



## **QUALITY GOVERNANCE OF A BENCHMARKING PROGRAMME IN U.A.E PUBLIC ORGANISATIONS' PERFORMANCE LITERATURE REVIEW**

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### **ABSTRACT**

The U.A.E. Federal government adopted Benchmarking Program and Governance as improvement strategy to enhance the service delivered by it organizations. . This research examines the impact of governance principles and benchmarking program within the U.A.E public organizations measuring the effectiveness of this tool.

The study used a Quantitative methodology to investigate and analysis the relationship between the integrated of Quality Governance and Benchmarking and Governance principals as Moderator and their impact on the public sector performance. Questionnaires were distributed and applying the SEM to measure and analysed the relationship.

**Key Words:** Quantitative methodology, Governance, Benchmarking

### **INTRODUCTION**

Total Quality Management (TQM) implementation, as a strategic tool for improvement in public sector organisational performance, has been widely adopted worldwide. Considering benchmarking is one of the TQM processes popular within public and private sector organisations. Generally, the Critical Success Factors (CSFs) of benchmarking, based on existing research, have indicated that most of the factors are derived from Saraph et al. (1989); Flynn et al. (1994); Thomas Powel (1995); and Black and Porter (1995, 1996); Fryer, Antony and Douglas (2007) with others having prioritised CSFs in relation to industries. Therefore, common critical factors exist, which organisations can adopt irrespective of their industry, type, size or location. The internal and external factors affecting benchmarking programmes, are as follows: senior management commitment, benchmarking process, management information system, human

resources focus, strategic planning, external partners, and regulatory factors. However, decision makers in the UAE have implemented aspiring reform policies to improve productivity and enhance the efficiency of resource allocation. Macro privatization and benchmarking programmes were introduced to facilitate the benchmarking process in all government organisations (Mansour & Jakka, 2013).

The definition of governance has been controversial and complicated. According to Coombes & Watson (2000), the term governance is used to describe any pattern of rules and regulation with no particular definition framework for good governance. Based on the OECD, governance principles are the basis for an effective corporate governance framework. The OECD website has considered "Good Governance" elements as per their website, "Participation, Accountability, and "Transparency".

The application of governance in the UAE started in 2011 based on the Decree No (5) declared by His Highness Sheikh Khalifa Bin Zayed Al Nahayan, the President of the UAE. Based on this decree, the Prime Minister, His Highness Sheikh Mohammad bin Rashid Al Maktum, issued a ministerial decree organizing the mechanism of implementation within public sector organisations. Accordingly, the decree is aimed at enhancing transparency among the organisations owned by the Federal Government. Governance, as per the ministerial decree, is to enhance the transparency and effectiveness in all government owned public organisations. The challenges arise from low capabilities of employees, weak top management commitment, lack of alignment of strategic planning with processes, and shortage of data and information (Elbanna, 2013;Thawani, 2014). Further research is needed with regard to principles such as transparency and accountability, efficient governmental regulations and monitoring in the U.A.E public sector organisations (Al-Khoury, 2013).In addition, with the impact of external CSFs on benchmarking in public organisations, failing the benchmarking programmes in public organisations has necessitated further research (Shepherd, Meehan, Davidson, and Stedman, 2010;Djuric, Milosevic, Filipovic, and Ristic, 2013;Mugion and Musella, 2013; Asif, 2015). The moderating effect to quality governance on benchmarking CSFs and performance merits examination within the UAE public organisations (Rosenberg, Hansen & Ferlie, 2014).Specific issues to be considered are: How do internal and external CSFs of a benchmarking programme influence sustainable performance of public service organisations? Does quality governance moderate the relationship between benchmarking programme CSFs and the sustainable performance of public service organisations?

## **LITERATURE REVIEW**

### **Benchmarking Critical Success Factors**

Generally, the critical success factors (CSFs) of benchmarking are based on early research studies by Saraph et al. (1989); Flynn et al. (1994); Powel (1995), and Black and Porter (1995; 1996). There has been recent research by Nfuka and Rusu (2011); Seetharaman, Sreenivasan,

and Boon, Zairi (2006); Zairi and Alsughayir (2011), and Ofori (2013). However, the differences between authors depend on the sector and aspects needing to be measured. In addition, there are similarities between the CSFs among different sectors. As such, this research focuses on the benchmarking critical success factors related and applicable to public sector organisations. Although the critical success factors can be divided into external and internal, CSFs can affect the performance of organisations within private sectors (Alvarez, Jaca, Viles, & Colomer, 2012). For the public sector, other research has studied a set of external elements that influence public services (Presley and Meade, 2010).

