1

**Characteristics of the EFQM Excellence Model Criteria [4, P. 13–15]**

Criterion	Characteristic
Leadership	The criterion evaluates activities of leaders at different levels: how they define common values and principles of organization's activity, how they build and improve an organization's management system. In particular, it is a question of how leaders promote and distribute these values among their people and external stakeholders. But for all that just the personnel activity of leaders is considered – what they do themselves, rather than how they manage work of others.
Strategy	The criterion covers issues related to how an organization develops and reviews its strategy and realizes it through a set of processes. Great attention is paid to collection and generalization of information from various internal and external sources, its use in defining strategy. Decisions on key issues of the organization's future are especially important: on which markets it will operate, what products will be offered to customers, what competitive advantages will be developed, etc.
People	The criterion evaluates all aspects of personnel management, interaction between employees and the organization: determination of staff vacancies and requirements to staff, involvement and recruitment, their evaluation and development, recognition and care for, their involvement in improvement activity and empower, communication between them. If all of these activities is fulfilled it is important to ensure simultaneously satisfaction of organization's need in a competent and active personnel and the needs of employees in the creative and paid work.
Partnership and resources	The criterion assesses how the organizations manage different categories of resources: finances, technology, information and knowledge, real estate, equipment and materials, as well as external partnerships. For each category of resources it is considered how the need for these resources and requirements to them are determined, how to ensure availability of these resources, how their use is arranged, how their effectiveness is assessed. Special attention is given to the focus on the long-term sustainable development at the resources use, how their presence not only now but in the future is ensured.
Processes, products and services	The criterion assesses how organization has built a system of processes that ensures implementation of the strategy; how they manage these processes, ensure their stable performance, and when appropriate – improving. Key to customers' processes are considered separately: design of products and services, promotion them to customers, production of goods and services, developing relationships with customers. At their assessing it is important to which extend they can quickly and flexibly create value for customers that meet or exceed their expectations.
Customer results	The criterion evaluates results achieved by the organization in its relations with customers. These results include both an assessment of customers' perception of the organization, its products and services (direct voice of customers – for example, through questionnaires, surveys, etc.) and indirect assessment by the organization through its own measurements (eg, evaluation of customers' loyalty, number of complaints, etc.). It is important that such system of results enables to assess all important aspects of customers' satisfaction: quality of products and services, assortment, efficiency, flexibility, etc.
People results	The criterion assesses results achieved by the organization in its relations with their people. These results include both an assessment of people's perception of the organization and their work in it (direct voice of consumers – for example, through questionnaires, surveys, etc.) and indirect assessment by the organization through its own measurements (eg, assessment of people activity, turnover of staff, etc.). It is important that such system of results enables to assess all important aspects of people's satisfaction: payment, working conditions, development opportunities, etc.
Society results	The criterion evaluates results achieved by the organization related impact on society, interaction with target groups that represent their interests. These results include both an assessment of perception by relevant target groups of the organization and its impact on society (direct voice of the community – for example, through the “neighbour” organizations, NGOs, etc.) and indirect assessment by the organization through its own measurements (eg, evaluation of environmental aspects, etc.). It is important that such system of results gave an opportunity to assess all key areas of the organization's impact on society: charity, volunteer activity, impact on employment, etc.
Business results	The criterion assesses results achieved by the organization with regard to implementation of its strategy, in particular – key results for owners (founders) of the organization. It is important that these results gave an opportunity to assess both the level of implementation of the key strategies and effectiveness of its internal processes that are key for these strategies.

The benefits of the EFQM perfection model according to the EFQM community are [3]:

- Satisfied and committed customers;
- Successful leaders;
- A common sense of purpose in the organization;
- Permanent and managed changes in the organization;

- Interested and motivated people and other interested parties;
- Growing number of ideas;
- Efficient and rational use of data;
- Effective functioning;
- Pride and Desire lead to further improvement;
- Minimal loss from recurring problems and recurrence;
- Innovation is a norm;
- Excellent results, including good financial performance.

The model helps management: see the link between strategy and operations; engage employees in change; lead improvements; react to change in the environment; develop a unique culture where excellence is the norm and so on. The typical Benefits for Employees are the following: Provide their input to build a common direction; Understand the impact of their action; Contribute to progress.

