Reviewing the European excellence model from a management control view

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Abstract

Purpose – The purpose of this paper is to review and identify the dominating paradigms within management control theories in order to investigate adoptability of the European excellence model (EEM) as an alternative management control model or a framework.

Design/methodology/approach – The paper has conceptual character based on a literature survey.

Findings – The six dominating paradigms are identified within management control theories and based on the analysis it is concluded that EEM can be adapted as a management control model if its limitations are supplemented with other ideas or frameworks.

Originality/value – This is the first study which investigates adoptability and adoptability of EEM as a management control model.

Keywords Control, European quality model, Control systems, Evolution, Management activities

Paper type Conceptual paper

1. Introduction

Since the beginning of the twentieth century, where early management theoreticians such as Taylor, Emerson, and Church introduced the basic ideas of control, the concepts and frameworks of management control theory changed constantly. As Berry et al. (1998) point it out, the early study of management control seems to be rooted in a functionalistic and rather mechanical paradigm[1] in line with other general management and organization theories, which were dominating in the same period. However, the literature study on the subject shows that during the last several decades, various alternative viewpoints based on different sets of conceptions and assumptions have been presented.

Quality management (QM) is a management philosophy, which has evolved from a rather narrow and mechanistic approach known as statistical quality control introduced by Shewhart to a more holistic and humanistic approach under the term total quality management (TQM) and business excellence (Dahlgaard-Park et al., 2001). During the last five decades the basic assumptions and paradigms of quality have constantly changed parallel with the general changes of paradigms in societies and global environments. These changes are not unique within the quality field but more or less in line with changes within other management fields including organizational theory and management control theory (Dahlgaard-Park, 1999).

Despite the increasing focus on QM during the 1980s and 1990s, and despite the fact that quality became a central agenda for top managers, there have been relatively limited attempts on searching, reflecting and analysing its framework seen from a
broader theoretical perspective (Scott and Cole, 1999). In fact, this was also one of the major criticisms, which the quality movement often received from various theoreticians during the middle and last part of the 1990s in particular from organization theorists (Dahlgaard-Park, 2006).

This criticism has been received in the quality research field with some surprise. One of the reasons is that the development of the QM philosophy and in particular TQM was based on an emergent need for a new management philosophy and a holistic/integrative management model, which had an emphasis on quality as the main strategy for improving competitiveness. The need for improving quality and thereby strengthen competitiveness was perceived as an emergent task for major European and North American companies, which were confronted with serious challenges from Japanese companies. The Japanese companies had become “masters” in practicing company wide quality control (CWQC) and in this way they gained a competitive advantage compared to most western companies. This company wide approach to quality was unknown for most Western companies until the 1980s, when it was understood what had happened in Japan, and why a new management philosophy was needed. The huge interest toward TQM during the last part of the 1980s and the 1990s should be understood with these contextual factors as a background. The existing theories and models of organization and management could not provide the necessary principles, tools and systems to meet these new challenges and problems. For practitioners, the majority of the existing management theories were considered to be either too theoretical or too fragmental.

As “insiders” in the quality field we find that much of the criticisms from organization or management theorists are unreasonable, because those critics are often based on insufficient knowledge on the quality movement and the “becoming process” of TQM (Dahlgaard-Park, 2006). For instance “lack of a generally agreed definition” was one of major criticisms toward quality management. However when I investigated in several other management fields such as knowledge management, human resource management, strategic management etc. it became clear for me that the phenomena of “lacking generally agreed definition” was a common characteristic of those invested management fields. This does not mean that all criticisms toward quality management are irrelevant! I am more than critical for quality professionals intended or not intended “blindness” to enlighten the difficulties in relationship with implementation of quality. Especially the dilemma in terms of political, psychological, cultural and behaviour resistances in organisations are most frequent obstacles when implementing quality and hence there are strong needs for more focus on these uncovered or “ignored” areas. I believe that other management theories can be used in reflecting and analysing the quality frameworks and thereby to deepen quality professionals own understanding on weaknesses as well as strengths of the quality frameworks.

With this consideration in background, I have chosen to investigate management control theory – one of the main management theories – in order to reflect the quality frameworks in light of management control view. Thus the overall aim of the article is to compare the contemporary thinking within management control theories with the contents and basic concepts/principles of one of the leading quality award models – the European excellence model (EEM). In this article, we will assume that the leading quality award models such as the Malcolm Baldrige Model and the EEM reflect the latest step in the evolution of quality management theories.
The purposes of this paper are to:

- review some of the main management control theories, and based on the literature review (sections 2 and 3);
- investigate whether the EEM is comparable to the current thinking within management control theories (sections 4 and 5);
- investigate the adoptability as well as adaptability of the model as a management control model (section 6).

