

MEASURING PERFORMANCE IN BUSINESS PROCESS MANAGEMENT: JURAN'S QUALITY MODEL

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Abstract

This paper focuses on defining elements of the determinants of performance in contemporary society. The case study is based on Juran's quality model. In our opinion, a key step in the exploration of potential strategies for any country interested in developing, in the near future, a strong real estate industry, in this particular matter, including, of course, Romania, is a thorough review of the current available research on real estate industry, without the intent of being in any way a limitative one.

Key words: *management, performance measurement tools, business process management, economics, globalization*

JEL Classification: F44

1. INTRODUCTION

(1) What is the main subject treated in this article?

In the paper we focused on the following issues relevant to our approach. For starters we focused on business processes in the contemporary economy, in the sense of presenting the most representative definitions, later, to highlight the role and importance of business processes in society today. Going forward, we analyzed what are the main characteristics of business processes and also have represented some of the classifications of business processes, such as that relating to: (A) business process management in the public sector, respectively: (B) business process management in the private sector. Performance of the business process management was another key element that we considered in our project development. At this stage, we considered two levels, the first consisting of definitions and characteristics of business process management and second in the ways of understanding and representation of performance and quality in the management of business processes.

(2) Why is it important to study this subject?

This paper focuses on defining elements of the determinants of performance in contemporary society, according to: (a) the importance concept of "performance" and the history of this concept, (b) multidisciplinary approach to the concept of performance, (c) how to quantify performance, (d) performance, growth and competitiveness, and (e) the role of performance management in the organization.

In our opinion, a key step in the exploration of potential strategies for any country interested in developing, in the near future, a strong real estate industry, in this particular matter, including, of course, Romania, is a thorough review of the current available research on real estate industry, without the intent of being in any way a limitative one.

(3) How do the authors try to answer the main issues of this subject?

The authors' main aim, concerning this article, is to generate a primary look in terms of

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literature review regarding the vast subject of the business process management. Mainly, this article will address to the academic public, respectively to professors and researchers profoundly concerned by academic writing, and probably less to real estate specialists or even potential investors in this domain, though our study could prove to be an interesting point of referential for their future market prospective and potentially better documented research. In our opinion, the context for the study is extremely complex, but nevertheless, the relevance of the literature review in terms of the real estate field will be just a starting point for us as researchers – economists, and also for other specialists in this field. Moreover, our other future concerns and future subjects of interest are also closely related to but are not limited to globalization in the business process field, competitive advantage in the business process field and even the business process cycles.

(4) What is the relation between the paper and the already existent specialized literature?

Business process management, in terms of a great emerging phenomenon, came together with the globalization of the markets.

We consider our duty, as research – economists, to highlight the importance of the already existing specialized literature business process domain, but, in equal manner, to bring our own support in improving the already existing knowledge with furthermore discussions and referential points, without ignoring the fact that the means used by us here are purely didactic and intended to show also new ways of further developing and analyzing this subject, without even merely claiming that our study is limitative in any way.

2. LITERATURE REVIEW

The following literature review is intended to generate the necessary background for other future research and further investigations in terms of real estate field, including, as well, for the authors of this article. Due to this fact, a very important step in the exploration of potential strategies concerning the real estate field is a thorough review of the currently available research, which will include books, peer-reviewed scholarly journals – mainly descriptive articles, rather than evaluative ones, practice guides, official professional sites, professional publications and official documents with an international impact towards real estate industry, economics and management. In most cases, practice guides and descriptive articles are more common in this field. Moreover, there are a few notable research studies in the topic of real estate industry, and in addition to this, there are significant gaps between the literature and the actual research, but all this was once more both a great opportunity and a great challenge for us as researchers - economists.

3. BUSINESS PROCESSES – A THEORETICAL BACKGROUND

In contemporary society, business processes must be analyzed from a few basic concepts, such as: (1) Defining quality of products and services, (2) Process Management, which is based on the element of “trial” and (3) management quality management system quality, characterized by elements such as: (a) quality assurance, (b) control the quality, (c) quality improvement.

