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## OVERQUALITY CONCEPT IN ORGANIZATIONS

**Abstract:** *In this paper, the overquality concept is discussed. The definition and examples of overquality are delivered with the emphasis on quality of live.*

**Keywords:** *Overquality, Quality costs, Management systems efficiency*

### 1. INTRODUCTION

An enterprise is under big pressure of competition in the market economy where it is difficult to compete without good quality and economic management. Some organizations are becoming more concerned with delighting their customers than simply satisfying them. Yet despite an extensive literature on effectiveness of quality management programs and concepts little has been written about the overquality issues. The purpose of this paper is to provide a definition of overquality to help managers, where appropriate, design and deliver the real quality to customers.

Efforts related to quality improvement have been the subject of interest to the managers of organization since the dawn of time. Contemporary management concepts emphasizing the importance of quality management came from the work of people like: Deming, Juran, Feigenbaum.

Currently in the area of quality management, the most popular solutions used in organizations are:

- ISO management standards such as ISO 9001, ISO 14001 or ISO 45001.
- Lean management and six sigma.
- Organization based management systems (e.g. Toyota Production System).
- Excellence models.

### 2. OVERQUALITY

#### 2.1 Overquality definition

In service management there is a concept of delight – which is the result of (excellent

service that exceeds expectations [7]. According to Johnston, exceeding expectations may be unnecessarily costly. If perceived quality is too high, the costs of production are probably unnecessarily high. Then we have an overquality, which cannot be justified for economic reasons [7]. That kind of effect is related with poor design stage of the service development.

Other problem can be observed in organizations that implemented management systems or other quality-related improvements. One of the side effects of that improvements can be increased detection of products nonconformities that in fact fulfil all requirements. That is a typical overquality case that occur during the production.

Based on the above examples the definition of overquality is proposed.

*Overquality - an activities related to quality which cannot be justified for rational reasons.*

The above definition requires a reference to the concepts of quality and rationality. Quality can be related to different aspects of organizational processes and outputs, such as products and services or the management of the organization. There are different definitions of quality that were changed during the time. In the past, quality was related to technical characteristics of the product. Quality was conceived in terms of a standard considered by the majority and usually reflected in cost to be above the normal [10]. The idea of quality as managerial excellence was related to TQM philosophy. After that, consumers' perspective

was taken into consideration. In ISO 9000:2015 the fundamental concept of the quality is the ability to satisfy consumers and to fulfil the needs and expectations of the consumer and other interested parties [6]. Some of the consumers and other interested parties' expectations can be contradictory. In that situation activities end resources used to fulfil those expectations can be treated as unnecessary ones.

Rationality is a term as old as quality one. The idea of rationality is an ancient, and most influential concept in management. The "rational organization", a much applauded icon, is typically assumed in managerial thought to have stemmed from Weber's theory on bureaucracy and Taylor's scientific management [9]. Rationality can be perceived via values and goals set by organization. Depends on the context, the same quality action can be perceived as rational or irrational ones.

Because of the rational reasons that are used in the overquality definition, it is important to point out that some positive socially important actions, can be recognized as overquality ones. It is because of the economical aspect of the issue, especially in the situation of limited resources. When discussing quality of life, overquality activities can be observed, when we can indicate the alternative actions that are more effective.

## 2.2 Quality in market theories

From the economic (theory of market) point of view, quality of products and services are considered by G.A. Akerlof. His work relates to quality and uncertainty. According to Akerlof: there are many markets in which buyers use some market statistic to judge the quality of prospective purchases. In this case there is incentive for sellers to market poor quality merchandise, since the returns for good quality accrue mainly to the entire group whose statistic is affected rather than to the individual seller. As a result, there tends to be a reduction in the average quality of goods and also in the size of the market [1]. In the market of asymmetrical information, uncertainty and dishonesty, the rational behaviour is to reduce quality. We can assume, that all the expenditure to ensure quality are irrational or in other words we can claim that we have the case of overquality.

The negative impact of the Akerlof's 'theory of lemons' may be limited by reduction of uncertainty. Most popular ways to achieve that effect are [1, 4]:

- guarantees,
- repeat purchase,
- brand-name good,
- chains (of hotels or restaurants),
- licensing practices,
- quality signaling.

In the research published by P. Belleflamme, M. Peitz [4], authors propose quality signaling rather than quality of products as a remedy of asymmetric information. Asymmetric information prevails because consumers cannot ascertain the quality of the product before they buy it. Moreover, consumers observe the quality investment effort and have an understanding of the relationship between investment spending and expected quality. In that kind of market typical signaling efforts are: price, advertisement and quality investment.

The negative impact of the Akerlof's 'theory of lemons' may be limited also by public sector. Public policy interventions (such as consumer reports, or government approval of product introductions) often try to alleviate the asymmetric information problem consumers face about final product quality [4]. The same mechanism may apply to the quality of life issues. Unfortunately, as Belleflamme and Peitz analysis shows, such policies may be harmful to society as they may reduce socially desirable investments [4].

## 2.3 Failures of an implementation of quality management programs

Failures of an implementation of quality management programs (QMP) are well known and widely discussed. The failures of TQM practices were indicated by Shih and Gurnani [11] who claimed that: The quality management programs had very promising starts and encouraging initial results, but died down after two-three years. It is important to understand the reasons of QMPs' failures to promote their effective institutionalization. The failure of QMPs is a serious concern that has shaken the faith of QMP practitioners [2].

According to the overquality definition, most of implementations of the management systems that haven't been successful can be

named as overquality cases. Due to the fact that implementation required to use valuable resources without the projected outcomes. That line of reasoning is consistent with observations regarding the increased number of organizations that are withdrawing from the ISO 9001 certification. According to Simmon and Kafel research [12], the most important reasons for certification withdrawal were related to internal factors, such as financial problems within the organizations, a perceived lack of added value from certification, and organizational changes (such as internal restructuring). That results can shed light on the effectiveness of activities related to QMS implementation, certification and cancellation [12]. Other studies have found that the implementation of ISO 9001 does not necessarily lead to more competitiveness [5]. Besides, organizations that certify the system must bear the costs of certification which sometimes are bigger than the benefits [8].

Taking into account the overquality definition, it can be proven, that in some cases resignation from ISO 9001 certification can be a rational action. Moreover, recertification of the QMS can be considered as an overquality activity.

## 2.4 Costs of quality

The concept of costs of quality (COQ) has not been precisely defined neither by practitioners, nor by theoreticians in the field of quality management. The main differences between the existing definitions refer to the content, range and areas of the costs [3].

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There are two most popular models that generalize all the existing classifications quality costs. These are [3]:

- PAF (Production-Appraisal-Failure) model - where main costs are: prevention costs (associated with actions taken to ensure the conformity of products), appraisal costs (measuring and assessing the level of quality attained by the process) and failure costs (costs of actions to correct quality of products).
- Process cost model - where main costs are: the cost of conformance and the costs of non-conformance.

Introduction of the quality management systems should result in the increased prevention costs incurred by the prevention and improvement activities for the system and products. These activities lead to reduction of non-conformance costs for both the company and the customer. The concept of costs of quality is strictly associated with the existence of an optimum cost level. Both too high and too low levels of prevention costs will be inadequate. Consequently, too high a level of prevention costs meets the criteria of an overquality definition.

## 3. CONCLUSION

In this paper, the overquality concept is discussed. Overquality is described as an activity related to quality which cannot be justified for rational reasons. This term is strictly related with quality activities and programs which consequently bring lower results than expected or possible to sustain with other methods.

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