

CURRENT ISSUE

ARCHIVES (2004-)

ARCHIVES (1996-
2004)

MANUSCRIPT
SUBMISSION

The Ethical Implications of Quality

By: **Larry A. Pace** [[biography](#)]

Introduction

Total Quality Management (TQM) has been described as an ideology, a corporate culture change phenomenon, a set of "hard" techniques, a set of "soft" skills, and as a pragmatic approach to business survival. Each of these descriptions has implicit ethical ramifications. Although TQM clearly has ethical implications, the direct connection between TQM and ethics has largely been unexplored. In this paper, I examine TQM from four ethical perspectives and show the ethical implications of each perspective. Regardless of the ethical system considered, poor quality is unethical and quality is an ethical imperative. Corporate leaders would do well to consider the ethics of TQM in their efforts to engender managerial and employee commitment and supportive behaviors.

Definitions

TQM

For the purposes of the present discussion, I will define quality as "doing the right thing the right way the first time and every time." This definition subsumes other definitions that focus on aspects of the product or service such as performance, conformance, reliability, features, aesthetics, durability, serviceability, value, or customer perceptions. Total Quality Management (TQM) is the set of goals, strategies, and processes that lead to quality. Inherent in this definition are the questions, "What is the right thing?" and "Who determines what is right?" For this reason, TQM can and should be examined from an ethical perspective.

Ethics

The domain of ethics encompasses moral judgments as to what is right and what is wrong. Properly understood, ethics is the study of right and wrong, while morality is the degree to which one behaves in an ethical way. Ethical judgments affect and are affected by beliefs, assumptions, individual and corporate behaviors, and societal/cultural values. The relationships among ethics, choice, and the law are summarized in Figure 1. Ethics overlaps the domain of law (what is legal and what is illegal) and choice (what one is free to choose as an autonomous actor). World history and personal experience are replete with examples of the conflict that can emerge in areas where the overlap of choice, law, and ethics is incomplete. For instance, the practice of legalized discrimination in the form of slavery in the antebellum Southern United States resulted in the Civil War. At stake was the issue of whether what is legal is also ethical. By contrast, voluntarily doing that which is both lawful and right is usually a safe choice. For example, one large chocolate company recently passed on the savings of lower-priced ingredients by increasing the size of their candy bars without raising prices. On the other hand, choosing to do that which is unethical and potentially illegal can be an unwise strategy. For

[picture]

Figure 1. The domains of law, ethics, and choice

instance, Sears faced a lawsuit claiming that its Auto Centers unethically and illegally overcharged their customers and performed unnecessary repairs (Paine, 1997). This is an example of an unethical choice to violate the law.

Ethical Perspectives

The study of ethics can be traced back to the Greeks and Romans. Aristotle is credited with coining the term ethics in his book the *Nicomachean Ethics*. Ethical reflection has also been heavily influenced by the Judeo-Christian and other religious systems and more recently by theologians and moral philosophers. Aristotle stressed the ethical significance of the pursuit of happiness. Christian theologians Augustine and Aquinas stressed both the relationship between the individual and God and the interaction between a reason-giving God and a reasoning, volitional human. European moral philosophers Spinoza, Kant, and Mill offered their views of ethics and morality as metaphysical, motivational, or utilitarian searches

for moral laws and right choices. Modern moral views include the intuitionist, emotivist, naturalistic, and personal realism perspectives. These views seek to define right and wrong as either intuitively self-evident, a question of desire or emotion (without conveying knowledge), based on the human's position in nature, or on the moral openness to God. For the sake of simplicity, and because of my limited knowledge, I will largely avoid discussions of eastern mysticism and other religious systems, though they have obviously influenced moral judgments and ethical systems as well. A single exception will be a discussion of the thinking of Dr. Kaoru Ishikawa, one of the frequently cited "founding fathers" of quality (Costin, 1994).

While the study of ethics is interesting in its own right, for our current purposes we can identify four major ethical approaches. Judgments as to what is the right thing to do in business (inherent in the definition of TQM above) may be based on any (or a combination) of perspectives (adapted from Brown, 1996):

1. What is right is determined by an absolute, widely accepted standard that is independent of the actor. These standards are assumed to be embodied in shared beliefs and assumptions, for example religious convictions or corporate values, or are assumed to be self-evident. This is commonly referred to as deontological ethics. For the present purposes, I will call this the ethics of principle. The ethics of principle focuses on the implicit principle in a proposed course of action and seeks to determine if it can be will as a universal moral law. It also looks at whether the proposal shows respect for others.
2. The intentions or motives of the actor determine what is right. This is teleological ethics, in which the final end or purpose of the actor is paramount. The actor's "end" is the good for which he or she strives. Proposed actions that help to achieve that good are right, while proposals that hinder it are wrong.
3. The effects or consequences of the actions or choices of the actor determine what is right. I will call this simply the ethics of consequence. This "modern" utilitarian view of ethics focuses on the positive and negative effects of a proposed course of action on those affected by the action.
4. What is right is determined by the situation. This approach considers not only intentions and consequences, but also the context in which the actions occur. This "postmodern" view of ethics implies that

what is right cannot be decided by comparison to an invariant standard, but can only be decided on a case-by-case, situational basis. This is the relativist view of ethics. In this view, a given action can be considered right or acceptable by comparing the actor with others in the same or similar situations. As a corollary, a given action or choice could be right for one person but wrong for another. I will call this the ethics of relativism.

