



RĪGAS EKONOMIKAS AUGSTSKOLA  
STOCKHOLM SCHOOL OF ECONOMICS IN RIGA

**SSE Riga Student Research Papers**  
2009:7 (116)

**IN PURSUIT OF ISO CERTIFICATION: CLIENTS' AND  
CONSULTANTS' PERSPECTIVES ON QUALITY  
CONSULTANCY PROJECTS' PROCESS IN LATVIA**

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ISSN 1691-4643  
ISBN 978-9984-842-19-6

November 2009  
Riga

# **In pursuit of ISO certification: clients' and consultants' perspectives on quality consultancy projects' process in Latvia**

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May 2009  
Riga

## **Abstract**

This paper aims to analyse the process of introducing the ISO standard compliant quality management system with the help of a quality consultant. The main objectives are to investigate the power dynamic of client-consultant relation, the client's motives behind the decision to pursue ISO certification, client's and consultant's ability and propensity to take each other's perspective. To this end, an empirical study's results were subjected to various statistical treatments to determine if there were statistically significant differences in client's and consultant's perspectives on the same question. The quality consultants proved to provide companies with necessary tools to implement a management system. The technical nature of the consultancy projects mostly focused on the attainment of ISO certificate to secure the short-term deliverables was identified. The paradox of the ad hoc contractual relations between client and consultants indicated weak points of quality consulting. The low level of participation of senior management and employees put main constraints on the leveraging the benefits of the system. This paper contributed a series of recommendations for consultants and companies looking to contract the services of the quality advisors.

**Keywords:** ISO, quality management system, quality consultant, Latvia.

## **Acknowledgements**

This is a great opportunity to express my respect and gratitude to my supervisor Associate Professor Ivars Austers, PhD for encouraging, guiding and supporting me throughout the course of the thesis development. I am most grateful to him for generous help with the theoretical background of my thesis, statistical analysis and suggested possible improvements.

I would like to thank Associate Professor, Girts Dimdins, PhD for advising me on the questionnaire design and thesis structure.

I wish to express my gratitude to Andris Veveris, Country Manager of Bureau Veritas Latvia SIA, Sigita Plesa, Board member, Latvian Association for Quality, Viktors Trifanovs, Lead Auditor, Lloyd's Register Quality Assurance, Sanita Stelpe, Executive director, Latvian Association for Quality, Agris Aizpurietis, Certification department manager, Det Norske Veritas Latvia SIA and Iveta Lazdina, Certification manager, Bureau Veritas Latvia SIA for taking intense practical interest in the study, numerous ideas, constructive criticism and valuable suggestions that significantly improved the quality of the thesis.

I would like to thank Rachael Morrison for superb editing, friendly comments and valuable suggestions to improve my academic writing style.

I would like to express my appreciation to all quality consultants and quality managers for trusting me, taking their time to participate in the survey and sharing their personal experiences and viewpoints. The study would not have been possible without their responsiveness.

I would like to express my warmest gratitude to my husband for continuous inspiration, invaluable support, helpful critique and never failing faith in me. I am grateful to my mom and my son for their love, understanding and support.

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# 1 Introduction

## 1.1. *Research topic*

The continual improvement driving ISO<sup>1</sup> standards have become benchmarks for achieving quality management system best practises across a globe. In most cases of management concepts quality management system (QMS) and ISO standards concepts implementation has been widely supported by management consultancy. The concept of quality management system has been acknowledged by 159 countries<sup>2</sup> and has consequently become an entrenched part of Latvian management practise. Growing with the pace and magnitude of an emerging economy, Latvia lived a fast life of QMS and ISO institutionalisation in public, business and academia spheres.

The simultaneous adoption of QMS and ISO conceptions resulted in merged hybrid constructs embedded with locally assigned attributes. During last years of the country's sustained and robust economical growth and extensive public spending, the ISO certificate not only became one of the distinguishing characteristics of company identity, but also created a significant competitive advantage. This was necessary for trading in EU and other markets as well as bidding for government contracts. Given this the companies were urged to seek ISO certification.

