

# Organizational Excellence as the Driver for Organizational Performance: A Study on Dubai Police

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## Abstract

This study was set up to examine the effect of organizational excellence on organizational performance. A questionnaire survey was employed to collect the data from Dubai Police departments. Two hundred fifty questionnaires were distributed and one hundred seventy five were returned completely filled. To analyze the data collected, Partial Least Square (PLS) structural Equation Modelling was employed. Based in the statistical results, the effect of organizational excellence on organizational performance was confirmed. The results of this study have different theoretical and practical implications. Theoretically, this study closes the gap in the previous literature in terms of the few studies examine empirically the casual effect of organizational excellence on organizational performance in public organization. Practically, this study increases the awareness on managers, decision makers, and practitioners about the significant of excellence when implementing their strategies and practices.

**Keywords:** organizational excellence, organizational performance, Dubai Police

## 1. Introduction

This paper aims to improve our understanding of how organizations deploy organizational excellence to improve the whole performance. The organizational excellence and performance are the main focuses in strategic management for any organization (Al-Dhaafri, Yusoff, & Al-Swidi, 2013). In the previous literature, there is a great attention on the management of organizational performance in order to identify the drivers of high performance. In other words, there is an upswing of researches about the impact of certain practices and strategies on organizational performance.

Numerous strategies and practices have been confirmed to have a positive and significant effect on the organizational performance as a whole. The implementation of innovative strategies such as organizational excellence can enhance the overall organizational performance. The term business excellence has appeared to be like organizational excellence with the difference that business excellence may be used more to private sector while organizational excellence to public sector (McAdam, 2000). The relationship between organizational excellence and organizational performance has been studied by many researchers (Al-Dhaafri, Yusoff, & Al-Swidi, 2014; Ooncharoen & Ussahawanitchakit, 2008).

Based on the resource-based view of the firm (RBV), the internal resources of the firm are the most important factors to achieve sustainable competitive advantages (Al-Dhaafri et al., 2013; Barney, 1991). It is suitable to increase the attention to the significance of the organizational excellence involved in previous studies as one of the unique significant resource that may lead to have superior performance. Therefore, the importance of our study lies in the investigation of the role of organizational excellence in creating the desired competitive advantages. Theoretically, the results of this study can be added to the existing literature of the RBV theory. According to Reed, Lemak, and Mero (2000), despite the general acknowledgement that business excellence can lead to enhance organizational performance and achieve competitive advantages, the debate among authors

about this issue is not closed yet; so the understanding of this issue can be significantly improved (see Al-Dhafr et al., 2013).

Coherently, this study is an attempt to examine the effect of organizational excellence on organizational performance through empirical examination on Dubai Police as a field of study.

## **2. Theoretical Background and Research Hypothesis**

### *2.1 Organizational Excellence*

Nowadays, there are attempts from many organizations to achieve excellence but, unfortunately, many of them fail to achieve this goal because of their lack of understanding about the meaning of excellence in economic management (Dahlgaard, 2003). The organizational excellence concept is an academic term originated from Peters and Waterman (1982) (Antony & Bahattacharyya, 2010). In addition, they argued that organizational excellence is measured based on the relationship between different performance's indicators. Excellence has been defined by many researchers. One of the important definitions was defined by the European Foundation for Quality Management. EFQM defined excellence as the outstanding practice in the organization to achieve nine essential concepts, namely, customer focus, management by process and facts, continuous learning, partnership development and public responsibility, result orientation, leadership and constancy of purpose, people development and involvement, and innovation and improvement (EFQM guidelines, 1999). Additionally, Eisakhani (2008) argued that excellent organizations have seven features like perspective and mission, organization planning, processes, ambition purposes, strategic thinking, leadership, and technology.

Models of organizational and business excellence are the instruments that assist organizations to measure the degree of the successful and excellent organizations' path (Attafar, Forouzan, & Shojaei, 2012). There are many popular models such as Malcolm Baldrige, EFQM, Deming, and Peters and Waterman. Through these models, organizational performance is evaluated and enhanced through a process of continuous amendment.

### *2.2 Organizational Performance*

There is a bulk of researches in the existing literature that focus on organizational performance. Therefore, it is considered one of the most important variables in the field of strategic management and organizational studies (Combs, Crook, & Shook, 2005). The main aim of public performance management is to make performance, resources, and objectives more clear; to integrate nonfinancial and financial information; to improve accessibility, quality, and the content of information on the management information; and to integrate budget cycle and policy (De Waal, 2010). Governments as part of public sector are responsible to enhance and increase the overall performance for the sake of satisfying and meeting the needs of their customers, transparency, combat and prevent corruption, accountability, and strengthen integrity (Ashour, 2004).

