# THE DEPLOYMENT OF TOTAL QUALITY MANAGEMENT (TQM): THE RUSSIAN EXPERIENCE

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The struggle to satisfy clients in services and manufacturing within Russia has forced senior managers to search for new appropriate approaches to conduct business practices. Within Russia supply and demand has historically been the function of an administrative command system and was subject to state planning. Historical background in terms of the evolutionary gap and quality deployment experiences on quality management and problems in Russia are provided which is followed by a literature review of major instruments for evaluation of TQM. Secondly, the compatibility of TQM principles with the measurement instrument as used in the study are explained, finally the levels of TQM is assessed. Through literature review and a survey of data collected from 39 employees and 5 managers in one organisation and another sample of 122 employees and 6 Managers from the Russian Service Industry, this study empirically refines and validates 5 constructs for management functions. The constructs refined in this study are compared with other major quality measurement instruments and matched with the TQM principles. The study reports on the operational framework of Management Functional Assessment Model (MFAM), which can be used to examine the levels of critical factors relating to competitive advantage. The findings indicate that the MFAM is both reliable and valid. Indicative results are that the levels of TQM to be medium among the managers whereas employees scores lowly on the readiness for TQM. The paper concludes with the underpinning research base and establishes that there exists a valid body of knowledge specific for Russian businesses to utilise and take advantage. Russian firms should be able to gain a sustainable competitive advantage through the deployment of TQM.

**Keywords:** Assessment, Competitive Advantage, Russia, Total Quality Management, Validation

## INTRODUCTION

In modern business the competitiveness of a company depends in part on the quality of its management. Every year in Russia an increasing number of executives are seeking business stability by utilising a structured control system; this is their response to the advent of global quality standards and models. Quality is becoming more of an issue for Russia; this is due to the planned introduction to the World Trade Organisation (WTO) and a growing competitiveness from foreign companies. The task for Russian managers is both simple and complex - they do not need to "re-invent the wheel" but to steadily adopt/adapt the experience gained from more than half a century of foreign companies engaged in joint ventures, taking into account specific national characteristics, and learn from best practice examples of leading domestic companies.

Today's arsenal of improvement tools is robust and continues to grow with the addition of new approaches: 6-sigma, BS EN ISO 9001:2000, Balanced Scorecard, Quality Function Deployment (QFD), Failure Mode and Effect Analysis (FMEA), Self-assessment models (Conti, 2001; Dalhgaard, and Clemmer et al). The majority of offered approaches are based on the principles of total quality management, but for the majority of Russian managers TQM remains a mystery. This paper is of interest to the readers as Russian quality tools and solutions are practically unknown in western countries.

The paper is structured as follows; firstly a brief historically background in terms of the evolutionary gap and quality deployment experiences on quality management and problems in Russia are provided which is followed by a literature review of major instruments for evaluation of TQM. Secondly, the compatibility of TQM principles with the measurement instrument as used in the study are explained. Third, the empirical and validation process undertaken for the measurement instrument used in collecting the data is briefly described together with the procedures used for assessing the readiness of TQM are described.. The findings of the results from the data collection through field survey are reported. Finally, section four concludes this paper with discussions of the Managers and Employees indices and the contribution to theory building efforts.

## 1.0 HISTORICAL BACKGROUND

### 1. 1 Evolutionary gap
The struggle to satisfy clients in services and manufacturing within Russia has forced senior managers to search for new appropriate approaches to conduct business practices. Within Russia supply and demand has historically been the function of an administrative command system and was subject to state planning. The concept and application of competition between manufacturers and service providers was absent (Yasin, 2003). Customers could not opt for purchasing one product or service as opposed to another or as noted in Russia 'vote by rouble', as no choice existed.

This artificial market did not promote a positive attitude towards quality or its importance in a global competitive market place. A sea change has been necessary to move from this over-managed (by central government) system to a more westernised approach. Although this change has been evolutionary, Russia has been able to build upon the accumulated experience of eastern and western experiences. In short, Russia is now behind the west in its understanding and application of TQM. This gap is now being greatly reduced and this paper will contribute to enhancing the deployment TQM in Russia.

