ISO 9000, TQM AND CENTRAL EUROPE

Martin Mizla
> University of Economics Bratislava, The Faculty of Business Administration Košice ,
> Slovak Republic

ISO 9000 specifically and TQM generally are one of paradigms of the end of 1990s. An approach of the Central European managers to quality management is described in the article.

Several premises hidden beyond managerial thinking make obstacles to successful implementation of ISO 9000, mainly beliefs to commands, obsolete centralized organizational structure, different kinds of management protection from responsibility, lack of conceptual information about TQM, short term goals, and inability to create a new company culture focused to prevention. Reasons are discussed in the article. Significant shift in training of managers must be made to obtain necessary skill and approach to people – generally, in shift of their mental models and company culture.

The small economies of Central European countries (CEC - The Czech Republic, Hungary, Poland and Slovakia) can survive only by exporting their goods. Exporting is seen as one of the ways to obtain more money to increase efficiency of the economy and to buy new technologies which finally leads to a higher ability to compete world-wide. On the other hand, customers want to be ensured that the level of quality of produced goods is stable. Stability is usually checked via the transparency of the management system as well as its ability to reproduce internal processes and procedures constantly every-time. The above mentioned points have forced Central Europeans into deeper thinking about quality management and ISO 9000 (ISO).

This article is based on results from two PHARE projects: (i) the PHARE/ACE[1] research project which was carried out in Slovakia and Poland as pilot CECs in 1994-1996, and (ii) the PHARE/TEMPUS[2] academic project which was carried out in Slovakia 1995-1998 in Slovakia. The PHARE/ACE project was based on action research and visual anthropology in Polish and Slovak companies, as the pilot countries, together with a comparison of the British and Dutch culture of quality management. The PHARE/TEMPUS project was aimed at the preparation of studying materials, mainly "live" case-studies from Slovak companies, for Slovak universities in the field of quality management.

There are three main kinds of industrial companies in CECs: (i) transiting former huge state companies, (ii) branches of foreign multinationals and (iii) domestic companies with partial ownership of foreigners. The article deals with the first kind of companies only.

---

[1] *International Research Grant PHARE/ACE FIT: Facilitating ISO Training. No.: 92-0220-R.*
[2] *International Structural Joint European Project PHARE/TEMPUS ISO Standards in Slovak University Education (ISSUE). No.: S_JEP-09155-95*

Operational environment

Companies in Central Europe operate in a very difficult environment due to very strong political and economical changes. The years 1989-1990 were the watershed which changed many usual rules and flows:

- The CMEA, as the common body of communist countries (and also CECs) for economical cooperation with its protection of the market, was abolished,

- the war conflicts in the former Yugoslavia and the disintegration of the former USSR led to the loss of secure and huge markets,

- the opening up of internal economies and a free price policy led to the loss of the monopoly of domestic producers and strong competitive pressure by foreign producers,

- the domestic currencies were devaluated which was an advantage for exporters but also a disadvantage for importing of know-how and technologies,

- the problems with the primary and secondary insolvency rocketed to a very high level without the existence/application of a bankruptcy law,

- very fast changes in political and economical legislation,

- very often changes of owners.

The sudden and unexpected large changes similar to turbulence create a chaotic environment for the CECs and their management. It forces the top-management of any company to focus on short-term operative tasks and survival activities. Long-term strategic and tactical tasks are therefore only declared but not fully realized by top managers. *Changes in ownership* create only very short-term groups of top managers which can not create its consistent internal culture. Due to that, the company culture is created by more stabilized formal or informal groups of employees, but these groups do not have enough decision power and potential of changes. *Insufficiency of time, money[3], and skill* generally and for the application of ISO in particular leads to minor and insufficient changes combined with a misunderstanding of ISO.

Vague projections of quality management and ISO

CEC companies very quickly distinguished the strategic impact and importance of ISO for their existence and development in the future as can be seen in Tab. I. They are trying to concentrate money, personnel and effort for ISO implementation and certification. The whole process is painful for them due to the environmental changes mentioned above and their internal obstacles in management thinking. Several observances of this type follow.

Moving of costs towards CEC

One of the ISO ideas is the cost and responsibility transfer for delivered materials and subparts from a customer to a supplier. CEC companies, acting mainly in the role of the suppliers, view this also as a protection act which makes their production more expensive (i.e. less competitive).

ISO produces quality higher

---

[3] *Lack of money is visible today by thinking of managers about realization of post-certification audits.*

ISO is not a tool for systems description, but a tool which automatically accelerates the pursuit of quality. Thanks to ISO, quality is increasing and the future is "bright".

Changes in the organizational structure are sufficient

Quality assurance can be solved by the easiest way – by creating a new box for the quality manager at the top level of the organizational structure. S/he has general responsibility, but usually no direct power, to install the quality system in the company.

Tab. I: Number of ISO 900x certificates

Country	Sept. 1993	June 1994	Dec. 1995	Dec. 1996	Dec. 1997
Czech Republic	18	47	180	368	746
Hungary	23	125	309	423	1 341
Poland	1	16	130	260	669
Slovak Republic	5	11	59	135	404
World	46 571	70 364	127 353	162 704	226 349
Europe	37 779	55 400	92 611	109 961	144 924
Europe without UK	9 683	18 575	40 016	56 874	88 236

Source: http://www.iso.ch/presse/7.pdf (11 Feb. 1999)

IS can cover real intentions for changes

Generally, changes are inevitable in all CEC companies. ISO, very elaborate and attractive words with a not very clear meaning for subordinate the work-force, is used to cover all kinds of desirable changes which are not based on and demanded by ISO itself in reality.

Quality can be controlled only by specialists in technology

The quality system is seen in case of its failure as the system of inspection and as the need for a quick repair in the production line. Thus, quality managers are people with a perfect knowledge of technology but with a very weak knowledge of human motivation and rules for working with soft-systems.