Similar to other management concepts, the adoption of QMS best practises was facilitated by the quality management individual practitioners and consultancy companies. The emphasis of getting the implementation of quality system right since the beginning, lack of in-house expertise and tight deadlines secured stable demand for the service of external consultants. They claim to be able to translate QMS benefits into incremental value to a company's bottom line and ensure the attainment of ISO certificate. On the other hand, the consultancy project output is a result of personal engagement between client-consultant in a process where each party's perspective is adding to the development of desirable perceptions. This further results in limited conflict, reduced misinterpretations of questions whilst enhancing the understanding of motives and judgements.

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<sup>1</sup> An organization, the International Organization for Standardization ISO is the world's largest developer of voluntary International Standards for business, government and society. Many users decide to have their management systems independently audited and certified as conforming to the standards. Certification is not a requirement of the standards themselves, which can be implemented without certification for the benefits that they help user organizations to achieve for themselves and for their customers. Nevertheless, many thousands of organizations have chosen certification because of the perception that an independent confirmation of conformity adds value as per ISO Survey (2007). Source: [www.iso.org](http://www.iso.org).

<sup>2</sup> Source: <http://www.iso.org/iso/about.htm>

Few local publications questioning the intrinsic value of ISO certificate can be found. There is vagueness on embedded quality culture in certified companies and the unverified reports on some consultants' unethical behaviours at client site and "guarantee" promises of "guaranteed" certification circulated in business corridors. In spite of mixed information, the majority of local academic attention has been paid to the in-house implementations of QMS and ISO standards. The main focus has been on manufacturing and construction industries. The ambiguity of quality management consultancy projects and their influence on implementation process have not been scrutinised by Latvian business press and by the involved parties and academics.

### ***1.2. Research Question***

The study seeks to answer the questions on the company's journey to ISO certification with the help of an external adviser. The following questions will be explained:

- What perspectives do clients and consultants take in relation to themselves and to others?
- What are the motives behind the ISO certification, and the attributes of the quality consulting process?
- What way does knowledge originate and transfer?
- What is power dynamic of client-consultant relation?
- Does the consulting outcome impacts favourably or unfavourably on the consultant's perception of the client?
- Do unconfirmed opinions passed around by word of mouth have sufficient ground?

The author would like to highlight the opportunities to improve consultancy project and point out any potential bias. Further questions included in this study are:

- Whether the present tendencies of quality consultancy and clients perceptions are seen as an opportunity or threat to quality business evolution in Latvia?
- Are characteristics of the quality management consultancy similar to ones of management consultancy?

### ***1.3. Research Approach***

The theoretical framework of this study is to represent academically acknowledged researches on management consultancy. Theories of perspective taking and self-serving bias will be a base for developing and structuring a questionnaire. The target audience of the survey are quality consultants and QMS implementation project managers in newly certified enterprises. The empirical data for this study will be collected by telephone and online.

The author analysed available overseas studies on quality management and management consultancies. Its role in evolution of quality idea and the customer's perception of the consultancy value will also be dissected. The analysis of this research will be utilised as a benchmark for comparing of the author research results.

To allow a broader spectrum of views and opinions on the research topic, preliminary survey results will be presented and discussed with others beneficiaries of this study including Latvian Quality Association and major share holders of certification market – Det Norske Veritas (further DNV), Bureau Veritas and Lloyd's Register Quality Assurance (further Lloyd's Register).

Based on the above analysis the conclusions on general tendencies and opportunities to improve the quality of the consultancy projects were made.

The literature research and quality consultancy related studies were used to develop theoretical framework and design survey. After completing the field work, the preliminary survey findings were discussed in depth with experts. The quantitative [statistically significant differences and correlations] and qualitative [discourse] analysis of both parts of empirical research was used to conclude on the topics, answer questions and develop recommendations.

#### ***1.4. Research limitations***

This study has some limitations to the interpretation of the findings and other issues that need to be considered before generalising or drawing any patterns. The confidentiality of consultancy projects and negative consequence on reputation or disclosure of intellectual know how creates limits on collecting the cross examining information from consultant and client. To overcome this limitation within the framework of the perspective taking, the reflections of the consultants are based on their client projects in 2008. The accumulation of client data information was obtained from private sector companies<sup>3</sup> who engaged with the quality management consultants and have attained their first ISO standards' family certificate within 2008 and 2007.

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<sup>3</sup> Public sector institutions are not part of this study.

