O utside certain conditions, TQM is likely to be dysfunctional and can reduce the overall effectiveness of the organisation.

Total Quality Management: Panacea or Pitfall?

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The total quality management (TQM) movement appears to be gaining more converts than management by objectives (MBO), quality circles or any of the management "practices" of yesteryear. Its appeal lies in the fact that it seems to offer a systematic approach to improving the strategic and operational performance of the organisation, an approach which appears attractive to accountants, marketers and production managers alike. Indeed, many enterprises are instituting organisation-wide TQM programmes which link the various functional disciplines in a unified effort to improve performance.

When examining TQM, it is easy to see its wide appeal. Essentially, it embraces the core philosophies of good strategic management. Boyett and Conn[1] define it as "... a customer-focused, strategic and systematic approach to continuous improvement in quality, service and even innovation". What more could a manager want from a strategic process?

And yet, some doubts about the efficacy of the approach emerge. These concerns stem from findings such as that the process addresses efficiency before effectiveness, the approach ultimately creates an inward looking organisation, and the implementation programme in itself does not guarantee long-term higher productivity levels.

The purpose of this article is to explore the assumptions and elements of TQM so that we may come to some conclusions about its usefulness in different situations. Firstly, we will look at the underpinning premises and assumptions of TQM. Secondly, we will consider the key working characteristics of the approach, and the benefits it could bring to organisations. Thirdly, the major drawbacks and problems associated with TQM will be analysed. In our view, this is an area that has not received the attention which it warrants in popular writings — hence our attempt to balance the discussion by examining some of the myths surrounding TQM. Finally, we will conclude by evaluating the efficacy of TQM in particular situations.

TQM as a Way of Learning

Bawden[2] describes TQM as an ethos of learning about continual improvement. As such, it can be seen to represent a new way of thinking about the way in which we manage the organisation. This way of thinking has a number of key explicit assumptions namely:

- everyone has responsibility for continuous improvement;
- everything is subject to change in the pursuit of excellence;
- there is no compromise in the search for total quality;
- quality is defined by the customer;
- excess costs are caused by poor quality;
- top management must drive the change process;
- employees must be trained in the process and participate fully with commensurate levels of responsibility and accountability[3].

From this we can conclude that the major premise of TQM is that it is part of an organisation-wide philosophy which seeks to continually improve the organisation's performance. In addition, it stresses that everyone has a role to play in a process that is ultimately driven by top management. So far, so good. What, then, are the potential problem areas?

In overall terms, no one could argue with the validity or appropriateness of these assumptions. On the surface, they make a lot of sense. However, our point is that in the actual *implementation* of these assumptions and principles, a number of *implicit* assumptions are usually made. It is these implicit assumptions which need to be understood if the approach is to be as useful as it is made out to be.

We shall now turn our attention to the implementation of the TQM approach inside organisations.

TQM in Action

Proponents of TQM point to the many benefits of the approach. A review of the literature reveals that these include:

- a goal-setting process which is externally focused, usually on customer needs;

- an awareness of practices in the external world which helps in overcoming a reluctance to change on the basis that it "can't be done" (particularly applicable to benchmarking);

- true measures of productivity;

- development of and improvement in competitiveness;

- a systematic, steady and continuous improvement in performance through most parts of the organisation[4,5].

By and large, these benefits are perceived to result from the following actions and strategies:

- *Measuring performance from the perspective of the customer* — researching customer needs and benchmarking practices against industry leaders.

- *Moving from management to leadership* — increasing the level of employee participation in decision making to obtain commitment, initiative and high levels of motivation.

- *Restructuring and downsizing* — restructuring into smaller, flatter, leaner and more focused organisational units to increase organisational effectiveness and productivity, making the units more directly responsive to their markets.

- *Increasing the information flow to employees* — giving employees sufficient information to allow them to make as meaningful a contribution as they might, assuming that increasing the information flow means that they are more likely to understand decisions that affect them, and therefore will perform better because they understand the impact of this performance, and will contribute more effectively to problem solving.

- *Tying pay to performance* — remunerating employees by linking varying proportions of their total pay to the performance of the work units, departments or businesses with which they are associated, assuming that productivity and output are enhanced when employees benefit directly from their contributions.

- *Empowering employees* — creating self-managed units or teams which monitor and control their own performance, assuming that these units and teams are more responsive to customer demands and

needs, and that most information required for problem solving exists at the coal-face.

In this way, TQM is presented as an organisation-wide, participatory management process which aims to continually seek improvements in a range of organisational activities. Its introduction and subsequent change process are management-led, and its successful implementation encompasses a number of significant changes in organisation design, systems and processes, not the least of which is a substantial shift in the whole philosophy of management in the organisation.