According to specialists' opinion, “process” means all activities interrelated or interacting activities which transforms elements in input output elements as follows:

- (a) the output of a process are inputs other processes;
- (b) processes of an organization should be planned and should take place in the monitored conditions to add value to the organization.

Also, the “process” is a sequence of procedures and inter-linked, in each stage, consuming one or more resources (resources such as time, energy, equipment, financial resources, and so on) in order to transform input (such as data, materials, components, etc.) in the output. The

outputs, in turn, are then input to the next stage until an end or final result set number is reached (see link: <http://www.businessdictionary.com/definition/process.html>).

Moreover, the “process” is defined as having inputs, outputs and energy needed to transform inputs into outputs. A process requires time to accomplish the action is associated. A process also requires a certain space for inputs and outputs and also for the transformation of inputs into outputs (Dawis, E. P., J. F. Dawis, Wei-Pin Koo, 2001).

Below we have presented in Table no. 1: “How to define quality products and services” which are ways of defining quality products and services, in order to understand the role and place of business process management given that we are talking about a shift to generate performance the organization (David A. Garvin, 1984):

Orientation type:	Characteristics of the quality:
Orientation for perfection	(a) the quality is timeless entity, “absolute”, as perceived subjectively by each individual (Plato's idealism);
	(b) the quality cannot be measured.
Orientation for product or service	(a) the quality is all quality characteristics of the product or service;
	(b) quality can be measured accurately;
	(c) quality is directly proportional to cost.
Orientation for process	(a) the quality from the perspective of the organization;
	(b) the quality is “compliance with specified requirements” (see Philip B. Crosby).
Orientation for costs	(a) quality means performance at an acceptable cost.
Orientation for client	(b) quality is the property of being suitable for use (see Ioan C. Bacivarov, Dan G. Stoichițoiu (2004)).

Source: adaptation after the concepts belonging to David A. Garvin (Fall, 1984), “What does product quality really mean?”, Harvard University, pp. 25 - 43

Table no. 1: “How to define quality products and services”

Management processes can be analyzed, in general, two ways, as follows:

- (1) The first point of view was that the entire business process management is the planning and performance monitoring process. The term refers generally to business process management and the production (Jörg Becker, Martin Kugeler, Michael Rosemann (eds.), 2003).
- (2) The second point of view was that the process management is the application of knowledge, skills, tools, techniques and systems to define, visualize, measure, control, report and improve processes in order to meet customers in a profitable manner (Thom, William, 2009).

4. JURAN'S QUALITY MODEL CONCERNING BUSINESS PROCESSES PERFORMANCE

Around '80, due to increased competition in the market, integrating quality assurance strategies have begun to gain a central role in the concerns of specialists. Therefore, one of the concerns at the time was represented by the “total quality”, followed by another, consisting in achieving “excellence” based on principles such as quality, efficiency and time savings. Following the above mentioned items, we will focus in this part of the main methods for measuring the performance of business processes.

“Quality” is a concept that was the focus of Juran (Juran, J. M., 2000), therefore, in this

sense, “quality” meant two basic characteristics, namely (*see Table no. 2: “The concept of “quality” according to Juran’s model”*)

- The first is that the characteristics of products are the key to success in terms of achieving a higher quality compared to the competitors in the market, going on the idea that customer, the better the features, more is high quality.
- The second is aimed at without gaps, going on the assumption that the customer, the more there is less impaired, the better is the quality.