2. Reviewing management control theories

Review on selected literature on management control theories indicates that there are various approaches based on different assumptions, focus areas, different weighting of importance, etc.

Goal directed, adaptive, social structured, contingency (Berry et al., 1998), bureaucratic, market and clan (Ouchi, 1980), cybernetic, homeostatic and political paradigms (Hofstede, 1978), management principle, cybernetic, contingency, agency, psychological, and case view (Merchant and Simon, 1986), technical-rational and collectivist view (Ansari and Bell, 1991) are some examples of the different paradigms identified in the management control theories. When taking time aspect in consideration, we can observe several changes in wording.

The differences on definitions adopted by various experts reflect both the theoreticians' selection of a certain approach and the evolution aspect when the theories are reviewed from a historical perspective. Here we have selected some definitions, which indicate different viewpoints held by theorists in the field. At the same time we can observe how definitions have been evolving during the last several decades.

Management Control is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation’s objectives (Robert Anthony, 1965).

Management control is a social process in a social, or maybe socio-technical system (Geert Hofstede, 1978).

Organizational Control is defined as the systematic process through which managers regulate organizational activities to make them consistent with the expectations established in plans and to help them achieve all predetermined standards of performance (K.A. Merchant, 1985).

Management control systems are broadly defined as the formalized routines, reports, and procedures that use information to maintain or alter patterns in organizational activity (Robert Simon, 1991).

Management control refers to all organizational arrangements, formal and informal, designed to accomplish organizational objectives. It includes formal structure, operational controls, rewards, budgeting, planning and other similar activities (Shahis L. Ansari and Jan Bell, 1991).

Management control is the process by which managers influence other members of the organizations to implement the organization's strategies (Robert Anthony and Govindarajan, 2001).

The presented definitions indicate that there are both similarities and differences between them. Here we assume that the similarities may be related to the core concepts
of management control, while the differences may be related to the various adopted paradigms as scholars' ideas about organizations vary and thereby also their theorization vary. Another reason for various definitions may be related to the evolutorial aspect of management control theories. As it is observable in general management as well as in organization theories, people adopt new ideas and thereby theorization varies (see for instance the managerial watch, Dahlgaard-Park, 2006, p. 217).

Most definitions seem to include the concepts of (systematic) process, managers, objective(s)/goal(s)[2], strategy, effectiveness and efficiency, maintenance and assurance. As several theorists (see Merchant and Simon, 1986, p. 184; Ansari and Bell, 1991, pp. 5-6) point it out, most definitions of control seem to be centred on a few key issues; a focus on the behaviour of organizational participants and a concern with the effect of this behaviour on organizational outcomes. Focus on behaviour of organizational participant is related to the concept of efficiency, and the concern with outcomes is related to effectiveness. In line with these few key issues, most theorists (see Merchant, 1985; Lowe and Machin, 1987) seem to agree, that some of the main functions of the management control processes involves planning, setting standards of performance, coordinating, communication information, evaluating, influencing people, and processing information.

If we focus on the differences between the definitions, we find several curious phenomena. First, instead of organizational objective(s)/goal(s), the concept of strategies seems to be adopted in the later definitions. Second, the role of managers seems to be more explicitly expressed and rather narrowly defined in the early definitions. For instance, Anthony in his latest definition from 1998 used “management influence”, and in his early definition from 1965, he used “managers assure”. Third, while Simon (1991) focuses on formalized aspects of management control processes and the importance of using information, Hofstede (1978) considers the control process as a social process, and in line with Hofstede’s view, Ansari and Bell (1991) include both formal and informal aspects in the process. Fourth, in the earlier definitions, the role of predetermined organizational goal(s)/objective(s) is more explicitly expressed, while this aspect is presented somewhat more ambiguously in the later definitions. As mentioned above, one possible reason for these different views can be explained by various paradigms held by the theorists and the evolutorial aspects of organization, people and management as parts of changing society.

Many theoreticians in management as well as organisation fields have attempted to categorise theories in order to get an overview. Outcomes of these attempts became basis for schools of management thought or management paradigms (see for instance, Morgan, 1997/1986; Dahlgaard-Park, 2006). Merchant and Simon (1986) have identified several approaches within the research field of management control. Those approaches or paradigms introduced by Merchant and Simon (1986) within management control literature are quite similar to the organisation paradigms introduced by Morgan, same year (Morgan, 1997/1986) under the term of metaphors. It may be natural when we consider the management control as a part of organization theories.

