

Business leaders see QMS as antidote to financial audit misdealings

Following the recent accounting scandals, senior British business decision makers feel that quality management systems should be made compulsory in order to increase accountability to the public and shareholders.

ISO 9000 emerges as the most widely used framework by British companies for implementing a quality management system (QMS). However, only 58 % of British companies operate any type of quality management system according to research commissioned by the Institute of Quality Assurance (IQA)¹⁾.

The smallest (GBP 1 million-5 million turnover) and largest organizations (+ GBP 20 million turnover) fare best with over 60 % penetration, whereas only 36 % of medium-sized companies adhere to any QMS.

Nevertheless, in the light of recent accounting scandals, the majority of senior decision makers in British businesses are in favour of making quality management systems compulsory. Fifty-six percent of business decision makers felt that compulsory standards in organizations of more than 50 employees would increase accountability to the public and shareholders. This figure rose to 63 % of companies with a turnover of more than GBP 20 million.

Of those organizations which do operate a QMS, improved customer satisfaction (90 %), credibility (77 %) and compliance – for example, with health and safety legislation – (73 %) are deemed the most impor-



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tant objectives. Encouragingly, 78 % of respondents feel that their quality objectives are well on the way to being met.

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Most popular

At 30 %, ISO 9000 was the most popular standard on which to base a quality management system, closely followed by bespoke in-house systems at 24 %. Other models such as Quality Mark, ISO 14001, Six Sigma and Business Excellence Model did not show sig-

nificant uptake. The manufacturing sector reported the best penetration of quality management systems with 74 % claiming to adhere to quality standards.

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Only 34 % of marketing departments and 37 % of human resource departments use a quality management system



Forty-two per cent of British companies operate without the foundation of a quality management system

Quality management systems are most likely to be found in production departments, with 73 % of these departments reporting use of such a system. By comparison, only 34 % of marketing departments and 37 % of human resource departments use a quality management system.

Commenting on the survey, Frank Steer, Director General of the Institute of Quality Assurance, said: "British companies have still failed to grasp the importance of quality management and we are extremely concerned at the number of UK organi-

zations which operate no quality management system at all. We can see from our research that the business community recognizes the need to rebuild confidence, but our evidence shows that many are not prepared to take action.

"It is our job, as the quality community, to communicate the essential nature of quality management systems at the highest level. Without senior buy-in, quality management cannot be effective. We need to ensure that awareness of quality management penetrates not only the whole of the organization, but customers and stakeholders as well." ■

Methodology

The research was undertaken on behalf of the Institute for Quality Assurance by Continental Research. The sample consisted of 200 interviews with managing directors, financial directors and other senior managers of businesses with an annual turnover of between GBP 1 million and GBP 100 million.

Quotas were applied by turnover, region and industry type. Weighting was applied by turnover, region and industry type to make the sample representative of the 135 000 companies with a turnover of GBP 1 million-100 million as estimated by the United Kingdom's Department of Trade and Industry.

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