

RESEARCH ARTICLE

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Internal Reasons for the Low Efficiency of QMS in many Kazakhstanis Enterprises

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Abstract

The article presents the results of a comprehensive analysis of the information of domestic authors, as well as prominent scientists and experts from far and near abroad in the field of studying the problems of the influence of internal environment factors on the effectiveness of life, self-support and improvement of quality management systems (QMS) and total quality management (TQM) of companies and firms certified according to the criteria of international standards ISO 9000 series. A general global trend of a sharp decrease in customer interest in QMS and TQM certification to ISO requirements in all areas of production and services has been established over the past 10 years, including in the Republic of Kazakhstan. Thus, according to ISO, the number of certified enterprises of all levels in the country today compared to 2010 has decreased three times. The authors believe that the solution to the problem of improving the efficiency of the QMS and TQM lies in the permanent improvement of the corporate culture of the personnel of the enterprise by the top management based on the transformation of their mentality through the development of the principles of leadership, process approach, job improvement, staff involvement and management of employee relations.

Keywords: Business Management, Performance, Quality Management System, Organization, Efficiency, International Organization, Standardization

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1. INTRODUCTION

The importance of quality management systems is essential to the economy of any country. The quality management system (QMS) is a system through which an organization can establish the implementation of processes within the organization with the best efficiency, allowing it to achieve goals and policies in the field of quality. Quality objectives should be determined by the coincidence of the needs of the consumer, the enterprise, and society. Also, this system contributes to the increase of financial and economic performance of organizations (Chiarini, 2019). The most important tasks in developing of QMS are the maximum automation of process and project management in general and individual QMS processes in particular. The presence of a quality management system certificate proves that the product is safe for the life and health of the consumer. Thus, certification of a quality management system is an established form of confirmation of product compliance with the requirements of specific standards. Implementing a clear and appropriate QMS in an organization is the best solution that creates long-term benefits for the companies. QMS covers the entire process of creating products, starting from obtaining raw materials and including all subsequent stages, and ending with its sale to the end consumer. Each link in this chain, which can affect product quality at any stage, is part of the quality management system. Evaluation of the effectiveness of the quality management system is one of the most important and challenging areas in quality management. The studies of independent international experts in the field of quality management found that 50-90% of enterprises in various countries of the world implement quality management systems formally. This means that they have false certificates of compliance of their management systems with the international standards ISO 9000 series requirements. For example, the effectiveness of the QMS at enterprises in Japan is 50, in the USA 40, in Western Europe 30, and in the CIS countries 20-10%. This can be interpreted that out of 1 million certified enterprises in the world, 700 thousand have formal and fictitious QMS that could not work in practice (Solovev, 2017; Adler, 2009; Versan, 2007). In addition, specialists from the consulting company Persistence Market Research predict a 5-fold decline in the global market turnover for management system certification services for compliance with ISO requirements from 2017 to 2025 (Novotest, 2019).. According to their calculations, by the end of 2025, this figure will reach \$2.8 billion, while in 2017 the global certification services market generated revenue of \$11.8 billion. At the same time, it is noted that many companies refuse certification due to the increase in the intensity of document flow, the increase in the complexity of doing business, and the high price of services. A similar downward trend in consumer interest in ISO standards takes place in our country. The number of certified enterprises according to ISO in the Republic of Kazakhstan at the beginning of 2022 was 4.4 thousand and compared with 2010 decreased by 2.5 times.

Quality management issues acquire an exceptionally high degree of relevance in the context of the formation and development of market relations in Kazakhstan. At a new stage in the development of Kazakhstan, government strategies clearly define the prospects for sustainable competitive growth of the country's economy. The significance of the study is consistent with the strategy "Kazakhstan - 2030" which outlines 30 specific areas of development, in particular, the fourteenth direction - the speedy and widespread

introduction of technical standards that meet international requirements. Therefore, this article aims to uncover the internal reasons for domestic enterprises' low efficiency of QMS. Although extensive research has been carried out on QMS, very few studies explain why the quality management system does not work effectively in the case of Kazakhstan.

2. LITERATURE REVIEW

Many small and medium enterprises often encounter various difficulties in realizing ISO 9001 quality system standards. According to Chiarini (2019) and Mohammadi et al. (2021), it is going to be hard to implement QMS in organizations because of various issues such as the deficit of appropriate resources (i.e., human resources, time, money), improvident audits as well as poor involvement of staff. In the same vein, the importance of the involvement of human capital in successfully implementing QMS in firms was mentioned in the studies of Mulhaney et al. (2004). They believe that a striking problem in the implementation of the QMS is the dissatisfaction of the staff, which depends on the lack of motivation and stimulation. The poor involvement of personnel in quality management activities and the absence of an incentive system decrease employee satisfaction and negatively affect the results of their activities. In another significant study, Sousa-Poza et al., (2009) explained the inefficiency of QMS with the non-serious commitment by top management of the organizations. They assured that the positive impact of the QMS could be noticeable only where the top management takes an active position and assumes the role of leader in ensuring the functioning of the QMS.