The following six management control approaches have been elaborated inspired by several organization theorists and Merchant and Simon’s literature overview together with my own literature review. The elaborated six approaches, which are discussed in section 3 below, will be adopted as a conceptual multidimensional framework for analysing the European excellence model in evaluating whether the model can be considered as an “excellent management control model”.

The European excellence model
3. Six alternative management control approaches

Bureaucratic and mechanic view of control

Bureaucratic and mechanic view of control use primarily formal mechanisms in organizations in terms of objectives, rules, procedures, policies, hierarchy of authority, reward systems, standardization, and other bureaucratic mechanisms to standardize and influence behaviour, assess performance, and monitor undesirable deviations from the standard (Ouchi, 1980; Daft, 2001). Formalization of every activity makes it possible to standardize and thereby increase predictability. Organizations are viewed here as a closed entity, and therefore the interdependence and interactional aspects of the organization and its environment are not considered. Here concepts of control and related issues are treated as a “discrete function of management” (Merchant and Simon, 1986, p. 186) and the prevailing style is numerous listings of how-to-do oriented prescriptive management principles and techniques (see Figure 1). The majority of the early literature on management control, such as writings of Emmerson (1912), Church (1914), Fayol (1916/1949), Diemer (1915) can be categorised in this approach.

Furthermore, most literature belonging to functionalist paradigms, where management control procedures and processes are explained in relation to their function in supporting management’s purposes without doubting and questioning the existence of unproblematic organizational goals (Berry et al., 1998), can be categorised in this approach.

Cybernetic view of control

From a cybernetic view, every process of control, i.e. activities for planning, budgeting, performance evaluation, comparison, discovering discrepancies and correction, resource allocation and reward systems are seen from an information processing view and considered as information-based activities. The core idea of the cybernetic view is a system’s self-regulating ability based on feedback loops[3], with the objectives set in advance, outcomes compared with objectives, and discrepancies reported to managers for correcting actions (Green and Welsh, 1988). Here detection of error and correcting actions will take a place as a dynamic process depending on the feedback loops (Morgan, 1997/1986; Hofstede, 1978).

Concepts of feed forward loops are involved in more advanced cybernetic control of view, for instance when to evaluate the suitability of the existing rules and to determine whether it is necessary to redefine the rules and the existing standard. The

![Figure 1. Bureaucratic and mechanic school of MC](image-url)
first generation theorists of the cybernetic view considered organizations as rather closed system while the second-generation theorists held open system view. In this view, the modelling and identifications of interrelations and causal patterns are considered to be important (Merchant and Simon, 1986, p. 187; Hofstede, 1978, p. 232) (see Figure 2).

Management control literature of Koontz and Bradspies (1972), Horngren (1982), Amy (1979), Kaplan (1982) and Green and Welsh (1988), and Simon (1991) can be categorized in this approach.

Agency view of control
Here an organization is viewed as a unity where agency relationships are central elements. Agency relationships are defined as relationships, where “one party (a principal) delegates to another party (an agent) a service to be performed for compensation” (Merchant and Simon, 1986, p. 188). Thus, the two top management relationships in an organizational context top management – shareholders, and top management – subordinates – are considered to be agency relationships. Here organizations are regarded as a series of contractual relationships between principals (owners or managers) and agents (employees). In this agency view, achieving a commonality of interest between principals and their agents and minimizing total agency costs in various settings are the main focus. Agency costs are costs associated with monitoring agent behaviour and enforcing contracts (see Figure 3).


Human resource view of control
This view is supported and inspired by the huge amount of literature related to the human resource field. Some underlying assumptions are (Shafritz and Ott, 2001; Merchant and Simon, 1986; Bolman and Deal, 1997):

- Organizations exist to serve human needs, and thus the attention is payed on the interplay between individuals and their work.
- Organizations and people need each other.
- A good fit between individuals and the organization benefits both: people find meaningful, developing and satisfying work, and organizations get committed people with creativity, talent and motivation.
When organizations are viewed as “coalitions of decision-making individuals” (Merchant and Simon, 1986), individuals’ cognitive variability and cognitive limitations in terms of people’s way of motivation, interpersonal behaviour, learning, expectation, psychological well being, emotional processes etc. are considered to be important. An early approach of human resource view has been based on more closed system view, where employees are mainly considered as internal member of organizations. A broader view of employees both as members of organizations and as members of society and consideration of multiple human needs based on this more open system view is a recent phenomenon.

