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Research paper

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## THIRTY YEARS OF NATIONAL BUSINESS EXCELLENCE AWARD IN SERBIA

**Abstract:** *National business excellence award “OSKAR KVALITETA” (up to 2002 named Yugoslav Quality Award) began in 1995. In the course of thirty years of its implementation “OSKAR KVALITETA” underwent five revisions aiming to accommodate to the transition in social and business environment as well as trying to keep pace with globally relevant business excellence competitions. Among several approaches to business excellence from the very beginning “OSKAR KVALITETA” has turned to stakeholders approach setting its goal in balanced satisfaction of key organizational stakeholders. The paper describes modifications made in each business excellence model revision trying to meet the expectation of organizations and society. Despite various temptations during three decades lasting, national business excellence award remained non-governmental and fully professional what have safeguarded the reputation of the Award so far.*

**Keywords:** *business excellence, quality awards, organizational stakeholders*

### 1. Introduction

Quality and business excellence awards that recognize excellent organizational performance have emerged as a significant component of the productivity and quality promotion strategies of many countries. The first business excellence models were developed in the mid-1980s and came about as a result of the quality movement in the West, which in turn was a response to the advancements in quality and competitiveness in Japan. The models themselves began as quality award or Total Quality Management (TQM) models, as TQM had emerged in the mid-1980s as the new philosophy and panacea for businesses. Over time, the term “Business Excellence” started to replace the terms “Quality” and “TQM”, partly as a result of the considerable confusion as to the meaning of TQM. Today, many countries

view business excellence models as a key mechanism for improving the performance of organizations, as well as national competitiveness.

Several Business Excellence models are in use today. The models are designed to guide and help organizations to improve their performance and achieve world-class performance levels. In addition, national bodies use business excellence models as a basis for award programmes, which serve to identify and recognize role model organizations. However, for most national bodies, the awards themselves are secondary in importance to their desire to achieve widespread take up of the business excellence concepts by organizations, since it is this that leads to improved national economic performance.

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Principally, the following objectives are embedded in such Quality/Business Excellence programs (Migel, 2003):

- Communication, publication and sharing of best practices
- Fostering of continuous management, organizational quality, and process improvement
- Promotion of an awareness of quality management
- Promotion, support, strengthening and enhancement of competitiveness
- Recognition of performance excellence, best practices and benchmarks
- Understanding the requirements for performance excellence.

## 2. Accesses to Business Excellence

There are several ways in which the level of business excellence development in an organization can be assessed, including the following (Jelić & Trajkovic, 2011a):

1. An award approach. This approach involves writing a full submission document along the lines described by national business excellence award bodies. Based on the evidence the essential resource for benchmarking and best practices submission document and supporting evidence from a site visit, internal or external assessors score the organization.

2. A pro forma approach. This involves a pro forma (usually partially completed form) being designed for each of the business excellence model criteria. It is requested from an organization to record how it addresses a particular criterion, indicating what its strengths and weaknesses are, and what actions are being taken for improvement.

3. A workshop approach. This approach usually involves a senior management team gathering data and evidence to present to peers at a workshop. At the workshop, performance against the model is scored and

action plans are agreed upon.

4. A matrix chart approach. This involves the creation of a company-specific achievement matrix within the framework of a business excellence model. It typically consists of a series of statements of achievement for each criterion using a scale of 1-10 points, or per cents. Teams use the matrix to score their business processes/organization.

5. A questionnaire approach. This consists of a set of questions designed to assess the organization's performance for each criterion.

6. A software approach. This usually involves an independent organization managing a programme in which many companies complete a questionnaire and have their scores logged on a central database. Organizations are then able to compare their scores against those of other organizations with similar profiles, and compare themselves against best practices.

7. A peer involvement approach. This approach has many similarities to the award approach but allows the Business Unit complete freedom in putting together its "submission" which may just be a set of existing documents, reports or graphs or tend to be something quite similar to an award application document.

