Critical success factors for quality management implementation in Russia

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Background

Quality management in Russia was established during the time of the Soviet era, where traditional quality control methods were widely adopted as a basic management tenet in managing old-fashioned manufacturing departments. In the 1980s quality systems such as ISO 9000 started to emerge, and were implemented for the first time in a number of Russian companies (Dickenson et al., 2000). During that time, comprehensive sets of technical standards were maintained and institutionalized by the State Committee of the Russian Federation for Standardization and Metrology (Gosstandart, 2002), which was established to develop the standardization of products, services, and any type of works from Russian industries (Hill and McKay, 1986). Despite the spread of quality management techniques that has taken place in Western Europe, quality management and its implementation is just beginning in Russia today (Eklof and Selivanova, 2000). Total quality (TQ) management will play an increasingly important role as companies operating in Russia compete in both the domestic and global markets.

Russian National Quality Award (RNQA)

In order to promote quality management in Russia, the Russian National Quality Award (RNQA) was established in 1996 by the Government of the Russian Federation (Secretariat of National Quality Award of Russia, 2002). The RNQA framework is modeled after the European Foundation for Quality Management Business Excellence Model, with modifications to suit Russian social and economic conditions (see Figure 1).

Critical success factors

Russia’s unique social and economic transformation has impacted quality training, implementation, and management. The following is a discussion of critical success factors that are required for successfully managing companies operating in Russia. The areas of focus are on the following:

- leadership;
- quality planning;
- employee development and satisfaction;
resources, technology, and processes; and customer satisfaction.

Leadership
Business leaders in Russia are faced with complex domestic market changes, competitive forces from international markets, and problems of low quality products (Birch and Pooley, 1995). Few Russian managers possess the skills necessary to effectively lead their organizations towards attaining quality goals and objectives (Longenecker, 2001).

Studies of Russian managers by various authors (e.g. Bollinger, 1994; Naumov, 1996) have discovered that the Russian management culture is characterized by high power distance, low tolerance to uncertainty, and high appreciation for collectivism. The high power distance culture among the Russian people, combined with a high uncertainty avoidance, has resulted in a "pyramid-shaped bureaucratic structure" which is both formal and centralized (Bollinger, 1994). Ardichvili et al. (1998) remarked that a significant percentage of Russian business people displayed autocratic leadership styles, and preferred to make important decisions without consulting their peers or subordinates. They shouldered most of the responsibilities of running their companies, with little or no feedback from their workers (Puffer, 1994). The Russian autocratic leadership style is not supportive of the new quality management philosophy, which advocates encouraging employee participation and feedback for improving quality at all levels, as well as the use of employee empowerment strategies.

Various case studies were done to identify the leadership characteristics that Russian leaders and managers have to adopt for more effective total TQ implementation. Longenecker (2001, p. 102) identified the following leadership traits for the new Russian economic era:
- technical business skills;
- conceptual skills (e.g. the ability to make decisions and solve problems);
- interpersonal skills (e.g. social and communication skills); and
- personal leadership qualities (e.g. drive and persistence).

Other researchers have highlighted the importance to "have self-confidence in making decisions under uncertainty", as well as "drive, ambition, energy, and tenacity" (Puffer, 1994, p. 47, 49). Russian managers have to also introduce flexibility and flatter structures into their organizations. Most importantly, top management must have the willingness to set up advanced systems and techniques for TQ implementation (Radovilsky, 1994).

Quality planning
Strategic planning in quality management is just beginning in most East European countries. This is the case with Russia. Russian managers are more comfortable operating within a strict delineation of control.
and conformance. This is as opposed to the Western approach of flexibility and innovation. Dickenson et al. (2000) argued that the latter is needed for enhancing quality management and improvement activities. The consequence is that strategic planning in Russia is fraught with obstacles and challenges. This is particularly so in view of Michailova’s (2000) finding that Russian workers display strong resistance to change.

Several researchers have noted that one of the problems with the Soviet economy was that it placed too much emphasis on production schedules and too little on product quality (Radovilsky, 1994). The priority that an organization places on quality has a direct impact on quality performance. Companies that accord quality as a top priority would tend to produce higher quality products (Ishikawa, 1985). For the case of Russia, planning for quality must be performed taking into account the following factors:

- Preparing the workforce to face changes and new challenges.
- Shifting emphasis from traditional modes of quality control and conformance to TQ implementation at every level of an organization.
- Creating a strong focus on customer-driven goals.
- Involving all departments and employees to contribute to and improve quality.
- Introducing flexibility and innovation.

