Institutional contradiction and management control innovation: A field study of total quality management practices in a privatized telecommunication company

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ABSTRACT

The purpose of this paper is to theorize the changes surrounding the introduction of a management control innovation, total quality management (TQM) techniques, within Telecom Fiji Limited. Using institutional theory and drawing on empirical evidence from multiple sources including interviews, discussions and documents, the paper explicates the institutionalization of these TQM practices. The focus of the paper is the micro-processes and practice changes around TQM implementation, rather than the influence of the macro-level structures that are often linked with institutional theory. The change agents used Quality Action Teams and the National Quality Council to introduce new TQM routines. The present study extends the scope of institutional analysis by explaining how institutional contradictions impact to create and make space for institutional entrepreneurs, who in turn, modify existing routines or introduce new routines in fluid organizational environments which also exhibit evidence of resistance.

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1. Introduction

The advent and implementation of total quality management (TQM) practices have attracted the attention of institutional theory researchers since their introduction in the mid 20th century (Westphal et al., 1997; Zbaracki, 1998; Hoque and Alam, 1999; Sharma and Hoque, 2002; Modell et al., 2007; Modell, 2009). Some writers have argued that, as well as the higher technical efficiency that TQM practices may provide, organizations implement TQM practice to become isomorphic with other organizations in their environment (Zbaracki, 1998; Hoque and Alam, 1999; Sharma and Hoque, 2002). The introduction of TQM routines within the organization has been identified as being part of a broader process to enact and add legitimacy to management control systems (MCS) changes within organizations (Chenhall, 2003; Sim and Killough, 1998).

The focus of this paper is on analyzing the changes surrounding the implementation of TQM practices which are part of broader control practices within Telecom Fiji Limited (TFL). Certain management control practices are conducive to the realization of TQM. The development of an organizational culture conducive to cross-functional cooperation and process-oriented management necessitates lateral rather than hierarchical oriented control practices (Chenhall, 2008). Popular conceptualization of TQM practices emphasises the need for mechanisms supporting lateral control such as empowerment of managers with cross-functional process responsibilities, team-based

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In this paper, institutional theory is used to explicate the process of introducing TQM practices within TFL. The literature on TQM practices tends to be outcome-oriented and there are only a few studies employing a processual approach. Institutional theory has been little used to study such processes as it has tended to be seen as a theory of stability rather than change (Lounsbury, 2008; Johansson and Siverbo, 2009). Seo and Creed (2002) question the emphasis on stability in conventional institutional theory which they identify as the problem of “embedded agency.” Embedded agents are those whose actions are constrained by the prevailing institutional ways of behaving. This means management may need the services of external consultants to bring about institutional change (Schumpeter, 1991; Beckert, 1999).

The paper addresses two main questions: (i) how were agents able to introduce a new MCS (such as TQM routines) within TFL? And (ii) how were TQM practices institutionalized at TFL? These two general questions led us to ask more specific questions: what was the institutional context in which agents acted? Were external agents or ‘embedded’ agents active in the change process? What were the micro-processes at work? And what were the mechanisms used to effect and institutionalize change? The paper adds to the literature by examining agency aspects of institutional change and extends work of theorists who have attempted to develop a processual view of change (Hirsch and Lounsbury, 1997; Beckert, 1999; Burns and Scapens, 2000; Seo and Creed, 2002; Dorado, 2005; Lukka, 2007; Modell et al., 2007; Cruz et al., 2009).

The remainder of the paper is structured as follows: in the second section, we provide a brief overview of management control perspectives on TQM. Following this we cover the theoretical perspective adopted for the study, the case company and the research method, and present the findings. The paper then finishes with a discussion and conclusion section.

2. Perspectives on TQM

The intention of this section is to synthesise the literature on key aspects of TQM practices. TQM practices have been implemented by firms interested in promoting their survival prospects by incorporating quality and continuous improvement into their strategic priorities (Shank and Govindarajan, 1994). TQM practices may be adopted by organizations so as to appear legitimate to their broader constituencies and stakeholders in order to secure the resources they need for continual survival (DiMaggio and Powell, 1983, 1991; Hoque and Alam, 1999; Sharma and Hoque, 2002). Tolbert and Zucker (1983) argue that once practices are well established, they may be more for social legitimacy and may become a matter of “myth and ceremony.” There is a possibility that the practices may not bring efficiency gains for organizations. This is in line with the contradiction that Seo and Creed (2002) suggest arises as a result of inefficiencies resulting from the quest for legitimacy.

In brief, the literature on TQM is mixed, with both positivist and interpretive perspectives. The theory adopted for the case is discussed in the next section. In order to study...
organizational heterogeneity and practice variation (Dacin et al., 2002; Greenwood et al., 2002; Seo and Creed, 2002; Cruz et al., 2009), we need to go beyond isomorphism and symbolic conformity to emphasize actors and practices as well as the relationship between institutional forces and micro-processes (Burns, 2000; Soin et al., 2002; Johansson and Balduinsdottir, 2003; Burns and Balduinsdottir, 2005; Siti-Nabiba and Scapens, 2005; Scapens, 2006; Busco et al., 2006; Yazdifar et al., 2008; Lounsbury, 2008; Cruz et al., 2009).