## 3. The genesis of Quality Award in Serbia and Montenegro

"OSKAR KVALITETA" (*Oscar for Quality*) was established in 1994 and the first winners were appraised in the next year. The technical organizer of the award was "KVALITET" (Quality – in Serbian Language), a bulletin issued by "Poslovna Politika"(publishing company), while the jury was constituted of following representatives: Ministry of Science and Technology, Ministry of Defense, Federal and republic Chambers of Commerce, National Association for Quality, Standardization Office.

The initial model lasting from 1995 to 1998 was strongly influenced by ISO 9000 standard series. The candidates for “Oscar of Quality” were assessed against 9 criteria:

- 1) Policy, objectives, leadership 100
- 2) Organization for quality 50
- 3) Information and analysis 50
- 4) Quality planning 100
- 5) Training of personnel 100
- 6) Quality system 100
- 7) Quality assurance 150
- 8) Quality assurance results 150
- 9) Relations with customers/users 200.

It is obvious that the stress was put on quality assurance and the results obtained in QA process. Quality system itself weighted 10 per cent reflecting the fact that there were just few ISO 9000 certificates in Serbia and Montenegro at the time when the model was established. Business results were not measured because FR Yugoslavia (Serbia and Montenegro) had war surrounding and were pressed by UN sanctions in addition. Under such circumstances any business plots or figures relating to business parameters would have been misleading. However, relations with customers/users were validated by 20 % of the total score denoting the importance of such issue.

“OSKAR KVALITETA” underwent two revisions. The first one occurred in 1999. Principally, there were three incentives to make changes in the initial model:

- 1) To make adjustments in the national quality award pursuing the changes that had taken place in world famous awards (MBNQA and EFQM), and also to trace excellence models modifications at global scene;
- 2) To comply with TQM theoretical developments and global trends in business environment;
- 3) To still adhere to criteria in actual business environment in FR Yugoslavia meeting the aims set in

Programs for quality development of Serbia and Montenegro.

The main adjustments in “OSKAR KVALITETA” award in 1999 may be summarized in the following:

1. The competition was shifted in the two categories: small & medium enterprises (up to 250 employees) and big ones, instead of single category competition in the previous model;
2. Amendments in procedures for application and assessment (introduction of minimum score pre-finals of competition).
3. The new criteria arrangement (10 instead of 9); (Jelić, 2003)

The subsequent criteria were established in “OSKAR KVALITETA” from 1999 onwards, as shown in table 1.

**Table 1.** “OSKAR KVALITETA” – 1999

	Criterion	Number of sub-criteria	Maximum score
1	Leadership	4	100
2	Policy and strategy	5	50
3	Personnel	6	150
4	Resources	5	100
5	Processes	5	100
6	Information and analysis	4	50
7	Customer satisfaction	3	150
8	Quality improvement	5	100
9	Social environment	2	50
10	Business results	5	150
	Max. total score		1000
	Total sub-criteria	44	

It was expected from the new array:

- To enhance the interest of smaller enterprises by separating them from big companies;

- To introduce business results as a direct criterion which reflects quality and business excellence of an enterprise;
- To attain better harmonization with other excellence models;
- To involve TQM elements more apparently.

The first objective was met in the first year with the altered rules since small and medium companies were obviously encouraged to participate. As for the second objective, assessor team experience showed that the introduction of business results might have been too early for former Yugoslavia (Serbia and Montenegro). It cannot be neglected that there was a three months war in FR Yugoslavia in the spring of 1999, which generated a strong deformation of business parameters in almost all companies. However, introduction of business results has marked a good direction for future application.