### 1.2. Quality Deployment Experiences in Russia
It should be noted that there has been some systematic activity in applying quality improvement concepts but that each development has tended to be of a regional nature in the USSR. The main developments are presented in Table 1. Upon inspection of Table 1 it is possible to identify that before the 1980's developments really did take place, however, many of these innovations were used mainly for the Russian military industry. There were few quality activities in the provision of consumer goods manufacturing or services. The problem today is that many Russian managers try to hold onto the old concepts as valid business practices. The competitiveness of Russian firms has been put in serious danger by managers who think that standards of

quality can be dictated by a central bureaucracy. Further the cultivation of a quality culture founded only on a standards approach, especially in a politico-economic system entails risks (Conti 2001). There is a danger that such an approach to quality could motivate a company to produce products or services that are not appropriate to a free market and therefore would not be in demand.

The Soviet system has specific problems in trying to engender a TQM philosophy, the main ones being:

- A limited sphere of influence from the early approaches of quality development due to the bureaucratic system.

- The absence of a customer focus.

- An economic environment that is not supportive of an enterprise culture built on a quality approach.

- Later systems have had an unsystematic application.(Mazur & Shapiro 2003)

**Table 1: Quality Systems Development in the USSR**

| Title | City | Year | Comments |
|---|---|---|---|
| Zero-defects manufacturing of products (BIP - Russian abbreviation) | Saratov | 1955 | The first time in Russian practice that a new measure of production quality is introduced. |
| Quality, Reliability, Resource from the first items (KANARSPI) | Gorky | 1958 | Relying on a products design stage for the elimination of defects before production. |
| Zero-defects operation system (SBT) | Lvov | 1961 | Calculation of a complex index of operation quality with allowance for individual features that influence the operation quality of various divisions and separate workers. |
| Scientific organisation of operations on increasing motor-resource of drives (NORM) | Yaroslavl | 1964 | Acceptance of criteria for quality and the technical parameter, direct purpose of the system, control of a level of a motor-resource and its sequential increase on the base rises of reliability of details. |
| Complex control for the management of quality (KSUKP) | Lvov | 1975 | The system has united all previous experience of quality systems, development of an organisational, technical base of the system on the basis of enterprise standards. |
| Complex system of production efficiency enhance (KSPEP) | Krasnodar | 1980 | Co-ordination of quality improvements of production, with production efficiency enhanced. |

Russian businesses have to balance the clear requirements of the state and the western concept of individual customers both encapsulated within a framework of TQM.

## 2.0  REVIEW OF QUALITY MANAGEMENT INSTRUMENTS

*The compatibility of TQM principles with the measurement instrument as used in the study*

The constructs developed in this study are compared with four other major Quality Measurement instruments. The comparison of MFAM is made with the following instruments; Saraph et al (1989), Flynn et al (1994), Ahire et al (1996), Powell (1995) and Black and Porter (1996). The five instruments discussed are comprehensive and posse's higher validity than non-TQM studies.   In order to measure the levels of TQM practices within the Russian service and manufacturing organisations, the MFAM framework developed by Maslow et al (2004) has been selected and refined. The rationale for its selection is that this model set out to determine whether TQM was the source of competitive advantage.

Table 2.0: Comparison of Quality Management  Instruments with this Study

| Saraph et al (1989) | Black and Porter (1996) | Powell (1995) |
|---|---|---|
| Top Management Leadership | People and Customer Management | Executive Commitment **MT 3.1, CO 5.4** |
| Role of quality department | Supplier Partnership | Adopting the Quality Philosophy **FP 1.1, MT 3.1,** |
| Training MT 3.2 | Communication of improvement information | Customer Focus **FP 1.2, OR 2.4, OR 2.5,** |
| Product design | Customer Satisfaction Orientation. | Supplier Focus **CT 4.1** |
| Supplier quality  management | External Interface Management | Benchmarking **FP 1.4** |
| Process management | Strategic Quality Management | Training **MT 3.2** |
| Quality data Reporting | Teamwork Structures for improvement | Open Organisation **FP 1.3, FP 1.5, OR 2.1, OR 2.2, CO 5.2,** |
| Employee Relations | Operational Daily Planning | Employee Empowerment **OR 2.3, MT3.3, MT 3.4, MT 3.5** |
|  | Quality  Improvement Measurement | Zero Defects **CO 5.3, CO 5.5** |
|  | Corporate Quality Culture | Measurement **CT 4.2, CT 4.3, CT 4.4** |

The "Forecasting and Planning" element of the Management Function Assessment Model could be equated to the Adopting the Quality Philosophy, Benchmarking" as used in the Powell (1995) instrument and as indicated in Table 2.0. The other comparisons between the component of the MFAM and TQM elements are summarised in Table 3.0 below.

