

# What Companies do not Know About Self-assessment : Self-assessment in Germany\*

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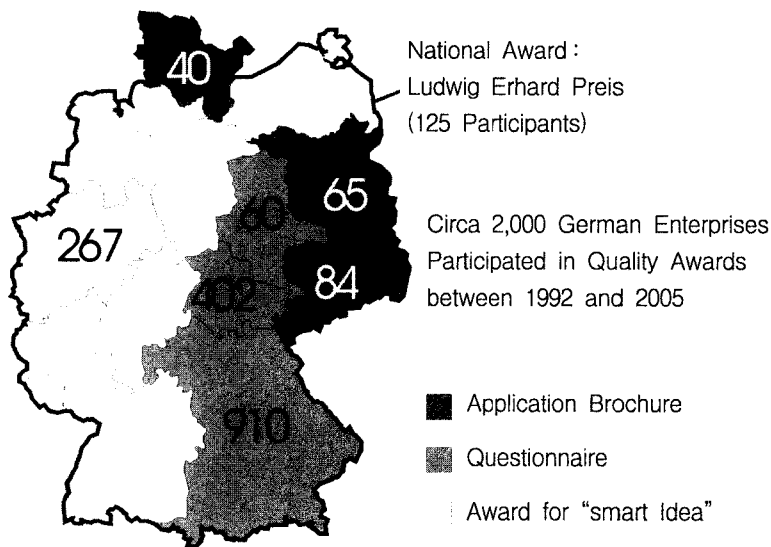
## 1. Introduction

In Germany Quality Management awards and thus self-assessment are well known and popular-at least amongst quality management professionals. About 2000 companies have carried out self-assessment using the EFQM Model as a framework (DGQ, 2005). This is at least approximately the number of participants in German regional and national quality awards. Since 1992, with the first call for the national Ludwig-Erhard-Preis, about 1953 companies have taken part in a quality award, see figure (1). The number of participants varies from state to state. This difference may be caused by the application format: There are many applicants where the application is done by the means of a questionnaire, as it is the case of Bavaria (910), Thuringia (402), Northrhein-Westphalia (267) and Saxony-Anhalt (60). Fewer applications were received in Berlin-Brandenburg (65), Saxony (84), Schleswig-Holstein (40), and with the national quality award (125), where a demanding application brochure is needed. Figure 1. Number of participants and type of application format in quality awards of different federal states of Germany. Information on number of participants was collected from quality award offices.

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In the United States of America the Malcolm Baldrige National Quality Award is granted by the President. In Germany it seems impossible to gain such personalities for presentation of this kind of awards. In Germany in total there are calls for about 300 business awards. Those presented by media or by a savings bank are well-known. Quality awards however, are not known to public. Quality Awards have therefore no high reputation (biz, 2005).

Compared with the total number of 3.341.591 companies in Germany (Statistisches Bundesamt, 2005), self-assessment, at least within quality awards, is not a much used management attempt. In total 0.06% of all companies have ever applied for a quality award. A relatively low number of participants, though, may comply with the attempt of quality awards to honour only the elite of business, see also (DGQ, 2005).

Quality in Germany has a long-standing tradition. "Made in Germany" stands as a brand for the quality of German products. Never the less, quality management is often seen to be very bureaucratic, and many companies, mainly small and medium sized, are sceptical of it. In a study on quality management in Berlin and Brandenburg (Woll, 2005) one participant stated: "Of course, we produce quality-but what is quality management?" Compared to quality management there seems to be a discrepancy towards traditional understanding of quality. At the Chair of Quality Management of Brandenburg Technical University of Cottbus different projects are carried out to make quality management compatible with the basic ideas of quality (Woll, 2004; Bäslér, 2005). A contribution to a quality management with less bureaucracy towards discreet but effective quality management should be done. It should be adapted to the needs of German companies.

## 2. Experiences With Tqm And Self-Assessment In Germany

German companies have been conducting self-assessment for about 15 years. However, there is little information on what they have actually experienced. On the other hand, there is a large number of enthusiastic descriptions of how TQM and self assessment could challenge company's success (e.g. Zink 2004; DGQ 2005). After many publications before 1990 the number of new publications on Total Quality Management and self-assessment has decreased. Therefore, Haehling concludes that TQM has not been adopted by the companies (Haehling, 2004). Others (Cole, 1998) understand the declining number of publications to be a sign, that TQM has become an integral part of companies'every day life, and thus, a partial successful management instrument.