3. Institutional theory and institutional contradiction

Institutional theory has been adapted for this case study as traditionally it is seen as a theory of stability and needs to be extended in order to incorporate changes such as the introduction of TQM practices. Institutional theorists have long grappled with the issue of how institutionalized structure and agency exercised by actors with vested interests influence each other (Barley and Tolbert, 1997; DiMaggio, 1988; Hirsch and Lounsbury, 1997). Until recently, however, institutional theory has been largely silent about the specific mechanisms of choice and the circumstances under which institutional entrepreneurs may influence institutional change (Beckert, 1999; Dorado, 2005; Hensmans, 2003; Modell et al., 2007; Cruz et al., 2009; Johansson and Siverbo, 2009). Seo and Creed (2002) put forward the idea of institutional contradiction/inconsistency as an impetus for institutional change. Ongoing social interactions within any organization produce contradictions, and generate conflicts and tensions that may shape consciousness and action to change the established order. Seo and Creed (2002) explain some sources of contradictions as a basis for understanding the process of change. First, it is claimed that the pursuit of organizational legitimacy may contradict and undermine functional efficiency (Seo and Creed, 2002). Organizational actors may gain legitimacy and necessary resources by becoming isomorphic with other organizations in their environment (DiMaggio and Powell, 1983, 1991), but conformity with environmental arrangements may conflict with technical activities and efficiency demands. Traditionally institutional theorists have accommodated this contradiction between efficiency and legitimacy with the concept of “decoupling” of formal structure activities from technical activities (Meyer and Rowan, 1977). The contradiction remains, however.

Secondly, institutional isomorphism that increases legitimacy may be an adaptive move by organizational actors for survival (Seo and Creed, 2002). A problem arises when organizational actors who are so used to the existing institutional arrangement resist adapting to the new situation, which results in internal contradictions. Powell (1991) points out that any effort to change established routines is often resisted as the changes threaten individuals’ sense of security. That is, organizational actors may not adapt to changes in organizational practices. This unresponsiveness creates a situation whereby contradictions between organizations and their external environment develop and accumulate over time, assuming the resistance continues to be successful in restricting change.

Thirdly, existing organizational structures and processes may need to change as a result of the demands of external forces. Attempts to respond to an incompatible set of external environmental forces may create inconsistencies within an organization (Seo and Creed, 2002). For example, sudden changes in government regulations, changes in technology, and/or in customer requirements can produce institutional contradictions/inconsistencies (Seo and Creed, 2002).

The problem of “embedded agency” may be resolved to some extent by institutional entrepreneurs who act as internal change agents in the organization (Benson, 1977; Beckert, 1999; Seo and Creed, 2002; Dorado, 2005). The term ‘institutional entrepreneurs’ refers to “actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones” (Maguire et al., 2004, p.657). It was DiMaggio (1988) who introduced the notion of institutional entrepreneurs as agents who have an interest in specific organizational structures and who command resources that can be applied to influence institutionalized rules, either by supporting existing institutions (taken-for-granted rules and routines) or by using them for the creation of new institutions. Institutional contradictions allow institutional entrepreneurs to disrupt existing routines within an institutional arrangement. Institutional structure, informal rules and taken-for-granted scripts come under pressure from agents who recognize that these factors constrain more efficient outcomes.

Schumpeter (1991) describes the entrepreneur as the innovator who leaves behind routines. While managers respond to changes by adaptation, entrepreneurs respond creatively (Schumpeter, 1991). Entrepreneurs destroy existing institutional arrangements and introduce innovations in the form of new institutional arrangements. Although innovations destroy traditional practices, they do so by simultaneously providing models of alternative ways of fulfilling a task.

The concept of an ‘institutional entrepreneur’ reintroduces agency, interests and power into organizations (Lounsbury and Crumley, 2007). Institutional entrepreneurship has been a major step in the introduction and development of agency into institutional theory (Dorado, 2005).

Fig. 1 below visualizes the theoretical process of the model we used in our research to explore the routinisation of TQM practices at TFL. As seen from the Figure, it is the institutional contradictions that allow institutional entrepreneurs to destroy prior institutions and set up new rules and routines within the organization through the process of enactment, reproduction and routinisation of new practices (Burns and Scapens, 2000).

The study is based on Beckert’s (1999) model, with some modification drawn from Seo and Creed (2002) and Dorado (2005). The modification has been in the introduction of external forces which may create institutional contradictions providing an opportunity for entrepreneurs/managers to act. The model has incorporated rules and routines as in the accounting literature as part of institu-
We believe that the insights provided by the modified model of change offers an opportunity to go beyond the Burns and Scapens’ (2000) model often used in the accounting literature.

In many organizations, the management control system constitutes the stable rules and routines which enable and constrain actions (see Scapens, 1994; Burns and Scapens, 2000). Rules are the “formally recognized ways in which things should be done” while routines are defined as “the way things are actually done” (Burns and Scapens, 2000, p.6). TQM rules can be in the form of TQM manuals which organizational participants use, while TQM routines provide a frame of conduct within which Quality Teams act to solve work-related problems and promote customer consciousness. Rules capture the formal characteristics of an accounting system: for example, rules are standard operating procedures, budget manuals and appraisal guidelines. The Burns and Scapens’ (2000) model of institutional theory emphasises the stability embodied in rule-based behaviour and routines in organizational systems. Nevertheless, to study accounting change we need to study institutional contradictions that give rise to changes in rules and routines via institutional entrepreneurs.

Rules and routines are changed through actors’ actions via the process of encoding, enacting, revision and objectification of patterned behaviour (Burns and Scapens, 2000). There is a shift in the collective consciousness of actors from a passive mode to a reflective and active one stemming from contradictions. Once these actors (internal change agents) become active, they need to mobilise other actors and resources to bring about institutional change. Institutional contradiction provides the motivation for promoting alternative institutional arrangements (change in rules and routines) through the collective action of actors on an ongoing basis.

As seen from Fig. 1, this model of institutional theory offers an explanation of change based on institutional forces or exogenous shocks (Beckert, 1999). External change agents such as consultants may come from the organizational field. In the absence of such external forces, the change may emerge internally from the management team or a steering committee established by management within the organization. It is the managers who are usually associated with mimesis and homogeneity in institutional theory. The managers are supposedly helpful in stabilising the change through the process of enacting, encoding and reproducing new practices on an ongoing basis (Burns and Scapens, 2000).