### *2.3 Organizational Excellence and Organizational Performance*

Organizational excellence and organizational performance are closely connected to each other. In other words, by improving performance, organizations can achieve highest level of excellence and win excellence awards. On the other hand, organizational excellence, as a practice and strategy, can help organizations to improve their processes and lead to have competitive advantages and increase performance.

This relationship has been investigated by many researchers. Al-Dhaafri et al. (2014) examined empirically the effect of organizational excellence on organizational performance. They found that organizational excellence has positive and significant effect on organizational performance. In addition, Antony and Bhattacharyya (2010) examined this relationship of SMEs in India based on data collected from 407 respondents. Their results indicate that organizational excellence and performance could be measured by consolidating variables of performance. Moreover, Ooncharoen and Ussahawanitchakit (2008) investigated the impact of organizational excellence on organizational performance of hotels in Thailand. Their findings showed that there is a positive and significant effect of organizational excellence on organizational performance. From the above discussion, the following hypothesis is postulated to be tested: *Organizational Excellence has a positive and significant effect on Organizational Performance.*

## **3. Methodology**

To achieve the objective of this study, a quantitative methodology approach was applied. A questionnaire survey was used as the instrument to collect data through a cross-sectional research design. Dubai Police (DP) was the source of data from head sections officers as the unit of analysis. Two hundred fifty questionnaires were distributed and one hundred seventy five of them were returned completely filled out, which represents 70% of response rate. Measurements and dimensions have been adapted from existing studies in the literature.

Organizational performance measurements have been adapted from Kaplan and Norton (1992; 2000). Their Balance Scorecard (BSC) has been implemented which contains four dimensions, they are, financial, operation process, customer, and learning and growth. On the other hand, measurements of organizational excellence have been adopted from Pinar and Girard (2008). Three dimensions for organizational excellence were employed, namely, people commitment, customer focus, and innovation. Structural equation modeling (SEM) was used to analyze the collected data and test the proposed hypothesis through SmartPLS statistical software.

#### 4. Statistical Analysis and Results

Figure 1 shows the theoretical framework of this study that depicts the relationship between organizational excellence and organizational performance.

The model of this study only contains organizational excellence as an independent variable and organizational performance as a dependent variable. This study follows the two approaches suggested by Chin (1998) to examine the inner and the outer models. In other words, before testing the hypothesized relationships, the construct validity and reliability of the model should be confirmed.

##### 4.1 The Measurement Model (the Outer)

To test the measurement model, the construct validity was examined through testing the content validity, discriminant validity, and the convergent validity as explained in the next sections.

##### 4.1.1 The Content Validity

The content validity of the construct is examined through factor loadings (Chin, 1998; Hair et al., 2010). Table 1 showed that the constructs are significantly loaded higher with their respective more than other ones. These findings confirmed the content validity of this study.

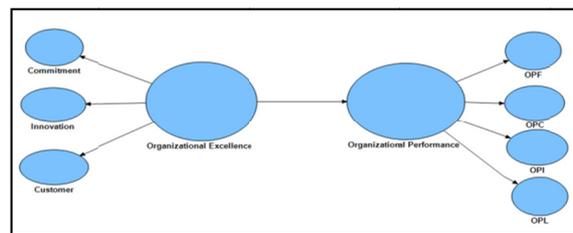


Figure 1. Research framework

Table 1. Significance of factor loadings

Construct	Items	Loadings	Standard Error	T Value	P Value
Commitment	EXP1	0.854	0.011	27.519	0.000
	EXP2	0.862	0.010	31.979	0.000
	EXP3	0.839	0.008	35.855	0.000
	EXP4	0.800	0.011	22.718	0.000
Customer Focus	EXC1	0.927	0.005	66.100	0.000
	EXC2	0.951	0.005	67.384	0.000
	EXC3	0.933	0.006	60.474	0.000
Innovation	EXI1	0.883	0.008	46.517	0.000
	EXI2	0.908	0.005	72.853	0.000
	EXI3	0.910	0.007	53.961	0.000
Finance	OP1	0.866	0.040	14.487	0.000
	OP2	0.740	0.026	11.799	0.000
	OP3	0.762	0.027	13.209	0.000
	OP4	0.799	0.011	25.446	0.000
Customer	OP5	0.824	0.012	24.493	0.000
	OP6	0.830	0.011	30.531	0.000
	OP7	0.777	0.019	17.978	0.000
Internal Process	OP8	0.822	0.013	26.365	0.000
	OP9	0.823	0.013	24.469	0.000
	OP10	0.794	0.011	27.215	0.000
	OP11	0.719	0.014	23.200	0.000
Learning and Growth	OP12	0.771	0.010	31.807	0.000
	OP13	0.803	0.010	31.291	0.000
	OP14	0.754	0.010	25.494	0.000
	OP15	0.869	0.011	30.902	0.000

#### 4.1.2 The Convergent Validity

According to Hair et al. (2010) the convergent validity of the model is the degree in which a set of items converges to measure a specific construct. Therefore, it can be confirmed by examining the factor loading, composite reliability, and the average variance extracted (AVE). Table 2 showed their values which confirm the convergent validity (Loading should be more than 0.70; composite reliability should be more than 0.70; and AVE should be more than 0.50 according to Bagozzi and Yi (1988)).