Therefore, common critical factors exist, which organisations can adopt irrespective of their industry, type, size or location (Hietschold, Reinhardt, and Gurtner, 2014). There are similarities between public and service sectors in that both provide services as Hvidman and Andersen (2014) note in their research into the service industry's CSFs. The literature has also divided CSFs into external and internal ones that can affect organisations' performance (Alvarez et al., 2012), and this is the case in private sectors. Since this research seeks to measure the internal and external success factors, it is necessary to define the external/internal CSFs terminologies to extract and differentiate between the public CSFs. Defining "Internal" and "External" CSFs entails clarifying the terminologies to identify the CSFs applicable in public sectors. Ferguson and Dickinson (1982) defined the internal and external CSFs for an organisation from inside or outside the organisation to achieve its objectives.

### **Definition of the Governance of Quality Management**

The term "Quality Governance" has been rarely used and very limited resources about it exist. The combination of two terminologies "Quality" and "Governance" needs to be merged in order to understand and explore all aspects of quality comprehensively, since this could be considered an initial approach to attain the ultimate coverage of the benchmarking.

According to Coombes & Watson (2000) the term governance can be used to describe any pattern of rules and regulation. Other definitions for quality governance, when it is used within clinical governance, have been given by Nicholls, Cullen, Neill, & Halligan (2000). However, this present research study offers a definition of Quality Governance as:

*A system of cultural change that provides the means of developing organisational capability, sustainable performance, and quality assured outcomes on the basis of success factors of quality management, by which all quality initiatives are monitored, accountable and guided towards a customer focus.*

Most of the current definitions contain all aspects discussed in this thesis, which integrates the two concepts, "Governance" and "Quality", to identify the topic's components comprehensively.

### **Public Sector Performance Evaluation and Measurement**

The public sector performance measurement, the contribution and limited consumer choice of public services delivery has not been considered (Jung, 2010). However, the management of a

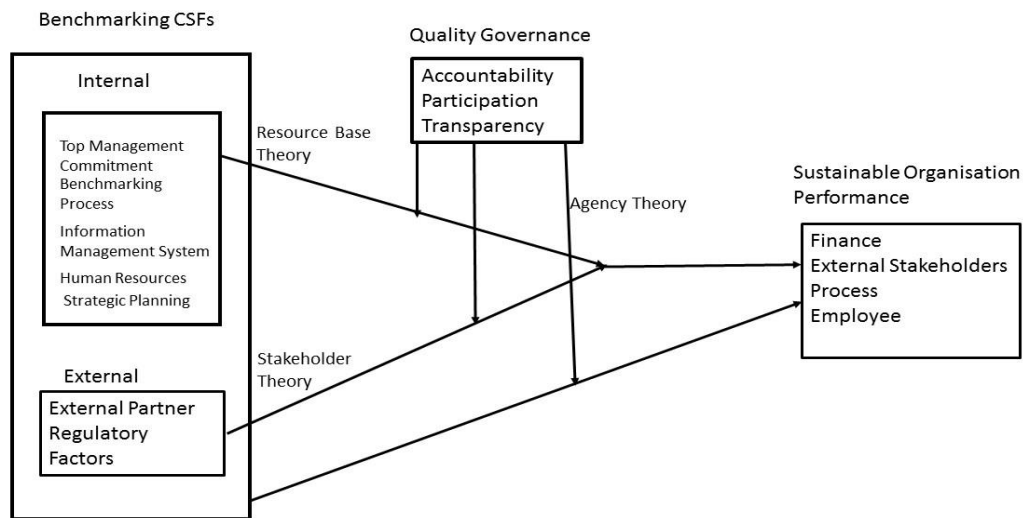
government organisation depends on a certain type of measurement, which does not make any difference to the results that are obtained on performance (Andrews, Boyne, & Walker, 2011). The justified and applicable tool of performance evaluation and measurement tools in public organisations can use techniques such as the Balanced Score Card (BSC) when it is important to identify the achievement of objectives and results pursued by the organisations (García-Valderrama, Mulero-Mendigorry, & Revuelta-Bordoy, 2009).

### Theoretical Background

The first theory employed by the researcher is the Resource Base View (RBV) theory. This recognises the importance of complementary competences in enhancing the strategic value of resources. The second theoretical foundation of this research is grounded on Agency Theory, which emphasises strong governance procedures and consequently enhancing a firm’s performance (Grove, Patelli, Victoravich, & Xu, 2011). This present study hypothesises that the Quality Governance values will affect the attitude of both the senior management and employees’ performance. The third theory is Stakeholder Theory, which states that, ethically, stakeholders should be involved in any decision to be determined as a strategic resource. This can be a group, agencies and individuals affecting the outcome of the organisations and are categorised into internal and external.