Table 3.0: Comparison of MFAM and TQM Elements

| MFAM | TQM |
|------|-----|
| 1. Forecasting and Planning | "Adopting the Quality Philosophy" and "Benchmarking" |
| 2. Organising | "Employee Empowerment, Customer Focus" |
| 3. Motivation | "Adopting the Quality Philosophy, Training" |
| 4. Control | "Customer Focus" |
| 5. Co-ordination | "Zero Culture" |

*Quality Experts in Russia*

The Soviet school of quality experts are descended from military or engineering backgrounds. These experts have designed and are responsible for most quality developments in Russia. Their framework is a standards approach to quality, i.e. one of installing a set of standards/procedures. They have no real managerial experience or any concept of the importance of people management, contrast this with the modern management approach to quality which fully embraces statistics, knowledge of economics and customer requirements embraced within a culture of empowerment. Russia has to move from its current approach to quality which is one of concentrating on limiting the quantity of defects and increasing reliability. This is not to say that these are unimportant, they are. The problem is that it has instilled a culture of 'Quality Control' rather than 'Assurance' or even 'TQM'.

Policy in this field is dictated by the State Committee for Standardization (Gosstandard Russia). Noting the above paragraph, there has been a move towards the application of BS EN ISO 9001:2000 in Russia. It is worth noting that the Russian construction industry does not view BS EN ISO 9001:2000 as an improvement tool.

The necessity to train new managers in the field of quality and instil a more western view was recognised in 1999 by the Ministry of Education of Russia (Dickenson et al 1999). However, most quality managers are educated within technical departments. Even in Russian high schools with economic faculties, quality managers are part of material-support, goods - support and standardisation departments. The future strategy for attaining quality improvements in Russia is to stress the importance of economics and management and this is to be part of graduate education programmes and its success monitored in companies who employ graduates.

*4. Modern methods and improvement tools utilisation*

Russia has not fully employed TQM but some Russian businesses have implemented BS EN ISO 9001:2000, benchmarking and self assessment strategies. The problem is that managers of western companies accept the concept of customer focus, continuous improvement, process approach, quality management, involving employees, social responsibility of businesses, all as an integral part of quality improvement. In Russia

these business concepts are alien; therefore adopting TQM is a most problematic activity. Key issues that have to be addressed are engaging with a change philosophy, a lack of knowledge, resistance to change and a lack of senior management support.

1,710 companies were certificated to BS EN ISO 9001:2000 in 2002, (ISO Survey 2002). These companies certificated to BS EN ISO 9001:2000 have done so not to improve operational practices, but to use the certification aspect as a marketing tool, (Lapidus 2002). Some western organisations have also obtained BS EN ISO 9001:2000 certification for the same reason, (Gotzamani and Tsiotras 2001).

*European Foundation for Quality Excellence Management (EFQM. EM.)*

Within Europe an approach to TQM deployment has been developed by the European Foundation for Quality Management in the form of an Excellence Model. The Excellence Model defines and describes TQM in a way that can be more easily understood by senior managers (Van der Wiele et al 2000).

EFQM EM forms the basis of the Russian National Quality Award, which was established in 1996. Over the past seven years more than 800 applications from 67 subjects of the Russian Federation have taken part in the competition, 65 of these organisations have been successful. (Secretariat of National Quality Award of Russia 2004). The award however for most companies does not provide a true improvement tool, its potential for self-assessment linked to continuous improvement has not been fully realised. Further the best practice of leading organisations has not been successfully disseminated to other less able businesses. The self-assessment aspect linked to internal and external benchmarking is a vital activity of EFQM EM, but this aspect has been only partially realised by Russian firms (Conti 2003).