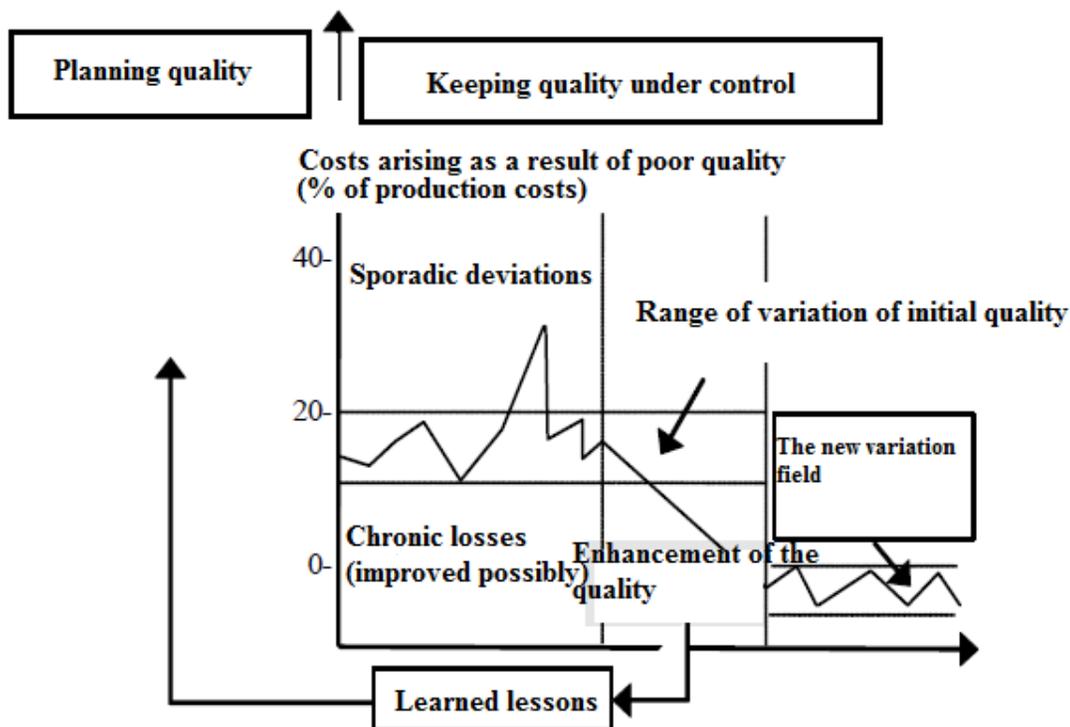
Product features that meet customer needs:	Absence of the deficiencies:
By providing better quality firms can:	
<ul style="list-style-type: none"> – Increase of customer satisfaction; – Manufacture of products for sale; – Increase benefits to competition; – Employment – an important market segment; – Growth in sales revenues; – Lower prices. 	<ul style="list-style-type: none"> – Reduce error rates; – Reduce the rehabilitation of products due to the need to replace scrap; – Reduce operational failures and warranty costs; – Reduce customer dissatisfaction; – Reduce the verification / testing; – Shortening cycle of a new product launch; – Increase yield or production capacity; – Improvements in the delivery.
Conclusions:	
<ul style="list-style-type: none"> – Quality is manifested mainly by increasing customer satisfaction and increasing sales; – Increased quality creates the possibility of rising food prices. 	<ul style="list-style-type: none"> – Quality is manifested mainly on costs; – Increased quality creates generates lower costs for the company.

Source: adapted after Juran, J.M. (1989), “Juran on Leadership for Quality”, New York, Free Press, pg. 16

Table no. 2: “The concept of “quality” according to Juran’s model“

The analysis of the above table, we can draw the following important conclusions regarding Juran's quality model (*see Fig. no. 1: “Quality Trilogy”*):

- The first aspect of the managers of a business must take into account is that most of the time, which influences the characteristics of the sales of the products are therefore generate superior quality usually more expensive;
- The second aspect of the managers of a business must take into account is that most of the time, gaps influencing the cost of products; therefore, high quality usually costs less (*Juran, J., M., 1988*).



Source: Juran, J., M. (1988), “*Juran’s Quality Handbook*”, McGraw-Hill, New York, pag.21
Fig. no. 1: “Quality Trilogy”

5. CONCLUSIONS

In conclusion, this paper focuses on defining elements of the determinants of performance in contemporary society, according to: (a) the importance concept of “performance” and the history of this concept, (b) multidisciplinary approach to the concept of performance, (c) how to quantify performance, (d) performance, growth and competitiveness, and (e) the role of performance management in the organization.

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