TQM is an approach for implementing strategy □

Why then, are there doubts about its efficacy as a process for strategy implementation? What are the limitations, of which management needs to be aware?

The Myths of TQM

As indicated earlier, the major reservations which we have about TQM relate to the *hidden* assumptions implicit in the approach when it is implemented within an organisation. We will herewith describe these as *myths* that exist about its universal applicability, and offer our interpretation of their fallacy.

Myth 1: Strategy Implementation is a Neutral Process

Like MBO, quality circles and team briefing, TQM is an approach for implementing strategy. Our research in the area of strategic fit (see previous articles which address the issues of "Strategic Alignment" and "Market Logics"), as well as the extensive research in the strategy/structure debate, point strongly to the fact that performance is optimised when the strategic *plan* and its *implementation process* are closely matched[6,7,8].

In other words, for every type of strategy, there is a matching implementation process including structure, systems and management styles. If these implementation processes are misaligned with the strategy, performance will deteriorate. Therefore, it is incorrect to assume that implementation processes are neutral, that is, can be applied across the board. It is also incorrect to assume that the use of TQM to implement strategy (or improve performance) can be used in a wide variety of strategic environments.

TQM assumes that strategy is best implemented in a participative, self-regulating way with all employees having a role to play in decision making and problem solving. While this is appropriate in incremental, evolutionary environments where innovation and improvements can be likened to fine tuning and refining, it is not so applicable in fast-moving, fragmented environments with low levels of interdependence. Similarly, highly creative and flexible solutions are rarely generated in participative, process-oriented environments, which thrive on individualistic and ideas-oriented cultures — a far cry from the environment provided by TQM.

All customers are entitled to ''good'' service □

What we are saying here is that TQM is *not equally suitable* for all strategy types. Furthermore, that using TQM may even result in a deterioration of performance, particularly when its underlying assumptions are at odds with the strategy. Further explanation of the appropriateness of TQM is provided later in this article.

Myth 2: TQM Improves Customer Focus

TQM is often introduced as a means for improving the organisation's service to its market and customers. A popular notion is that ''everyone has a customer'', which has rightly led to the understanding that organisations, by definition, have both internal and external customers.

On the surface, this has beneficial consequences. An accounts department might have an internal customer in the production department, while the sales department has external customers who ultimately buy the enterprise's products or services. Both the internal and external customers are entitled to ''good'' customer service, and to having their needs fulfilled by the relevant supplier.

In fact, TQM institutionalises the approach whereby all suppliers in an organisation systematically improve their performance relative to their customers' needs, thus theoretically enhancing customer service and focus.

We would argue that the notion of an internal customer needs to be more closely examined. While it is true, in the above example, that the production department consumes the service provided by the accounts department, the only customer who pays for this consumption, in real terms, is the external customer. In fact, the *external* customer is the *rationale for the existence*

of the organisation. A customer-focused organisation surely means that the primary focus is satisfying the needs of external customers?

In introducing TQM and the internal customer concept, the organisation aims to balance its focus between internal and external customers. It would be rare that the internal support functions did not focus primarily on internal customers, while the external boundary-spanning functions (like sales and marketing) addressed the external customer. This potentially results in two serious drawbacks for the organisation:

(1) The organisation does not primarily direct its efforts to external customers. Instead, it attempts to balance the external customer needs against the internal customer needs. This can lead to undue competition for resources, and hence a dissipation of focus and diminished organisational effectiveness.

(2) The sales and marketing activities are often left to the boundary-spanning functions. This often results in a ''compartmentalised'' organisation, where the responsibility for marketing is not shared by the whole organisation. Only parts of the organisation have an external customer focus.

Myth 3: TQM Improves Overall Organisational Performance

One of the central premises of TQM is that performance may be improved by continual measurement and external comparisons. Benchmarking is the exercise of comparing existing internal practices with those of other organisations. For example, a manufacturing organisation may compare aspects of its production and accounting practices with those of other organisations in similar or even different industries.

The objective is to achieve the ''best practices'' in all the measurable activities in the organisation. The assumption is that the performance of the organisation will be improved if the performance of all its constituent parts is improved. As we see it, this assumption has two fundamental flaws in a modern, complex organisation:

(1) Complex organisations, made up of a number of interdependent parts, cannot be optimised by maximising the combined performance of the constituent parts. This maximisation can lead to a sub-optimal solution for the whole system.

Optimising a complex system, made up of interdependent components, necessitates a ''top-down'' approach. The broad architecture of the systems must be clearly established as parameters for optimisation of the components.

TQM is inherently a bottom-up approach. Although ideally driven by top management, the process

actually works by allowing employees to incrementally make adjustments to their own processes and standards in order to optimise their particular work area. This bottom-up optimisation can often result in a sub-optimum solution for the whole system.

