EFFECTS OF DUBAI QUALITY AWARD ON ORGANISATIONAL PERFORMANCE MEDIATED BY HUMAN RESOURCE DEVELOPMENT PRACTICES IN THE UNITED ARAB EMIRATES

BY

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ABSTRACT

As world markets are becoming increasingly integrated, UAE organisations are coming under strong pressure to ensure that their performance is up to global standards to remain globally competitive. For that reason, different models of quality awards are implemented in the UAE that strive to improve and develop organisations. The Dubai Quality Award (DQA) is one of the most prestigious quality awards in the UAE. The DQA derives from the Excellence Model of the European Foundation for Quality Management (EFOM) with nine criteria: five criteria for enablers and four for results. These criteria seek to improve the organisation's performance. There are three categories in this award: Dubai Quality Award Appreciation, Dubai Quality Award Category, and Dubai Quality Award Gold. Many organisations participate in different quality awards for different reasons. Some are interested to increase their profit, reputation, market share, and improve productivity or sales growth, while others participate simply to imitate the approach of their competitors without properly realising the benefits of such awards. Participating in any quality award process is not an easy decision. Top management believe that quality awards require them to change their policy, strategy, and sometimes their organisational chart to meet quality standards. Winning awards can enhance the reputation of an organisation but may not provide consumers with real indicators of quality. The objective of this study is to determine whether receiving the DQA has positive implication for Human Resource Development Practices (HRDP) and by extension organisational performance (OP) of the award recipients over the three years following the award year. For this study, secondary data relating to DQA scores was collected from Department of Economic Development (DED) archive, and primary data relating to HRDP and OP was collected from the individual DQA recipients. Data elicited were subjected to statistical analyses using the Partial Least Squares (PLS) and Structural Equation Model (SEM) approach. This was to measure the relationship between DOA criteria and organisational performance through the mediating effects of HRDP. For the first time, this research measured the effects of each of the five components of DQA on OP, as well as the mediating effects of HRDP. The results indicated that the DQA significantly enhances organisational performance, and that HRDP is a statistically significant mediator between DQA and OP. The contributions to theoretical domains of quality management, human resources development and organisational performance are highlighted based on the results of this study. Recommendations based on research findings were also offered for professional practice and for future research.

