The European Excellence Model - an "Excellent" Model for Management Control?

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Abstract

In this paper some of the main management control theories are reviewed and six dominating paradigms are identified. The identified management control paradigms are compared and analysed in relationship with the European Excellence Model (EEM) in order to investigate whether the EEM can be adopted as a management control model. Based on the analysis, advantages as well as disadvantages of the EEM as control model are discussed.

Key Word: European Excellence Model.

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[i)] 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.

TQM is a relatively new 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 TQM (Dahlgaard, Park et al., 2001). During the last five decades the basic assumptions and paradigms of quality have constantly changed parallel with the changes of paradigms within management control and organizational theory (Dahlgaard, Park 1999).

Despite of the increasing focus on TQM during the 80's and 90's, and despite of the fact that quality became a central agenda for top managers, there have been relatively limited attempts on searching, reflecting and analysing the TQM framework seen from a broader theoretical perspective (Scott & 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 90's in particular from organization theorists (Dahlgaard, Park 2002).

This criticism has been received in the quality research field with some surprise. One of the reasons is that the development of the TQM philosophy 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 CWQC (Company Wide Quality Control) 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 80's, 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 80's and the 90's 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 problems. For practitioners they were either too theoretical or too fragmental.

Although we find, that much of the criticisms from organization theorists are unreasonable, because it is often based on insufficient knowledge on the quality movement and the 'becoming process' of TQM (Dahlgaard, Park 2002), we do believe that the two areas can and should mutually benefit by learning from each other. In this respect sound criticisms may stimulate the learning process, and I hope that this article can initiate new research, which integrates knowledge from both TQM and organization theory.

With this consideration in background, 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. In this article, we will assume that the leading quality award models such as the

Malcolm Baldrige Model and the European Excellence Model reflect the latest step in the evolution of quality management theories.

The purposes of this paper are:

1) *To review some of the main management control theories, and based on the literature review (section 2 & 3),*
2) *To investigate whether the European Excellence Model is comparable to the current thinking within Management Control theories (section 4 & 5).*
3) *To investigate the adoptability as well as adaptability of the model as a management control model (section 6).*

2. Definition and core concepts of Management Control

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 Simons, 1986), technical- rational and collectivist view (Ansari & Bell, 1991) are some examples of the different paradigms identified in the management control theories.

The differences on definitions adopted by various experts reflect both the theoreticians' selection of a certain approach and the evolution aspect when considering the time aspect. Here we have selected some definitions, which indicate different viewpoints held by theorists in the field.

Robert Anthony (1965):
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.

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

Robert Anthony & John Dearden (1980):
Management control is the process by which management assures that the organization carries out its strategies effectively and efficiently.

K. A. Merchant (1985):
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.

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

Shahis L. Ansari and Jan Bell (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.

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

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.

Most definitions seem to include the concepts of (systematic) process, managers, objective(s)/goal(s)[ii], strategy, effectiveness and efficiency, maintenance and assurance. As several theorists (see Merchant & Simons, 1986:184; Ansari & Bell, 1991: 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 Anthony & Dearden, 1980; Merchant, 1985; Lowe & 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. Firstly, instead of organizational objective(s)/goal(s), the concept of strategies seems to be adopted in the later definitions. Secondly, 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'. Thirdly, while Simons (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 & 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 changing nature of organization itself.

In order to get an overview, Merchant and Simons (1986) identified six different approaches within the research field of management control. The six different approaches of management have been identified as a result of the authors' effort, where the purpose was to provide an overview of the research literature (Merchant & Simons, 1986:183). The six approaches or paradigms identified from management control literature are not different from those approaches identified from organization theories in general (see for instance, Morgan, 1986; Dahlgaard, Park, 2002). 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 Simons' 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".

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). Here concepts of control and related issues are treated as a 'discrete function of management' (Merchant & Simons, 1986:186) and the prevailing style is numerous listings of how-to-do oriented prescriptive management principles and techniques. The majority of the early literature on management control, such as writings of Emerson (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 feed back loops[iii], with the objectives set in advance, outcomes compared with objectives, and discrepancies reported to managers for correcting actions (Green & Welsh, 1988). Here detection of error and correcting actions will take a place as a dynamic process depending on the feedback loops (Morgan, 1986; Hofstede, 1978). Concepts of feed forward loops are involved in more advanced cybernetic control of view. In this view, the modelling and identifications of interrelations and causal patterns are considered to be important (Merchant & Simons, 1986: 187; Hofstede, 1978: 232).

