SENIOR MANAGEMENT'S CONSENSUS ON QUALITY IMPROVEMENT DECISION PROCESSES: IMPLICATIONS ON QUALITY PERFORMANCE OF SELECTED PHILIPPINE MANUFACTURING FIRMS

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The author's work experience has focused on the field of development work, particularly, in the areas of project development, training, and business development. Her professional career started with a 12-year government service for the National Economic and Development Authority (NEDA-Region IV), the Ministry of Human Settlements (MHS), and the Department of Agriculture (DA). In 1989, she moved to development consulting where she has continued her career path up the present. For the past ten years, she has been working for a U.S.-based international consulting firm that is specialized in agriculture and natural resources, finance and banking, enterprise development, economics and trade, and governance. She briefly taught courses on business policy and human behavior in organizations.

She obtained her master's degree in Sociology (1982) and bachelor's degree in Broadcast Communication (1976) from the University of the Philippines in Diliman. While pursuing doctoral studies in Business Administration, she acquired a research interest in the socio-behavioral and integrative aspects of business management, which led her to her current dissertation topic.

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ABSTRACT

Consensus, or the level of agreement among the senior management team of a firm, had been the subject of interest in strategic management literature. Prior studies generally seemed to suggest that a higher level of agreement among the executive team, composed of the CEO and the heads of the functional units, would be associated with enhanced firm performance. The Uncertainty Reduction Theory explains that agreement among members on organizational roles and processes would improve the predictability of their behaviors. Moreover, the reduction of stress associated with ambiguity would enable members to concentrate more fully on the tasks at hand or to the substance of their decisions, thereby improving management and enhancing firm performance.

This study extended prior researches on consensus by finding out if senior managers' consensus on quality improvement decision processes (i.e., management procedures for selecting an improvement theme or project for the firm, and for implementing the chosen improvement theme or project) will be positively related to firm quality performance. In addition, this study attempted to find out if the firm's emphasis on differentiation strategy vis-à-vis cost leadership strategy will moderate the relationship between consensus on quality improvement and firm quality performance. Furthermore, this study also determined if perceptions on market uncertainty will moderate the relationship between consensus on quality improvement and the quality performance of firms.

A sample of 45 firms was selected from the food processing industry and the automotive parts manufacturing industry in the Philippines. An average of four senior managers served as respondents from each firm. The respondents were mostly composed of the CEO and the heads of the functional units pertaining to production, marketing, finance, and human resource management. In each firm, the degree of consensus or level of agreement on quality improvement among the executive team was measured using the standard deviation of their responses to a multiple-item

questionnaire. Firm quality performance was based on managerial assessments of the company's achievement of its goals for quality, as measured in terms of business results, operating results, and human resource results. Statistical tests using multiple regression were performed to find out the relationship between consensus on quality improvement and firm quality performance. Likewise, multiple regression analysis was used to determine the moderating effect of differentiation strategy, cost leadership strategy, and market uncertainty to the relationship between consensus and firm performance, respectively.

The results of the study showed a positive relationship between consensus on quality improvement decision processes and firm quality performance. Also, the interaction between differentiation strategy and consensus on quality improvement was found to be positively associated with quality performance. Similarly, the interaction between cost leadership strategy and consensus on quality improvement was also found to be positively associated with quality performance. These findings, therefore, seemed to imply that competitive strategy as a moderating variable will help in explaining further the relationship between consensus on quality improvement and firm quality performance. On the other hand, the results of the study showed that the interaction between market uncertainty and consensus on quality improvement was not associated with the quality performance of firms.

Suggested area for future research includes, among others, the further development of the measurement of consensus that would focus more on consensus-building processes and integrated management systems. Such mechanisms augur well for greater coordination and cooperation among the functional units of a firm, leading to high performance.