Among others, writings of Argyris (1952), Becker and Green (1962), Schiff and Lewin (1970), Rockness (1977), Hirst (1983) can be categorised under this approach (see Figure 4).

Contingency view of control

One central premise of the contingency view of control is that there is no universal “one best” approach, which is applicable to all organizations and in all circumstances (Otley, 1980, p. 305), and this premise further assumes that any way of organizing is not equally effective. Organizational effectiveness and efficiency are affected by numerous contingency factors such as size, scale, organizational life cycle, technology, uncertainty, resource dependency, leadership style, organizational culture and organizational structure. Therefore management must be concerned to find out the
good fits in relationship with its internal as well as environmental circumstances. Organizations are viewed here as open systems, that need to adapt to environmental as well as internal circumstances (see Figure 5).


Cultural view of control
The main premise of this view is that all ideas about organizations and related issues are socially constructed through meaning creating processes of organizational members (Berry et al., 1998). This view assumes that there exist organisational cultures, similar to national cultures, which is composed of many intangible and often irrational components. Organizational cultures, composed by values, norms, traditions, mental models, perceptions, artefacts and beliefs, provide a social energy that force people to act (Kilmann et al., 1985). Hence the cultural view rejects the idea that rationally formulated objectives, rules, documents, and processes are the main driving forces for all organizational activities.

Theorists advocating this view argue, that the influence of culture aspects on accounting and control practices is significant (Ansari and Bell, 1991). Hence, they pay attention on how individual and social actions come to define, refine and shape control systems, and how the concepts of rationality and efficiency are used to legitimate individual members’ political interests and to strengthen their power position.

Literature of Ansari and Bell (1991), clan control introduced by Ouchi (1980), political paradigm introduced by Hofstede (1978), Miller and O'Leary (1987), Birnberg and Snodgrass (1988), and Gambling (1987), Gray (1990) can be considered to belong to this view (see Figure 6).

4. The European excellence model – a brief introduction
The following information and analyses are primarily based on the EFQM publications The EFQM Excellent Model (1999a), The European Way to Excellence (1997) and Assessing for Excellence (EFQM, 1999b).
The History

The European Foundation for Quality Management (EFQM) is a membership based, not-for-profit organisation, created in 1988 by 14 leading European businesses, with a mission to be the driving force for sustainable excellence in Europe and a vision of a world in which European organisations excel. Today EFQM has more than 800 members in 38 European countries.


In 1997 the model’s name changed to “The European excellence model”, and the model’s criteria, sub-criteria and potential areas to address were through a major revision in 1999.

The structure of the model

The EFQM excellence model is as said above a non-prescriptive framework based on nine criteria. Five of these are “Enablers” and four are “Results” (see Figure 7).

The “Enabler” criteria cover what an organization does. The “Result” criteria cover what an organization achieves. “Enablers” cause “Results”.

The Model, which recognizes there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

Excellent results with respect to performance, customers, people and society are achieved through leadership driving policy and strategy that is delivered through people, partnerships and resources and processes.

The arrows emphasize the dynamic nature of the model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

The model’s nine boxes, shown in Figure 7, represent the criteria which to assess an organisation’s progress towards excellence. Each of the nine criteria has a definition and a number of sub-criteria. The sub-criteria pose a number of questions that should be considered in the course of an assessment.
Finally there are lists of possible areas to address under each sub-criterion. The areas to address are not mandatory nor are they exhaustive lists but are intended to further exemplify the meaning of the sub-criterion. (These possible areas to address are not included in this paper).

5. The EEM criteria and the six management control approaches
In this section, all criteria including sub-criteria of the EEM will be presented. The five enabler criteria will be compared with the six management control approaches developed in section 3. The four result criteria are excluded in our comparisons, because it is assumed that they are logical outcomes of the enablers (what the organization is doing).

In the comparisons the degree of interrelationships between the criteria and the approaches will be indicated as H (High) and M (Moderate). The comparisons are mainly based on the conceptual understanding of the approaches used as well as the criteria in the EEM. In order to deepen the conceptual understanding of the criteria, the suggested potential areas to address under each criterion as presented in the material published by EFQM have also been studied and used. The degree of H (High) indicates that there are explicitly expressed interrelationships between approaches and the Excellence Model criteria. The degree of M (Moderate) indicates that there are some interrelationships that are implicitly indicated.