Russian managers do not appreciate the value of self-assessment unless it is linked to some kind of financial analysis. This is because there is an absence of Key Performance Indicators (KPI's) and available self-assessment techniques. Within Russia there still exists a fear of disclosure; this is based upon many years of non performance being associated with sanctions. Self-assessment leading to improvement requires the identification of problematic issues along with the development of advocated solutions and corrective actions. However, one must remember that until recently there existed a culture of reluctance to identify errors or mistakes and showing initiative was not always well received. This situation provides a true hindrance to objective of implementing self-assessment techniques. Senior managers of large companies entrust all quality activities to appropriate sub-divisions; in small and medium enterprises (SME's) a culture exists where the chief executive always knows best and therefore there is no need to engage in activities requiring the support of other staff, such as benchmarking or self-assessment. In their view this would be a waste of valuable resources. Very few organisations use benchmarking in Russia, the ones that do are representatives of large businesses having contracts with foreign partners. For most SME's 'benchmarking' is an unfamiliar word and benchmarking is not accepted as a valid management technique. Its deployment is further hindered by the secretive and complex nature of Russian domestic business practices.

## RESEARCH METHODOLOGY

Through a survey of data collected from 122 employees and 7 managers from the Russian Service Industry, this study empirically refines and validates 5 constructs for management functions. The constructs refined in this study are compared with other major quality measurement instruments. The study reports on the operational framework of Management Functional Assessment Model (MFAM), which can be used to examine the levels of critical success factors relating to competitive advantage. The findings indicate that the MFAM is both reliable and valid.

## OBSERVATIONS AND ANALYSIS

Quantitative data was collected based on the following five management functions, namely, Planning and Forecasting (PL), Organising (OR), Motivation (MT), Control (CT), and Co-Ordination (CO). A survey methodology was employed of 550 questionnaires with a response rate of 22.22%. The analyses are based on the remaining 3 organisations of which 122 were Employees and 7 Managers. Respondents assigned values in a range of [0 ... 4], where 0 implies 'no activity demonstrated' 1 ' Activity not consistently utilised' and 4 implies 'the activity is deployed permanently and systematically, monitored and reviewed via benchmarking for improvement'. The *Management Adequacy Index* (MAI) derived to summarize the level of accordance between managing decisions and its perception by employees.

$$\text{MAI} = \frac{Xi}{A} \quad \text{..............................................} \quad \textbf{(Equation 1.0)}$$

Where: MAI = the Management Adequacy Index

$I_{man.av}$ = the average rating of managers

$I_{emp.av}$ = average rating of employees

$I_{max}$ = max score (4).

Subsequent advancement indices were then used to rank the perceived advancement / importance of all variables. Secondly the *weighted average (WA)* was calculated / derived from multiplying the relative advancement index by the individual response from the organisation and dividing by the average response. The results of the descriptive statistics such as the mean and internal consistency analysis such as the cronbach alpha are presented in Table 4.0. The typical questions used in the survey are presented as Appendix A: Table 4.0 presents a summary of the descriptive results.

Table 4.0: Mean, Rank Values & Relative Advancement Indices (RAI) Scoring for Employees and Managers

| MFAM Construct | Employee's Evaluation (N =122) | | | Managers Evaluation (N = 7) | | |
|---|---|---|---|---|---|---|
| | Mean[a] | RAI[b] | Alpha[a](0-1) | Mean[a] | RAI | Grand Mean |
| 1. Planning | 1.948 | 0.487 | 0.7833 | 2.92 | 0.730 | 0.480 |
| 2. Organizing | 2.441 | 0.610 | 0.7978 | 2.50 | 0.625 | 2.386 |
| 3. Motivation | 1.574 | 0.393 | 0.6671 | 3.06 | 0.765 | 1.541 |
| 4. Control | 1.662 | 0.614 | 0.8527 | 2.50 | 0.625 | 1.673 |
| 5. Coordination | 1.646 | 0.415 | 0.8793 | 2.12 | 0.530 | 1.645 |

[a] Mean score obtained from descriptive analysis using SPSS

The scores for each construct are on a scale of 0-4,

Ranking based on the mean values, 1 as most important factor/construct and 5 as the least.

[b] Relative Advancement Index computed from equation 1.0

Table 8.0 (Appendix 1) Shows the mean score, standard deviation and percentage distribution of the mean score for each of the five constructs underlying the MFAM model. The levels of TQM implementation in the Russian service and manufacturing industries are reflected by the overall indicator. The level of TQM readiness among the Managers and Employees can be reflected by initial score of each construct and the average of the five constructs as the overall indicator. The distribution of the mean score for this indicator and for all the five constructs is divided into three bands, high (score of 3 to 4), medium (2 to < 3) and low (1 to < 2). A summary of the scores is shown in Table 7.0.