ملخص البحث

تتعرض المؤسسات في دولة الإمارات العربية المتحدة لضغوط قوية، في ظل مناخ يسوده التكامل بين الأسواق العالمية على نحو متزايد، وهو ما يحتم عليها ضمان الارتقاء بالأداء إلى المعايير المطلوبة والحفاظ على التنافسية تحت وطأة الضغط الهائل من الأسواق. ولهذا السبب، تم تخصيص نماذج مختلفة من جوائز الجودة في دولة الإمارات؛ لا سيما في ضوء سعى الدولة الحثيث لتحسين وتطوير المؤسسات. وتعد جائزة دبي للجودة واحدة من بين أشهر جوائز الجودة في دولة الإمارات العربية المتحدة، حيث تعتمد الجائزة على نموذج تميز المؤسسة الأوروبية لإدارة الجودة بناءً على تسعة معايير: تتركز خمسة منها على العوامل المساعدة وأربعة على النتائج، وتمدف جميعها بشكل أساسي إلى تحسين أداء المؤسسات. كما تضم الجائزة ثلاث فئات، هي: فئة جائزة دبي التقديرية للجودة، وفئة جائزة دبي للجودة، وفئة جائزة دبي الذهبية للحودة. بالإضافة إلى ذلك، تشارك العديد من المؤسسات في مختلف جوائز الجودة لأسباب متباينة؛ فبعضها يرغب في زيادة الأرباح، واكتساب سمعة جيدة، والحصول على نصيب أكبر من السوق، إضافة إلى تحسين الإنتاجية أو نمو حجم المبيعات، في حين تشارك مجموعة أخرى من المؤسسات فقط من أجل تقليد المنافسين، بحيث تسير على ذات النهج دون أن يكون لديها إدراك صحيح للفوائد التي تحملها تلك الجوائز. ولا تعد المشاركة في أية عملية من عمليات جوائز الجودة قراراً سهلاً، حيث يتعين على الإدارة العليا أن تؤمن بأن المشاركة في جوائز الجودة يتطلب منها تغيير سياستها واستراتيجيتها، وأحيانا تغيير هيكلها التنظيمي بهدف استيفاء معايير الجودة. وعلى الرغم من أن الحصول على الجوائز يساعد على تعزيز سمعة المؤسسة، إلا أنه لا يقدم للمستهلكين مؤشرات حقيقية عن الجودة. ومن هنا، تمدف هذه الدراسة إلى تحديد ما إذا كان للحصول على جائزة دبي للجودة أثراً إيجابياً على ممارسات تنمية الموارد البشرية ومن ثم على الأداء التنظيمي للحاصلين على الجائزة على مدار ثلاث سنوات عقب منح الجائزة. وقد استفادت هذه الدراسة من البيانات التي جمعت من مصدرين، هما: البيانات الأرشيفية لدائرة التنمية الاقتصادية المتعلقة بنتائج حائزة دبي للجودة، والبيانات الأساسية المتعلقة بكل من ممارسات تنمية الموارد البشرية والأداء التنظيمي للحاصلين على جائزة دبي للجودة من الأفراد. وقد خضعت البيانات التي تم استخلاصها إلى تحليلات إحصائية باستخدام أسلوب المربعات الصغرى الجزئية ونموذج المعادلات الهيكلية. وكان الهدف من ذلك هو قياس العلاقة بين معايير جائزة دبي للجودة والأداء التنظيمي من خلال استخدام العامل الوسيط لممارسات تنمية الموارد البشرية. كما تم في هذا البحث، للمرة الأولى، قياس تأثيرات كل مكون من المكونات الخمسة للجائزة على الأداء التنظيمي، إضافة إلى الآثار غير المباشرة لممارسات تنمية الموارد البشرية. علاوة على ذلك، أشارت النتائج إلى مساعدة جائزة دبي للجودة بشكل كبير على تعزيز الأداء التنظيمي، وتبين أن ممارسات تنمية الموارد البشرية هي من الناحية الإحصائية الوسيط الهام بين جائزة دبي للتميز والأداء التنظيمي. كما تم إلقاء الضوء على المساهمة في المجالات النظرية لإدارة الجودة، وتنمية الموارد البشرية، والأداء التنظيمي وذلك بناءً على نتائج هذه الدراسة، إضافة إلى عرض التوصيات القائمة على نتائج البحث لأجل الممارسة المهنية وللأبحاث المستقبلية.

APPROVAL PAGE

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DECLARATION

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LIST OF ABBREVIATIONS

AICPA American Institute of Certified Public Accountants

AJA Arab Journalism Award
AQA Australian Quality Award
AJQA Ajman Quality Award
AVE

AVE Average Variance Extracted AVP Assistant Vice President

BPM Business Performance Management
CAE Canada Awards for Excellence
CCL Center for Creative Leadership
CET Continuing Education and Training

CPA Certified Public Accountant
CQA Canadian Quality Award
ChQA China Quality Award

CSR Corporate Social Responsibility

DED Department of Economic Development
DGEP Dubai Government Excellence Program

DP Deming Prize

DAP Deming Application Prizes

DHDA Dubai Human Development Award DQCA Deming Quality Control Award DQAA Dubai Quality Award Appreciation

DQA Dubai Quality Award

DQAG Dubai Quality Award (Gold) EEA Emirates Energy Award

EFQM European Foundation for Quality Management

EQA European Quality Award
GAO General Accounting Office
GCC Gulf Cooperation Council

HBMSU Hamdan Bin Mohammed Smart University

HR Human Resources

HRD Human Resource Development

HRDP Human Resource Development Practices
IIUM International Islamic University Malaysia
ISO International Organisation for Standardisation

JUSE Japanese Union of Scientists KNQA Korean National Quality Award KPIs Key Performance Indicators

MBNQA Malcolm Baldrige National Quality Award MENASA Middle East, North Africa and South Asia

MNGs Multinational Corporations

MOHESR Ministry of Higher Education and Scientific Research

NIST National Institute of Standards and Technology

NQA National Quality Award

OCB Organisational Citizenship Behaviour

OD Organisational Development
OLC Ordinary Least Squares
OP Organisational Performance