As claimed by the director of LP "Euroasia MS", professor Solovev (2019), many managers believe that since the QMS is a certified enterprise, it should automatically solve all its tasks in the field of quality. However, this is fundamentally wrong, and there is limited understanding that getting a certificate is easier than confirming and continuously developing the system. Hence, the hope of individual managers that it is enough to develop all the documentation and the QMS will work on its own is a deep delusion and, figuratively speaking, leads such managers to the disease "ISO-phrenia".

The ISO certificate is not a panacea and not a miracle cure for all enterprise management problems, but just the first step and the beginning of a thorny path to business excellence, the tip of the iceberg, a business card of the organization's commitment to quality management. According to experts of the International Guild of Quality Professionals, today 80-90% of Kazakhstani enterprises have QMS that does not give the expected results in terms of achieving its goals in quality of processes and management systems.

According to professor of the All-Russian Research Institute of Certification Versan (2008), the reasons for the formal implementation of the QMS are that it:

- is perceived as a one-time action, another companionship that does not require constant efforts to ensure its functioning;
- is not accompanied by the involvement of the first managers of the enterprise in this activity.

As a result, the majority of employees of the enterprise could not competently divide the traditional activities of personnel into ordinary, ones because they could not

adequately understand that the activities of the QMS should be the norm of their daily work on managing the quality of products, processes and the organization itself. At the same time, the responsibility of the first manager for managing the enterprise based on quality should not be delegated to deputies as getting rid of “extra” work (Psomas et al., 2015). However, in practice, all responsibility for the functioning and improvement of the QMS of the enterprise lies with the head of the quality service, without appropriate authority and status. Moreover, some top managers ignore the proposals for quality service to adjust individual elements of their processes, referring to the robust employment on the instructions of the boss. They, like the executive manager, to get rid of "unnecessary" problems, delegate their responsibility for quality management to their deputies that are not involved in this process and cannot bear responsibility, show indifference, and withdraw from the embedded enterprise management system. This is supported by the representative of Russia in ISO I. Chaika. He claimed that the quality management representative should be a dual manager: a functional one with staffing authority and a system manager with cross-functional authority as an enterprise QMS coordinator (Chaika, 2007). In practice, the head of the quality service is appointed to the position of a quality management representative, without the authority of a system manager. Therefore, the company's managers perceive him as a functional manager and do not allow him into their fields of activity (Chaika, 2007). As a result of such a managerial paradox, the QMS is implemented formally. At the same time, the head of the company, after receiving the coveted ISO certificate, expects changes from the QMS in the form of acquiring competitive advantages in the market, increasing production efficiency, employee loyalty, and consumer loyalty. However, most of the certified organizations worked as they did 15-20 years ago, and continue to work, based on authoritarian management. There are no fundamental changes in their organizational culture. A workable QMS can be carefully “nurtured” only by the enterprise's top management, if it is transformed into leadership through the development and use of the principles of the process approach and the involvement of all top managers in the QMS of the enterprise (Mahfuz, 2022). In addition, the staff should see the personal commitment and active participation of senior management in the management, analysis, evaluation, and improvement of the QMS of the enterprise.

Collectively, these studies outline the critical role of top management in the effective operation of the quality management system in enterprises. Although the majority of studies explain the inefficiency of QMS with the action of top management, some reasons account for the motivation of employees. The findings of this study are partially consistent with the findings of previous studies on this issue.

3. METHODOLOGY

This paper used a qualitative research approach to address the research aim. Qualitative methods offer an effective way of uncovering implicit issues of the subject. It was also considered that qualitative measures would usefully supplement and extend the understanding of the problem. The research is explanatory in nature. Explanatory research assists in advancing our understanding of a given issue, exploring how or why a certain phenomenon is happening, and forecasting future occurrences.

In the study, the authors reviewed and analyzed several articles and studies to reveal the internal reasons for the inefficiency of QMS of domestic enterprises. Firstly, we reviewed the works of Kazakhstan's researchers who studied the quality management systems of local companies. The shortage of studies in this field forced the authors to analyze the works of Russian researchers. The primary reason for using Russian studies was that the two countries are former Soviet Union states and currently, they are part of one economic union, namely the Eurasian Economic Community. This means that the regulation of enterprises is similar in both countries and in most cases, they share similar corporate governance.

