

TRACING THE EVOLUTION OF QUALITY MANAGEMENT: LESSONS FROM THE DEVELOPMENT OF STRATEGIC MANAGEMENT

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Introduction

Quality management has reached an impasse in its development. It is now consigned to be a management tool compared to the strategic advantages for which it was heralded (Wilkinson and Wilmott, 1995). The initial stages of the development of quality management delivered huge saving and improvement in output quality, but competitors found these easy to copy. The second major phase of the evolution of quality management was to a total quality management (TQM) philosophy. This emphasised a team-based culture and employee empowerment. Research has shown that this also has failed to deliver. Management and employee commitment to teams, and the control and organisational structure for these teams, has floundered in the face of external cost competition (Snape et al., 1995). TQM has become associated with cost cutting and reducing employee and middle management numbers rather than with quality improvement. Clearly, the quality management concept needs to be moved forward.

Strategic management has gone through a similar crises in its development. It had promised competitive advantage to the firm but fell short of expectations in its delivery. Many authors predicted its decline. However, it re-emerged to become stronger by focusing on its intent and avoiding adherence to any one school of thought. Quality

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management now too needs to move to a further stage in its development. This stage involves emphasis on the people-side of quality management and on its philosophic underpinnings. The article begins with a review of the development of strategic management concentrating on its recent development as this is where most insights can be gained for quality management. The evolution of quality management is also traced. When this is completed the development of the two streams of thought will be compared and lessons for the further development of quality management will be drawn.

Evolution of Strategic Management

The evolution of business planning into strategic management has been traced from its origins to the present by authors such as Gluck, Kaufman and Walleck (1980); Evered (1983); and Whittington (1993). They describe the evolution of strategic management from its origins in military history and financial budgeting to the current day concept of a strategically-focused organisation. This article will expand on the more recent development of the strategic management concept as its origins have been previously well documented. Our purpose is to draw lessons from its evolution to provide insights to break the impasse that has developed in quality management practice. We maintain that quality management has gone through a similar evolutionary process to strategic management and now needs to parallel its current stage.

Table 1 provides the authors' classification of the modern development of strategic management. Its development is placed into three categories based on five criteria. Each of these categories will be explored in this section. An equivalent categorisation of the development of quality management will be outlined in the next section. The first two phases have been labelled in previous work by, for example, Taylor, (1986); Grant (1995); and Anon. (1995). The integrative phase, where the current authors believe most work on strategy is taking place at the moment, is a pluralistic and multiparadigmatic approach to strategy. The characteristics of each phase of strategy development were developed by the authors and reflect the major components of the strategy concept (philosophy); strategy development (actors, formulation, structure, time horizon); and strategy implementation (link to operations).

TABLE 1: THE EVOLUTION OF STRATEGIC MANAGEMENT

Characteristics	Phases		
	<i>External Orientation</i>	<i>Internal Orientation</i>	<i>Integrative Orientation</i>
1. <i>Philosophy</i>	Rational analytic	Process	Strategic thinking and pragmatism
2. <i>Actors</i>	Professional	Cultural	Stakeholder partnership
3. <i>Formulation</i>	Deliberate	Emergent	Recognises both
4. <i>Organisation structure for strategy development</i>	Centre	Middle and line managers	Senior managers lead participative structure
5. <i>Time horizon</i>	Long term	Long term	Ongoing
6. <i>Link to operations</i>	By diktat	Bottom up	Strategically focused organisation (bridge)

External Orientation

External oriented strategic management is where the strategy development process focuses on forces external to the organisation. Organisations who concentrate on this type of strategy consider customer and competitor analysis as the keys to strategy. The approach is rational analytic - analysis of the environment and development of a "fit" or "position" for the organisation in it. Key techniques for competitor and customer analysis are applied and competitive strategy decisions are then made. The main actors in this process are the professional planner, consultant, or manager, as specialised knowledge is perceived as fundamental to the process. It is a deliberate stage-based process epitomised by the works of Porter (1980; 1985; 1996); Henderson (1989); and Ansoff (1991). The organisation structure for this type of strategy is based around the division of the

firm into value/cost centres and a positioning of the firm within a particular industry. The time horizon is long term as business direction is being considered and implementation of plans is very much by diktat as the strategy is not developed with the involvement of all the organisation's members. There are many advantages to this externally focused strategic management, especially, its objectivist stance. However, it can miss sources of advantage within the organisation and be difficult to implement. Further, Hamel and Prahalad (1989) argue that it concentrates on existing resources of present competitors. As a reaction to this type of strategic management, an internal stream of strategy development evolved to emphasise organisational values and processes as central to strategic management.