One of the advantages of the EFQM model is that its application allows systematically assesses the level of social activity of companies, determine their ratings and inform society about it. And this, in turn, is an incentive to improve companies and increase their social activity. Also, the model, while highlighting the strengths of the company, involves identifying sectors for their desired improvement, which is the basis for developing and implementing programs for expanding and enhancing social orientation and activity.

Consequently, the main advantages of using the model include the formation in the organization of a holistic understanding of management, the construction of the structure of fundamental values, stable development, based on processes, the organization management based on a balanced system, which primarily focuses on key performance indicators, the formation of a common language for the whole organization and motivation of employees, benchmarking, as well as analysis and comprehensive assessment of promotion.

The Ukrainian Association for Quality has developed and introduced into practice the "Integrated system of evaluation and recognition of the levels of perfection of enterprises and organizations in Ukraine" since 2003, which aims to stimulate domestic enterprises to improve in accordance with the requirements of the modern market. The level of excellence of the applicant is determined by the number of points he obtains when evaluating according to the relevant criteria [1, P. 85]. The following levels of recognition of excellence can be distinguished: Ukrainian National Quality Award (more than 400 points) - awarded on the basis of the results of the Ukrainian National Quality Contest; Recognition of excellence in Ukraine (from 300 to 399 points); On the way to excellence in Ukraine (from 200 to 299 points).

In Europe, the following levels of acceptance of perfection are generally accepted in:

- European Excellence Award;
- Recognition of Excellence in Europe:
  - 5 star (more than 500 points);
  - 4 star (from 400 to 499 points);
  - 3 star (from 300 to 399 points).
- Quality Award of Central and Eastern European Countries.

Organizations from Eastern Europe also participate and even win in the competitions. For example Stavropol State Agrarian University, Prize Winner of the EFQM Excellence Award (2010, 2013, 2016), finalist of the EFQM Excellence Award (2008). The team of the Stavropol State Agrarian University became the first Russian company-finalist EFQM Excellence Award competition in 2008. At present, the Stavropol State Agrarian University is headed by a rating of educational organizations that have received EFQM Excellence Award and is a Platinum level organization [5].

Kyiv National Economic University named after Vadym Hetman also participated in the Ukrainian National Quality Award (2016) and awarded Recognition of Excellence in Europe 4 star (2017). The recognition level of "4 star" characterizes the company as such:

- Works well in its field and seriously changes the situation;
- Has completed projects and can demonstrate that the investments led to success;
- There are all the characteristics that result achieved with the right direction towards business excellence.

Among the winners of the Ukrainian National Quality Award there are National University of Life and Environmental Sciences of Ukraine (2012) and Alfred Nobel University Dnipro (2013). Winners of the International Quality Tournament of Central and Eastern European Countries include National University of Life and Environmental Sciences of Ukraine (2013) and Gumilyov Eurasian National University (Kazakhstan, 2014).

Consequently, Ukrainian companies and organizations need to enter the European market and take part not only in Ukrainian awards but also in European ones, which are of greater weight and recognition in the world. Also, it should be noted that one of the possible means of activation and social orientation of Ukrainian organizations is to use of the above-mentioned European model of excellence (with the condition of adaptation to Ukrainian business peculiarities and conditions of the modern business environment), serving as a benchmark for leading companies.

Conclusions. EFQM Excellence Model has an effective structure that allows organizations to improve their own business, find and solve problems in advance. Its aim is increasing the innovation and establishing a quality system of work of any organization.

The main advantage of this model is its universality, which allows you to consider as a separate unit of organization, as well as it in general. For the most part, European companies use this model, since it is easy to use and helps to optimize enterprise activity. Also, components of model help in the directions of exploring activities and draw conclusions about the status of each.

Organizations from Eastern Europe need to participate in the EFQM Business Excellence Model Competition, as they have already opened all the doors for them. This will enable not only companies to increase their own competitiveness and to be active players in the European market, but also to increase confidence in Countries of Eastern Europe and bring them to a new level in international relations. So, for today for European companies EFQM Excellence Model is one of the main tools for enterprise performance evaluating. Perfect companies use the model criteria to improve individual aspects of their business: to define goals and strategies, establish partnerships with consumers and suppliers, motivate and engage staff, produce and sell competitive products.

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