

# From Quality Management To Organization Excellence: “Don’t Throw The Baby Out With The Bath Water”

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## Abstract

There is now a ground swell in both business and research communities to reject quality management as a management methodology, declare it to be yet another in the long line of management fads, and seek a substitute methodology. That substitute seems to be organization or business excellence. This paper argues that business excellence, whilst more obviously the business aim, (indeed the purpose of quality management) is really quality management by another name. It is further argued that it would be a strategic error to develop business excellence as a replacement over-arching management methodology without first being clear about what it is that is being rejected. If that is not done business excellence itself will become another (and short-lived) fad. To date quality management has been poorly served by its proponents. After some 20 years of its application in Western business, quality management has no universally accepted description, and no theory. As its third objective this paper suggests that rather than being an ill-defined, and somewhat tarnished, management fad whose use-by-date has expired, quality management (managing for quality of product and service), can, if given a theory, provide the substance necessary to turn business excellence from an abstract (and empty) notion to an operationally useful management model.

## Key Words and Phrases

Quality, business excellence, quality management, stakeholders

## Introduction

If it is true that most of the more serious problems facing quality management as a management methodology stem from its lack of theory, and there is mounting evidence to support such a view (Grant et al., 1994; Reeves and Bednar, 1994; Wilson and Durant, 1994; Watson and Korukonda, 1995; Grant, 1995; Foley, et al., 1997), then it seems at least prudent for those seeking to promote business or organizational excellence as a management methodology to pause and take a close look at quality management, and be clear about what it is that the methodology describes and purports to assist ie., what is the aim and essential features of the contemporary business enterprise. Such an exercise is important for at least three reasons.

*First*, to identify the consequences of promoting a management methodology without describing its theoretical foundation. This is important

because at this time “business excellence” is, like quality management was (and unfortunately remains) when it was first promoted; an “empty box” devoid of theory and little authoritative empirical support. If theory is as important to understanding and effective application as the history of quality management suggests, then the promoters of business excellence (who include this author) have some work to do to ensure that it does not follow the path of quality management and become another right sounding but operationally empty phrase.

*Second*, if managing a business to ensure quality of product and/or service (customer satisfaction) is a defining characteristic of business excellence (as we assert that it is) then an essential task relating to giving substance to business excellence is that of ensuring that any flaws in the methodology widely regarded as dealing with that key business process are

identified and removed.

*Third*, if business is seen as replacing or subsuming quality management it would be useful, to say the least, to have a clear understanding of what is being superseded or left behind and what the contemporary business enterprise looks like. For example, is excellence to be regarded as the business aim, as quality of product/service has been, or as *a* means of achieving a wider aim?

### **Quality Management: A Summary View**

Notwithstanding several decades of vigorous (often-evangelistic) promotion, and a burgeoning literature, (Schumpeter's "a tropical growth" springs readily to mind) quality management is not universally or even widely accepted (Binney, 1992; Brown, 1993), has no generally accepted definition or agreed content (Little, 1994), has not found a place in mainstream Western management literature (Waldman, 1995; Aune, 1998; Foley, et al., 1997; Donaldson, 1995), has failed to deliver promised results (Schaffer and Thomson, 1992; Ackoff, 1993; Brown, 1993; Juran, 1993; Eskildson, 1994; Ahire, 1996a and b), is riven with debate and confusion over the very definition of quality (Juran, 1962; Freund, 1985; Garvin, 1988; Smith, 1993; Reeves and Bednar, 1994; Dean and Bowen, 1994; Hardie, 1995; Boaden, 1997) and presents almost as many faces as there are proponents for its cause (Witcher 1995; Connor 1997).