OPEC Organisation of Petroleum Exporting Countries

PDCA Plan-Do-Check-Act
PLS Partial Least Square
PM Performance Management

QA Quality Award QC Quality Control

QFD Quality Function Deployment

QM Quality Management

QMEA Malaysian Quality Management Excellence Award

QMS Quality Management Systems

RADAR Results Approach Deployment Assessment And Review

RBT Resource Based Theory

ROA Return On Assets
ROE Return On Equity
ROI Return On Investment
ROS Return On Sales

SEM Structural Equation Model
SIQ Swedish Institute for Quality
SKEA Sheikh Khalifa Excellence Award

SMEs Subject-Matter Experts SPC Statistical Process Control

SPSS Statistical Package for the Social Sciences

SSPGE Sheikh Sagr Program for Government Excellence

SZBA Sheikh Zayed Book Award TNQA Taiwan National Quality Award

UAE United Arab Emirates
USA United States of America
VIF Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

In today's highly competitive business environment, it is imperative that organisations place high priority on achieving competitive advantage through adopting a Total Quality Management (TQM) strategy. An organisation's long term survival and sustainable growth hinges to a reasonable extent on its TQM (Sila, 2007). In some studies, TQM has been linked to organisational effectiveness and competitiveness (Sanchez-Rodrigues & Martinez-Lorente, 2004). Other studies like Powell (1995), Kaynak (2003), Clement and Michael (2010) also noted the positive effects of implementing TQM on organisational performance. For instance, TQM is found to develop and transform the public and private sector organisations to be more responsive and innovative, which are the keys to organisational success (Chapman & Al-Khawaldeh, 2002). Organisations should strive for comprehensive excellence across all functional areas of operations. In this regard, TQM is indispensable for a firm to meet and exceed global standards of excellence.

Given the dynamism in the corporate world, TQM has also witnessed specific reformations based on each organisation's peculiarities, but to a large extent reflected in generic terms and concepts that are a demonstration of the wider appeal it enjoys. For instance, according to Manz and Stewart (1997), concepts like continuous and customer-centred improvement, quality circles, supplier partnerships, cellular manufacturing, and just-in-time production are all indicators of how TQM is implemented in different firms.

In addition, to the positive implication of implementing TQM, Quality Awards are used to provide incentives to organisations for emphasising quality management in their operations. It is noteworthy to mention that despite their variety; each quality award is just another manifestation of the TQM. The focus of these awards has shifted from the traditional emphasis on product quality or service rendering to include other functional areas such as human resource activities and organisational behaviour and how they impact organisational performance (Lua & Anderson, 1998). Consequently, as mentioned by Prajogo (2005), quality awards should be viewed as a platform that provides opportunities to firms to project, execute, and revise their TQM practices towards achieving continuous improvements in organisational performance.

Today, there are three internationally recognised quality models/excellence awards: Japanese model of Deming Prize since 1951, Malcolm Baldrige National Quality Award (MBNQA) in United States of America (USA) since 1987, and the European Foundation for Quality Management Award (EFQM) since 1991 (Andrei, 2014). According to the National Institute of Standards and Technologies (NIST, 2010), over 100 national awards for quality/excellence use the EFQM Excellence Model criteria (40 percent), or MBNQA model criteria (17 percent), or the Deming Prize criteria (2 percent), or a combination (41 percent) of the above. Some have also developed their own criteria (see Appendix 1: Global Quality Awards).

As world markets become increasingly integrated and competitive due to globalisation, organisations in the United Arab Emirates (UAE) are also coming under strong pressure to ensure that their performance is up to the international standard. To achieve this, UAE organisations need to enhance their competitiveness by improving the quality of their products and services. For that reason, organisations in the UAE have started to believe that applying for quality awards is a first key step in the path of

attaining competitive advantage. Most of the organisations in UAE seek to participate in many quality awards to enhance their reputation in the marketplace, but they do not seem to care about increasing their performance. On the other hand, other organisations participate in the quality award process to succeed in achieving both a high organisational reputation and a significant increase in their organisational performance (UAE, 2014).