Internal Orientation

The internal orientation of strategic management received its impetus from the Peters and Waterman's (1982) case studies of companies who were deemed to be successful on the basis of their management of the soft-side of strategy. Its philosophy has been articulated by Mintzberg's (1987) notion of strategy as a 'craft' which models strategy as an intuitive people-centered activity. It is process-based rather than rational analytic. Strategic advantage can be found by leveraging the resources within the organisation (see, for argument, Hamel and Prahalad, 1989 and Mockler, 1995). With the mixed fortunes of many of the companies in Peters and Waterman's original book, and the environmental factors driving the shape of the business enterprise, a sound analytical component to strategy also seems necessary. Strategy formulation in the internal perspective emerges from the organisation. Strategy is developed in a cultural setting, or to use Granovetter's (1985) terminology, is "embedded", with organisation values, norms and members' expectations playing a key role. Lower levels in the organisation become central to how strategy is developed. In this view, strategic management is long term but may also take a long time to change because of the priority given to the expectations of current employees and managers in the process. The main advantage of this approach to strategic management is that it is linked to operations as it is a bottom-up approach. However, its main disadvantage is that it can limit itself to a cosy internal view of what is required in the future. Bringing the external and internal views together is the current challenge for strategically-led organisations. Companies must avoid sticking rigidly to either approach or getting caught in the fashionable technique of the moment to emerge from

either view. They have to be guided by a set of principles which bring a strong external and internal orientation.

Integrative Strategic Management Orientation

One of the main themes common to all strategic management theorists has been the emphasis on strategic thinking (Porter, 1987; Mintzberg, 1994; Koch, 1995). This focus has often been on the narrow objective external or subjective internal orientation of the evolutionary stages outlined. Drucker (1988) and Kanter (1989) described the challenges in managing strategy in a knowledge-based organisation, and in a global environment. No one view of strategy can dominate when faced with such challenges. Therefore, there is a need for pragmatism that facilitates organisation creativity in approach and action. Top managers lead this process by empowering their workforce and demystifying strategic analysis. Strategy is balanced by concentrating on all stakeholders to the firm. This stakeholder partnership, described by Kay (1993), tries to bring all the key actors on board in developing strategy. The by-word for strategy formulation is involvement of all partners as they have a stake in the company's future. The organisation becomes a strategically-focused one. The boundaries between divisions and functions are organised around strategic activities which facilitate a multidisciplinary approach to management. Strategic management becomes an integrative bridge between the participants and their action. Strategic management is ongoing and pragmatic, constantly addressing the assumptions of the organisation and its environment which is made emphatic by the survival needs of all the main stakeholder groups: customers, employees, shareholders, financiers, managers, suppliers. Quality management can learn from this stage of the development of strategic management. It must break free from its internal and external orientation to become an integrative element of a firm's strategy.

The Evolution of Quality Management

The evolution of quality management to date is outlined in table 2 and will be described in this section. Essentially, quality management has moved through two distinct phases. The first, which we term "external orientation", sees quality as the rational analysis of, and setting standards for, quality problems and practice. The second phase was founded on a concern for the softer-side of quality management as

being instrumental to successful implementation. We term this "internal orientation". This article argues that quality management needs to move to another stage which integrates both these approaches.

TABLE 2: THE EVOLUTION OF QUALITY MANAGEMENT

Characteristics	Phases	
	<i>External Orientation</i>	<i>Internal Orientation</i>
1. <i>Philosophy</i>	Rational analytic (targets)	Process
2. <i>Actors</i>	Professional	Employees
3. <i>Formulation</i>	Deliberate	Emergent
4. <i>Organisation structure for strategy development</i>	Management	Team
5. <i>Time horizon</i>	Current performance	Current problems
6. <i>Link to operations</i>	By diktat	Cell-based