Criterion 1: leadership
Definition: Excellent leaders develop and facilitate the achievement of the mission and vision. They develop organisational values and systems required for sustainable success and implement these via their actions and behaviours. During periods of change they retain a constancy of purpose. Where required, such leaders are able to change the direction of the organisation and inspire others to follow.

Sub-criteria:
- Leaders develop the mission, vision, values and ethics and are role models of a culture of excellence.
- Leaders are personally involved in ensuring the organisation’s management system is developed, implemented and continuously improved.
Leaders interact with customers, partners and representatives of society.
Leaders reinforce a culture of excellence with the organisation’s people.
Leaders identify and champion organisational change.
According to Table I it is clear that the dominating approaches or paradigms behind the main driver for “excellence” – Leadership – are the Cultural View and the Human Resource view of control.

Table I. Interrelationships between leadership criteria and the six management control approaches

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<th>Bureaucratic</th>
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Notes: H = High; M = Moderate

Table II. Interrelationships between policy and strategy criteria and the six management control approaches

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Notes: H = High; M = Moderate

Criterion 2: policy and strategy
Definition: Excellent organisations implement their mission and vision by developing a stakeholder focused strategy that takes account of the market and sector in which it operates. Policies, plans, objectives and processes are developed and deployed to deliver the strategy.
Sub-criteria:
• Policy and strategy are based on the present and future needs and expectations of stakeholders.
• Policy and strategy are based on information from performance measurement, research, learning and external related activities.
• Policy and strategy are developed, reviewed and updated.
• Policy and strategy are communicated and deployed through a framework of key processes.

As seen from Table II, the two approaches, which seem to dominate the Policy and Strategy criterion, are the cybernetic approach and the contingency approach. As said above one central premise of the contingency view of control is that there is no universal “one best” approach applicable to all organizations and in all circumstances. Therefore management must be concerned to find out the good fits in relationship with its internal as well as environmental circumstances. The first two sub-criteria are explicitly concerned on this issue.

From a cybernetic view, every process of control, i.e. activities for planning, budgeting, performance evaluation, comparison, discovering discrepancies and
correction, resource allocation and reward systems are seen from an information processing view and considered as information-based activities. The core idea of the cybernetic view is a system’s self-regulating ability based on both negative feedback loops and feed forward loops. All sub-criteria reflect more or less the importance of information flow and information based activities.

The problem here, as we see it, is how to balance these two dominating approaches? There seems to be a risk that the rational and top-down expert oriented cybernetic approach will be the dominating approach when deciding on the strategies, policies, and overall goals, and also in the policy deployment process. When considering that there was no interrelationship identified concerning the cultural approach, this risk seems obvious.

Criterion 3: people
Definition: Excellent organisations manage, develop and release the full potential of their people at an individual, team-based and organisational level. They promote fairness and equality and involve and empower their people. They care for, communicate, reward and recognise, in a way that motivates staff and builds commitment to using their skills and knowledge for the benefit of the organisation.

Sub-criteria:
- People resources are planned, managed and improved.
- People’s knowledge and competencies are identified, developed and sustained.
- People are involved and empowered.
- People and the organisation have a dialogue.

As seen from Table III, the two dominant approaches are the human resource approach and the cultural approach. We find that logical and consistent with the dominating approaches behind the Leadership Criterion. The fourth sub-criteria focusing on the necessity of dialogue between people and organization is interpreted here as being related to the agency approach, hence the interrelationship is indicated as M (moderate). Cybernetic approach is identified both in the first and second sub-criteria, because we interpreted that improvement of people resource and peoples’ knowledge as well as competencies are only possible when the organizations systematically measure and collect information concerning on these factors. As we regard the people criterion to be one of the most important contingency factors, the interrelationship on this approach is defined to be M (Moderate).

Criterion 4: partnerships and resources
Definition: Excellent organisations plan and manage external partnerships, suppliers and internal resources in order to support policy and strategy and the effective

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Notes: H = High; M = Moderate
operation of processes. During planning and whilst managing partnerships and resources they balance the current and future needs of the organisation, the community and the environment.

Sub-criteria:
- External partnerships are managed.
- Finances are managed.
- Buildings, equipment and materials are managed.
- Technology is managed.
- Information and knowledge are managed.

As seen from Table IV, the dominating approach behind this criterion is the cybernetic approach. We find that logical in relation to the management of finances, buildings, technology etc., i.e. in relation to management of hardware, but in relation to the management of external partnerships, and also to management of information and knowledge we do not find it logical. Here we need other approaches and assumptions, which can take part on more software including the informal dimension. The culture and human resource approaches seem to have been neglected in these relationships.