Senior managers furthermore need to communicate the organization’s vision and goals to everyone (Michailova, 2000), as well as stress the importance of taking action in implementing and maintaining the quality management system (Puffer, 1994).

**Employee development and satisfaction**

The Russian labor market has been inefficient and many companies operating in the country are faced with big challenges in recruiting skilled employees. Radovilsky (1994, p. 49) reported that: “For over 70 years the Soviet system created a type of worker with a low level of interest in the quality of productive work, with no real participation in organization improvement, and psychologically indifferent to all innovations”.

In the traditional Russian work culture, freely expressing opinions and suggestions was viewed as being too outspoken and is considered inappropriate (Michailova, 2000). This has hindered employee participation and feedback.

Fey et al. (1999) and Dickenson et al. (2000) identified the following needs for human resource transformation and development in Russia:

- The need to pay more attention to skills development.
- Companies have to learn to view employees as valuable assets rather than as costs.
- The awareness of the workforce concerning modern quality management concepts should be increased.
- The necessity for implementing efficient worker feedback systems.
- The need to develop an appropriate quality culture (phasing out the old culture).

Although production workers are in a good position to suggest how to improve the quality of their output, the lack of worker interest in many companies was found to be part of quality-related problems in Russia (Birch and Pooley, 1995). However, Puffer (1994, p. 52) stressed that "the notion that all Russian workers are stupid or lazy is nonsense!". The challenge lies in creating inspiration, enthusiasm, and motivation for getting employees interested and involved in quality-related activities. Since Russian society demonstrates a high appreciation for collectivism (Naumov, 1996), organizations should make use of teamwork, sharing of knowledge, mutual benefits, and group rewards to enhance TQ practices.

Fey et al. (1999, p. 78) argued that the most important factor in retaining employees was "showing them that the company was committed to Russia and that there was room for them to advance in the organization". Employees should be well informed about their roles and be told what is expected of them in contributing to the organization’s quality goals (Michailova, 2000). This will make it easier for them to understand their jobs as well as carry out their tasks. Puffer (1994) remarked that all Russian employees would work hard if they are rewarded appropriately and if there is mutual respect and trust between themselves and their managers. Trusting relations between bosses and employees is found to be one of the
factors that boost work morale and employee satisfaction (Bennis and Powell, 2000).

**Resources, technology, and processes**

Many Russian companies lack capital to purchase sophisticated equipment such as robots, flexible manufacturing systems, and computers (Radovilsky, 1994; Puffer, 1994). This is added to the fact that many current manufacturing systems were inherited from the Soviet period and are mostly outdated and operated based on tight rigid production schedules with little room for flexibility and quality improvement (Radovilsky, 1994). In fact low product quality results in low productivity, as well as higher levels of rejects and waste. In this manner, resources are utilized inefficiently (Birch and Pooley, 1995).

The following factors have been identified to help improve TQ in Russian production systems:

- The need to be more familiar with modern methods and/or TQ systems.
- A shift from meeting conformance or compliance (e.g. designs, specifications, etc.) to higher quality levels in both processes and products.
- Implementing effective inventory management, e.g. material requirements planning (MRP), just-in-time (JIT), etc.
- Introducing greater flexibility in production systems.
- Understanding that low product quality results in low productivity and resource wastage.
- Enabling production workers to make decisions (within their own departments) to improve quality.

**Customer satisfaction**

Product quality can have a critical impact on the success of Russia’s economy. Russia is still struggling to meet the demands of high market competition and satisfying the needs of customers (Eklof and Selivanova, 2000). A study concerning Russian customer satisfaction levels revealed that buyers in the country still preferred imported goods due to their higher quality and sophisticated features (Cassel et al., 1999). One of the reasons for the quality problems faced by Russia was cited as "hasty industrialization and a lack of a creative, scientific, and enterprising climate" (Birch and Pooley, 1995, p. 221).