Addressing the issue of the definition of quality, Reeves and Bednar (1994, pp.419-20) offer the following observation:

A search for the definition of quality has yielded inconsistent results. Quality has been variously defined as *value* (Abbott, 1955; Feigenbaum, 1951), *conformance to specifications* (Gilmore, 1974; Levitt, 1972), *conformance to requirements* (Crosby, 1979) *fitness for use* (Juran, 1974, 1988), *loss avoidance* (Taguchi, cited in Ross, 1989) and meeting and/or exceeding customers expectations (Gröenross, 1983; Parasuraman, Zeithaml and Berry, 1985). Regardless of the time period or context in which quality is examined, the concept has had multiple and often muddled definitions and has been used to describe a wide variety of

phenomena. Continued inquiry and research about quality and quality related issues must be built upon a thorough understanding of differing definitions of the construct. Universalistic propositions describing the relationship among various variables and quality cannot be made when the meaning of the dependent variable continually changes (Cameron and Whetton, 1983), the literature linking quality to outcomes such as market share, cost and profits has yielded conflicting results that are largely attributable to definitional difficulties. Increased understanding of these important relationships will occur only when the quality construct is more precisely defined.

Connor (1997, pp.501-502) illustrates the extent of "the many faces of quality" problem by listing eleven "identifiable approaches" to quality management.

- The TQM element approach, in which organizations use specific methods or tools such as quality teams and statistical process control – typically in the absence of an overall plan or commitment to TQM philosophy.
- The guru approach, in which organizations embrace the teachings of one of the leading quality thinkers-for example, managers attend a seminar, learn about Deming's 14 points, and begin work on implementing them in their own organizations.
- The organization exemplar approach, in which members of an organization visit other organizations that are known for their success with TQM.
- The Japanese total quality approach, in which organizations examine implementation strategies and techniques used by Japanese winners of the Deming Prize.
- The prize criteria approach, in which organizations use the evaluation criteria for the Deming Prize or the Baldrige Award to identify specific areas for improvement. Just as a variety of approaches are used, there is an abundance of definitions of quality:

- A “disciplined way of identifying and solving problems in order to improve performance” (Deming, 1982)
- A ‘conformance to requirements’: discover what the customer wants, train everyone how to accomplish it and then deliver that to the customer on time” (Crosby, 1972. p 116).
- “A customer – based way of doing business; the user of the product or service can count on it for its intended purpose”, Juran and Gryna, 1980, p.1-2).
- “Meeting your customers requirements 100 percent of the time”, (Houghton, 1994).
- “An attempt to rediscover the customer. Decisions at every level are driven by the customers needs and desires, and quality is defined as “what the customer wants”, (Noel, 1995 p.3).
- And my personal favorite: “Quality is when your customers come back and your products don’t” (Naumann and Shannon, 1992, p.44).

Commenting on the use of quality management as a set of tools and techniques the European Commission (1996, p.27) have made the pertinent point that: “It seems to be clear that simply introducing some tools procedures and techniques will not result in ‘competitive advantage’ for organizations.”

Even at this advanced stage of its development/decline it remains unclear whether quality management is simply a collection of essentially independent techniques, a management philosophy, a coherent management methodology, a strategy (in the Porter sense), a theory for managing only the quality of product and service process, or a master theory for managing the entire enterprise – or all of the above. What *is* clear however is that quality management has become a commodity to be differentiated and marketed in whatever way best suits the needs of its promoters (Rura-Polley and Clegg, 1999). Quality management is, at best, in something of a twilight zone, precariously poised between acceptance as a valuable, even indispensable, management technique/model/methodology/theory, and

rejection as a confused (and confusing) collection of slogans, principles, procedures and techniques and just another in a long line of management fads (Huczynski, 1993a and b; Harris, 1995; McConnell, 1995; Foley, et al., 1997; Foley, 2000a and b).[<sup>1</sup>]

The consequences of a failure by early writers and promoters of quality management to demonstrate (as opposed to “assert”) quality to be a rigorous, coherent management methodology, and describe an explicit and reasoned link to business behaviour, have been both pervasive and profound. Among the more serious effects of that neglect/intellectual laziness would be:[<sup>2</sup>]

