<**Book Review**>

Title: The Quality Business: Quality Issues and Smaller Firms

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1. About the Book

The Quality Business: Quality Issues and Smaller Firms by North, Blackburn, and Curran (1998) is a research report on how small firms manage quality. The original impetus for the research was to answer the question: Why don't more small firms adopt the formal quality management standard BS 5750? A small firm is defined as having from one to 49 employees. BS 5750, better known internationally as ISO 9000, establishes specific requirements a company must meet to become publicly certified (registered) as having a good quality management system. The main thing required by ISO 9000 is that a company document its procedures. The idea here is that by documenting its procedures, a company will have a very good understanding of how it operates and can begin a program of continuous operational improvement. See Austenfeld (1996) for a fuller explanation of ISO 9000.

The authors are all associated with Kingston University located in the greater London area. As they became more involved with answering the above "why" question, they realized there might be value in exploring not only the why but, more broadly, the "what" of small firm quality management. That is, they soon discovered that in examining the reasons for not adopting ISO 9000, they were being exposed to a wealth of knowledge about how small firms view and manage quality; knowledge that would be useful to others interested in small firm operations.

Accordingly, the researchers undertook a comprehensive survey of 150 small firms in the following seven sectors (the number of firms and percent of total are shown in parentheses):

- *Manufacturing*
  - Electronics (18/12.0%)
  - Printing (16/10.7%)
- *Services*
  - Advertising, marketing, design (17/11.3%)
  - Computer services (26/17.3%)
  - Employment agencies (15/10.0%)
  - Garages (auto repair) (34/22.7%)
  - Plant and equipment hire (24/16.0%)

All 150 firms were contacted by telephone and, to provide more substance to the "quantitative" telephone information, 10 firms were selected for in-depth, face-to-face interviews. These latter firms were selected in such a way that a broad range of quality management approaches could be thoroughly examined; these ranged from those businesses with no intention of implementing ISO 9000 to those that had. The book devotes a chapter to each of these research stages: the 150 "quantitative" telephone interviews and the 10 "qualitative" in-depth case studies.

However, before reporting these results, the authors provide a most enlightening discussion of just what the word "quality" really means. I say enlightening because they quickly dispel the notion that quality is something absolute that "everyone knows." This, they contend is the way quality is often assumed to be in the literature. As opposed to this "static" view of quality, they conclude that quality is "dynamic, changing, and unstable" and define it this way:

> ...quality is socially constructed and negotiated. In other words, quality is

> specific to any particular context. It will be the outcome of a complex set of influences ranging from the interests, knowledge and bargaining power of particular groups (managers, customers, shareholders, employees, the state, pressure groups etc.) to market effects resulting from the competition (and especially its impact on price) and the availability of other relevant products or services. (pp. 42–43)

To further aid their ability to accurately describe how small firms manage quality they developed the following framework:

- Informal methods of quality control:
  - *Simple informal methods*. Those based on rules-of-thumb; nothing systematic.
  - *Complex informal methods*. Those based on some sort of system developed by the firm on its own.
- Formal methods of quality control:
  - *Second party assessed methods*. Those based on a standard dictated by the firm's customers or suppliers.
  - *Third part assessed methods*. Those based on a standard dictated by an organization whose primary purpose is quality assurance. This is the ISO 9000 case.

As a result of the telephone interviews it was found that "... the vast majority (just under 90 percent) of [the small firm] owner-managers, operated informal methods of quality control [N = 130]. Further, three-quarters (74.9 percent) stated they had no intention of adopting or (much less commonly) were unaware of BS 5750 [i.e., ISO 9000]" (p. 83). Given this information, the authors then sought to learn why these owner-managers believed their informal methods were adequate and to learn more about these methods. The authors assumed the reasoning of these owner-managers "... is usually (though not, of course, always) rational, informed and market effective for their businesses and their survival and prosperity" (p. 84). That is, the authors are not trying to convert small firm owner-mangers to ISO 9000 (as so much of the quality literature tends to do). Instead, they want to better understand these informal methods, the "logics" behind their use, and if, in fact, they did seem to adequately meet the quality needs of the firms.

Chapter 5, drawing on the "qualitative" data from the 10 in-depth case studies addresses these issues. As for the validity of the "logics" behind the use of these informal methods:

> The analysis revealed a variety of logics behind the quality management strategies used by owner-managers. There was little evidence that the management of quality was random or poorly conceived. The strategies were usually clearly thought out, detailed, based on careful assessments and owner-manager's experiences. (p. 111)

As for the adequacy of these methods from the owner-managers' point-of-view: "Overall, most believed strongly that the quality management strategies they had developed for their businesses were effective and more effective than a third party controlled standard could be" (p. 112).

In examining these informal methods the authors further found two broad categories: proactive procedures and reactive procedures. The proactive procedures are those taken before the product or service is delivered. For example hiring the right kind of person, appropriate supervision, and training. The reactive procedures are those taken during or after delivery; usually in the form of informal customer feedback. By far the proactive recruitment and supervision procedures emerged as the most important.

As far as why the firms using informal methods (N=130) chose not to implement ISO 9000, following is a list of these reasons along with the percentage giving that reason as the *main* reason:

- Not relevant 26.2%
- Costly 29.2%

- Bureaucratic 17.7%
- Time consuming 19.2%
- Other 1.5%
- No response 6.2%

Obviously most of the owner-managers felt ISO 9000 was either not relevant to their operation or too costly.