The introduction of new rules and routines may give rise to some uncertainty. The model shows that deinstitutionalization of existing institutional rules and routines by entrepreneurs produces uncertainty amongst organizational participants. It is the management team that reduces the uncertainty by creating expectations of the behaviour of others through enacting and reproducing ongoing new rules and routines. This process of institutional re-embedding through enactment and reproduction of new rules and routines may not be smooth but, in the end, friction may be overcome (Beckert, 1999) with changed institutions established on an on-going basis.

In brief, the institutional framework, as outlined in Fig. 1, can be utilized as a theoretical framework to assist explanation of how and the extent to which environmental influences shape the behaviour of individuals within TFL and to analyse how the individuals themselves modify and transform the routines and the organizations. The institutional theory framework provided in Fig. 1 outlines a convincing way to view and analyse organizational change. The next section provides the background to the case company.

4. Background to the case company

TFL was of interest to the researchers as it was the first public sector enterprise in Fiji to be fully privatized and listed on the South Pacific Stock Exchange. Accounting and organizational changes were introduced and provided the focus for our study.

The Fiji government began to dismantle state-owned enterprises in the late 1980s and corporatized many public enterprises, including Fiji Post and Telecommunications Limited (FPTL). Under further restructuring FPTL was split into Telecom Fiji Limited (TFL) and Post Fiji Limited in 1996. Currently, TFL is the sole provider of local and national (trunk) telephone services. The company owns the only public switched telephone network in Fiji. The TFL network comprises 55 telephone exchanges throughout Fiji, connecting more than 101,000 customers (TFL website, 2010).

In 1998 the Fiji government consolidated all telecommunications companies into one company: Amalgamated Telecom Holdings Limited (ATH). ATH owns all the shares in TFL. For the organization chart of ATH, see Appendix 1.

In 2002, the government floated its stock in ATN to the general public in an initial public offering of $1.06 per share. The general public owns almost 7.2% of shares in ATN, while the government holds 34.6% of the shares. The Fiji National Provident Fund has a shareholding of 58.2%.3 ATH was formally listed on the South Pacific Stock Exchange in Fiji on 18 April, 2002 (TFL website, 2010). TFL describes its vision as “Telecom Fiji, bringing the best of telecommunications

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3 The Fiji National Provident Fund is a superannuation company in Fiji. The employer and the employee each contribute 8% of gross wages to the Fiji National Provident Fund.
to the Pacific" (TFL website, 2010). The mission of the company is to:

- provide telecommunication products and services that our customers value
- strive for excellence in everything we do
- develop a capable workforce by rewarding superior performance and
- grow shareholder value (TFL website, 2010).

In April 2002, Internet Services Fiji Ltd. (operating as Connect) was set up to take over internet service provision at the retail level from TFL. TransTel Limited was formed on April 2003 to market and sell prepaid calling and internet cards and manage all public booths on behalf of TFL.

Vodafone Fiji Limited (Vodafone) was incorporated in 1993 in the form of a joint venture between Vodafone Europe BV Holdings (49%) and TFL. The latter has assigned part of its domestic licence which deals with mobile communication to its subsidiary in which it has 51% shareholding. Vodafone has a customer base of approximately 154,000 (Amalgamated Telecom Holdings Limited Annual Report, 2006). Xceed Pasifica was formed in April 2003, taking over all customer premises equipment and related activities such as cabling from TFL. Fiji Directories Limited was set up as a joint venture in 1993 between FPTL (90%) and Edward O’Brien Ltd. (10%) and moved to ATH in December 2002 (Telecom Fiji website, 2004). The next section outlines the research method adopted for the study.

5. Research method

The case study was conducted over a 6-year period from 2002 to 2007. Our research study made use of multiple sources to collect evidence. Data were gathered from four sources: publicly available information, including TFL annual reports for the last 15 years; media and government reports; internal proprietary documentation, including board papers; and semi-structured interviews.

We were also given TFL’s Quality Policy and Procedure Manuals about TQM practices. Media reports were obtained from the National Archives of Fiji in Suva. The reports as far back as 1990 described the organizational culture prior to TFL’s corporatization. Government reports were obtained from the National Archives of Fiji. These reports included parliament papers pertaining to TFL when it was government-owned, together with other documentation such as an “enquiry report on FPFL affairs” which covered a period when there was open resistance to corporatization. Access to TFL employees and documentation was extremely good but some documents, for example the corporate plan, were considered to be confidential and were made available in edited form. Compared to a single source of data, these multiple data sources helped provide a more comprehensive and valid portrayal of the phenomenon (Jick, 1979; McKinnon, 1988; Modell, 2005; Perera et al., 2003). TFL annual reports were used to provide an understanding of the history of the organization and to facilitate the interviews.

The interviews were carried out between 2002 and 2007. Interviewees were asked to reflect on past events surrounding the corporatization and privatization of TFL as well as the current implementation of new management control practices such as TQM. Forty-two semi-structured interviews were conducted at TFL, each lasting from 1 to 2 h. Twenty-five staff were interviewed at head office in Suva and its branches in Nadi, Lautoka, Ba and Tavua. Interviews ranged between 6 and 8 in each year from 2002 to 2007. Some interviewees such as quality manager, strategic manager, public relations officer and accountants were visited more than once to clarify information and review our picture of the change process. The interviewees were representatives of the following sections of TFL: Finance, Human Resources, Customer Services, Public Relations, Strategic Management, Marketing and Network Engineering divisions. The interviews took place in formal surroundings, either within the office space of employees or in the company’s board room. Most of the interviews were tape-recorded and were subsequently transcribed. For a few interviews that were not tape-recorded, notes were made by one of the researchers as the interviews proceeded. Furthermore, three informal contacts were made by e-mail or phone. The informal contacts were particularly useful for checking or supplementing evidence collected during the formal interviews.