**Criterion 5: processes**

*Definition:* Excellent organisations design, manage and improve processes in order to fully satisfy, and generate increasing value for, customers and other stakeholders.

Sub-criteria:
- Processes are systematically designed and managed.
- Processes are improved, as needed, using innovation in order to fully satisfy and generate increasing value for customers and other stakeholders.
- Products and services are designed and developed based on customer needs and expectations.
- Products and services are produced, delivered and serviced.
- Customer relationships are managed and enhanced.

Here the dominating approach seems to be the Cybernetic (see Table V), while no interrelationships are identified regarding the Culture approach. In order to have success with process management including process improvements, creating an organizational culture based on empowerment and trust are critical success factors, and these critical success factors do not seem to be presented here.

The dominating cybernetic view can be seen as an overly rational approach, which focuses and emphasizes the formal aspects of organizations. Here every process of control, i.e. activities for planning, budgeting, performance evaluation, comparison,

**Table IV.**

Interrelationships between partnership and resources criteria and the six management control approaches

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Notes: H = High; M = Moderate
discovering discrepancies and correction, resource allocation and reward systems are seen from an information processing view and are considered as information-based activities. This tendency is in our view a barrier for several of the fundamental assumptions behind the EEM.

In the following section, the summary of the comparative results will be presented and further discussed.

6. An “excellent” model for management control?
A summary of the comparisons in Tables I-V is shown in Table VI. Some observations which can be seen from Table VI are:

- All criteria show more or less interrelationships with the six management control approaches.
- The most dominating approaches on the first criterion (leadership) are the human resource approach and culture approach. These two approaches are also dominating on the third (people) criteria, which can be interpreted as logical. What seems not so logical is that these two approaches only have moderate interrelationships on the criteria of policy and strategy and processes.
- The cybernetic approach has a high interrelationship with the criteria of policy and strategy, partnership and resources, and processes. This observation seems surprising compared to the previous observation. It seems that there is lack of consistency between leadership (the main driver of excellence) and the other criteria of the model.
- The culture approach has high interrelationships with the Leadership criterion as well as the People criterion, but no significant interrelationships with the other enabler criteria. There seems to be a risk that the intended direction for building the proper culture would not be followed in practice (in the processes where actual action are taking place). Thus a gap seems to exist between intention and practices.
- The cybernetic approach is dominating in several enabler criteria. In relationship with the two previous observations, this indicates that the importance of informal and rather intangible aspects which are often not straightforward to quantify and measure, are underestimated in the model.

Based on the analysis, we will discuss the suitability of the European Excellence Model for management control in terms of advantages as well as disadvantages.

*Advantages of the European excellence model as a management control model*
The European excellence model can be considered as a holistic and integrative approach, where strategic, managerial and operational control processes are integrated in the model. Anthony (1965) and Anthony and Dearden (1980) have made a clear

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Table VI.
Interrelationships between the EEM criteria and the six management control approaches

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Notes: H = High; M = Moderate
The European excellence model

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distinction between these three different control processes, where the management control process is rather narrowly defined without integrating other processes. However, several theorists (see Berry et al., 1998; Lowe and Puxty, 1989; Simon, 1991) argue for the necessity of a more integrated and a holistic management control view seen from a system perspective. The excellence model incorporates the three different control processes as interrelated enablers. The strategic planning is explicitly incorporated in the criterion of policy and strategy, the operational control is explicitly incorporated in the process criterion, and the management control is embedded in all four enabler criteria.

The excellence model’s integrative and holistic character can be supported by another fact, observed in our analysis. As observed through the previous sections, elements of all six management control approaches are more or less incorporated in the excellence model.

Another advantage of the model is the linkage between the various enabler criteria (leadership, people, policy and strategy, partnerships and resources and processes) and the result criteria concerned with the achievement of organizational goals in terms of people results, customer results, society results and key performance result criteria. The cause and effect relationships are clearly indicated in a dynamic process oriented system model. In addition, the cause and effect relationship is grounded in ideas about the generation, processing and feedback mechanisms of information. Through the enabler criteria, information is expected to be generated and processed. The result criteria in terms of people and customer satisfaction, impact on society as well as business results are expected to be utilised as feed forward loops in an ongoing process, and in this way, it is assumed to increase learning and improvement activities by reassessing goals, strategies and standards in the enabler criteria. Utilising both feedback and feed-forward loops in correcting, maintaining and improving organisational performances can be seen as a good usage of the cybernetic approach as it incorporates both the first and second generation of cybernetic ideas. The first generation of cybernetic ideas in terms of feedback loop for correcting and maintaining the current standards (morphostasis) and the second generation of cybernetic in terms of feedforward loop for improving and setting a new standard (morphogenesis).