- Fundamentally different definitions of quality co-existing and being used as though they were synonymous and interchangeable (Garvin, 1988; Tamimi and Sebastianelli, 1996; Hardie, 1995).[<sup>3</sup>]
- Widespread impression that quality management is:
  - just another management program
  - is a quick fix
  - is free
  - requires little effort once it is in place
  - quality management, TQM, quality assurance and quality control are essentially the same (Johnson 1993).
- Almost as many definitions /descriptions of quality management as there are books and presentations on the subject (Harris, 1995).
- Confusion between quality assurance and quality management. That confusion is aided, even encouraged, by the lack of rigour and coherence in the description of quality and quality management. That lack of rigor and coherence has also allowed confusion between parts and the whole and over the difference between quality of the management system and quality of product and service (Crosby, 1979; Wenmonth, 1994).
- Quality identified as an end in itself rather than *a* means of contributing to enterprise success/excellence. (Deming, 1986; Scherkenbach, 1988; Wood, 1997).[<sup>4</sup>]
- Management “ principles” asserted without any demand that they be linked to, or

derived from, explicit assumptions about business behavior - principles, steps and pillars etc have most often been uncritically idealised and uncritically generalised (Clarke and Clegg, 1998).<sup>[5]</sup>

Though Deming (1986, p.97) asserted that his 14 points constituted a “theory of management” no such theory was ever demonstrated. As Anderson et al., (1994, p.472) have put it:

In its current form, the Deming management method contains a prescriptive set of 14 points that serve as guidelines for appropriate organisational behavior and practice regarding quality management. Despite the apparent effect of these 14 points on both the industrial world and the practice of management theory around the world, *there is little evidence of the role of the Deming management method in the formalization and advancement of management theory. Although its impact on management practice is clear, neither its theoretical contribution nor its theoretical base has yet to be articulated.* (emphasis added)

Despite the apparent effect that the Deming management method has had on the practice of management around the world, there is little empirical research support for its effectiveness beyond anecdotal evidence. This in part because no theory describing, explaining and predicting the impact of the Deming management method has been presented to guide the progress of the empirical researcher: neither its theoretical contribution nor its theoretical base has yet to be articulated. Academic attention on the Deming management method has, in fact, been surprisingly sparse (Gartner and Naughton, 1988) the role that this method has played in the formalization and advancement of management theory remains a relatively unexplored issue.

Deming’s energies related to implementation of the 14 points, likewise, have not been expended to espouse or to verify theories. The

purpose of the Deming management method has been and continues to be the transformation and improvement of the practice of management, more specifically, the practice of quality management (Deming, 1986: 18). This purpose has served to propel practice ahead of formalized theory. *We believe that the formalization of the theoretical context of the effectiveness of the Deming management method is essential for improved implementation of these 14 points, and more generally, to the advancement of the field of quality management.* (emphasis added)

As the preceding discussion suggests, quality management has been and remains, plagued by problems (in both understanding and implementation) and criticisms. However, having said that it is pertinent to observe that most of those criticisms, however trenchant and valid, relate much less to the essence or fundamentals of quality management (largely because they are rarely addressed) than to a failure of the vast majority of its descriptions and presentations to give adequate attention to rigor, coherence and definition. As Boaden (1997, p.154) has said:

*The issue of defining TQM has not been given a great deal of attention, with authors tending to adopt the definition most suited to their views, or avoiding the issue altogether.* Many academic texts detail the ‘history’ of TQM, from the post-war quality gurus such as Deming and Juran, the Japanese adoption and extension of quality control (QC) principles, to current models such as the Malcolm Baldrige National Quality Award (MBNQA) and the European Quality Award (EQA), without ever addressing the issue of what TQM is. Some authors believe that TQM as a concept is not new (Burr, 1993) and others promote confusion by mixing descriptions of the ‘concept’ of TQM with details of TQM ‘programs’ (see Witcher (1995) for a useful discussion of this issue). The relationship between TQM and improved business performance is the subject of considerable research at present, although the results are not universally

encouraging (IBM Consulting/London Business School, 1993). (emphasis added)