After collecting relevant studies, the authors carried out comparison technics to analyze the reasons for the low performance of the QMS in most certified companies over the past 15-20 years, based on materials from domestic and Russian publications.

4. FINDINGS AND DISCUSSION

After the analysis of the previous researchers' work, several internal factors were identified that negatively affect the effectiveness of the company's QMS.

Firstly, most of the heads of enterprises do not want to refrain from engaging in the development of the essence and ideology of quality management and incompetently interpret the requirements of ISO at an amateurish level (Adler, 2009). Therefore, it can be argued that many of them do not delve into the content of the requirements of the ISO standards, have not mastered it as their business management tool, and have not passed it through their "soul", because consider it the competence of the specialists of the quality department. Many deputy directors could not have a conscious need and desire to work according to ISO rules. Not having sufficient knowledge, skills, and competencies to improve their processes, they are not involved in this activity during the project development period. At the same time, some top managers are confident in their intellectual superiority, do not accept proposals for improvements "from below" and suppress the spirit and aspiration of performers for positive changes. Consequently, they discredit the system of quality management, which has received worldwide recognition and gravitate towards the repressive style of authoritarian management.

The second reason can be explained by the non-compliance of many managers with the requirements of ISO. For instance, the quality department rejected a batch of finished products at the exit. However, on the call of the director, the defective products were nevertheless delivered to the consumer. Hence, the principles of the QMS are declared by many directors in words and on paper; they live by "double standards" and are fond of showing off. They do not like the principles of the QMS, and observing them they are afraid of losing power. They have not accepted the new business management philosophy and have not mastered the signs of a true leader as well as have not popularized the ideology of the QMS. Thus, management unconsciously slows down positive changes. Consequently, they are psychologically unprepared to manage an enterprise according to ISO rules, and according to the American Society for Quality, their number in different countries today ranges from 60 to 80% (Raskina, 2011).

Moreover, many leaders of the organizations have not efficiently accepted Deming's idea, encoded in the formula "98/2", according to which the quality problems depend on

the management system and its creators by 98%, and the performer (worker, engineer, teacher, etc.) by 2% (Fidelman et al., 2015). The QMS of the enterprise is formed by the top management as a management tool. Therefore, they are obliged to become leaders and abandon the tradition of searching for those responsible for producing defective products and their punishment. The atmosphere of fear is not a method of solving problems, it leads to their concealment, generates the presentation of distorted information to the first manager, and leads to the appearance of repeated defects. In addition, the system of punishment of a subordinate generates the psychology of a "temporary worker" in people concerning the enterprise. In Japan, the mutual respect between the leader and subordinates has been instilled for thousands of years; they cooperate and do not conflict with each other (Kazarin, 2021). Therefore, it can be claimed that the implemented QMS cannot give the expected result until the first head of the enterprise becomes its main ideologist, does not get infected with the virus of "quality" and does not transmit this "infection" to the entire team as its carrier and informal leader. To expand the system of transparent motivation of personnel based on their free, creative and selfless work, it is necessary to provide an atmosphere in the team: trust and cooperation between people, work without fear and punishment of the guilty, recognition of merits and respect for human dignity, i.e., move from controlling and manipulating people to understanding the inner world. Here it is appropriate to cite a conclusion similar to ours, by foreign authors that claimed in the absence of internal motivation of the staff for active work, ISO 9001 can become just a new dress of the king (Poksinska et al., 2007).

Furthermore, the excessive isolation of the traditional management system on top management, the constant expectation of a team from above (everything is decided by the director), complicates the deployment of quality goals at all structural levels of the organization, contradicts the principle of a process approach to management, the need to delegate the powers of the first head to the owners of processes, for example, resource allocation (Ogvozdin, 2009). The centralization of resource management means that the process approach is not applied in this organization. Hence, it can be assumed that such enterprises' established organizational culture and management style are incompatible with the principles of the QMS. Ideally, before implementing the QMS, the first manager should master and implement its principles into the culture of the organization.

It is also worth noting that in many organizations, loyalty to the consumer of products is declared in words and on paper, but in practice, it is not fulfilled. Feedback from consumers in terms of identifying and solving their problems is insufficient.

Non-systematic management of the enterprise processes generates an emergency mode of operation, confusion, and waste of time for employees to carry out urgent orders from the boss. The ratio between systemic and non-systemic activities is 20:80. As a result, the certified QMS of the enterprise – "a small island of order" does not survive and sinks into the "ocean of managerial chaos and darkness".