Table 2. The convergent validity analysis

Construct	Items	Loadings	Cronbach's Alpha	CR <sup>a</sup>	AVE <sup>b</sup>
Commitment	EXP1	0.854	0.860	0.905	0.704
	EXP2	0.862			
	EXP3	0.839			
	EXP4	0.800			
Customer Focus	EXC1	0.927	0.930	0.956	0.878
	EXC2	0.951			
	EXC3	0.933			
Innovation	EXI1	0.883	0.883	0.928	0.811
	EXI2	0.908			
	EXI3	0.910			
Finance	OP1	0.866	0.715	0.833	0.625
	OP2	0.740			
	OP3	0.762			
	OP4	0.799			
Customer	OP5	0.824	0.823	0.882	0.653
	OP6	0.830			
	OP7	0.777			
	OP8	0.822			
Internal Process	OP9	0.823	0.799	0.869	0.625
	OP10	0.794			
	OP11	0.719			
	OP12	0.771			
Learning and Growth	OP13	0.803	0.813	0.877	0.641
	OP14	0.754			
	OP15	0.869			

a:  $CR = (\sum \text{factor loading})^2 / \{(\sum \text{factor loading})^2 + \sum (\text{variance of error})\}$ .

b:  $AVE = \sum (\text{factor loading})^2 / (\sum (\text{factor loading})^2 + \sum (\text{variance of error}))$ .

#### 4.1.3 The Discriminant Validity

This type of validity (discriminant validity), is known as the degree of items can differentiate one construct of others in the model. Table 3 shows that the values in the diagonal line are higher than the other values in the model either in columns or rows. This result confirms the discriminant validity of the model as suggested by Fornell and Larcker's (1981) criterion.

Table 3. Correlation and discriminant validity

Construct	Commitment	Customer	Innovation	OPC	OPF	OPI	OPL
<b>Commitment</b>	<b>0.839</b>						
<b>Customer</b>	0.720	<b>0.937</b>					
<b>Innovation</b>	0.795	0.696	<b>0.901</b>				
<b>OPC</b>	0.606	0.715	0.552	<b>0.808</b>			
<b>OPF</b>	0.626	0.464	0.532	0.491	<b>0.791</b>		
<b>OPI</b>	0.592	0.500	0.690	0.491	0.489	<b>0.791</b>	
<b>OPL</b>	0.618	0.610	0.662	0.704	0.528	0.655	<b>0.801</b>

#### 4.2 The Structural Model (the Inner)

After testing the measurements of the outer model, the next step is to test the inner model by testing the hypothesized relationship in the model. By running the bootstrapping in SmartPLS, the results generated as shown in Table 4. The findings showed that organizational excellence has a positive and significant effect on organizational performance ( $\beta = 0.825$ ,  $t = 35.248$ ,  $p < 0.001$ ) at 0.001 level of significance.

Table 4. Results of the inner structural model

No	Hypothesis	Path Coefficient	Standard Error	T Value	P Value	Decision
<b>1</b>	<b>Excellence -&gt; Performance</b>	0.825	0.023	35.248	0.000	<b>Supported</b>

\*\*\*:  $p < 0.001$ ; \*\*:  $p < 0.01$ ; \*:  $p < 0.05$ .

## 5. Discussion and Conclusion

The purpose of this study is to examine the effect of organizational excellence on organizational performance of Dubai Police. To achieve this objective, a hypothesis about this relationship was proposed to be tested through Smart PLS technique. Based on the findings of this study, the hypothesis was confirmed and the effect of organizational excellence on organizational performance was positive and significant ( $\beta = 0.825$ ,  $t = 35.248$ ,  $p < 0.001$ ). This result is consistent with previous studies that found a positive and significant effect of organizational excellence on organizational performance (Al-Dhaafri et al., 2014; Antony & Bhattacharyya, 2010; Ooncharoen & Ussahawanitchakit, 2008; Pinar & Girard, 2008).

Starting from the results of this study, a theoretical contribution has been obtained. The effect of organizational excellence on organizational performance was rarely examined in the previous literature. This study is one of the few studies that examine the direct effect in this relationship. Most of previous studies were conceptual, case studies, or literature review. In addition, the result also has many practical implications. It will increase the awareness among managers, practitioners, and decision makers about the importance of practicing excellence when implementing strategies in their organizations to achieve the desired organizational performance.

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