Confusion about definition is not confined to the TQM field. Dale and Plunkett (1991) discuss the issue of definition related to quality costs and state firmly that:

...without clear definitions there can be no common understanding or meaningful communication on the topic....admittedly there are difficulties in finding generic terms to describe specific tasks or activities having the same broad objectives in different industries....Many people are confused....about quality, finding it difficult to clarify their ideas...I am sure that the problem lies in the contradictory perceptions of quality, which differ according to our background and training...Unfortunately, too many people...do not wish to think about the subject: they prefer ready-made solutions.

For all its claims and myriad of descriptions, quality management is yet to be established as a *theory* of management, and find a place in the objective function of the contemporary business enterprise it purports to assist. Indeed, one of the most serious deficiencies of quality management has been its failure to be clear about the nature of the business enterprise. Although there is and will continue to be vigorous and inconclusive debate about the business enterprise, the following ideas, (often expressed differently and in the language of different disciplines), are widely held to describe the contemporary business enterprise.

- The business enterprise is not “the strange bloodless creature” referred to (and rejected) by Boulding (1950) but a living, learning (cognitive) organism, (Argyris and Schon, 1978; Senge, 1992; De Geus 1996; Clegg 1999), “something organic which intends to survive” (Beer, 1974; Putterman and Kroszner, 1996), “a dynamic open system” (Dunphy and Griffiths, 1998) which exists (in an uncertain and most often
- turbulent environment) to make profits. (Epstein and Birschard, 1999).
- The business enterprise is not simply a bundle of transactions without an effective memory and culture and benefit of feelings; Nor is its legitimacy simply an attribute of organisational existence *per se*; it is constituted or destroyed in and through organisational actions (Clegg, 1999; Albrow, 1997)
- To survive and succeed the business enterprise must satisfy the complex, conflicting, diverse, changing (and unknowable in any precise sense) needs and expectations of each of those individuals or groups (stakeholders) whose withdrawal of support can threaten its existence. (Donaldson and Preston, 1995; Clarke and Clegg, 1998)
- Satisfaction of the diverse and ever changing needs of stakeholders will not always be achieved by competitive action – collaboration and cooperation with “competitors”, and a concomitant alteration of traditional enterprise boundaries will sometimes best achieve stakeholder satisfaction (Rura-Polley and Clegg, 1999; Limerick, et al., 1998; Vokurka, 1998).
- A business is a “nexus of contracts” (Coase, 1937; Jensen and Meckling, 1976) between shareholders, staff, other enterprises (including suppliers and “competitors”) customers, management, government/community, “a connected set of stakeholders” (Freeman and Liedtka, 1991) “that exists at the intersection of a range of interests”; “a node in a complex web of relationships and dependency”, (Nasi et al., 1997) and is an “arena in which resourceful actors strive to organize, even against the organizing of others” (Albrow, 1997)
- To honour its diverse portfolio of contracts, and thereby continue its existence, a business must have a capability to build new capabilities (Francis, 1997; Dervitsiotis, 1998; Liedke, 1999).
- The market environment of the business enterprise is characterised by rapid change, discontinuity and a *tendency toward equilibrium*; but not the equilibrium of neoclassical microeconomics (Richardson,

1960; Jacobson, 1992; Kirzner, 1979). In that context decisions about who are the stakeholders and what are their needs and expectations are taken with less than perfect knowledge.