Significant political changes taking place in Yugoslavia by the end of 2000 unconditionally turned the country to cooperation with European Union. Consequently the quality or business excellence model of Serbia and Montenegro has looked for stronger grounds in EFQM model than ever before. This trend led to the second revision of “OSKAR KVALITETA” award in the beginning of 2001. The criteria were rearranged again as shown in Table 2, (Jelić, 2005)

**Table 2.** “OSKAR KVALITETA” - 2001

	<b>Criteria</b>	<b>Number of sub-criteria</b>	<b>Maximum score</b>
1	Leadership	5	100
2	Policy and strategy	5	90
3	Management of personnel	3	110
4	Management of resources	4	110
5	Management of processes	4	140

6	Customers satisfaction	3	150
7	Satisfaction of employees	2	90
8	Impact on society	3	60
9	Business results	2	150
	<b>Max. Total score</b>		<b>1000</b>
	<b>Total sub-criteria</b>	<b>31</b>	

#### **4. “OSKAR KVALITETA” – the national business excellence award**

However, crucial change in eight years quality award implementation took place in the beginning of 2002 when “Poslovna Politika” along with 18 co-founders (respective companies from Serbia and Montenegro) decided to build up Foundation for Quality Culture and Excellence (FQCE). The FQCE has assumed Quality Award administration and related affairs. In May 2003 FQCE was granted the associate membership of EFQM. Thus, its objectives were established to be significantly wider than to remain solely Quality Award administrator. Taking over EFQM spirit FQCE defines its vision to be: the environment in which companies implementing FQCE model excel (in Serbia and Montenegro).

Similarly to EFQM model FQCE has maintained two categories: big enterprises (employing more than 250 persons) and small/medium size companies. Regarding the fact that transition process in Serbia and Montenegro is still developing, there was no ground to make company magnitude classification more sophisticated and FQCE still determines company size according to the number of permanent staff.

**Table 3.** FQCE model 2005

	<b>Criteria</b>	<b>Number of sub-criteria</b>	<b>Maximum score</b>
1	Leadership	5	100
2	Policy and strategy	4	90
3	Human resource	3	100
4	Partnership and resources	4	110
5	Processes	5	150
6	Customers satisfaction	3	150
7	Employees satisfaction	3	90
8	Impact on society	2	60
9	Business results	2	150
	<b>Max. Total score</b>		<b>1000</b>
	<b>Total sub-criteria</b>	<b>31</b>	

The changeover from „OSKAR KVALITETA“ model to FQCE model is not a simple matter of new terminology, (Jelic, 2007). Unlike, previous „OSKAR KVALITETA“ models (1994, 1999 and 2001) that had been implemented in annual „OSKAR KVALITETA“ award cycles, i.e. for competition sake only, FQCE model use was broadened. Self-assessment courses against FQCE models aimed not only for Award competitors were introduced. Also, awarded and praised companies that had took part in „OSKAR KVALITETA“ competition began to organize benchmarking workshops where they had the opportunity to demonstrate what approaches and solutions made them excel in certain areas, (Jelić, 2010).

Wider application of FQCE model made it more visible not only for companies but also for state authorities. Upon separation of Serbia and Montenegro, „OSKAR KVALITETA“ remained in Serbia. From 2007 Serbian Ministry of economy made its support to „OSKAR KVALITETA“ more

concrete. Serbian Minister for economy became Honoured Chairman of „OSKAR KVALITETA“ Award jury. In this role he handled „OSKAR KVALITETA“ Awards on World Quality Day ceremony what have taken place in Serbian Chamber of Commerce. It means that from 2007 on „OSKAR KVALITETA“ Award has been recognized as National Business Excellence Award.

Keeping track of changes taking place in world relevant business excellence awards, particularly in EFQM Award, Foundation for Quality Culture and Excellence recognized a need for new „OSKAR KVALITETA“ Award revision in 2010.