Unless the Russians can improve their poor product quality image, they may have problems selling their products in the international markets. Many companies must take the initiative to make adjustments to improve the quality of their products, which is necessary for increasing self-confidence and pride of the workforce in serving customers (Puffer, 1994). In order to achieve this, managers have to increase awareness – their own as well as all employees’ – of the changing trends of customer demands and markets, as well as heightened worldwide competition for better quality products. The Russian corporate culture has to be nurtured and trained to develop skills for listening to customers and responding to their needs.

Table I summarizes the critical factors deemed to affect TQ implementation in Russia.

**Concluding remarks**

The restructuring of the Russian political and economical systems is providing new opportunities as well as risks for doing business in Russia (Puffer, 1994). This will make many business leaders pay more attention to TQ management, which is still new in many Russian companies.

It is generally recognized that the quality of Russian products will have a critical impact on the success of its economy. However, unless an appropriate quality culture can be developed to support and sustain TQ practices, it would be ineffective to start implementing TQ in Russia (Bollinger, 1994; Ardichvili et al., 1998). Some of the critical challenges identified to promote TQ are:

- releasing the potential of human resources (feedback and empowerment strategies);
- adapting the Western management system into the local culture;
- introducing more flexibility into the organization;
- creating customer focus;
- shift from control and conformance to TQ at all levels of the organization; and most importantly
- the visible support and commitment of top management in establishing advanced management systems and techniques for total quality.
Table I Summary of critical success factors for effective total quality implementation in Russia

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<thead>
<tr>
<th>Russian NQA</th>
<th>Critical factors for TQ criteria implementation</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>Less formal and centralized management structures</td>
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<td></td>
<td>Shift from autocratic leadership style to “flatter” organizations</td>
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<td></td>
<td>Develop technical business skills, conceptual skills, interpersonal skills, and personal leadership qualities</td>
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<td></td>
<td>Willing to support implementation of advanced systems and techniques for TQ</td>
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<td></td>
<td>Introducing flexibility and employee empowerment strategies into company</td>
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<td></td>
<td>Having self-confidence; ability to make decisions under uncertainty</td>
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<td></td>
<td>Having drive, ambition, energy, and tenacity</td>
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<td>Quality planning</td>
<td>Preparing for change and new challenges</td>
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<td></td>
<td>Shift of emphasis from control and conformance to TQ management at every level of the organization</td>
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<td></td>
<td>Create strong focus on customer-driven goals</td>
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<td>Involving everyone in quality activities</td>
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<td></td>
<td>Introducing flexibility and innovation to enhance TQ</td>
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<td></td>
<td>Communicating vision and goals to everyone</td>
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<td></td>
<td>Stressing the importance of taking action</td>
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<td>Employee development and satisfaction</td>
<td>Increasing emphasis on skills development</td>
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<td></td>
<td>Viewing employees as valuable assets</td>
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<td></td>
<td>Developing an appropriate quality culture (phasing out “old” culture)</td>
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<td></td>
<td>Increasing the awareness and need for employing TQ</td>
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<td></td>
<td>Having efficient employee feedback systems</td>
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<td></td>
<td>Encouraging worker involvement and participation</td>
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<td></td>
<td>Creating inspiration, enthusiasm, and motivation for involvement in TQ</td>
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<td></td>
<td>Informing employees about their roles and what is expected of them</td>
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<td></td>
<td>Providing appropriate rewards</td>
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<td></td>
<td>Establishing mutual trust and respect between managers and workers to boost employee morale and satisfaction</td>
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<tr>
<td>Resources, technology, and processes</td>
<td>Get familiar with modern methods and/or TQ systems</td>
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<td></td>
<td>Shifting from meeting conformance to achieving higher quality standards</td>
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<td></td>
<td>Employing effective inventory management systems (e.g. MRP, JIT, etc.)</td>
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<td></td>
<td>Introducing greater flexibility in production systems</td>
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<td></td>
<td>Sourcing for capital to employ sophisticated equipment including robots, flexible manufacturing systems, computers, etc.</td>
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<td>Understanding that low quality leads to low productivity and wasted resources</td>
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<td>Allow production workers to make decisions and changes at the production floor level</td>
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<td>Customer satisfaction</td>
<td>Increasing the awareness of both managers and employees regarding the changing trends of customer demands and markets</td>
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<td></td>
<td>Nurturing skills for listening to customers and responding to their needs</td>
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<td>Instilling self-confidence and pride of workers in delivering customer satisfaction</td>
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References