- A business does not operate within rigid, clearly defined boundaries but rather ecosystems or webs where dynamic interdependencies prevail. (Orton and Weick, 1990; Charan, 1991; Bradley, 1997; Limerick, et al., 1998)
- A business is an enduring instrument of society and a network of competencies and capabilities applied to the task of producing goods and services through *processes* (Deming, 1986; Limerick et al., 1998; Dunphy and Griffiths, 1998).
- The principal resource of business and the main source of competitive advantage is knowledge (Prusak, 1997; Allee, 1997; Nonaka and Takeuchi, 1998). Unlike physical resources, knowledge does not diminish with use (its value increases as it is shared) – *knowledge based enterprises experience increasing returns* (Bradley, 1997; Clarke and Clegg, 1998).
- The successful business is managed as a system (of action) *not* as a collection of parts to be measured or assessed/audited as if they were independent (Barnard, 1938; Boulding, 1956; Deming, 1986 and Limerick et al., 1998).

The remainder of this essay is directed toward establishing quality management in the objective function of the business enterprise by expressing it as a behavior linked *theory*.<sup>[6]</sup> Without such an anchor quality management will continue to drift in a sea of uncertainty and conjecture where a variety (plethora) of principles, points and steps will continue to be seen (and promoted) as theories or the *definitive* quality management.

### A Theory for Quality Management

Of the very many paths to a theory of quality management which might be explored, a variation on the approaches adopted by Anderson et al., (1994) and Dunphy and Griffiths (1998) has particular appeal. Anderson et al., distil “a theory of quality management”

from a comprehensive analysis of quality management literature, and Deming’s “14 Points” in particular. Dunphy and Griffiths propose a model for describing a theory and introduce the notion of the metaphor as an essential element of a business theory. In their attempt to “explain the effectiveness of the Deming Management Method”, Anderson et al., (1994) have made the first (and as yet the most useful) attempt to develop a theory of quality management. However, the Anderson et al., theory is not really “a theory of quality management” – it is, as they describe it, “the formalization of the theoretical context of the effectiveness of the Deming management method”. The Anderson et al., “theory” of quality management was tested in a later study (Anderson, et al., 1995) where it is described in the following terms:

The effectiveness of the Deming Management Method arises from leadership efforts toward the simultaneous creation of a cooperative and learning organisation to facilitate the implementation of process-management practices, which, when implemented, support customer satisfaction and organizational survival through sustained employee fulfillment and continuous improvement of processes, products and services.

Dunphy and Griffiths (1998, pp.6-7), in their examination of theories of organizational change, identified *the elements* of a “fully fledged” theory of change as:

- a basic metaphor, often unconsciously held, of the nature of the organisation.
- an analytical framework or diagnostic system for understanding the organisational change process (why change occurs, what variables are critical in the change process)
- an ideal model of the effectively functioning organisation which suggests direction for change (survival, growth, profitability, etc.);
- an intervention theory and strategies which specify when, where and who to intervene so as to move the organisation closer to the ideal; and

- a definition of the role of the change agent.

The approach to theory construction adopted here follows the Anderson et al., (1994) dictate that the starting point should be a thorough examination of the literature (though our definition of “the literature” extends beyond that normally associated with quality management) but does not accept their position that the work of one author (Deming) can or should be used as the basis for constructing that theory. It is our strongest view that the work of Deming, indeed the entire body of quality management literature is only part of the universe of theory and practice relevant to the construction of a theory of quality management. Similarly we follow the Dunphy and Griffiths suggestion of a metaphor (‘the living enterprise’) but choose not to use either their definition of a theory of quality management or explicitly adopt the structure they use to describe that theory.

Considering the characteristics of the contemporary business enterprise described earlier, it is deduced that in pursuit of long-term success:

***The business enterprise will act to satisfy the needs and expectations of its stakeholders.***

Comparing the characteristics of quality management and the management needs of the stakeholder enterprise it is further deduced that the business aim of long term success will be accomplished if management acts to:

***Optimise quality of product and service to customers, subject to meeting the needs and expectations of non-customer stakeholders.***

Such a theory of management, which is described as a *theory of quality management*, differs from other descriptions of quality management in six important ways.