### 7-Theoretical Framework

This research summarizes the major quality governance of benchmarking programmes that is highlighted in quality and benchmarking literature. The following analysis is presented in terms of the relationship between the benchmarking CSFs and organisational sustainable performance and the role of quality governance to enhance performance improvement.



**Figure1:** Theoretical Framework

## **Methods and Data:**

The research adopts a post-positivism research design where a cross sectional survey is conducted. Therefore, this research follows a quantitative approach. All questionnaires have been adopted and modified from the existing literature, consisting of five sections. The research covers the framework and hypothesis to be tested. The questionnaire was translated in to Arabic in order to be fully understood by the participants and obtain the legal permission for its distribution. After collecting the data, the questionnaires were tested and validated. The researcher conducted pilot testing for the all variables and factor loading was obtained. The variables are measured using a 7-point Likert scale for each variable. This sample was calculated based on Krejcie and Morgan (1970) Table. Since the population cannot be categorised due to lack of information, the sample is selected using a purposive random sampling technique. Based on Saraph et.al. (1989), Flynn et.al. (1994), and Ahire et.al. (1996), (Wijngaard, 2000) the instrument has been developed. This covers broader scopes of benchmarking CSFs by integrating three instruments. For measuring the benchmarking process, the researcher has extracted the questionnaire from the work by Brah, Ong, & Rao (2000). The study will adopt the dimensions of the scale of management information system from the work of Pérez-Méndez & Machado-Cabezas (2014).The scale of human resource dimensions has been extracted from Lau, Zhao, & Xiao (2004) and tested for reliability.

The questionnaire rated was on a scale of 1 (completely disagree) to 9 (completely agree).The higher mean value indicates an (agreement) between the statement and the quality practice. The instrument, extracted from Lee and Kjm (1999) andLee (2001), showed the reliability and validity. There are five dimensions in this section measuring the effectiveness of the public sector instruments extracted, adapted, and altered to be applicable to public sector organisations. This format has been extracted from management and health-care surveys by Elbeck, (1987) and Steiber, (1989). This questionnaire has tested the reliability and validity based on the health services sector by Ahmad, Ala'Eddin Mohammad Khalaf (2012).The measurement questionnaire of the transparency was adopted from the work by Said and Jaafar (2012) and modified by the researcher to suit the public organisations in the U.A.E. The participation variable has been adopted from two previous working papers related to this research. The first three items are from (Eisingerich, Auh, & Merlo, 2013).The first paper from a working paper by Bauhr & Grimes (2012), in order to capture the public organisation transparency, openness. Whereas the second has been extracted from research by Eggert & Helm(2003).The measurement of the financial measures was adopted adapted from (Khan, Halabi, and Sartorius, 2011) of the BSC. As mentioned above, a total of 390 questionnaires was distributed by the researcher to the employees of government agencies in the UAE. Of those returned, only 261 (66.9%) of the completed questionnaires were usable. A conformity factor analysis (CFA) was used to test the measurement model of the latent variables and indigenous variables. The structural model was used to test the theory proposed based on the research framework.

## **Conclusion:**

Often public sector organisations lack vital information including customers' perceptions and understanding about those reforms that might achieve performance improvement. In the case of the public sector, including the UAE, implementing benchmarking as an improvement tool to deliver its services could help to improve the performance in the organisations. Accordingly, the UAE public sector has transformed its management and organisations and has adopted the benchmarking strategy as an improvement strategy in order that the impact of internal and external factors can have an effect on the success of an organisation's resources and capabilities. In this research, three theories will be applied (Agency Theory, Stakeholders Theory, and Resource Based View Theory) to measure the following in the UAE benchmarking programme: Senior Management Commitment, Benchmarking Process, Management Information System, Human Resource and Strategic Planning, External Partners and Regulatory factors. Whereas for quality governance, the variables are accountability, transparency, and participation.

There can be unmet customer perception of quality services provided as a consequence of poor performance and failing governmental services delivery (Ranjan D, Patnaik, And, & Sree, 2015). Additionally, challenges arise from low capabilities of employees performing their assigned jobs, weak commitment from the senior management of public sector organisations, lack of alignment of strategic planning with processes to be benchmarked, and shortage of data and information in the field of quality and performance. Therefore, resolving these challenges is essential for the success of the benchmarking programme (Elbanna, 2013;Thawani, 2014).

In this research, the three aforementioned theories are applied to measure the UAE benchmarking programme in respect of internal and external dominant factors and those for Quality Governance.

The research will consider Quality Governance as a moderator measuring the effectiveness of the benchmarking programme implementation in public sector organisations' performance. However, it is noted that other aspects of quality and sustainability of business performance improvement need more in-depth study.

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