For many of those companies using TQM and self-assessment, reality was different from what was promised in literature. Experienced effects of TQM were different than described (Kühl, 2001; Gucanin, 2003; Kujala 2002 and others). Satisfied employees did not lead to good products in all cases. Satisfied customers did not necessarily lead to high gains. Explanations for negative effects could be found from failures during implementation and lack of personal qualification (Malorny, 1999) to explanations such as TQM would be overestimated and thus effects could not be as effective as promised (Kühl, 2001; Wächter, 2001 and others).

Here are several examples of those contradictions or paradoxes with respect to some TQM characteristics:

- Quality as a center of all activities  
An organization does not focus only on one goal, such as profit maximization by quality. Instead, members of an organization have different tasks and therefore different targets (Kühl, 2001).
- Exemplary behaviour of managers  
The exemplary behaviour of managers is doubted, as managers in general were not enough convinced of TQM and rather tried to delegate it. TQM has often been seen as an extrinsic instead of an integral task (Malorny, 1999; Stauss, 1996).
- Customer orientation  
Customer orientation could be difficult for companies. If design of a product is consequently engineered concerning to the wished of customer, there may be no room for ideas of a companies' engineers. With customer orientation, responsibilities would be taken away from responsables inside companies (Stauss, 1996).
- Employee orientation  
With more employee orientation and transparency employees have more opportunities for participation, but at the same time more responsibility to carry and performance to

improve. This may make the employees feel uncomfortable and insecure. This can be advantageous for some employees, for others may this be difficult (Kühl, 2001).

- Transparency of processes

Transparency of processes is not always useful to all members of an organization. Particularly middle management loses power, as all employees from lower hierarchy have access to information as well (Wächter, 2001).

Further, some authors comment, in the context of TQM, there would be a rational view on organisations. Paradoxes and contradictions would not be taken into account (Kühl, 2001). With TQM many problems should be solved, though one concept could not solve all conflicts (Moldaschl, 2001).

There is some criticism towards the EFQM-Model. As it has been developed empirically and not scientifically, its objectification is criticised. A comprehensive reflection of a company with the model would not be possible, as the EFQM-Modell would only consider some aspects of TQM Culture. Structure of an organisation would not be considered sufficiently. Therefore the model would not be suitable for all companies (Gucanin, 2003).

EFQM-Model criteria are also critically reviewed. With little resolution it would be difficult to measure and evaluate (Walgenbach, 2001). Success factors could be neither determined nor influenced by the model (Gucanin, 2003). The assessment method would also be far from standards in social science. There would be no indicators per criteria on which the evaluation could be proceeded. Therefore the model could be improved in terms of objectification of results (Wächter, 2001).

There are only few publications about what German companies think about self-assessment and the EFQM-Model. While winners of the US-Malcolm Baldrige National Quality Award are obliged to publish their award application brochure, Quality Awards in Germany are treated discreetly. Award application brochures are generally not published and experiences with self-assessment are rarely described. However, some German companies have published their brochures (Brombacher, 2002; Bläsing, 2003; Kobjoll, 2004). And there are some summaries of best practise examples of quality award participants. Those summaries are descriptive, there is no systematic or analytic analysis (among others Zink, 2004; Güntzel, 2005).

### 3. Study Design

To find out more about the motivation for self-assessment and how it is being done by German companies, two surveys were carried out.

### **3.1 Survey A**

In August 2005, companies from Berlin and Brandenburg were asked to take part in a survey initiated and financed by Chamber of Commerce and Industry as well as Chamber of Trade of Berlin and Brandenburg (Woll, 2005). The survey was carried out by the Chair of Quality Management, Brandenburg Technical University of Cottbus in cooperation with the field of Quality Science, Technical University Berlin. Among other companies, participants from regional quality award of Berlin and Brandenburg were asked for interviews. From 38 successful participants (winners and finalists) 19 took part in the telephone interview. The survey was completed by interviews with 18 experts in quality management, from 37 experts who were asked to participate. Goal was to have an overview of quality management activities in Germany.