External Orientation

The first phase of the development of quality management was a rational-analytic one running parallel to the first phase of the development of strategic management. According to this perspective, the quality of a product was assessed in terms of its conformance to a predetermined set of specification (Crosby, 1979; Deming, 1986; and Juran, 1986). The setting of quality standards was deemed to be a prerogative of management. For example, Deming (1986) proposed a fourteen point strategy for achieving zero defects. This deliberate approach to the formulation of quality strategy was matched by an underlying view that quality management initiatives could be implemented in a step by step fashion by the dictums of management. This approach to quality management did bring improvements in the quality processes of organisations. However, it also led to an increase in costly monitoring procedures, and was found to offer little

competitive advantage as firms could easily imitate the achievement of any quality management programme. In an effort to reduce these deficiencies, the second phase envisioned an approach to quality defined in terms of its totality and its ownership by employees. Quality management had entered its second phase of development.

Internal orientation

The internal orientation emphasises a process view of quality. Goffee and Scase (1995) stress the role of the employee as a significant actor in the quality management process. No longer is quality solely the functional preserve of the quality manager. The development of this, team-based, structural approach to quality, therefore, required a shift from management strategies of direct control to responsible autonomy. Team commitment and organisation for quality operations in autonomous cells, or quality groups, became common in manufacturing and service firms. However, this approach also led to difficulties for managers who felt that they were losing control over the direction of quality programmes, and for employees who felt they were deriving very little benefit from the new roles that they had assumed within the organisation. This article suggests that quality management can learn from strategic management through paralleling its current stage of development. This cannot happen without a fundamental change in attitudes by all the participants in quality initiatives (Legge, 1995). The current authors suggest six lessons from the integrative phase of strategic management can be usefully applied to the development of quality management.

The Next Phase for Quality Management: Integrative Orientation

To move to an integrative orientation quality management could usefully borrow and learn from the current state of evolution of the strategic management concept. Strategy's current state of development was described in Table 1 and its six characteristics will be applied to the development of quality management in this section.

1. Quality Philosophy

The quality concept will have to embrace strategic thinking. Both the prescriptive and the process approach are not enough on their own. In future, the quality management philosophy will have to be rigid enough to achieve definable goals but these goals will have to be de-

veloped with employee involvement and subsequent sharing in the results of any achievements. This is a view reinforced by Partlow (1993), who has argued that human resource practices are a necessary subtext of TQM practices: the management of human resources must move from a narrow personnel function to a broad leadership function. In fact, the quality concept at a strategic level must include thinking about the quality of relationships between management and employees and between them and the outside participants in the quality process. It is only at this level that quality can achieve the promise heralded for it by the total quality management concept.

2. Actors

Managers and employees must both be involved for integrative quality management to be achieved. In accepting the change in thinking which is occurring in the strategic management literature, the leaders of the quality revolution need to understand that successful implementation strategies depend on real partnership within organisations. The diversity of human skills within companies make initiative, creativity and entrepreneurship possible assets that can be harnessed for quality. These human skills can only be captured by partnership that is real. Partnership means gains for both parties involved. Too often this is overlooked in the implementation of quality systems. This point is particularly relevant within an Irish context. Research by Monks et al. (1996) showed that participative initiatives had resulted in increased involvement and communications. However, only 15% of respondents indicated that there were fewer control systems under newly introduced quality management programmes. These authors' research illustrates the problems inherent in the effective implementation of quality management in organisations and the clear need for partnering approaches.

3. Formulation

Developing quality management processes and systems should encompass involvement of both the managers and the workforce. According to Guest (1992) this level of involvement requires trust on both sides. This won't happen overnight. Initially, small projects can be started until commitment by both employees and managers to a new type of relationship is established. The change in managerial attitude must come from the top for it to be successful. Middle managers will not be believed unless action is demonstrated at a higher

level. The authors don't underestimate the challenges involved in this culture change.

For many organisations, a climate of fear drives quality initiatives. Closures, job losses, extra responsibility without extra pay are the main drivers behind quality programmes. Quality management that is integrative can't be "grafted" onto the organisation. Management would earn greater respect if they were up-front. It is possible that integrative quality management is quite context specific and will not work within some cultural environments.