## 2. Literature Review

### 2.1. *Perspective Taking and Self-Serving Bias*

*How do we judge ourselves and others?* Each consultancy project involves the intensive interaction of individuals, their perceptions, behaviour, decision making, and judgments are strongly influenced by each other's presence. To understand the fundament of what impact the consultant's intervention course has on the outcome and process of perceptions' construction of client and consultant, the author would like to examine those aspects through perspective taking activities people use to interpret the world (Montgomery, 1994).

According to Montgomery (1994) people try to align themselves with certain role or group whose they want be identified with. This directs people orientation. By paying different attention to different features of the object people gain different experience (Montgomery, 1994).

To further elaborate on the relationship between perspective and evaluation given to the object, Montgomery (1994) divided one's perspective into inside and outside. Through inside perspective one<sup>4</sup> sees the object as belonging to his or her action field. The one who can be controlled and therefore trusted are perceived as benevolent. Their success attributes to his or her abilities, and failures to the environment causes [background]. The outside perspective implies to an object whose existence is outside of one's action field. "The close the distance between object and subject, the more one sees another through the prism of disadvantages, as the perceived independence of the object can threaten his or her current interests" as stated by Montgomery (1994, p.158).

In relation to this study, the consultant and the client are actually running the constant evaluation of one's another's performance. The perspectives they take on for each other can either increase the growing resistance and hostility or the other way around. This allows mutual empathy to flourish and result in positive evaluation. The perspective taking ability of consultant potentially provides him or her with more accurate judgment of others. This also relates to the consultant's willingness to listen, share the knowledge, enhance the relationship with the client, and persuade him. The person's aptitude to easily take others' perspectives, serves as a sign that this person is ready for possibility of a different view in a given issue (Montgomery, 1994).

In regards to this study, this relates equally to consultant and client. They are both involved in a process of decision making in which each one can stay in their own comfort zone. They

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<sup>4</sup> In the case of this study - consultant and client and vice versa.

also have various excuses and explanations of why this will not work or allow the considered potential decisions viewed from different perspective to minimise the consequent feeling of neglecting the one other's need (Montgomery 1994). Whilst making the judgements, the person can turn their preferred strategies, which support his or her motivation orientation. As the continuation Higgins & Molden (2005) confronted this by indicating that the consideration of multiple views does not reduce the assessment errors. On the contrary, it might even increase them.

*Am I good enough?* As every service, the consultancy projects might be of great success or a disaster. Who takes the responsibility for the nonachievement or the credit for success? Does knowing what and how to do mean the person will do it? As Fiske & Taylor (1984) indicated that motivation is a driving force behind our doings. People's motivation reflect the need to preserve the self-esteem, therefore taking the credit for success and denying the responsibility for failure is a tendency known as self-serving attributional bias (Higgins et al., 2005; Fiske et al.1984). The pressure to succeed is a driving force for both parties in the consultancy project. Each party success is directly attributed to their efforts. Hence client and consultant are focused to accomplish the project successfully to boost their confidence; the failure to obtain the ISO standard certificate after third party audit is a real damage to their ego as supported by Fiske et al. (1984).

In others cases, the client's or consultant's ego enhancing need is more threatened by necessity to accept blame for a mistake than to deny the credit for success. Both Fiske et al. (1984) and Higgins et al. (2005) agree that people tend to concentrate on information which supports their competence whilst remaining cautious to statements and suggestions that question their professional status.

In regards to this study, the client and consultant wish to perceive themselves as successful, in how they affect the process of information during the consultancy project. Each of them might be tempted to quickly accept the evidence and viewpoints which they are in favour of. On contrary, the information and evidence which undermine their competence and standing will be rejected as argued by Higgins et al. (2005).

*Who does contribute the most?* The consultancy project implies a co-produced outcome. The interrelations and responsibilities are shared between the client and the consultant who take them to project themselves as greater contributors regardless or not of the result of the project. By focusing on increasing the self-esteem, one can tend to see things in a way that is

advantageous to the ego as wrote Fiske et al. (1984, p. 84). They continue by saying that forms stable attributions especially about others. Fiske et al. (1984) stated that unwillingness to change one's belief, whether about others or the self, in the face of inconsistent evidence and facts. Consequently, both client and consultant might imply the cliché while perceiving and judging each other.