Table 5.0: Mean, Rank Values & RAI Scoring for Employees and Managers - MFAM

| Deployment Construct | Number of Items | Managers Evaluation (n=7) | | Employees Evaluation (n=122) | | Cronbach Alpha |
|---|---|---|---|---|---|---|
| | | Mean | Rank | Mean | Rank | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. Planning | 5 | 2.92 | 2 | 1.948 | 2 | 0.7833 |
| 2. Organizing | 5 | 2.50 | 3 | 2.441 | 1 | 0.7978 |
| 3. Motivation | 5 | 3.06 | 1 | 1.574 | 5 | 0.6671 |
| 4. Control | 5 | 2.50 | 3 | 1.662 | 3 | 0.8527 |
| 5. Coordination | 5 | 2.12 | 5 | 1.646 | 4 | 0.8793 |
| Overall Mean | | **2.62** | | **1.85** | | |

**Comparison of Management Functions between Managers and Employees**
Examination of  Figure 1.0 shows that  there was a significant level of achievement of Sustainable Competitive Advantage implementation constructs by the Managers. More so, there was little difference in the level of accordance between managing decisions and its perception by employees of Control (CT) and Organisation (OR) constructs
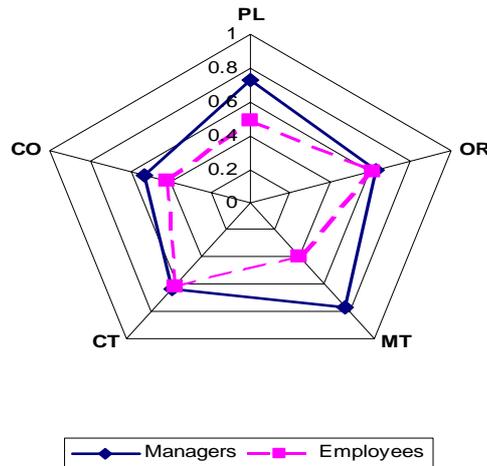
**Management Function Assessment Model**



**Figure 1.0:** Communicating the Pentagonal Model

A comparison of the ratings using the fuzzy scores, on the other hand, shows a significant reduction in the levels of achievement. It is also shown that there was a more even difference across all implementation constructs, which would suggest a more cautious and realistic measurement of achievements.

Given the comparison of Management Functions described in the above section, the following section describes the measures undertaken to assess the readiness of Total Quality Management deployment.

## Assessing the Readiness of TQM Deployment
Table 6.0: Descriptive Statistics for TQM Deployment - MFAM

| TQM Deployment Construct | Number of Items | Managers Evaluation (n=5) | | Employees Evaluation (n=39) | | Total Sample (n =44) | Cronbach Alpha (**a**) |
|---|---|---|---|---|---|---|---|
| | | Mean | Rank | Mean | Rank | Mean | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1.Executive Commitment | 2 | 3.00 | 1 | 3.14 | 5 | 3.07 | 0.6733 |
| 2. Adopting the Quality Philosophy | 2 | 2.50 | 4 | 3.36 | 1 | 2.93 | 0.6645 |
| 3. Customer Focus | 3 | 2.94 | 2 | 3.35 | 2 | 3.14 | 0.5953 |
| 4. Supplier Focus | 2 | 1.75 | 9 | 2.98 | 6 | 2.37 | 0.5758 |
| 5. Benchmarking | 2 | 2.00 | 7 | 2.73 | 8 | 2.37 | 0.6853 |
| 6. Training | 2 | 2.33 | 5 | 3.23 | 3 | 2.78 | 0.4650 |
| 7. Open Organisation | 5 | 2.17 | 6 | 3.17 | 4 | 2.67 | 0.7526 |
| 8. Employee Empowerment | 3 | 1.83 | 8 | 2.73 | 8 | 2.28 | 0.6136 |
| 9. Zero Defects | 2 | 2.59 | 3 | 2.64 | 10 | 2.62 | 0.7282 |
| 10. Measurement | 2 | 1.67 | 10 | 2.80 | 7 | 2.24 | 0.7331 |
| **Overall Mean** | | **2.62** | | **1.85** | | | |