However, it is interesting to note that of the 130 firms using informal methods almost one-third (N = 33) were considering or intending to adopt formal methods. These are the reasons given, again as the *main* reason:

- Procedural advantages 21.2%
- Marketing image 33.3%
- External pressure 39.4%
- Other 3.0%
- No response 3.0%

Although several believed adopting ISO 9000 would probably bring about an improvement in their procedures or how their customers view them, most gave external pressure as the main reason. "External pressure" usually meant adopting it because not to do so would cause customers to go to a firm that had. These results tend to reinforce the idea that these small firms are, for the most part, happy with their quality management system, be it simple or complex informal methods, and only if forced to because of external pressures would they "go formal."

The final thing looked at by the authors (Chapter 6) was the 20 firms in study who had already implemented or were currently implementing ISO 9000[1]. This list shows the *main* reason given by these firms for adopting the standard:

- Procedural advantages 45.0%
- Marketing image 20.0%
- External pressure 25.0%

1) Actually, two of the 20 firms were using second party assessed methods.

- Other 5.0%
- No response 5.0%

The authors rightly caution against reading too much into these results as owner-managers often had multiple reasons for adopting formal methods. For example, although 45 percent gave procedural advantages as their main reason, 75 percent gave it as at least one of their reasons. Similarly, while only 20 percent listed marketing image as a main reason, it was mentioned by 80 percent as one of their reasons.

Chapter 6 continues by considering in detail the implementation of ISO 9000 in these 20 firms in terms of the objectives, constraints, methods of implementation, registration[2] and post-registration experiences, and outcomes in terms of effects on costs and efficiency. Although there were no clear-cut answers to the question "did registering for BS 5750 [ISO 9000] actually enhance the quality of the firm's goods and services ...?," the authors conclude that implementation success tends to depend on a couple of things:

- The motivations and attitudes of the owner-managers. For example, if the owner-manager sincerely wants to improve *procedures*, certainly ISO 9000 will help. However, the relation between ISO 9000 implementation and cost/efficiency improvements is less clear.
- The difficulties of defining/implementing a formal quality control strategy in particular sectors. This is especially true for very small firms (say, under five people) with limited resources.

In pulling together all they have learned in this study, the authors conclude that for most small business owners "the minuses outweigh the pluses when BS 5750 [ISO 9000] is compared with the quality management strategies already in place ..." They go on to say: "This is not to say that small firm owner-managers are infallible

2) When a business implements ISO 9000, it must pass an audit by a recognized audit agency. Once this audit of its quality management system is passed, the firm becomes publicly registered as having met the requirements of ISO 9000.

on what are the most effective quality management strategies for their enterprises. But on the basis of the research presented in this book, the indications are that small business owners are largely correct in their assessments" (p. 168).

Given this conclusion, the authors suggest the following polices:

- Develop a means of collecting and disseminating information about new and effective small firm quality practices.
- With government support, fund experiments on quality management strategies.
- Stress quality strategies in public sector education and training for those going into small businesses (e.g., the hotel and restaurant sectors).
- Support the establishment of quality standards that are oriented towards the small firm.
- Do more education of the general public as to the existence of quality standards and what it means when a firm has been certified to such a standard.
- Subsidize small firms when they are competing with larger firms for contracts in either the public or private sectors. This will level the playing field by enabling them to begin using quality standards without incurring unduly high costs.
- Offer inexpensive or subsidized audits of small businesses' quality management procedures to test their effectiveness. These audits could be provided by trade or government small business support organizations.
- Develop "market profiles" of the sectors where small firms are highly represented to show which quality management strategies are best suited to those markets including future markets just coming on-line. The authors suggest the British Department of Trade and Industry (DTI) develop these profiles but an equivalent organization could do this in another country.

2. Assessment of the Book

The book is extremely well researched with numerous references to other related studies about total quality management (TQM) and quality as practiced by small businesses. Perhaps the best thing about the book is the fresh look it takes at quality. In particular, the thoughtful analysis of just what is meant by quality in Chapter 2 deserves study and critique by all in the quality business since it takes complete exception with the usual concept of quality as something absolute and commonly understood. Another thing which may well single this book out as unusual is the approach taken vis-a-vis ISO 9000 (or BS 5750 as the authors call it). That is, the book doesn't try to "sell" ISO 9000 as being what is best for everyone. Instead, the authors have taken an objective look at the world of small firms in Britain and, seeing that many of these firms haven't embraced ISO 9000, have asked why. Another thing which should prove useful for further study in this area is the informal methods and formal methods framework the authors developed (described above) to talk about the types of quality management strategies used by small firms.

In general, the book has merit because of the great amount of information that the study has uncovered about how small businesses view and practice quality. Besides this great amount of data, often summarized in the numerous tables, the book concludes with excellent summaries of each of the 10 companies that were used for the in-depth case studies. Each of these summaries provides a brief profile of the company and then describes the type of quality strategies being used and how the owner-manager feels about the adequacy of those strategies. A reading of these case study summaries provides a wonderful insight into the thinking of small businesses about quality and, often, about other operational matters too.

If I were to find any fault with the book it would be to suggest it is a bit redundant. However, I would rather see the authors err on the verbose side and ensure their points are made than the other way around. I also felt they might have cited some references that suggest ways that small businesses can more easily adopt ISO 9000. For example, McTeer and Dale, 1995, and Wilson, 1996. And finally, I got the impression that the authors were almost equating being registered for ISO 9000 with having a good TQM program. In fact, ISO 9000 is really only one part, albeit an important one, of a good TQM program.

In conclusion, however, I believe the authors have tapped into an extremely important area for investigation considering the importance small firms play in most, if not all, economies. For example, as stated in the book, small firms account for over 97 percent of all business in the UK and generate over a third of UK business turnover and provide almost seven million jobs (1996 data from DTI). Anyone with an interest in small businesses and/or the implementation of quality practices in businesses will profit greatly from this book.

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