- Quality appears as an explicitly constrained optimum which may be treated as an end (as is very often suggested – eg., zero defects, continuous improvement) only to the point where the pursuit of that objective encounters diminishing returns or threatens to violate the needs of other stakeholders.<sup>[7]</sup>

- It is expressed as a succinct theory, not as a definition or a set of unsupported “principles”, points, steps etc., which can be, and often are, then asserted (erroneously) to be a theory. The theory subsumes or otherwise incorporates most, if not all other “theories”, principles, steps etc., which have thus far served to define quality management.

- It is consistent with the central tenets of quality management, *and* with an existing (putative?) business theory (the customer value – based theory of the firm (Slater 1997) which has its roots in economics, marketing and the foundation literature of quality management (Feigenbaum, 1963; Deming, 1986; Juran, 1988). The customer value theory has been further developed, in more recent times by Cole and Mogab (1995), Hunt and Morgan (1995), Lengrick-Hall (1997) and Slater (1997).

- It is *unambiguously* and *inextricably* linked to a theory of business behaviour.

- Though not obvious in this brief essay, it draws on the full *range* of quality management literature, (rather than the ideas of one writer – eg., Deming) *and* a significant (but far from comprehensive) body of thought in economics (particularly the theory of the firm), management, psychology and marketing.<sup>[8]</sup>

- It ensures that a distinction is drawn between the nature of the enterprise (its aim, multiple stakeholders) and what management is required to do to continue its existence. The theory of quality management is management response to the search for an abstraction or model to deal with a task which is too complex to be otherwise comprehended and performed.

The theory of quality management is deduced from the demands made by business enterprise stakeholders and empirical evidence that multi-stakeholder businesses who have “put the customer first” (and use the principles, procedures and techniques of quality management to achieve that end), whilst at the same ensuring that the needs and expectations of other stakeholders are also met) are more successful (profitable/sustainable) than those not adopting quality management (Hausner, 1999a,

b and c). That assumption has empirical validity, is testable and has also been corroborated, although not yet to the extent necessary. Although the theory of quality management, at least as it is described here, is silent on a number of important issues (eg., how management finds the balance between competing stakeholder interests, how it establishes what those interests are or how it reports its plans and actions to stakeholders) it does importantly emphasise the notion that *all* management action occurs via a process and brings with it a comprehensive set of procedures, techniques and tools for reducing process variation. The theory of quality management also establishes, with little room for doubt, that the pursuit of quality of product and service is a *strategic* focus.

## Concluding Remarks

This essay has sought to demonstrate that a definition of quality management which meets the conditions necessary for describing it as a management philosophy (Kaplan, 1964; Hempel and Oppenheim, 1948) and a theory (Phenix, 1958) can be *derived* from a widely accepted model of the business enterprise. That being the case quality management is clearly much more than a collection of principles, procedures and techniques and cannot be dismissed lightly. Not only can the process of managing for quality of product/service be described as a theory, and thus profoundly different from a 'grab-bag' of techniques, it also appears to offer *an architecture* within which most other theories/objectives/strategies can be accommodated – *one such theory/objective/strategy is organization or business excellence.*

## Biographical Note

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## Endnotes

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[<sup>1</sup>] Criticisms of quality management, particularly those relating to the plethora of often quite different descriptions and interpretations, should not be taken to deny that there has emerged a general agreement in a good amount of the literature on its key characteristics (Seraph et al., 1989; Greene, 1993; Sherwood, 1993; Easton, 1993; European Commission, 1996). However, although such agreement is an important advance it does not tell us whether those characteristics represent the descriptions of a collection of techniques, or a theory of management. Shin, Kalinowski and Gabor (1988, p.10) ask:

Is the TQM age over? Is it indeed a passing management fad? Or, is it a revolutionary concept making fundamental contributions to the improvement of quality and business performance? Despite the potential benefits of TQM articulated by quality gurus and consultants, and despite anecdotal success stories, the high failure rates (60%-67%) quoted in the literature have made many companies believe that TQM has not been delivering on its promises.