The findings can be presented in form of a visualisation  as shown in Figure 2.0 of the comparison in the achievement of implementation constructs by Managers (5) and

Employees (39) surveyed in this study. It is evident that there was a marked difference in the self-evaluation of achievement of implementation constructs by the two groups of respondents  (Managers and Employees).
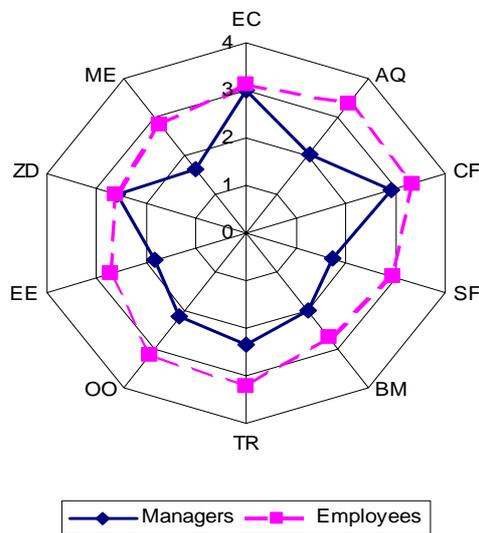


**TQM Readiness Assessment Chart**

**Figure 2.0:** TQM Deployment Readiness Assessment Chart
However, the study there was a significant level of achievement of SCA implementation constructs by the Managers. More so, there was little difference in the level of accordance between managing decisions and its perception by employees of Zero Defects (ZD), Executive Commitment (EC) and Customer Focus (CF) constructs.

**Table 7.0: Scoring the Levels of TQM Readiness**

| Number of Respondents | | Average | | |
|---|---|---|---|---|
| Managers (n=5) | Employees (n=39) | Score (Σ TQMI) | RAI | TQM Readiness Level |
| 1 | 2 | 3 | 4 | 5 |
| - | 4 (10.3%) | 3.0  to 4.0 | 0.75 to 1.0 | High (H) |
| 1 (20%) | 11 (28.2%) | 2.0 to < 3.0 | 0.4 to < 0.75 | Medium (M) |
| 4 (80%) | 24 (61.5%) | 0.0 t0 < 2.0 | 0.0 to < 0.4 | Low (L) |
| Medium | Low | Total Sample of 44 Respondents | | |

**Discussion of the Findings**
Based on the computation of the TQM for all the respondents, only 4% of the employee  fell into the high level band. Whereas 80% of the Managers had low levels of TQM readiness compared to 61.5% of the Employees, effective the implementation of TQM is bound to fail as it dependent on the Senior Management Commitment.

**Assisting the Deployment Process**

The following section identifies some key issues that have been partly addressed or require action in order to fully engage in obtaining the advocated benefits from full TQM application.

*1. The creation of a scientific methodological database on TQM deployment:*
Up to five years ago there was a shortage of scientific publications and discussion related to applying TQM within a specific Russian operational environment (Dickenson et al 1999). Today, however, there are manuals and tutorials on applying TQM, (Kachalov 2003). Taking into account recent developments, it is still possible to describe today's situation related to quality management as only at a preparatory stage for deploying TQM. The problematic issues associated with TQM application may be split into two. First there is the issue of relevant theory; most existing theory is based upon foreign sources and experiences. These do not easily lend them to a Russian economic and political environment. Secondly, there exists a lack of actual experience of deploying and monitoring TQM in Russia. Some

empirical evidence of TQM deployment does exist and this is useful in determining a Successful strategy for engaging in TQM.

*2. Leadership:*
Leadership is a very important aspect for any company. Leaders must involve all employees in a drive for the attainment and sustainment of client satisfaction. It is no Coincidence that the Malcolm Baldrige National Quality Award and the EFQM EM Identifies leadership as their first criterion. Russian leaders, however, do not fully understand the value of a true leader. Most Russian leaders see leadership as a dictatorial activity with no need to involve employees. An authoritarian style of management is still inherent in many Russian organisations (Khoo and Tan 2002), Longenecker (2001, p. 102) has established the following leadership traits required for our new Russian economic era:

- technical business skills;

- conceptual skills (e.g. ability to make decisions and solve problems);

- interpersonal skills (e.g. social and communication skills); and

- personal leadership qualities (e.g. drive and persistence).