TQM and Ethics

Throughout the centuries, professionals such as physicians, lawyers, and ministers have been held accountable to exacting ethical standards, usually voluntarily imposed. The best known of these is the Hippocratic Oath, which pledges the medical profession to the preservation of life and the service of humanity. Other professional groups, such as nurses, engineers, and psychologists have developed professional standards as well. These standards serve to enhance and preserve the status of the profession as well as to guide sanctions when individuals are found to be in violation of the standards. More recently, modern organizations have developed explicit codes of conduct or business ethics. These codes prescribe acceptable and unacceptable behaviors as well as specify the conditions under which certain behaviors would be considered acceptable or unacceptable. These codes are now often called virtue ethics. Such codes may be based on deontological, teleological, utilitarian, relativistic, or a combination of ethical systems.

Clearly TQM is implicitly covered by such codes since they deal with the domain of moral judgments as to what is right and wrong. These judgments apply to business questions of what to do and how to do it, specifically with regard to how a product or service is produced, how it is delivered, and how the organization interacts with its customers and other constituents. But although TQM has obvious ethical implications, it may not be considered explicitly in the code of business ethics. Notable exceptions include organizations that explicitly state their customer satisfaction or low-price policies as part of their corporate code or even in the appearance of their facilities. For example, Wal-Mart displays its "customer satisfaction guaranteed" slogan on the exterior of its stores.

Japanese-Style Quality and Ethics

A clear departure from the western perspective of quality as a

pragmatic approach to achieving lower costs and higher value is found in the writings of Dr. Kaoru Ishikawa (1985). Although Ishikawa would in no way disagree with these goals, his view of quality was, in contrast to the western view, explicitly ethical. Indeed, the Japanese approach to management in general and TQM in particular is humanistic. The Japanese acknowledge the need for lower prices and higher profits, but approach quality from the perspective of human happiness. According to Dr. Ishikawa:

"In management, the first concern of the company is the happiness of people who are connected with it. If the people do not feel happy and cannot be made happy, that company does not deserve to exist."

Poor Quality is Unethical

To restate my definition, quality is "doing the right thing the right way the first time and every time." Let us further define "right" and "wrong" with regard to quality. The "right thing" must be understood from both internal (product/service) and external (customer) perspectives. This means that the product or service meets customer requirements, performs as stated, is priced fairly, and is delivered on time. The "right way" is the most effective, most efficient, lowest cost, fastest, highest value approach to producing the right outcome the first time and every time. It implies conformance to all applicable standards and specifications as well as minimization of the costs of poor quality such as rework, waste, and scrap. Therefore, poor quality could be defined as either doing the wrong thing (or failing to do the right thing) or doing the right thing the wrong way (or failing to do the right thing the right way every time)

To illustrate, imagine purchasing a product such as a cellular telephone. If the newly purchased phone does not work as promised, is not delivered on time, or is found to be damaged, this is a case of the "wrong thing." If on the other hand the phone works as promised, but the cost is unfairly elevated because of greed, monopolistic practices, or inefficiency, this is an instance of "the right thing done the wrong way." Finally, if some of the phones work, but others do not, this is a case of the failure to do the right thing the right way every time.

Poor quality is unethical from any perspective:

- Ethics of principle--Poor quality is unethical because it

involves doing the wrong thing or failing to do the right thing. The implicit principle is a general, normative statement that one should do right and avoid doing wrong. The implicit principle is then tested with the principle of universality, which is based on consistency. In other words, "Can this implicit principle become a universal law that applies to all actors in all situations at all times?"

- Ethics of purpose--Poor quality is unethical whenever the intentions of the organization producing poor quality were to deceive, cover up, hide, or excuse the poor quality. In the special case that the organization's intentions were pure, and the outcome of poor quality was inadvertent or accidental, the test of purpose may have been passed, but it is naïve to assume that the organization will be exempted from the test of consequence.
- Ethics of consequence--Poor quality is unethical because it produces the consequence of the wrong thing or the failure to do the right thing.
- Ethics of relativism--Poor quality is unethical whenever the situation calls for quality and the organization fails to produce quality. Additionally, poor quality may be unethical when other actors in the same or similar situation are doing the right thing the right way, or even when other actors are doing more of the right thing in a more correct way.
- Poor quality is not only unethical, but also an unwise business practice. Surveys have indicated that customers are demanding higher quality, and that price alone is becoming less of a deciding factor in purchasing decisions. In the USA, for example, research has shown that 80% of potential customers consider quality equal to or more important than price in their purchases.
- A recently popular approach to customer value, the so-called "total cost of ownership," has obvious TQM and ethical implications as well. For example, Xerox Corporation could afford to offer a three-year customer satisfaction guarantee of a full refund or product replacement because their product quality was excellent. This was an ethical choice (the right thing to do), but also a smart move in the marketplace. Other copier manufacturers followed suit (perhaps before they really wanted to). The behavior of the other manufacturers may have been more situational than principle-centered, but the net effect was a good one for the customer, the

reduction in the total cost of ownership of Xerox products and the products of Xerox's competitors as well.