Despite the benefits inherent in achieving such prestigious quality awards, especially in terms of goodwill and reputation it brings to an organisation, quite a number of the private and public sector organisations in the UAE face numerous challenges. Even with continuous technological development, most firms seem to fail to achieve their full performance potential. For that reason, the Vice President, Prime Minister of U.A.E., and Ruler of Dubai, Sheikh Mohammed Bin Rashid Al Maktoum planned to establish the Dubai Government Excellence Programme (DGEP). As stated in the Dubai Quality Award (2014), the main aim of the DGEP is to promote operational efficiency in a way that a working environment optimises overall cooperation and positive competitiveness and are sustained via commensurate incentives. In addition, the Sheikh Khalifa Excellence Award (SKEA) was launched in 2001. The aim of this award (while not at variance with the DGEP) is to give royal recognition to high achieving organisations that can demonstrate that their improved organisational performance (UAE, 2014).

Although it is encouraging that the number of UAE firms applying for quality awards is increasing, it is nonetheless worrying that there is an apparent preference for award winning and its associated corporate glory at the expense of continuous quality improvement (UAE, 2014). However, when promoting the awards, proper and adequate provisions need to be put into place in order to ensure that the awards

themselves do not become the main goal; rather the focus should be on continuous improvement to enhance performance.

Different quality awards in various continents aim to promote quality of products and services through recognition by generating healthy competition among the organisations. With the introduction of quality awards, drastic changes are shown in quality, leadership, planning, strategy, process etc. (Ghobadian & Woo, 1996). The concept of quality awards started in Japan in 1951 with the introduction of the Deming Prize (DP). Other prestigious quality awards include the Malcolm Baldrige National Quality Award (MBNQA, established in 1987), Australian Quality Award (AQA, established in 1988), and the European Quality Award (EQA, established in1991). The success of these awards has encouraged various countries to establish their own national and state level quality awards (Powell, 1995).

Following are the basic aims of quality awards (Tan, Wong, Mehta & Khoo 2003):

- 1. To increase awareness and interest in quality management.
- 2. To encourage self-assessment.
- 3. To increase market awareness.
- 4. To increase co-operation between organisations.
- 5. Stimulate sharing of information.
- 6. To achieve quality excellence.
- 7. Promote understanding.

All awards have their own frameworks and criteria for assessment based on pre-set scoring systems. These awards help provide national and international recognitions to winners (Tan & Lim, 2000). National Quality Awards not only determine the competitiveness of organisations and assess their performance

excellence but also provide information sharing of implemented successful performance strategies (Aydin, Kahraman & Kaya 2012).

Various authors have compared and critically analysed the quality awards (Puay, 1998; Tan, 2002; Singh, Khan & Grover 2012). Some of the common characteristics of these awards include leadership, strategic planning, human resource development, information management, product and process management, customer focus, and business results. For evaluation, each of the major awards generates a total score by adding up the scores of defined categories. None of the award takes into consideration the dependency of one criterion over the other for evaluation purposes.

The Dubai Quality Award (DQA) is one of many quality awards that use different criteria to improve the organisation and for continuous improvement. Like many other quality awards, the DQA is using an EFQM framework. Other awards using a similar framework include the Sheikh Khalifa Excellence Award (SKEA), Emirates Energy Award (EEA), Arab Journalism Award (AJA), and the Sheikh Zayed Book Award (SZBA) etc (see Appendix 2: Quality Awards in UAE). These awards give national recognition to hundreds of organisations from all seven emirates of the UAE.

Applications to get these awards are open to all organisations in the seven emirates, while other quality awards in the UAE are specific to some conditions, location, and the trade licenses of the applicants. For example, the Ajman Quality Award does not allow any organisation not located in Ajman to apply for this award.

The DQA was chosen for this study for the following reasons:

- 1. DQA is the pioneer quality award in the UAE and most customers are interested to deal with organisations who have earned this award.
- 2. It is the first quality award in the UAE lunched in 1994.