Why then has TQM been failing? Even though some critics argue that TQM is a faddish concept created on a flimsy footing, many published reports proved otherwise. It is generally accepted that when TQM has failed, it is not because there was a basic flaw in the principles of TQM, but because an effective system was not created to execute TQM principles properly. Nevertheless, since the implementation of TQM requires unwavering organizational commitment, substantial time and effort, and drastic changes in organizational culture and business practices, it is important for companies to clearly understand what it takes to succeed and achieve high performance.

[<sup>2</sup>] Hermel (1997, pp.135-36) has looked at quality management in the 1980's and observed:

The failures of total quality management have allowed for an examination of their cause and made Europeans think about their quality programs in a different way. The mistakes of the 1980s. Initially, it was a common held

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belief in companies that major innovations such as quality program could be easily implemented by selectively applying procedures and duplicating programs of the past. This belief led to some of the following mistakes:

- First mistake: to neglect the process itself, centring only on the pursued content.
- Second mistake: to express the 'goal' in terms of 'customer satisfaction' without coming to a clear or unanimous definition of the term (Grossman, 1994).
- Third mistake: to neglect the role of actors. The programs have often been conducted in a very mechanical way (Sandelands, 1996), applying certain given rules, and without committing the different categories of the companies internal actors.
- Fourth mistake: to forget strategic choices; to guide 'at first sight'. The quality programs can lead to doing well what must not be done. Thus, one can be very efficient and not effective at the same time.
- Fifth mistake: to lack creativity; the approaches in the 1980's were mainly focused on fixing what was bad rather than actually rethinking completely certain practices.
- Sixth mistake: to believe in a direct link between total quality and performance. TQM is not in and of itself a quality generator. It requires important implementation costs (Hermel, 1989a) and particular conditions for success in order to yield a return on investment.
- Seventh mistake: to ignore the existence of 'intangible' conditions for success for success often more important than the visible working conditions. Thus, an open culture, the situation of actors and the commitment of top management (Powell, 1995) can be essential factors.
- Eighth mistake: to apply a method directly (and only of one type: be it Juran's, Deming's or Crosby's, etc) without adapting to the context and without researching other combinations more appropriate to the company (Roehm et. al., 1995).
- Ninth mistake: to create elite's of quality 'specialists' and making them a different species set apart from the rest of the company and provided with the monopoly of truth. The result is a negative reaction on the part of the other actors.

[<sup>3</sup>] Krishnan, et al., (1993, pp5-6)) offer the following comment on the issue of different definitions and interpretation.

The multiplicity of quality initiatives was reflected in the variety of responses elicited by the question: What does quality mean to you? Among the articulated concepts of quality were the following:

"Integrity of numbers." "Conformance to the checklist." "Free of installation problems." "Defect-free incoming materials." "Meeting customers' requirements to the full." "No functional defects." "On-time writing of programs." "Following the design rules without deviation." "The design matches the corporate standards." "Error-free software." "100% on-time delivery." "Performance of the final product as per specifications." "Design of the future." "Thinking of customers." "Customer satisfaction."

Our interviews at Northern Telecom revealed an even greater variety of quality measures than of quality goals. Among the measures which were reported by our interview sample were the following:

"Time spent on value-added activity." "Communication effectiveness." "Clarity of procedures." "Conformance to checklist." "Database accuracy." "On-time shipments." "Number of suppliers." "Reduction of obsolete inventory." "Functionality as per design specifications." "Control over vendors." "Robustness of design." "Time spent on problem solving." "Variety of training programs." "The measured index of customer satisfaction." "Defects per unit." "Defective units as a percentage of total units produced." "Percentage of systems that failed in use." "Comparison of achievements against our quality plan." "Number of packages shipped out."