Seen from a system approach, the model is based on an open system theory, which fully recognises the importance of interaction between organisation and the environment in a broad sense.

Limitations and disadvantages of the EEM

As observed in the summary (Table VI), the model is based on the structure, model criteria and the eight fundamental concepts (see section 3), and these frameworks can be a hindrance to accept and consider other alternative possibilities to achieve excellence. Although the model is relatively complex, the model does not encompass all possible variables. A model is in its nature always a simplified and generalised version of a reality. Thus it cannot cover all aspects of real situation. Further the law of requisite variety (Ashby, 1963; Morgan, 1997/1986) warns us that any system’s internal complexity and diversity level should correspond or match to the complexity and variety of its environments if the system shall deal challenges. It is then almost obvious that a simple model will not be able to cope the complexity of a system with high degree of uncertainty and unpredictability.
Clear indications of cause and effect relationships in terms of enabler and results criteria may be questioned. Furthermore the model pays little attention to contextual/contingency factors. For instance, the right approaches to implement may vary depending on numerous contingency factors such as organizations size, age, business fields, maturity and motivation levels of employees, educational background of employees, organizational culture, speed of change in markets and customer demands etc.

The inconsistency between intention and practices discussed previously can be a problem, when adopting the model. The inconsistency is observed between leadership intention and the practices (processes), in particular. The culture aspect in terms of value, vision and mission building was explicitly focused under Leadership, while this focus was more or less ignored in policy and strategy, partnership and resources as well as in the process criterion. These inconsistencies seem to be a major defect of the model and may have been the reason for many companies' problems with implementing the model as an overall framework for strategic planning and improvement of the business. Political, psychological, and other behaviour resistances which cause high failure rates in relationship with implementation of quality system may partly be connected to the inconsistencies between leadership intention and the practices (processes). As a human being is basically also a political being, power and political aspects together with psychological aspect have to be recognised and be thoroughly treated within the frameworks of quality management. Continuous “ignoring” these aspects, there will be continuous high rates of failures. Also in relation to an award approach these inconsistencies seem to be a major problem both for companies applying for the European Quality Award and for the examiners.

7. Conclusions and questions for further research

Through this paper management control theories are examined in relationship with the EEM. We have further investigated whether the EEM is comparable to the current thinking within management control theories. Based on the analysis, adaptability of the model as a management control model was examined by identifying and discussing advantages as well as disadvantages of the model.

Despite the recognized limitations and disadvantages of the EEM, we consider that the model may be a useful management control model as a guiding framework. My recommendation is that the best strategy for using the model as a management control model is “adaptation” rather than “adoption”. This is the same conclusion, which Dahlgaard and Dahlgaard-Park (2006) came to after having compared the EEM's criteria with the critical success factors for innovation and new product development identified through a comprehensive literature review. Through this comparison it was obvious that several major critical success factors were not addressed in the EEM. Hence before applying the EEM for improving innovation and new product development it is recommended to be critical first and to use all existing knowledge and experiences to revise the model so that it better fits with the given context. This is called adaptation.

Another recommendation for overcoming the limitation of the model is to supplement with other approaches, for instance the four Ps (People, Partnership, Processes and Products/services) and the four aspects of organizational realities, see Table VII (Dahlgaard-Park and Dahlgaard, 2006, 2007). In this approach organisational realities are understood as a dynamic interplay and mutual interrelationship between the micro-macro and the subjective-objective aspects.
When we combine the EEM with this approach much of the problems caused by an oversimplification can be overcome as the four aspects and their interrelationships reflect the very complex nature of the organisational reality.

When we analyse EEM in relationship with the four organizational realities, it is also obvious that EEM focuses on the macro-objective aspects of organisational realities and very little attention is paid to other aspects. This is another way to illustrate some possible reasons for high implementation failure rates of the EEM and quality management in general.

If organizations are aware of the limitations, inconsistencies and the risks connected with the application of the model, they may be able to overcome the problems mentioned above.

As far as the literature review is concerned, there is no model from the area of management control, which is compatible to the EEM. Parallel with the launch and application of the EEM (1991) a considerable number of theoreticians and companies have made efforts in adopting and integrating the balanced scorecard model (Kaplan and Norton, 1992, 1996) as a management control model.