While the data triangulation approach (Hoque and Hopper, 1997) adopted was useful in enabling us to capture a holistic contextual understanding of the social phenomena under study, it also created challenges in terms of analyzing and making sense of empirical evidence collected from various sources. To overcome this problem, we started our analysis by preparing tables listing issues frequently raised in interviews in order to answer our research questions: how were agents able to introduce MCS (such as TQM routines) within TFL? How were TQM practices institutionalized at TFL? Several themes (such as contradiction/tensions, reform/corporatization, resistance to change, enactment of TQM, conforming to TQM practices) were drawn from these responses. The data representing these themes were clustered together at this stage. The documentary evidence collected was subsequently matched with themes (Tsamenyi et al., 2006). In the last part of the analysis, we drew on our theoretical framework to make sense of the data.

6. Case findings

This section presents the case findings in four sub-sections. The first sub-section discusses the institutional contradictions that triggered TQM practice implementation. The second sub-section discusses the role of institutional entrepreneurs in the TQM practice implementation process and describes how institutional entrepreneurs introduced new TQM routines. The third sub-section examines the enactment of TQM routines: how Quality Action Teams and the National Quality Council were formed to enact TQM practices within TFL. The fourth sub-section examines the process of how TQM practices were institutionalized by TFL management and employees.
6.1. Institutional contradictions

This section outlines the institutional contradictions that triggered TQM practices implementation. With the advent of commercialization, there was a need to strip away the civil service and engineering routines which characterized the public sector regime. Workers were used to being paid for input hours worked rather than for measurable output produced. A new business-like approach was introduced. Contradictory interpretive schemes were evident and this created fissures along which opposing sides lined up. A manager recalled the culture at TFL after corporatization but prior to the introduction of TQM practices:

The civil service culture was quite common at TFL and there was a lack of customer focus. Attempts to introduce business norms prior to TQM received strong resistance from management and workers.

The established civil service routines and more commercial routines operated side by side for a number of years. After privatization, TFL management acted to legitimize a business-oriented culture but the organization remained a monopoly supplier of telephone services to Fiji citizens. The management and employees were exhorted to be business-like and yet the idea that customers were simply sources of revenue was difficult to internalise. There was a contradiction between the civil service notions of service and the capitalist notion of internalising. Thus, conformity to social norms is essential and deviant behaviour is frowned on. Achary (1998a) notes that Fijian culture is one of silence, that is, the people will not normally speak up against their superiors or chiefs. Many employees would not express disagreement with their superiors because they have been brought up to believe that such behaviour is inappropriate. Powell (1991) argues that efforts to change actors’ shared norms are often resisted as “they threaten individuals’ sense of security and disrupt routines” (p. 194).

In the early days of corporatization, the workers and some of the management resisted attempts to introduce business norms. The Board’s attempt to remove managers who resisted the formal change process brought strong resistance and industrial actions by the union, resulting ultimately in the sabotage of cables and disrupting telecommunication services. A manager commented:

Here in Fiji we always have a militant trade union, unlike the unions in Australia and New Zealand. Further, the union is closely aligned to the opposition Labour Party of Chaudhry and can stall progress if they want to.

The workers feared there would be redundancies due to privatization as a new breed of capitalist managers tried to exploit labour in order to achieve a greater surplus for the company. The dialectically opposed forces could nevertheless agree on the purpose of their productive activities, which was to satisfy customer needs. The institutional entrepreneurs within Telecom saw TQM practices as an important innovation tool. They could help both to de-institutionalize public sector routines and to routinize the importance of customer service as the focus of new commercial routines. Customer service and satisfaction could be problematised and TQM practices offered as the solution to current organizational tensions. Interviewees reflected the rationale for TQM:

There were a lot of customer complaints about our services which created some concern for our performance.

Those days there was hardly one telephone connection per day. Technicians connected customers after taking celebratory food and drinks from customers. Customers gave bribes as the connections came years after initial application.

The actual implementation of TQM was assisted by the Fijian culture which appreciates social interaction once formal structures are institutionalized. Thaman (1999) notes that Fiji society is stratified and the people are socialized to respect others because of their social ranks. Fijians are devoted to their communal structures and obedient to their chiefs (Achary, 1998a, b). Fiji has a large power distance society that accepts a hierarchical order. Fijians have extended family with strong allegiance to the chiefs in the village. As a consequence, the Chief Executive and managers of TFL are generally regarded as people with authority. Many employees would not express disagreement with their superiors because they have been brought up to believe that such behaviour is inappropriate. Thus, conformity to social norms is essential and deviant behaviour is frowned on. Achary (1998a) points out that silence in Fiji is culturally patterned and embroiled in societal communicative behaviour. While TQM practices require the involvement of TFL members, this has been made possible through an informal environment of Quality Action Teams. A quality manager commented:

As soon as the meetings are formal, people feel as if they are in a court room and are very silent. We don’t know what that silence means, whether they agree or disagree. However, people are good in informal settings. We have informal meetings for TQM to solve this problem.

The cultural beliefs play an instrumental role at the work place: there is a large power distance between management and workers, possibly emanating from the tightly knit social framework and stratified Fijian society headed by chiefs. A Quality Manager explained that with the introduction of TQM practices at TFL, the power distance between the CEO and workers was meant to be reduced. However, due to the cultural pattern of employees, the large power distance was still pervasive. The power distance did not have much impact on TQM practices as meetings were held informally in Quality Action Teams to be described later in the paper. The next section illustrates the institutional entrepreneurs who took part in the implementation of TQM practices.
6.2. Institutional entrepreneurs in the TQM implementation process

This section examines the role that institutional entrepreneurs (internal change agents), along with external change agents, played in the TQM practice implementation process. A number of writers (Beckert, 1999; Seo and Creed, 2002; Dorado, 2005) have identified the significance of such agents in providing impetus for change in the presence of institutional contradictions or inconsistencies. Beckert (1999) argues that change agents have the effect of disturbing the existing taken-for-granted routines by introducing new ideas and the possibility of change.