### **3.2 Survey B**

In April 2006, companies were asked to take part in a survey on the subject of self-assessment. The study was initiated by the Chair of Quality Management, Brandenburg Technical University of Cottbus. Only companies who had applied successfully to either Ludwig-Erhard-Preis or regional quality award of Berlin and Brandenburg, that were winner and finalists, had been addressed. The survey was carried out with a written enquiry form. From 61 companies addressed, 17 completed the questionnaire. Objective of this second survey was to find out how companies carry out self-assessment in practise and if they believed self-assessment could be improved.

With a little number of companies applying for quality awards both surveys may not be considered to be representative for all companies carrying out self-assessment. Though, they reflect the opinion of a number of quality award participants, and thus, of companies that carry out self-assessment regularly.

## **4. Results**

The results of both surveys show opinions of German companies about proceedings, advantages and disadvantages as well as possibilities for improvement of self-assessment. As the number of participants with 19 (survey A) and 17 (survey B) is relatively low, results of especially open questions can hardly be summarized. Therefore, opinions will be quoted directly to give the reader impressions of participant's opinions.

### **4.1 Self-assessment in Germany-Facts**

#### **4.1.1 Frequency of Self-assessment**

In both surveys companies stated, they were using self-assessment every year (half of par-

participants) or every second year (other half of participants). In both surveys most of the participants still conduct self-assessment. From 19 Companies asked in survey A, 14 still carried out a self-assessment, with four of them continuously during the year. In survey B, 15 out of 17 said they would continuously conduct self-assessment every year. Though, there was one answer that self-assessment was carried out every fourth year, which is a rather long period compared to the other answers.

#### **4.1.2 People Involved**

The companies were asked how many people were involved actively and passively in self-assessment. Most answers showed about 10% of employees on an average are passively involved in self-assessment. A share of 1~5% is usually involved actively. This means from 1 to 50 persons are actively involved with self-assessment. The larger is the company, the more people are involved; however, smaller companies tend to actively involve a larger share of people than larger companies.

#### **4.1.3 Efforts**

Though it was not explicitly asked, some companies communicated the time spent for self-assessment. No trends could be found for smaller or larger companies and in total only nine companies stated their time efforts. Time needed for self-assessment was given with 8 to 55 man-days, excluding the efforts of writing the brochure, one statement was 70 days including the writing of the brochure.

#### **4.1.4 Self-assessment with or Without External Help**

Half of the companies asked in survey B did not demand external help for self-assessment. The other half used external help for both knowledge on the self-assessment method as well as for working on the brochure.

#### **4.1.5 Training in Self-assessment**

The reason for a question in survey B on training in self-assessment was the observation that trainings in Germany are made for assessors. Thus, the focus is on how to evaluate a company rather than on how to deal with self-assessment results for improvement. One participant stated on the question, if the training was suitable for a self-assessing company, that training was an education for assessors and not for self-assessment itself. However, from 14 participants who answered, 11 found trainings suitable. It was though not asked what kind of training the participants took part in, as the intention of the question was to see, if there was a need for different trainings.

#### 4.1.6 Format of Self-assessment

As all participants in survey B took part in a quality award, it is natural that most stated to have carried out self-assessment with a brochure. Seven of 17 got information for self-assessment during work-shops, two used questionnaires and one a formula-based approach.

### 4.2 Carrying out Self-assessment

In Germany it is often published how self-assessment should be carried out. However, only little is published how it actually is carried out. Selected examples on what companies communicated are given below. It is hardly possible to summarize experiences as the number of answers is low. However, impressions can be gained from the chosen quotations. A small company with 35 employees tells how it carries out self-assessment:

- “Self-assessment in 2006 was carried out in a team with members from management board, marketing, quality and project management. Contents for criteria were provided by respective departments. This was e.g., information on “criteria employees” was demanded from finance department, customer results were provided by department for customer management, etc. The brochure was written by two persons, each about 20 man-days. Self-assessment (evaluation with points) was done in a team of 6 persons in about 3 hours.”

Self-assessment in medium-sized companies, five of which are presented here, vary in intensity and efforts:

- “Six employees from different departments did a self-assessment with help of an external consultant. Six managers did the same independently from the other group. Results were brought together in a meeting, measures for improvement were taken.”
- “Three persons did a self-assessment in about 12 days. Thereafter they wrote the application brochure.”
- “Managers wrote the application brochure after they had worked with self-assessment questionnaires. Quality management department did most of the work. Eight questionnaires were answered by managers (8 × 2 hours), 5 man-days were needed to write the brochure.”
- “The quality manager participated in an information event on a regional quality award. Then he wrote the application brochure while consulting the department managers. On the basis of the application brochure and the assessment reports from the regional quality award, the brochure was updated and then filed in for Ludwig-Erhard-Preis in 2003.”
- “Six assessors of the sister company did a workshop in three days. During the work-

shop a couple of interviews were lead. In total 18 interviews on 9 criteria were done, each about 1 hour duration.”