*The above are in line with western approaches to management. A movement is taking place if only slowly in Russia from an authoritarian to a more democratic approach to management.*

*3. Training:*
Over the past 15 years there has been a desire by managers in Russia to actively engage with educational processes, this has focussed on economic management. Economic faculties have appeared in almost every Russian high school. An effective initiative in state training policy was made in July 1997 when the programme 'Training Managers and Executives for Enterprises of National Economy of the Russian Federation", widely acknowledged as the "Presidential Programme", was instigated. The programmes objective was declared as creating skilled managers, able to contribute to the economic development of the country. This was a state priority. Its objective may be sub-divided into:

- setting up a sustainable system for training managers;

- introducing modern best practices in management styles and thinking;

- to upgrade the skills and retrain 5000 managers and executives annually;

- to set up a 'Federal Reserve of Management Cadre' with a comprehensive database.

In Russia managers and executives are allowed 500-600 hours of training and may apply for an internship at a western company. This may be for three weeks or up to four months in duration. 12 countries and EU TACIS programme take part in the organisation of the foreign internships for the participants of the Presidential Programme. Since its launch 7136 Russian managers have been trained abroad. (The Federal Commission on Managers and Executives Training, 2004). This training has been the first contact with the principles of TQM and modern tools and techniques.

*4. State Policy:*
Awareness within a   business community of a sustainable competitive advantage based on quality philosophy is very important.    Within the USA since the establishment of the Malcolm Baldrige National Quality Award, over two million 'Guidance' copies have been issued. With Russia the Quality Award was established by the Government of the Russian Federation. The Vice-Deputy Minister of Government of the Russian Federation, Boris Aleshin, elevated the significance of the award, "the award was designed to increase the competitiveness of Russian firms and, hence, the whole economy" (Secretariat of National Quality Award of Russia 2003). The award has great potential but has to date not been embraced by all. It is not an excellence model and, therefore, it is not as comprehensive as the EFQM EM. It is necessary for Russian enterprises to:

- establish the Russian Quality Award as an effective self-assessment tool;

- create an infrastructure for improvement, based on the EFQM EM experience, involving an exchange of best practice and benchmarking;

- develop an internet resource with an interactive ability for improvement and best practice database (as an example, Excellence One, E-Baldrige, BPIR.com).

Once all Russian companies address the above the result should be an improvement in the macro competitive environment of Russia.

*5. Psychology of Customers:*
Within the West and Eastern approach to quality customer input is taken as a driving force for improvement. However, in Russia the customer does not play such a role. This is partly due to cultural and historical issues.   Price is the determining factor for most of the population when purchasing products or services. Quality is important in making purchases but not always the determining factor. As the normal roles of supply and demand become more prevalent in Russia the importance of a quality perspective will become apparent to all engaged in product or service delivery. Should this not be the case then some organisations are unlikely to survive for very long.

There is a perception in Russia that only Western goods have 'quality' (Cassel et al 1999).    It is accepted that Russian goods do not fully satisfy consumer requirements. Russian firms must gain the confidence of their customers, this being vital as participation in WTO will lead to an increase in competitive pressures from foreign organisations. Thus, companies which have commenced quality improvement processes shall have an advantage over their competitors within Russian.

## CONCLUSIONS

Deployment of TQM in Russia, as well as any changes related to a transition to a market system is accompanied by a number of barriers, one of which is the inheritance of the old Soviet system. The future success of Russian organisations depends very much on all parties engaging in change processes.  These change processes must be directed at satisfying all stakeholders.

Once the underpinning research base has been established and there exists a valid body of knowledge specific for Russian businesses to utilise and take advantage Russian firms should be able to gain   a sustainable competitive advantage.  The evolutionary development of TQM is very much dependent upon a cultural sea change in the Russian approach to quality.  The future does look promising for embedding a true quality philosophy approach within Russia, but its business enterprises must be prepared to learn and exchange best practice. Developments have to be underpinned by support from the state. Analysis of the deployment of improvement tools inevitably leads to the conclusion that a lack of a quality focused culture does hinder the effective and efficient deployment and application of the said tools and techniques. Building a quality approach based upon a procedural system without the underpinning morphogenic culture is bound to fail.

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