TQM is an Ethical Imperative

Preconditions of Quality

Doing the right thing the right way the first time and every time demands that several preconditions be met. In instances where these preconditions are not completely fulfilled (in my opinion the majority of cases), TQM must become a goal or strategy as well as a process. TQM preconditions include:

1. The organization must be able to define what is the right thing. This may involve studying customers, markets, competitors, regulators, suppliers, and stakeholders (including employees, creditors, and investors). For companies unsure of what the right thing is, TQM implementation is secondary to planning and goal-setting activities.
2. The organization must be able to do (and be able to afford to do) the right thing. This involves the creation, implementation, maintenance, and improvement of capable systems and processes.
3. The organization must be able to do (and be able to afford to do) the right thing consistently. The organization requires feedback, concurrent, and feedforward control systems. Further, the organization must provide its members with skill, information, and support to take immediate corrective actions when errors or mistakes are discovered.

Quality as an Ethical Imperative

Implementing TQM as a strategy, goal, and process to achieve and maintain these conditions is an ethical imperative from any perspective:

- Principle--Doing the right thing the right way implies a standard of excellence. Clearly, an organization's attempts and accomplishments in this arena are ethical. Additionally, several universal (or nearly universal) principles can be inferred from TQM. These include the involvement (or empowerment) principle, the customer value principle, and the economic value-added principle.

Although some views, for example the competing values and stakeholder approaches, imply that it is impossible fully to satisfy diverse or conflicting definitions of the right thing, they nonetheless suggest that those stakeholders with the largest interest and leverage must be satisfied to the maximum possible extent. This is a Thrasymican ("might makes right") view, but it still implies a right thing or principle independent of the actor.

- Purpose--Intending to do the right thing the right way is clearly ethical. Goal-oriented TQM processes with the purpose of defining, achieving, and maintaining the right thing the right way are ethically imperative. In Kantian terms, the act of pursuing quality is genuinely moral and therefore ethical when done out of pure respect for duty, in this case to the customer and other stakeholders such as the employee or even the environment.
- Consequence--The consequences, by now well-documented, of doing the right thing the right way consistently are lowered cost, increased value, higher customer satisfaction, increased competitiveness, and organizational and economic growth. Examined from this perspective, TQM is once again a clear ethical imperative.
- Relativism--This view would imply that TQM could be ethical under certain circumstances. Therefore, if the circumstances under which TQM is ethical were prevalent, then TQM would be an ethical imperative. This is precisely the case. Organizations around the world are faced with intense competitive pressures, increasing customer demands, higher stakeholder standards, and societal pressures to democratize and transform the workplace. Thus TQM is an ethical imperative from the relativist perspective because it promotes and enables organizational success in precisely these circumstances. Further, TQM becomes a source of sustainable competitive advantage. As such, TQM is becoming a normative, prescriptive approach to dealing with today's marketplace.

Conclusions and Recommendations

Whether examined from the perspective of principle, purpose, consequence, or relativism, TQM is an ethical imperative. The study of ethics and the behavior of various business, political, and religious leaders reminds us of course that knowing the

right thing to do does not always result in moral choices. Knowledge of the right thing, however, does allow the actor to ask the appropriate questions. Does this action coincide with an established, accepted principle? Are my actions well intentioned? Is the anticipated consequence appropriate? And does the action fit the demands of the current situation?

Having an ethical rationale for TQM and the resulting goals, strategies, and processes can assist organizational leaders as they attempt to train, inform, motivate, and support their employees in the pursuit of these goals and strategies. Comprehension of the ethics of principle, purpose, consequence, and the situation can help organizational members to see the need for and desirability of TQM and can overcome objections to the implementation of the systems and processes necessary to attain and sustain high quality. TQM can appeal to principle, purpose, consequence, and the current situation of the organization. Therefore, adding ethical considerations to training and communication could be beneficial in gaining managerial and employee commitment to TQM.

References

Brown, M. T. (1996). *The ethical process: a strategy for making good decisions*. Upper Saddle River, NJ: Prentice Hall.

Costin, H. (1994). *Readings in Total Quality Management*. New York: Harcourt Brace College Publishers (Dryden).

Ishikawa, K. (1985). *What is Total Quality Control? The Japanese Way*. Englewood Cliffs, NJ: Prentice Hall. (Translated by David Lu.)

Paine, L. S. (1997). *Cases in leadership, ethics, and organizational integrity: a strategic perspective*. Boston, Irwin.