**Table 4.** FQCE model 2010

	<b>Criteria</b>	<b>Number of sub-criteria</b>	<b>Maximum score</b>
1	Leadership	5	100
2	Strategy	4	100
3	Human resource	5	100
4	Partnership and resources	5	100
5	Processes, product, services	5	100
6	Results - customers	2	150
7	Results - employees	2	100
8	Results - society	2	100
9	Business results	2	150
	<b>Max. Total score</b>		<b>1000</b>
	<b>Total sub-criteria</b>	<b>32</b>	

By this revision FQCE model became a bit closer to EFQM model; the titles of criteria became congruent as well as the content of results criteria. However, the content of enabling criteria (criteria 1-5) is fairly different. Also, the weight of each sub-criteria do not match with EFQM model.

Regarding the improvements made by this revision it may be noted that gaps and laps among criteria were significantly reduced. Criteria in FQCE model 2010 better structured and mutually balanced. Moreover, what is of major importance, the terminology used in FQCE model 2010 was made more friendly to company employees since the self-assessment method is strongly advised to future “OSKAR KVALITETA” applicants, (Jelić & Trajković, 2011b).

In 2013 EFQM made another revision of its model. In spite of the fact that FQCE had tried to keep pace with EFQM in previous decade, upon the EFQM model revision in 2013, FQCE found that the latest EFQM trends would raise criteria and make them fairly unattainable for Serbian business environment. Without changing the structure of FQCE model 2010 some adjustments are made in interpretations of resulting criteria thus making it appropriate for use up to 2019.

The ultimate revision of FQCE model was made in 2019 to yield structure given in Table 5.

**Table 5.** FQCE model 2019

	<b>Criteria</b>	<b>Number of sub-criteria</b>	<b>Maximum score</b>
1	Leadership	4	120
2	Strategy and policy	4	100
3	Organizational potentials	5	150
4	Processes and technologies	4	120
5	Market and customers	2	90
6	Business results	2	120
7	Employees satisfaction	2	80
8	Customers satisfaction	2	100
9	Social responsibility	4	100
	<b>Max. Total score</b>		<b>1000</b>
	<b>Total sub-criteria</b>	<b>32</b>	

It is apparent that FQCE model 2019 significantly departs from EFQM model (used in 2019). By the change in 2019 FQCE it was intended:

- To have a model which appears to be more appropriate for Serbian business surrounding;
- To weigh enablers (Criteria 1-5) with 60 % while leaving 40 % for results (Criteria 6-9);
- To make the model more friendly for non-professionals in organizations;
- To strengthen bonds with current management systems in use thus to obtain effectiveness.

The application of the latest model in six previous years confirmed that the above stated aims have been principally met. Last year a revision of FQCE model was carried out what led to conclusion that current FQCE model is still apt for National Business Excellence Award, (Jelić, 2021).

## 5. Conclusion

In the overview for this three decades of Serbian national quality/business excellence award three distinct periods may be identified when strategic directions of the national award development is concerned. Since the award started in 1995, it is necessary to recall that in the year of nineties in Serbia was hermitized by UN Sanction (during the war in Former Yugoslavia). In such an environment for business activities a multitude of companies vanished, but only some have demonstrated ability not only to survive, but to yield some remarkable results (excellent, in relative sense) concerning quality. Such companies were granted Quality Award „OSKAR KVALITETA“. This first period thus may be regarded as the period of vital practices affirmation. Upon political changes in FR Yugoslavia, Serbia unconditionally turned to European Union. The Quality Award “OSKAR KVALITETA” was transferred to

Foundation for Quality Culture and Excellence (FQCE). The strategy of FQCE was to gradually revise FQCE trying to converge EFQM model what was the strategy that lasted from 2002 to 2013. Finally, after EFQM model change in 2013, FQCE left the strategy of EFQM convergence. FQCE turns to internal business environment (which significantly

departs from European), meaning that future FQCE model revisions are aimed to highlight outstanding business practices taking place in Serbia, those to be successfully benchmarked by other market players. Moreover, the latest model accommodation made it friendlier for Serbian organizations, particularly to easy perform self-assessment.

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