At TFL, TQM practices were introduced by the then managing director, Naqova, who initially resisted the move towards commercialised routines. He was threatened with redundancy unless he went abroad and learned from managerial practices introduced to telecommunication companies in developed countries. On his return, he argued that the TQM initiative had brought considerable benefits to some of the commercialised public sector organizations he had visited in Australia and New Zealand and needed to be implemented at TFL.

An accountant stated:

The Managing Director travelled extensively to Australia and New Zealand and saw some successful companies with TQM practices and decided to adopt it here.

The managing director became an avid student of such practices. A quality manager commented:

Our then Managing Director used to read a lot of books on TQM and it was from there that he picked up the idea of TQM practices.

The managing director’s in-depth knowledge of other organizations and his wider reading was used to lend support to the idea of TQM routines.

A manager maintained:

Customer consciousness was lacking in public service days. There were instances of poor service delivery then. After corporatisation, this culture needed to be overhauled. TQM practice was seen by management as a viable solution to this problem.

Managing for results was introduced after corporatisation. TQM with related performance measures promoted this.

The managing director introduced TQM routines to strip away the deeply entrenched civil service routines and to enhance commercial business routines in the form of “managing for results.” A TQM manual and procedures were distributed by the managing director to all employees in the organization.

With some initial assistance from consultants from Hawaii Pacific University, a management team within TFL began the implementation of TQM practices. This team was composed of the managing director, all of the general managers and 10 other managers of key functions in the company. The management team acted to embed TQM routines initiated by the consultants and the managing director. The TQM teams followed 11 steps to problem solving as follows: (1) identify the problem; (2) identify and analyse issues; (3) identify the underlying cause; (4) assign data; (5) collect data; (6) evaluate and analyse data; (7) generate possible solutions; (8) analyse solution; (9) carry out cost/benefit analysis; (10) develop action plans; and (11) take measurements (Telecom Quality Manual, 1998).

A Quality Manual on TQM was introduced by the management team which outlined the TQM practice within TFL: this formed part of the “rules” within TFL.

When Naqova died in a fire accident in 1996, a new managing director, Winston Thompson, who was supportive of TQM practices was appointed. Thompson had a business background and had been Fiji’s ambassador to the UN. A manager commented:

The new managing director was result-oriented and maintained strong earnings, even in difficult times, and was supportive of TQM practices. He introduced some TQM structure into TFL, including Quality Action Teams and a National Quality Council. A Quality Manager was also appointed in 1996.

A manager also described the new managing director as a person who:

...took every novelty, although he may not have had the vision of what to use it for.

In this case, the management TQM team that included Quality Action Teams and the National Quality Council acted as institutional entrepreneurs. An operational worker commented:

I like being part of Quality Action Teams. It is very inspirational. It is pleasing to see that your views are heard at the National Quality Council level and sometimes they can become organizational policy.

Initially TQM practice was not accepted by all employees. A strategic manager described barriers to the diffusion of TQM practices in this way:

Some workers were with the company for over 30 years. The majority were with the organization for 10 to 20 years. A smaller percentage was with the company for less than 10 years and some were very new. It was not a clear cut acceptance since some felt the need to change was not there. I think the awareness of TQM made a lot of difference. We needed to speak to staff about the TQM philosophy/concept whenever the opportunity arose. This made the adaptation easier.

The new practice of TQM did not make sense to some employees as the company had a monopoly in telecom services and made adequate profits. These employees questioned the need for TQM routines. Other barriers to TQM diffusion were described by interviewees:

There were some who resisted adopting TQM. It came from old employees.

We could say old horses take longer to understand the new race course.
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A TQM manager was appointed in 1996. He had been sent to Hawaii Pacific University where he gained a diploma in quality management. This person had been with TFL for over 30 years, having worked up from a junior position: he was a line inspector and was with the customer services division before he moved to the position of National Manager: Quality. He also presented various papers at local conferences on TQM and had won best paper prize at the Training and Productivity Authority of Fiji’s Quality Award annual conference in 1996. Under his direction, a TQM administration structure (see Fig. 2) emerged in 1996 at TFL.

Some of the QATs in operation at TFL under the Strategic Business Unit Management were said to be “resolving complaints in provisioning and restoring, reducing costs on small and medium customers, developing customer focused attitude and reducing waitlist management” (Telecom Quality Manual, 1998, p. 11). The National Quality Council teams were established in the areas of debt management, billing and customer value management.

A strategic manager explained that the QATs were cross-functional. The leader of the team was not from the same section of TFL where the quality problem arose. The leaders of Quality Action Teams were appointed by the National Quality Council. The teams’ composition generally consisted of people who could provide access to data necessary for testing potential solutions and was critical for implementing the solutions. Hackman and Wageman (1995) point out that a cross-functional team’s main purpose is to identify and analyse the “vital few” problems of the organization (p. 313). The teams were created to diagnose the problems and to develop and test potential solutions to them. On being asked how a Quality Action Team approached a problem, a quality manager responded:

Quality Action Teams go through the quality improvement process of problem solving. They work on data collection and select a few main problems and leave out the trivial problems. Data collection is needed which is done by the team members.

The National Quality Council meets on the third Monday of every month. At the meeting, team leaders reported on key business processes such as service provisioning, restoration, risk management, recognition and rewards, billing and revenue assurance. The Quality Action Teams reported on specific quality projects monthly at the National Quality Council meetings which became part of the routine activity. The work of the Quality Action Teams was monitored by the National Quality Council. The Telecom Quality Manual (1998) points out that the role of National Quality Council was to:

- monitor the quality of Telecom products and services
- form Quality Action Teams to work on macro processes (cross-functional)
- monitor the work of action teams
- liaise with organizations and institutions on quality development programmes
- organize company quality conventions and award presentations
- evaluate the effectiveness of the company quality improvement processes, and
- publicise the quality improvement undertaken by the teams.