And some experience from large companies, including some long-term experiences:

- “Criteria were shared within the top management due to areas of responsibility. The final report was written by two persons. Effort: about 70 man-days in total.”
- “For every criteria a team with representatives from every department was established. The teams did self-assessment for their criteria. The nine single results were unified by the management-team.”
- “Teams for each criteria are formed every year. Team members rotate, and thus teams change every year. Basis for self-assessment is the self-assessment brochure of the last two years and the EFQM-Model. Every team assesses its own criteria, then all teams get together for a consensus meeting. There, quick wins are formulated. Order of priority is found for improvement themes, which are then included to annually target planning.”
- “For the last 8 years we carry out self-assessment annually according to the EFQM-Model (always in February) with the top management for 2~3 days. The brochure is sheer work, three criteria per day result in total three days. The brochure is only a by-product of existing and regular (yearly) work, which is the self-assessment and optimizing process.”
- “The first self-assessment was carried out in a workshop with members from all departments (10 days × 11 persons). The second self-assessment was carried out with all managers (about 100) in the form of a difference assessment. Then two applications with the Ludwig-Erhard-Preis followed to compare internal with external assessment. (Since the 2<sup>nd</sup> self-assessment, about 5 days × 11 persons are needed).”

### 4.3 Advantages of Self-assessment

Quality award participants were asked if self-assessment was a modern management instrument and what benefit they had of self-assessment. Answers were not given within categories, so here answers are quoted again to give impressions directly from the self-assessing companies.

In survey A participants considered self-assessment to be a modern management instrument, because it was an open concept and could be implemented by all organisations, independently from type and size. Self-assessment results could show transparently total quality of a company. The model would support already introduced and certified management systems for further development. In the self-assessment process some circumstances were found, which would have never been discovered otherwise. Self-assessment is further seen as a management instrument for objectification of management decisions as well as for the devel-



opment of strategies.

Benefits, the quality award participants noticed in survey A were:

- “Achieving a comprehensive understanding for the organisation. TQM helps to look at all areas of the company.”
- “Many proposals for improvements were made. All employees could be reached.”

And in survey B participants stated:

- “High customer consciousness + continuous improvement.”
- “Strength-weakness-analyses in terms of: Are all enablers in accordance with results? (Is everything the company does expressed in terms of results?)”
- “Higher integration of employees. Good to get to know employees’ point of view. Higher motivation of employees, because they are integrated into improvement measures.”
- “Improvement of inner communication, reflection leads to improvement of processes and results.”
- “The application for the regional quality award of Berlin and Brandenburg was aimed to improve market awareness. Otherwise we got the approval for activities we have been carrying out since the 1980ies. With self-assessment we understood, we have many approaches, however, the implementation (deployment) is carried out only partially.”
- “We achieved feasible improvements which were supported by all managers. It was useful to overcome interface problems, because “all sat at one table.”

Some participants mentioned restrictions of self-assessment (survey A):

- “Honesty and openness are important for self-assessment. Most people are afraid of this. That is why it is important to ask employees anonymously to get honest answers.”
- “Customers do not know self-assessment and they are not interested in quality awards.”
- “Self-assessment is very demanding. It would be good if there was a faster way to do it. It is necessary to do improvements continuously, however, only with those were improvements are actually necessary.”

#### **4.4 Disadvantages of Self-assessment**

Companies who carried out self-assessment did not see many significant disadvantages, only 7 out of 17 stated difficult experiences in survey B. These varied very much, so direct citation is here used again for some of them:

- “The areas marketing, quality and project management had a lot of work with working out contents, writing, designing the layout and correcting the brochure.”
- “Time effort is too high.”

- “All managers should have knowledge on continuous improvement.”
- “Different terms in EFQM, Ludwig-Erhard-Preis and the regional quality awards model (Berlin/Brandenburg) made it difficult to internal assessors to understand each other. More meetings were needed than intended.”