Moreover, in most ISO 9001-certified organizations, quality departments are removed from quality management. Their functionality is reduced mainly to simple quality control based on management and documentation of audit, certification, and QMS analysis processes by management. In addition, the top management believes that the QMS department is a cost center and its task is only to obtain an ISO certificate of conformity,

that is, in the head of management, it is seasonal work during the period of annual reports and inspection audits.

Many companies tend to conduct formal internal audits of the company's QMS, due to the:

- low management culture and fear of words: defect, nonconforming products, deviations, etc., which are hidden and not analyzed by management. However, they have been all the time, in all areas of activity at the level of 20-30%;
- negative attitude of many managers to inconsistencies and the implementation of corrective and preventive action plans and a lack of understanding that they are development mechanisms;
- fear of auditors offending colleagues and identifying problems;
- the tendency of managers to conceal problems from the authorities;
- orientation of individual auditors only on the requirements of ISO, while it is necessary to simultaneously control the requirements of the GOST of the Industry Ministry for the quality of products/services.

It is widely believed that incompetent identification of the QMS of the enterprise with the systematization of its office work and the inclination of managers to develop excessive documentation. However, this is only one of the 28 sub-clauses of the ISO 9001:2015 requirements, i.e., 3.5% by volume. Therefore, the real QMS is not the systematization of office work, but the creation of a new order of business relationships between personnel as part of the formation of a modern corporate culture.

Also, many managers have simplified perceptions of the QMS audit procedure as a means of controlling and punishing those responsible for work defects. As a result, defects, inconsistencies, consumer claims, and deviations are hidden at all levels of management – which leads to the appearance of repeated defects and generates postscript, formalism, and alienation of managers from solving quality problems. However, the purpose of the QMS audit is not to search for inconsistencies and culprits, not control and verification, but assistance (coaching) in a joint analysis of the quality of the processes and management systems of the enterprise based on reliable information to identify problems and causes of system failure and their elimination.

Another key reason is that the system of key performance indicators (KPI) for the effectiveness of business processes for evaluating the activities of top managers has not been developed in many local enterprises. The development and use of KPIs expose the shortcomings of not only the deputies but also the top management, which nullifies the responsibility to achieve quality goals. This is a sign of a lack of motivation and formal QMS in the enterprise (Asaubaeva,2021).

Thus, the reasons why, in most cases, QMS do not work as prescribed by ISO 9001, and why most employees of enterprises perceive them as a burden become more understandable.

The effectiveness of the QMS implementation in many certified enterprises of the country depends on external and internal environmental factors, including those hampered by the formal approach and irresponsibility of their first leaders to the issues of its creation, support, operation, and improvement. The solution to the problem lies in the awareness of their top management, the fact that the path to mastering the QMS is

possible but extremely difficult, thorny, and managed through ISO 9000 series standards, self-assessment, and a portfolio of projects to improve it (Tsinovkina, 2020).

5. CONCLUSIONS

In current conditions, high product quality is one of the main success factors for local enterprises, ensuring their competitiveness and economic efficiency. Improvement of the quality management system aims to increase the possibility of increasing the satisfaction of customers and other interested parties. World experience shows that competitive advantages are achieved not only by reducing costs and prices but primarily due to higher quality properties and characteristics of products and services that can more fully satisfy the needs of consumers. Therefore, each country is striving to improve the performance of its organizations, trying to meet today's realities through the mechanisms of compliance with quality standards, and Kazakhstan is not an exception. Nevertheless, Kazakhstani entrepreneurs faced a number of internal problems in implementing QWS in the local firms such as insufficient competence of employees in these matters and lack of experience in the development of QMS documents as well as lack of experience in implementing and improving the QMS. Moreover, the directors of Kazakhstani enterprises lack the level of emotional intelligence and internal culture of quality. It is impossible to correct mistakes without criticism. However, it makes no sense to look for the culprits in criticism because 2% of the causes of defects depend on them. At the same time, it is rational to identify and eliminate the causes of systemic defects, which are 98% on the conscience of a vicious management system. It is not advisable to criticize the identity of the person because this is a futile undertaking, and instead, recommend improving individual elements of the processes, approaches, culture, and management system.

Together these results provide important insights for top management to manage the quality management systems of the enterprises efficiently. Also, the findings help to understand the key internal reasons for the inefficient application of quality management systems in domestic organizations. A limitation of this study is that the number of studies and research reviewed was relatively small. This was explained by the shortage of literature that studies the inefficiency of QMS in the Kazakhstan case. Therefore, further research should be done to investigate the impact of the involvement of personnel and management on the effectiveness of QMS in domestic firms.

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