At the National Quality Council, the recommendations that emerged from the Quality Action Teams could be approved or further action recommended. Once the changes to work processes, technical changes, new investments or customer service changes were approved, they were implemented. An interviewee commented that the
Quality Action Teams' responsibility was to follow through the implementation process and report back to National Quality Council within a certain time, say 3 months.

Two detailed examples are provided to illustrate the way in which new routines were enacted. The first example of reproduction of TQM routines comes from the Western division where problems were being faced in restoring telecommunication services which were often disrupted by heavy rainfall. Most telecommunication cables are laid underground and customers often face difficulties during rainy periods as rain water interferes with the telephone cable, affecting telephone communication. The need for restoration may also be due to lack of preventative maintenance. A Quality team, nominated by the chief executive officer and other management, was formed. It brainstormed to find reasons for delays in restoring services for customers. At least 17 problems were listed in restoring services. Out of the many suggested problems, the team selected a vital few, and investigations were carried out to identify possible causes. Data were collected for a month, a goal was set and solutions effected. The Quality Action Team settled on five vital problems: delays in testing, statistics compilation, jumpering, passing of faults and delay in passing faults to the Network Centre. Of the five problems, the delay in testing a cable pair was the most problematic, caused by the department having only one subscriber line test device.

Data collected indicated that out of a total 22 working days in the month, total tests for faults were 131 a day – 2882 a month. There were, on average, 20 working hours of waiting for customers before services could be restored. According to a manager, the company was spending an average of F$612 every month on over time to test and analyse faults. It was decided that the best solution was to obtain another subscriber line test device so as to enhance the testing of cable pairs and numbers. According to an interviewee, once this action was approved by the National Quality Council, it was implemented by the Quality Action Team. After implementation, waiting time was reduced from 20 to 15 h, a 25% improvement. An interviewee stated that the subscriber line test costs approximately F$1000. After the implementation, over time was reduced from an average F$612 a month to an average of F$232 a month. The implementation resulted in increased efficiency and supported a technical-rational explanation for the introduction of TQM. A quality manager commented:

\text{the savings were huge and this was made from buying another subscriber test device. The savings were made on a year by year basis.}

This could also be seen as evidence of reproduction and routinisation within TFL. Hackman and Wageman (1995) highlight the cost savings that can be achieved by quality practices, as has been evidenced above with the cost savings from subscriber lines.

Another example of Quality Action Teams’ improvements at TFL was billing services. According to one manager, as late as 2002 the billing function was seen by management as a major problem area. The problem was evidenced by increasing customer complaints, adverse articles in the press, and the increasing volume of calls received by the customer service division on billing. The problem persisted even though, for several years, TFL had instituted TQM practices and a corporate vision which stressed “service first and first in service.” A customer satisfaction survey conducted by consultants, Forum Corporation of Australia, confirmed poor performance in this area as well. A Quality Action Team was formed to improve this service. A resolution to provide reminders to customers if the payment was late was approved by the National Quality Council. A manager remarked:

\text{the customer survey revealed that TFL employees were not reminding customers of due date and were just cutting them off.}

With approval from National Quality Council, it was decided to remind customers over the phone of bill due announcements. The result obtained through data collection by the Quality Action Team revealed that customers were appreciative; cut offs were reduced and bill payment by customers was improved. A manager also stated that around 2004, that is after 2 years of the bill due reminder, there was a great reduction in customer complaints, negative articles in the newspaper and the volume of calls for billing enquiries. According to a strategic manager, further customer satisfaction surveys conducted by TFL management also showed improvement in the services provided. The next section examines the institutionalisation of TQM practices.

6.4. Evidence on the institutionalisation of TQM practices

During the reproduction process, the members underwent TQM training and participated in Quality Action Teams, experiencing clear outcomes from TQM. These experiences assisted in institutionalising TQM practices. Organizational members used their experiences to update their “reservoir of beliefs” (Weick, 1979, p.187) about TQM. They integrated TQM with their ongoing everyday reality (Zbaracki, 1998). This section aims to show how TQM practices were institutionalized by management and employees.

The experiences TFL people have with TQM shape new understanding and beliefs about TQM practices. A quality manager commented:

\text{We got some excellent solutions from the Quality Action Team. The areas we’re happy about are the cable line testing team which reduced customers’ waiting time should the line become faulty. The team achieved really substantial cost savings. And they were recognised at the Fiji Quality Award ceremony where they won prizes for best quality team in the country.}

The above interviewee suggests technical reasons for the use of TQM practices: the practices were beneficial to the employees and improved their perception of being customer-oriented. The interviewee perceived that there was improvement in efficiency through cost reduction and service provision as part of commercial business routines. Savings were made “year on year” as a result of quality
projects. The savings could be mooted as evidence of some routinisation. For the most part, the project improvement was small and delivered modest savings. Cumulatively, however, this may build up to substantial savings. An accountant maintained:

TQM practices were so much used that they became part of our work here.

Another manager commented:

We keep a high profile as far as TQM goes. It is working well and we are making progress in the organisation. We have Quality Action Teams and a National Quality Council Team that operate effectively. Our present managing director is very supportive of TQM teams and keeps encouraging us to do best in teams.

An accountant maintained:

Through TQM, each employee realised that they are important players in the organisation. TQM is a team work approach and helps to enhance employee satisfaction.

Routinisaton could also be viewed in terms of the conduct of meetings and the approach to problem solving. A quality manager asserted:

TQM practices had an impact on how we approach issues. ... We never start a meeting without a brainstorm. This did not happen before TQM practices.