#### **4.5 Improvement of EFQM-Model and Self-assessment**

The participants were asked whether the EFQM-Model or self-assessment itself should be improved. Only three of 17 participants in survey B answered with propositions. These were for the EFQM-Model:

- “The model is not enough detailed in some areas, the DEKRA-model (DEKRA-Award) is better in this concern.”
- “The EFQM-model is focused too much on large companies.”
- “Verification of evaluation factors for single criteria and if necessary reorientation.”
- “If possible no changes at all.”

And proposals for improvement of self-assessment were:

- “Education of suitable employees for systematic self-assessment,” “Installation of Benchmark-File” and “Application brochure and EFQM-model should be equal to avoid confusions”.

#### **4.6 External View by Quality Management Professionals**

In survey A quality management professionals were asked for their opinions on quality awards and self-assessment in Germany. Most quality management professionals believed regional quality awards have positive effects on companies, at least short term effects (14 of 21). Five professionals stated the effects were only minor.

Further quality professional were asked, in which areas business culture increase with the introduction of quality awards. The answers were diverging. A quality award would only support existing initiatives. It would have most effects in the areas customer and process orientation and finally some saw effects in all areas. A third of professionals did not believe in increase of business culture at all.

For an estimation whether self-assessment is a trend in Germany, the professionals were asked if there was a tendency in Germany for companies towards TQM. In this question the professionals answered indeterminate: Half of them believed in stagnation and reduction of tendency, the other half believed in an increasing trend.

In the opinion of quality management professionals TQM in Germany is mainly found in industry as well as in health care.

## 5. Discussion

German companies using self-assessment seem to be convinced of the approach and use it regularly as a longstanding approach. Efforts of 8 to 55 person-days for each self-assessment show the approach is resource-intensive and with 1 to 50 people actively involved, many employees are engaged. Self-assessment is carried out almost always in teams, management in senior positions seems almost always to be involved. Advantages of the instrument which were stated are, as expected, transparency, dialogue with all employees, improvement of inner communication etc. What was not expected was the little response on disadvantages of self-assessment, which shows again the belief of the participating companies in the survey on self-assessment. These results were also confirmed with answers to the question, if the model should be further developed. Only few companies stated, there would be possibilities for improvement in evaluation mode, education for continuous improvement and benchmarking. However, there were no desires to change the model itself.

Literature which describes the application of self-assessment is rather descriptive. Success factors are described on a very high level. Success factors on organisation level, such as tools or course of actions are rarely to find. Some best practise examples are given, however without systematic review. It is therefore difficult for companies to evaluate and compare their approach of self-assessment with others. Companies are still left alone with problems occurring with self-assessment.

Quality awards are not well-known outside the quality management society and are therefore not useful for improved market acceptance. However, self-assessment is used for many reasons, such as to gain comparison between internal and external view. Therefore, companies take immense efforts. To make self-assessment available to other enterprises, a systematic review of tools and course of actions in the context of TQM should be given to interested companies. More examples should be given, not only best practice but systematically to give companies hints on how tools may influence their own business.

## 6. Conclusions

In Germany Quality Management Awards and thus self-assessment are well known and popular-at least amongst the quality management professionals. About 2000 companies have carried out self-assessment using the EFQM Model as a framework.

Quality in Germany has a long-standing tradition. "Made in Germany" stands as a brand for the quality of German products. Though, quality management is often seen as bureaucratic and many companies, mainly small and medium sized, are sceptical. Compared to quality management there seems to be a discrepancy towards traditional understanding of

quality.

For the last 15 years German companies have been implementing self-assessment. However, there is little knowledge on what companies actually experience. This article contributes with statements from companies that carried out self-assessment, including some of the most active companies in the field of self-assessment in Germany. The EFQM Model itself is reviewed critically. Two studies on self-assessment and quality awards have been carried out. In total 36 successful participants were available for interviews. Statements on self-assessment in Germany, how companies proceed self-assessment, which advantages and disadvantages companies noticed and which needs for improvement of the EFQM-Model or self-assessment itself were presented.

It can be finally stated, that companies that continuously carry out self-assessment have found a suitable instrument for improving their business. Impressions on benefits from self-assessment could be gained. For a systematic review on self-assessment however, more than best practise examples should be given to show what conclusions companies could draw from self-assessment.

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