Quality is the task for work-floor manpower and inspection

The manpower is highly educated and trained to improvise in solving any problem. The presence of a higher manager obviously is not needed. It is the task for inspection to secure non-conforming final products and the task for marketing to find a potential customer for them.

The first observance is a relict of the bipolar World. The application of the same rules related to ISO for all suppliers, without a distinction in the country of their origin, have almost suppressed this kind of thinking. Misunderstanding of ISO causes the observances 2 and 3. The last three observations are based on the managerial philosophy of the previous era – i.e. taylorism, dis-

tancing of managers from the work-floor, and repeated responsibility for particular and specific jobs and tasks as a way of protecting and isolating of top and middle management from the work-floor.

The managerial premises beyond the observations

The observations are only presented effects and ideas which are visible at first glance. But these ideas are based on some managerial premises which are the real causes of the surface. They remove the need for more detailed analysis of managerial ideas and ways of thinking.

The main managerial premise can be described as a belief that *commands*, thanks to the existing organizational structure and educated and skilled workforce, can solve everything. The first step is, as is declared by ISO, the creation of company's Charter of Quality together with slogans, but it is made as a formal step towards starting a more and more formalized campaign for quality. The first real and active step is changing the company's *organizational structure* as the only visible act which top management can perform. What is more, the new organizational structure has the same basic rules as the old one – strong centralization with only cosmetic changes through the creation of a new branch for quality representatives at the top level.

In the minds of CEC managers, commands, an efficient organizational structure, flowcharts viewed only as blueprints of processes, and workforce with its adaptability and flexibility – all secure enough space for maneuvering to fulfill any order of the customer. But, the *repeated responsibility* still exists. The issue then is what kind of direct feedback can be used to inform parallelly and immediately all managerial levels and responsible managers about existing non-conformity and who can/must act to solve any problem. The result of diffused responsibility is that nobody acts quickly and effectively because nobody is responsible. Time delay, costs and the number of unsatisfied customers then increase enormously.

ISO is seen as a tool which must increase quality of the same products produced by the same technology immediately after its implementation. There is *no distinction* between ISO and TQM in the managers' mindset, and the both are seen as equal and the same. This leads directly against the basic ideas of ISO – clarification of the visibility and transparency of the managerial system and production processes. Thus, the main effort must be made in the stage of ISO implementation and in the training of ISO techniques. Thinking, in the minds of managers, is important in the technical way of hard-systems thinking in order to solve problems with implementation/certification. Development of people – leading towards total quality thinking – is not today's task for them. This means that technical orientation is the way leading towards rapid success. People are still replaceable and investment into their intellectual development, teamwork training and ability of effective communication is a waste of time and money.

The last, but not least, important managerial premise focuses on the quality of the final product through quality *inspection* and *process control*. All defective products must be disclosed and checked thanks to very precise statistical control, and only this kind of managerial system is the best. While on the one hand there is a strong believe in the creativity of the work-force, on the other hand there is a strong mistrust that work-force can work on the bases of prevention and without or with minimal inspection. Thus, the whole managerial system is more repressive than preventive. Repression leads to stronger bi-polarization between workforce and managers; and we are then back again at the starting point of the cycle.

Conclusions

Chaotic environment and ossified managerial thinking mentioned above leads CEC's companies to the following conclusions:

1. Massive *training* is very important for CEC managers. It is not sufficient to train work-power or operational management – the training must be focused on top and middle management. They are the leaders and should be coaches in times of change. The training should be oriented towards the development of the general *management skill* which is common in the West.

2. *People* must be taken to the *account*. Quality is based on people – their attitude and way of thinking – and for people. Without them, any technical standard or way of assembling documentation cannot lead to higher quality generally and in the area of ISO particularly.

3. Inspection and control are only the first two steps towards TQM. The main goal should be *prevention*, and the whole managerial effort should lead towards that. Switching towards prevention needs not only a trained staff and work-force but also strong changes in the managerial culture of CEC companies. *Changes in culture* is a long-term complex activity which cannot be carried out without company's clear vision, awareness of mission and without the focus of the top management to strategic tasks.

Bibliography:

CHECKLAND, P.B.: Systems Theory, Systems Practice. John Wiley and Sons Ltd., Chichester 1988, 6th edition, 330 p.
HEWINS, R.T.: Dynamic Modelling Systems: An Introduction. *Quality - Innovation - Prosperity*, 1/96, pp 8-19.
ISO: http://www.iso.ch
KREITNER, R.: Management. Houghton Mifflin Company, Boston 1989, 4th edition, 699 p.
MIZLA, M.: ISO 9000: System or Philosophy? *Quality - Innovation - Prosperity,* 1/91, pp. 55-59.
MIZLA, M. - LETICHE, H. (ed.): Predpoklady zavádzania ISO 9000 na Slovensku. IBIS Publishing, Košice 1996, 90 p.
MIZLA, M.: TQM v procese zmien. Oriens, Košice 1999, 143 p.
PAULOVÁ, I.: We Don't Need to Have Fear of Internal Audits. *Quality - Innovation - Prosperity*, 1/96, pp 50-53.
ZGODAVOVÁ, K.: Competetive Benchmarking for succeessful Private Enterprise. *Quality - Innovation - Prosperity*, 1/96, pp 20-26.

Kontaktní adresa:
Martin MIZLA, Ing., CSc.,University of Economics Bratislava
The Faculty of Business Administration,
Tajovského 13, 041 30 Košice, Slovak Republic
☎ +421 956223814, fax: +421 956230620
e-mail: mmizla@phf.euke.sk

Recenzovala: Ing.Ilona Obršálová,CSc., Katedra veřejné správy, FES, UPa