According to Mueller and Carter (2005), changed conduct at meetings hardly constitutes a managerial revolution but it does constitute a routinised practice that no longer requires explicit legitimation. Routinisation may continue for a long time, thus becoming recursive. TQM practices became part of the “habit” set of TFL management and employees and were reproduced and expected within the organization.

For institutionalisation of TQM practices, there are also the tools that the team members use and discuss. These TQM tools include brainstorming and the 11 steps to the TQM problem solving process, including statistical tools, used by the various Quality Action Teams. Some examples of TQM problem solving and brainstorming, as discussed previously, were in the areas of restoring telecommunication services due to some faults and failures in operational areas, including cable pairs and billing services. Once a problem has been resolved, it is then passed to the National Quality Council which endorses the recommendations; these are then implemented and evaluated on a monthly basis by the Quality Action Team and reported on to the National Quality Council. The improved work processes emerging from TQM practices become routines and are subsequently institutionalized by Quality Action Teams and the organizational members. Zbaracki (1998) asks whether such tools mainly parrot the language of the TQM problem solving process, or whether the tools manifest a new social reality (for example, 11 steps to TQM problem solving). TQM practices may provide employees with improved performance ability (Hackman and Wageman, 1995). The use of such tools by employees demonstrates the operation and depth of TQM routinisation within the organization. An operations staff member commented on TQM practice as follows:

I have seen so many changes over the past years and I have noticed a definite improvement in the working environment. When I first started with the company there was no real interaction between the staff and ‘bosses.’ Before if a Chief Engineer or Permanent Secretary came on inspection visit to the division we never got to meet them. Now the CEO even talks to the cleaner. Total Quality Management principles are followed.

According to the above interviewee, TQM practices improved the flow of communication and were instrumental in employee empowerment. The interviewee noted an improvement in work environment through an increased interaction between the management and employees. Before TQM practices, there was little interaction between different levels of employees and the cultural pattern of society was reproduced: there were large power distances between the management and the subordinates. A human resource manager commented:

There is now more interaction between managers and the workers. The organisation chart has been flattened and this means better communication between supervisors and the workers at the ground level.

TQM practices were instrumental in reducing the power distances between management and employees. Interviewees reported greater use of the more technical tools of TQM practices. When asked by the researcher for copies of TQM literature, the managers were able to supply some literature. The interviewees confirmed that technical elements of TQM practices have been infused within the organization.

As an impetus to institutionalize TQM practices, MCS such as key performance indicators (KPIs) were developed to embody customer satisfaction indicators for organizational members. Such measures as customer satisfaction fuelled the institutionalisation of TQM practices. Managers use MCS practices such as performance indicators to track the performance of employees against targets.

As a movement towards a performance management system (PMS), the management established for all employees in-house and external training programmes which included commercial awareness courses. The following interview quotes illustrate this:

We develop our staff. We send them for training and further studies at the University of the South Pacific, the Fiji Institute of Technology and the Training and Productivity Authority of Fiji.

We gave our people a lot of in-house training including customer service training which is conducted by external consultants. This makes employees more sort of responsible in the manner they deal with customers. We also depend a lot on information systems that provide reports so that we can give quick answers to our customers.

Through the PMS practices, individual performance is evaluated, based on routine tasks and current year work plans which are derived from the company’s broader action...
plan and the operational key performance indicators (KPIs) which are used for staff evaluation. A strategic manager commented:

The performance targets we have at the workplace are: customer satisfaction, training skills, knowledge/attitude, professional development and motivation. We recognise effort. There is a positive attitude toward subordinates.

Individual workers are assessed by their superiors on a quarterly basis and are allocated marks out of 100 on KPI achievement. A manager at a regional office in Nadi maintained:

PMS practice is measured on individual accountability. Individual workers are allocated marks out of 100 by their respective supervisors. Some of the key performance measures at the regional centres are punctuality, maintaining error-free work and resolving disputes in terms of customer complaints.

As for the customer perspective, the key accountability factor was the quality of service in terms of line repairs, which for residential customers, included the following:

- 80% of customer line repairs to be done in 24 h after receiving a complaint
- 95% of customer line repairs to be done in two working days after receiving a complaint
- 100% of residential customers’ line repairs to be done in five working days after the receipt of a complaint.

For corporate customers, 80% of the line repairs were to be done within 2 h of receiving complaints. According to an engineer, once a complaint (fault in line) is received, it is logged in the computerised Integrated Customer Management System and has to be cleared within a specified time limit. Short-term monitoring of service level is geared towards indicators such as telephone response times and lead times across various operating areas. A strategic manager commented:

The company is committed to shortening lead times in services. We’re focused on improving services to customers and are pretty much concerned with things like lead times, control activities and service to our customers.

TFL managers and employees became result-oriented. The use of new PMS practices allowed employees to be rewarded with bonuses if they exceeded 70% in their quarterly PMS report. This bonus reward would be equivalent to a fortnight’s pay for an employee. A human resource manager commented:

There are a number of rewards in the company. If one performs one gets a bonus. If the company performs better than budgeted amounts, you get extras, and also on top of that is the Cost of Living Adjustment rewards.

Another strategic manager stated:

On every quarter, assessment is done. Every individual’s assessment is done. Percentage rating is done which measures the amounts of bonuses. If one doesn’t meet target in the first quarter, one can catch up in the second quarter.

A quality manager asserted:

The KPIs are within the reach of employees and encompass both financial and non-financial indicators and are a fair system.