On the issue of definition it is instructive to consider the comments of Walter Shewhart (1931, p. 37 and 53):

When we analyze our conception of quality, we find that the term is used in several different ways. Hence, it is essential that we decide, first of all, whether the discussion is to be limited to a particular concept of quality, or to be so framed as to include the essential element in each of the numerous conceptions. One purpose in considering the various definitions of quality is merely to show that in any case the measure of quality is a quantity, which may take on different numerical values. *In other words the measure of quality, no matter what the definition of quality may be, is a variable.* (emphasis added)

If we are to talk intelligently about the quality of a thing or the quality of a product, we must have in mind a clear picture of what we mean by quality. Enough has been said to indicate that there are two common aspects of quality. One of these has to do with the consideration of the quality of a thing as an *objective* reality independent of the existence of man. The other has to do with what we think, feel, or sense as a result of the objective reality. In other words, there is a *subjective* side of quality. *For example, we are dealing with the subjective concept of quality when we attempt to measure the goodness of a thing, for it is impossible to think of a thing as having goodness independent of some human want.* (emphasis added)

[<sup>4</sup>] Whilst in fact one of many means to the end of achieving enterprise success, the theory of quality management presented later, shows that quality can be treated, *as if it were an end in and of itself*, but only if the actions to

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improve quality do not violate the need to also satisfy the needs and expectations of other stakeholders – ie., quality is a constrained optimum.

[<sup>5</sup>] A striking feature of much of the literature on quality is that the efficacy of the various descriptions/definitions of quality management is either not questioned or assessment is made against some other description, or amalgam of descriptions which themselves have never been questioned in any rigorous fashion. Rarely are descriptions of quality management set against the behaviour, and management needs of the business enterprise – which is the only *meaningful* reference point for evaluation of any management aid or theory. It is most revealing of the nature of the quality movement that it took until the mid 1990s before anyone questioned Deming's assertion.

[<sup>6</sup>] Thinking about the foundation elements of quality management, examining the many descriptions of it as a theory (and finding that none meet the accepted definition of a theory) and agreeing with Anderson et al., (1994) and Grant, et al., (1994) that quality management does have a theory, has brought an appreciation of the difficulty of theory *construction*. Constructing a theory involves describing (and preferably explicating for the examination of others) the vision from which the theory develops as well as the observations or feelings that allow the often not able to be articulated vision to be expressed as a theory.

The difficulties referred to here are not offered as excuses for deficiencies in theory construction in this essay but rather to emphasise that it is one thing to posit the existence of theory of quality management but quite another to construct and corroborate it. For further discussion of these issues see Parkhe (1993).

[<sup>7</sup>] The pursuit of ever higher levels of quality may be curtailed for reasons unrelated to constraints set by other stakeholders eg., the perceived optimum may be achieved before any other stakeholders constraints are met or diminishing returns may set in.

[<sup>8</sup>] It is no coincidence that Cole and Mogab (1995) two of the few writers on quality management who have implicitly drawn on that same collection of "disciplines" has reached a conclusion very similar to that being put here. The business theory developed by Cole and Mogab to explain the behaviour of their CIF's (Continuous Improvement Firms) is the customer value theory described above. Describing their model they note:

"We should not doubt, however, that over time, more and more firms will approach the ideal type CIF.

The argument that the competitive edge goes to the firm that can provide best met customer value is decisive, regardless of the industry or the firms distance from the ideal type" (p 252).

Further illustrating the similarities between their business model and that now represented in this essay by the theories of business behaviour and quality management Cole and Mogab explain:

Within the CIF paradigm the stockholders interests do not predominate but instead balance against the interests of other corporate stakeholders (e.g., customers, suppliers, employees). The financial institutions, as the primary stockholders, prefer reinvestment of profits for long-term growth and stability rather than short-term increases in dividends and capital gains..... As a result, corporate management is free to pursue the corporation's long-term development without interference from the stockholders unless confronted with a crisis. ...Consequently, increased emphasis is placed on the interests of other stakeholders. The CIF management generally takes a paternalistic attitude toward the employees' interests and places them on a par with the stockholders' interests.

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