4. Organisation Structure for Developing Quality Management Policy

Only too often lip service is given to participation. Who wants to let employees set the agenda and outline the objectives? After all what is the role of management? Strategic management is grappling with these questions and there are no easy answers. The nature of managerial work is changing and so too must the boss-subordinate relationship. Companies who can lead here may be able to gain significant marketplace advantage. We are not suggesting that all employees favour a participatory structure. Many assume it is more work for less pay. For example, Marchington (1992) found that middle managers and supervisors have not universally welcomed the introduction of quality initiatives in organisations. The problem is that there is a basic ambiguity in TQM in that while managers seek commitment and co-operation from employees, increased control is a cornerstone of TQM. This perspective has to be reconciled if integrative quality management is to work. The lesson from strategic management is clear: there is a need to closely align human resource considerations with overall strategic concerns in the achievement of quality objectives.

The case for involving employees in the implementation of quality initiatives has been made previously. The arguments presented here are in line with developments within the literature which increasingly emphasize the requirement to examine in more detail the challenges, and associated difficulties, with employee involvement in quality implementation (Lawler, 1992; Wilkinson, 1994; Simmons et al, 1995). As Guest (1992) points out, quality is inextricably linked to human resource considerations for a variety of reasons: because of the importance of a committed workforce to the achievement of quality goals; because the effectiveness of a quality initiative is highly dependent on management's treatment of the workforce; and, because quality

with its emphasis on commitment and involvement implies a high-trust organisation.

5. Time Horizon

Quality management is driven by either current performance or current problems. It is obvious from the previous points that it also needs a longer-term horizon on which to build. It has to become an integral part of overall company strategy. In particular, it must have a set of values and goals which drive it forward. It may, in time, cease to become a function as it is embedded in the culture of the organisation. Quality is seen by many as a philosophy. We suggest that the philosophy should encompass internal organisational relationships. These are at the heart of the success or failure of many quality initiatives. This broadened perspective of quality management requires a longer-term horizon.

6. Link to Operations

Integrative strategic management is linked to implementation through a strategically-focused organisation. Strategy becomes the bridge between organisation purpose and action. Quality also can act as a bridge between operations and many functional areas if it is seen as conceived by the current authors. It can link management and human resources to operations. If quality strategy is value-based, human assets within the organisation can be better tapped. The management of these assets can be developed through training which in turn will lead to greater quality of relationships and operational results.

Integrative quality management also can have an external focus. Customers and supplier will become involved as quality programmes that encompass these relationships are introduced. Quality management can link with supply chain management and marketing when its context isn't limited by lack of managerial and employee commitment. A wider partnering approach to quality management is argued by Pruett and Thomas (1996) and is supported in the general management literature by authors such as Wikstrom and Normann (1994) and Kanter (1994).

Conclusions

This article aimed to bridge the current impasse in the evolution of the quality management concept. Views of quality management have

been polarised between those who view quality from a rationalist (external) orientation and a softer (internal) perspective. Clearly, both views have a contribution to make. This is demonstrated by paralleling the development of the quality management concept with that of strategic management. The concept of quality management, from the current authors' perspective, needs to be broadened. It must incorporate a set of values which encompass the totality of relationship between the major quality participants. The starting point may be in examining these relationships.

A case for an integrative view of the quality management concept is made. This change involves a sea change in attitudes by management to the quality process. It cannot be effectively implemented without a total commitment in word and deed by management. Seeing quality as another tool to generate more productivity won't work. A real partnership between managers and the workforce is necessary. Workers have to be involved in setting the quality agenda but also in benefiting from its results. Ownership means contributing to, and receiving rewards from, a process. Workers who make significant changes to the way they work and in their roles and responsibilities have to get something back. Tangible rewards from projects, either monetary or otherwise, must be received. Involvement and participation are fine words but can only be implemented through commitment and specific actions of management.

Co-operation for quality in services and product businesses can have many benefits. Real ownership can lead to higher levels of employee motivation and bridge the mis-trust that accompanies so many quality initiatives. By equipping workers with the necessary skills and capabilities, they are in a better position to develop strong cross-functional links and provide high quality service in response to customer demands for greater flexibility. They are also more productive, being motivated by a sense of involvement with the organisation for which they work. Customers and suppliers will benefit by employees actively seeking their participation in quality initiatives. Developing a new approach to quality management parallels the challenges of managing a modern strategically-focused organisation.

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