Through the PMS, TQM practices became routinised within TFL. The TQM and PMS practice regimes create and demand systems of surveillance and trigger discipline amongst employees. The employees perform to achieve desired outcomes and receive a bonus, which is a motivational instrument. According to one interviewee, PMS practice is used as a form of “discipline”, a way of making workers more efficient, focused and compliant. That is, they are institutionalized as part of shared norms of “discipline” and are result-oriented. Interviewees claim that, through PMS techniques, workers are disciplined to adapt TQM routines to achieve expected results in their quarterly PMS report. PMS practices have been instrumental in shaping TQM routines to be institutionalized. The next section brings the narrative together by discussing and summarising the findings.

7. Discussion and conclusion

The paper has employed insights from institutional theory to explain the processes of implementation of TQM practices. We answer the two research questions posed earlier in the paper in the following concluding sections.

7.1. How were TQM practices institutionalized at TFL?

The enactment and reproduction of TQM practices by TFL members illustrate TQM routinisation. The introduction of TQM routines within the organization was part of a process to enact and add legitimacy to broader MCS change within TFL. The institutional theory framework describes the process through which the TQM routines were implemented and the organizational members’ use of these routines adopted. According to interviewees, TQM practices were introduced at TFL in order to do things differently: to be customer conscious. Tolbert and Zucker (1983) point out that managers and employees may adopt an innovation in the belief that the innovation improves internal processes in line with technical-rational arguments. TQM routines were introduced by consultants and managers and promoted by consultants globally exhibiting mimetic isomorphism. Granlund and Lukka (1998) point out that consultants promote “same standard solutions globally” (p. 167). Consultants were instrumental in bringing the global institution of TQM practices into TFL, after the CEO asked them to provide training to employees on TQM practice. Irvine (2007) notes that consultants’ services can be considered as normative institutional pressure. Consultants are change agents and valued not only for the knowledge and technical advice they provide but also for the legitimacy they bestow (Irvine, 2007).
Interviewees’ comments suggest that TQM practices can be seen as a continually evolving process of deinstitutionalizing public sector templates and institutionalizing private sector templates. Johnson et al. (2000) emphasise that actors will not necessarily align themselves with the new institutional templates: rather, they carry forward routines from the public sector and differentially adopt TQM practices at different paces. TQM practices gain institutional value over time as they become the accepted way of doing things (Zbaracki, 1998; Hoque and Alam, 1999; Mueller and Carter, 2005). TQM routines were reproduced at TFL through Quality Action Teams and with approval from the National Quality Council. TQM practices became part of the “habits” of management and employees which were enacted and reproduced; for example, the Quality Action Team meetings became a routinised activity. The processes and associated practices of the Quality Action Team meetings became taken-for-granted. Having discussed how TQM was institutionalized at TFL, the next question examines the role various participants played in introducing TQM routines.

7.2. How were agents able to introduce a new MCS (such as TQM routines) within TFL?

Institutional contradictions play an instrumental role in the change process, as depicted in the model presented in Fig. 1. The Fiji government’s public sector reform policy produced a source of inconsistency in TFL participants’ interactions. Throughout the reform process, the organizational participants were encouraged to operate as if running a successful business, but the adoption of a consumer focus and a quality service emphasis was slow and inconsistent. Such contradiction can produce institutional crisis. In Fiji the sudden change in government regulations in terms of public sector reform appeared to be the consequence of interinstitutional incompatibilities unfolding in the larger institutional environment. The Fiji government was influenced by donor agencies such as the World Bank and the Asian Development Bank to introduce neoliberal policies of public sector reforms. TFL was one of the forerunners of these reforms and the first public sector organization to be fully privatized.

At the organizational level, the problem of “embedded agency” can be overcome by institutional entrepreneurs as they are able to envision alternative institutional arrangements and are able to develop them. The institutional contradictions/inconsistencies within the existing “rules” and “routines” can encourage previously embedded agents to act as institutional entrepreneurs (Seo and Creed, 2002).

At TFL, the managers, consultants, Quality Action Teams and National Quality Council extolled TQM practice as a “new way of working.” The exhortation from management was to strip away the civil service and engineering routines that had been firmly protected under the public sector regime. The stripping away of civil service routines reflected management’s conviction that new ways needed to be adopted.

This paper focused on analysing the changes surrounding MCS innovation of TQM practices implementation over time within TFL. The contribution this study makes to the literature is to tease out the micro-processes of change within the case organization. The introduction of TQM routines have been conceptualized as institutional change. DiMaggio and Powell (1991), Tolbert and Zucker (1996), Johnson et al. (2000) and Modell et al. (2007) underscore that scholars have paid little attention to the micro-processes of institutionalization. In this paper examination of TQM implementation contributes to addressing this omission. The particular institutional theory perspective that this paper drew on enabled us to explore the micro-processes of TFL rather than the influence of the macro-level structures that are more often linked with institutional theory (see also Soin et al., 2002; Burns and Scapens, 2000). The explicit focus on the role of agency enables the analysis of the relationship between different agents; for example, the CEO and management team were the institutional entrepreneurs who were the key players driving the adoption of TQM practices. The study accepts that institutional theory is a theory of stability. However, with the introduction of institutional contradictions/inconsistencies, as well as institutional entrepreneurs, institutional theory may be expanded in order to explicate institutional change. Using this modified perspective, our research has sought to demonstrate how embedded agents influenced by institutional contradictions take collective action in order to achieve institutional change in the form of TQM practices implementation.

Our analysis is limited as it is a single case study. The results, therefore, may not be applicable to other organizations in Fiji. Our aim was to explain and understand the dynamics of TQM practices implementation within TFL rather than to provide broader theoretic generalizations. There are opportunities for future comparative empirical studies to further our understanding of how TQM routines are shaped by institutional contradiction and entrepreneurs as well as by the interplay between institutional forces and intra-organizational power relationships. The study does have implications for recently privatized state-owned enterprises seeking to implement TQM routines. For these organizations, the TQM routines may offer a set of practices that can be used as part of a process to enact and add legitimacy to broader MCS change within organizations.

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Appendix A.

References