Management control literature of Koontz and Bradspies (1972), Horngren (1982), Amy (1979), Kaplan (1982) and Green and Welsh (1988), and Simons (1990) 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 & Simons,

1986:188). Thus, the two relationships in an organizational context *top management - shareholders, and subordinates - top management* 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.

Control literature of Baiman (1982), Chow (1983), Waller and Chow (1985), Baiman and Evans (1983) and Oviatt (1988) can be categorised under this approach.

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 & Ott, 2001; Merchant and Simons, 1986; Bolman & Deal, 1997):

1) Organizations exist to serve human needs, and thus the attention is payed on the interplay between individuals and their work.
2) Organizations and people need each other.
3) 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 Simons, 1986:1989), individuals' cognitive variability and cognitive limitations in terms of people's way of motivation, inter personal behaviour, learning, expectation, psychological well being, emotional processes etc. are considered to be important.

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

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: 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.

Some recognised contingency factors are among others environment (Burns and Stalker, 1961; Otley, 1980), strategic choice (Chandler, 1962; Porter, 1980), technology (Woodward, 1965; Zuboff, 1988) organizational structure (Hopwood, 1972; Otley, 1980; Mintzberg, 1979; Ouchi, 1977), and employee motivation (Etzioni, 1961).

Cultural view of control

The main premise of this view is that all ideas about organizations and related issues are socially constructed (Berry et al, 1986). 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 & Bell (1990; 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.

4. The European Excellence Model - History, Structure and Fundamental Concepts

The following information and analyses are primarily based on the EFQM publications "The EFQM Excellent Model" (1999), "The European way to Excellence" (1997) and "Assessing for Excellence" (1999).

The History

The European Foundation for Quality Management (EFQM) is a membership based, not for profit organisation, created in 1988 by fourteen 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.

EFQM launched the European Quality Award Model in 1991 and invited at the same time companies in Europe to apply for the European Quality Award based on their own self-assessment following the model's fundamental concepts and criteria. The first winner of the European quality award was Rank Xerox, Europe, in 1992. Among the winners in subsequent years are Milliken Europe (1993), D2D (1994), Texas Instruments Europe (1995), BRISA (1996), SGS-RHOMSSON Microelectronics (1997), TNT UK (1998), Yellow Pages (1999), Nokia Mobile Phones, Europe and Africa (2000).

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 Fundamental Concepts and Assumptions of Excellence

The EFQM Model is according to EFQM "a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence."

Within the non-prescriptive approach there are 8 Fundamental Concepts, which underpin the EFQM Model. These are expressed below.

Results Orientation
Excellence is achieving results that delight all the organisation's stakeholders.

Customer Focus
Excellence is creating sustainable customer value.

Leadership & Constancy of Purpose
Excellence is visionary and inspirational leadership, coupled with constancy of purpose.

Management by Processes & Facts
Excellence is managing the organisation through a set of interdependent and interrelated systems, processes and facts.

People Development & Involvement
Excellence is maximising the contribution of employees through their development and involvement.

Continuous Learning, Innovation & Improvement
Excellence is challenging the status quo and effecting change by utilising learning to create innovation and improvement opportunities.

Partnership Development
Excellence is developing and maintaining value adding partnerships
Corporate Social Responsibility
Excellence is exceeding the minimum regulatory framework in which the organisation operates and to strive to understand and respond to the expectations of their stakeholders in society.

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 1).
The 'Enabler' criteria cover what an organization does. The 'Result' criteria cover what an organization achieves. 'Enablers' cause 'Results'.

The EFQM Model is presented in diagrammatic form in figure 1.

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 9 boxes, shown above (Figure 1), 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.

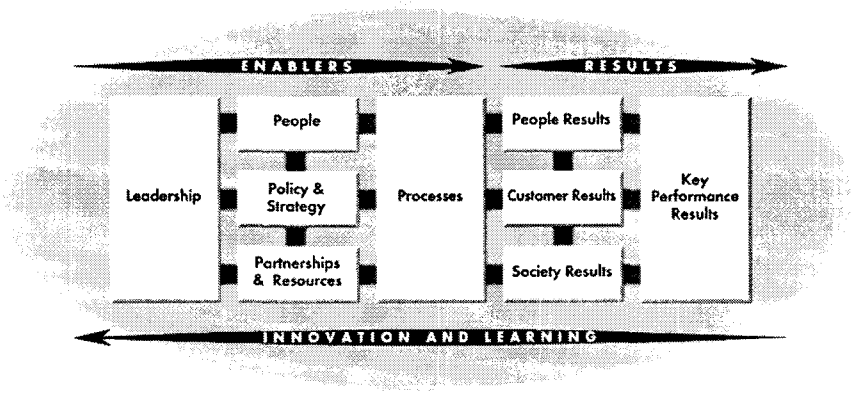

Figure 1. The Structure and Criteria of the EFQM Model

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 European Excellence Model Criteria and the six Management Control Approaches