The strength of the balanced scorecard is its simplicity, which maybe is the main reason for its growing popularity all over the world. Its simplicity makes the balanced scorecard easy to understand and hence easy to communicate to people at all levels from top management to middle management and to the “shop floor level”. People understand easily and accept that objectives (critical success factors), measures (key performance indicators) and targets have to be established for each of the four perspectives of the model (financial, customer, process and learning/growth). Its weakness is that it is not easy to understand the linkages and hence the cause-effect relationships between the

<table>
<thead>
<tr>
<th>Micro/individual</th>
<th>Subjective/intangible</th>
<th>Objective/tangible</th>
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<tbody>
<tr>
<td></td>
<td>Individual feelings, perceptions, assumptions, values, thoughts, intentions and will, beliefs, motives, meaning creations, desires, motivation, commitment, loyalty (Building leadership, Building people, Building partnership)</td>
<td>Individuals’ patterns of behaviour Leadership behaviour and patterns Patterns of interactions Patterns of partnership Individual work Individual work performance (Building leadership, Building people, Building partnership, Building processes)</td>
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<table>
<thead>
<tr>
<th>Macro/collective</th>
<th>Subjective/intangible</th>
<th>Objective/tangible</th>
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<tbody>
<tr>
<td></td>
<td>Groups, departmental and organizational norms, values, political interest, power relationships, informal power structure, conflicts, interpersonal, inter group meaning creations (Building leadership, Building people, Building partnership)</td>
<td>Vision, mission statement, Symbols, Ceremony, Traditions, Patterns of inter group/inter departmental interaction and partnership, Patterns of inter organizational partnership, Groups, departmental and organizational work processes, Training and education programmes, Rules, Techniques, Communication channel, Structures, Manuals, Technology, Routines, Products (Building Leadership, Building People, Building Partnership, Building Processes, Building Products)</td>
</tr>
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</table>

Table VII. The four aspects of organizational realities
objectives (CSF), measures (KPI) and targets of the four perspectives. This understanding is important when implementing and using the balanced scorecard for controlling and improving daily operations. For that purpose a more detailed model is needed such as the EEM shown in Figure 1. So the balanced scorecard is considered as less applicable as a management control model than the European excellence model.

The analysis and summary presented in section 5 and 6 are based on comparisons of the definitions, concepts and approaches of management control (section 2 and 3) and the fundamental concepts, structure and criteria of the EEM (section 4 and 5). In this way, we can say that the conclusions are based on a systematic desk research approach, which of course has its limitations. Hence further research is needed in order to supplement the theoretical approach in this report with a collection of empirical evidence on:

- How various “ordinary” companies and award winning companies are using the EFQM excellence model as a management control model?
- Why they are using the model the way they are doing?
- What are major problems when using the model in a real set?

This paper is the first step in starting such a research project.

Notes
1. Frameworks, schools of thought, models, perspectives are some corresponding terms to the term of paradigm (see more about paradigm – Kuhn, 1970; Burrell and Morgan, 1979; Morgan, 1997/1986; Scott, 2003, Dahlgaard-Park, 2002).
2. Anthony and Dearden (1980) made distinction between the two concepts of goals and objectives. The concept of goals are used as overall aims of the organization in a broad term, while the concept of objectives are used as the more specific statements of planned accomplishments in a given time period.
3. Feed back loops assume that the system has capabilities to set goals, measure performance, compare performance with the goals (the standard), feed back information about negative discrepancies into the process and take corrective actions in order to reduce discrepancies in the future. Feed forward loops assume that interventions are programmed in advance and the goals (standards) are continuously candidates for questioning and change.

References


Further reading


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Su Mi Dahlgaard-Park Lic. Econ., Dr. Phil., is currently Research Director and Professor at Institute of Service Management, Lund University, Sweden. Her research areas have been human resource management, quality management, organization theory, learning and knowledge management, and organizational change. Within these areas she has published more than 100 research papers and books. She has received several awards for her research, teaching and publications, among others, Emerald Literati Award for outstanding paper. She is an academician of IAQ (International Academy for Quality); co-founder and co-chair of the International QMOD (Quality Management and Organizational Development) Conference during the last ten years; member of editorial boards in scientific journals of *TQM Magazine, European Quality, International Journal of Management History, The Asian Journal of Quality, Euro Asian Journal of Management* and *Chinese Management Studies*. She is a frequent keynote speaker at conferences, universities and organizations throughout the world. Su Mi can be contacted at: sumi.park@msm.lu.se

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