- No prior academic study has measured the effects of the awards on organisational performance in the UAE.
- 4. Despite being optional, hundreds of organisations from all the seven Emirates apply for the DQA every year.
- 5. Over 232 organisations have won the DQA from 1995 to 2014 in different categories (see Appendix 3: DQA Winning Organisations from 1995-2014), giving clear evidence that these organisations are interested in improving their quality of performance (Dubai Quality Award, 2014).
- 6. All organisations in both public and private sectors in the UAE can apply for this award.
- 7. All DQA winning organisations have opportunities to get full press and media coverage, and the Vice President, Prime Minister of U.A.E. and the Ruler of Dubai, Sheikh Mohammed Bin Rashid Al Maktoum personally appreciates the winning organisations.

The Dubai Quality Award followed the MBNQA framework from 1995 until 2000. From 2001 until now, the Dubai Quality Award mostly follows the European Foundation for Quality Management (EFQM) Framework by adapting similar criteria and sub-criteria to enhance the organisations' continuous improvement. There are five major criteria in the 'Enablers' domain, as shown in Figure 1.1, which cover what the organisation does. Each criterion has a different weight and each of them has a number of sub-criterions. The main objective of these criteria is to evaluate organisational performance.

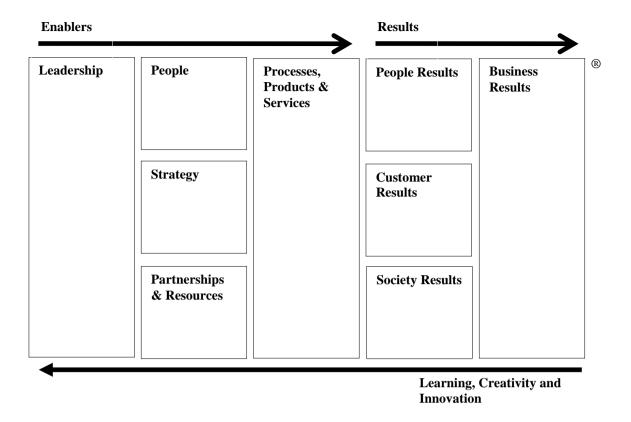


Figure 1.1 DQA Framework Source: Dubai Quality Award (2014)

The DQA framework is non-prescriptive. Rather, it recognises the fact that a number of approaches exist for achieving sustainable excellence. The DQA Framework has nine criteria, five for enablers and four criteria for the results. Excellent results can be achieved through the 'enablers', which include five criteria: (1) Leadership, (2) People, (3) Strategy, (4) Partnerships and Resources and (5) Processes, Products and Services. The organisational results include four criteria: (1) People Results, (2) Customer Results, (3) Society Results, and (4) Business Results. The model itself is very dynamic in nature as reflected in the inter-linkages among the various criteria and their indicators. The various arrows in the model reflect the fact that it is flexible enough to accommodate changes in corporate environment such that improved bottom line manifest in innovativeness and learning, can be

enhanced via the 'enablers'. The arrows in the model emphasise the dynamic nature of the model. They show innovation and learning by helping to improve enablers that in turn lead to improved results. The linkages between criteria and sub-criteria reflect the dynamics of the model (Dubai Quality Award, 2014).

This model provides a holistic framework for organisational excellence. In order to ensure continuous improvements, the award has a validity period of three years after which recipient organisations should discontinue using the award logos for publicity and marketing purposes. The reason for that is receiving the award should not be mistaken for reaching the highest possible level an organisation can achieve. Sustaining a lead is much harder to achieve than reaching the award milestone. Thus, an organisation may cease to become a role model if efforts for innovation and continuous improvement are neglected (Dubai Quality Award, 2014).

Therefore, organisations are encouraged to reapply for the award every three years. Recognised organisations from the 'Appreciation' category may reapply for the Dubai Quality Award two years after their recognition and receiving their feedback report. The DQA is categorised into three types:

- 1. The Dubai Quality Award Appreciation (DQAA) Category: A certificate of appreciation is presented to winners in appreciation of their efforts and in acknowledging their works on their journey for excellence. This appreciation programme is open to small and medium-sized organisations from all sectors of the economy, and many organisations use it as a stepping stone before applying for the DQA category. It is also open to larger organisations or divisions within organisations.
- 2. The Dubai Quality Award (DQA) Category: This award is presented to enterprises in different sectors of the economy such as manufacturing,