In this section, all criteria including sub-criteria of the European Excellence Model 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 European Excellence Model. 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 1 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 1. Interrelationships between leadership criteria and the six management control approaches: High (H) and Moderate (M)

Bureaucratic	Cybernetic	Agency	Human Resource	Contingency	Culture
		M	H	M	H

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 2, the two approaches, which seem to dominate the Policy & Strategy criterion, are *the Cybernetic Approach and the Contingency Approach.*

Table 2. Interrelationships between Policy & Strategy criteria and the six management control approaches: High (H) and Moderate (M)

Bureaucratic	Cybernetic	Agency	Human Resource	Contingency	Culture
M	H	M	M	H	

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 3, 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).

Table 3. Interrelationships between People criteria and the six management control approaches: High (H) and Moderate (M)

Bureaucratic	Cybernetic	Agency	Human Resource	Contingency	Culture
	M	M	H	M	H

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 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 4, 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.

Table 4. Interrelationships between Partnership and Resources criteria and the six management control approaches: High (H) and Moderate (M)

Bureaucratic	Cybernetic	Agency	Human Resource	Contingency	Culture
M	H		M	M	

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, 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.

Table 5. Interrelationships between Processes criteria and the six management control approaches: High (H) and Moderate (M)

Bureaucratic	Cybernetic	Agency	Human Resource	Contingency	Culture
M	H	M	M	M	

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, 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 European Excellence Model.

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 1-5 is shown below in Table 6. Some observations which can be seen from the Table 6 are:

1) All criteria show more or less interrelationships with the six management control approaches.
2) 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 & Strategy and Processes.

3) The Cybernetic approach has a high interrelationship with the criteria of Policy & Strategy, Partnership and Resources, and Processes. This observation seems surprising compared to observation 2) above. It seems that there is lack of consistency between Leadership (the main driver of excellence) and the other criteria of the model.
4) 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.
5) The Cybernetic approach is dominating in several enabler criteria. In relationship with the above-mentioned observations 3) and 4), 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.

Table 6. Interrelationships between the European Excellence Model Criteria and the six management control approaches: High (H) and Moderate (M)

Approaches Criteria	Bureaucratic	Cybernetic	Agency	Human Resource	Contingency	Culture
Leadership			M	**H**	M	**H**
Policy & Strategy	M	**H**	M	M	**H**	
People		M	M	**H**	M	**H**
Partnership & Resources	M	**H**		M	M	
Process	M	**H**	M	M	M	

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 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; and Simons, 1990) 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 & 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 & Strategy, Partnerships & 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 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.

Limitations and disadvantages of the European Excellence Model

As observed in the summary (Table 6), 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. The law of requisite variety (Ashby, 1963; Morgan, 1986 / 1997) warns us that we must remember the complex nature of a system,

and a simple model may not able to cope the complexity with its 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 factors. For instance, the right approaches to implement may vary depending on the maturity of the company (the existing organizational culture).

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 & Strategy, Partnership & 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. 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 European Excellence model. We have further investigated whether the European Excellence Model 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 of the recognized limitations and disadvantages of the European Excellence model, we consider that the model may be a useful management control model. 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 Martensen & Dahlgaard (2000) came to after having compared the European Excellence Model'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 European Excellence Model.

Hence before applying the European Excellence Model 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.

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 European Excellence Model. Parallel with the launch and application of the European Excellence Model (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 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 European Excellence Model 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 European Excellence Model (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 evidences on:

1. *How* various "ordinary" companies and award winning companies are using the EFQM Excellence Model as a Management Control Model? and
2. *Why* they are using the model the way they are doing?
3. *What* are major problems when using the model in a real set?

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

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i) Frameworks, schools of thought, models, perspectives are some corresponding terms to the term of paradigm (see more about paradigm Kuhn, 1970; Burrell & Morgan, 1979; Morgan, 1986; Scott, 2003, Dahlgaard, Park 2002).

ii) Anthony & 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.

iii) *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.