(2) Benchmarking and other ''best practice'' activities result in an ongoing, incremental ''improvement'' of the organisation's strategic design. (Strategic design refers to the configuration and functioning of the organisation. It encompasses structure, systems and processes.)

Strategic design should reflect an optimum balance between the desired strategic outputs and the basic principles of organisation dynamics and culture. By continually importing practices from outside, and transplanting them inside the organisation, this balance will be disturbed.

Organisations are not just a collection of practices and processes. They are holistic collections of assumptions, values and behaviours. The introduction of ''best practices'', therefore will not necessarily improve the overall performance of the organisation. It may improve the performance in one subsystem, but at a significant cost to the whole.

Myth 4: TQM Institutionalises Innovation and Self-renewal

Because TQM aims to continuously improve the various processes and practices in the organisation, we often assume that it provides a means for assuring that innovation and self-renewal occur.

The notion of organisational learning is useful here. Senge[9] points out that learning is a process which allows an organisation to innovate and self-renew, and thereby to increase its repertoire of strategic behaviours. However, there are two types of learning which usually occur side by side in organisations, and we should take care to distinguish between them:

● *Single-loop learning* refers to the process of fine tuning or refinement. It occurs within systems, and may be likened to the self-regulating mechanism by which a refrigerator maintains a constant temperature. In this scenario, improvement occurs incrementally, and the system continues to believe in its own longevity. In other words, single-loop systems are unable to evaluate their own continued existence, and to suggest that they themselves are obsolete.

● *Double-loop learning* refers to the process of questioning the validity of one's own assumptions and existence. It occurs *outside* the system, and

is therefore capable of quantum changes rather than the incremental adjustments under single-loop learning. It may be likened to the owner of the refrigerator questioning whether the device is the most appropriate means of keeping his food at a constant temperature.

The essential differences between the two are the *participative* processes that occur *inside* the system in the single-loop type, and the more *individualistic* processes occurring outside the system in double-loop learning. Because TQM uses essentially single-loop learning, it is really only capable of incremental, adjusting changes. These are *not* the innovative, self-renewing changes which managers seek when they consider the ongoing alignment of their organisation with a turbulent, changing environment.

Innovation and self-renewal are not incremental behaviours. They require quantum shifts which are not typically associated with highly participative, systematic processes. In fact, as the view on double-loop learning suggests, it requires bold decision making, usually from a perspective *outside* the system. This is *not* a capability which arises from the implementation of TQM processes.

Reconsidering the Application of TQM

We have suggested that TQM is not as universally applicable as much of the literature suggests. Our analysis points to TQM as:

Table **I.**   *Appropriateness of TQM*

Situations where TQM is appropriate	Situations where TQM is not appropriate
Conditions	
Low competitive intensity	High competitive intensity
Low strategic risk	High strategic risk
Markets	
Mature	Developing, new
Augmented products	Innovative, changing products
Competitive thrust	
Long-term customer relationships	Creative, innovative exploitation of markets
Operational efficiency	Aggressive sales and promotion
Technology	
Well-known processes	Unknown processes
Strategy formulation process	
Slow	Fast
Cautious, conservative	Flexible, risk taking
Incremental	Quantum

- a strategy implementation process, being suitable for strategies that require a meticulous, systematic and highly collective form of implementation;

- a means to produce a balanced, rather than focused, organisation design which accords all customers inside and outside the organisation a similar status;

- capable of improving performance within subsystems, but not necessarily capable of optimising the whole system;

- as a means to institutionalise incremental improvement and fine tuning, but not as an appropriate means for inducing innovation and self-renewal.

Despite these shortcomings, the processes of TQM can be extremely useful, provided that we understand their *appropriateness*. Appropriateness is a notion that is consistent with the concept of *strategic fit*.

In the same way as certain strategies are appropriate only in certain competitive environments, strategy implementation processes should be matched to competitive environments and strategies. In our next article on this subject, we will develop a comprehensive model that describes the different attributes of implementation processes, and links these systematically to different competitive environments and strategies.

In concluding this article, we will point out the areas where TQM is appropriate (see Table I).

From this analysis we can see that TQM is particularly appropriate in markets where suppliers are able to develop long-term relationships with customers, and so lower the strategic risk of competition. TQM is also useful in situations where the major competitive thrust is operational efficiency, and strategy is formed in a participative, cautious way where improvements are largely incremental. Outside of these conditions, TQM is likely to be dysfunctional and can reduce the overall effectiveness of the organisation.

Conclusions

TQM is neither a panacea nor a pitfall. It is a highly evolved approach to strategy implementation which produces favourable results if used appropriately. We should curb our desire to find a universal "fix-all" approach to strategic management, and instead, develop a contingency view which links the appropriateness of solutions to their context.

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