## ***2.2. Management Consultants***

*Who are they: professional helpers or rhetoricians?* The nature of consultancy has been studied by many academics who bear controversial views and opinions. As noted Gammelesater (2002) “..the recent success of the consultancy industry can be understood as the effect of its increased ability to commodify and market its products in the fact of the more complex and dynamic environments meeting modern identity-seeking organisations” (p. 224). For some consultancy is an important player for disseminating the knowledge, benchmark and new efficiency raising methods. For others the consultants are management trend setters whilst their enthusiasts believe to be at the forefront of managerial idea progress (Clark et al., 2002). Nevertheless Clark et al. (2002) viewed the consultancy interventions as both encouraging for managers to step outside their usual routine and one to increase the organisational effectiveness.

Over time when the introduction to first pool of consultancy pioneers had exhausted itself, the mastery of consultancy was confronted by scepticism and strong criticism drawn both by academics and business community. As one can not really define the extent of factual improvements brought by consultants, the interpretations fall into two distinct camps: highly positive and highly negative. The latter is supported by Bloch (1999) and later by Wright et al. (2002) argument. They argue that managers are influenced by the excessive use of flamboyant buzzwords. Exquisite tangible symbols of consultancy industry [e.g. dress code, faultless presentation etc.] are also highly impressionable. On the other hand, the impact of impression management is widely observed in many kinds of social situations. Fiske et al. (1984) pointed out that:

Creating the impression requires not only the right setting, correct props (e.g. style of dress) but a good deal of skill, and often some rehearsal. Comparably it is like a drama production; one has the ability to step into shoes of the target person, see how the impression looks from his or her vantage point, and adjust one's behaviour accordingly. (Fiske et al., 1984, p. 379).

According to Fiske et al. (1984) the impression making can raise one's own power, help to achieve desired results, gain approval from others and bring real satisfaction of projecting a positive image in both one's own and other's eyes.

Fincham & Clark (2002) and Wright et al. (2002) state that critical perspective has received full support from journalists, who consider consultants to be either grey shadow behind initiatives, or charlatans, whose expensive advices stay on paper (Fincham et al., 2002, p.8). To argue with criticism one should consider the difficulties of knowledge intensive works' evaluation. It is difficult to separate the outcome caused by external intervention and the effort of organisation.

*Questioning implementation.* Another concept regarding consultants as the “change agents” has been discussed by Kipping & Engwall (2002) and Nikolova & Devinney (2007). According to Kipping et al. (2002), the management consulting as a service is economically based on the need for clients to change. Nevertheless the change-oriented activities neglect important details of current operations. This can be aggravated by the consultant's lack of sensitivity to the client's routines and their implicit functions (Kipping et al., 2002, p. 208). Furthermore the consultants are the ones who need to put a lot of effort to be recognised by the clients as the experts. The integration of new routine in the behaviour of client organisations ensures the internalization of new information and methods by them, there seems to be little consultants can do pointed Kipping et al. (2002).

The expected outcome of the undertaken initiative of change can be reached through means of internal training and efforts of client staff. Nikolova et al. (2007) in their paper describe that consultants see themselves as important change agents who introduce new perspectives and frames of reference into client organisations. They further continue that on the contrary clients regard consultants as pushing pre set standardized solutions rather than listening to the problems and being guided accordingly.

*Client-consultant relation.* According to Schein (2002) there are two common reactions of the client to consultant. The first is a deep anger and sensitivity to criticisms demonstrated by making the consultant look bad, by challenging and distorting his or her arguments. The second one is sharing the problem and therefore removing the anxiety accompanied with it. The first reaction is the method of establishing the parity, the second one bears the danger, as make the client to depend on the consultant, hence diminishing his or her ability to critically view the advice and implement the solutions which are inappropriate to the problem (Schein, 2002). Although the examples provided by Schein (2002) reveal the nature of the clients' reactions the author would like to point out that the company culture, individuals' motivations and previous experience or lack of it impact on the way the

consultants are treated. On the other hand, the consultants often feel frustration because their expectations of the input differ from what the clients want (Schein, 2002). By claiming the areas of the potential contributions the consultants convey their expectations for the client perceptions of their role. “The most puzzling and frustrating aspects of giving a help is often that one’s regard most brilliant insight or preaching, or some of one’s most routine questions or observation turn out to be the most helpful” as wrote Schein ( 2002, p. 23). However Schein’s (2002) position seems to be rather inadequate. It is essential to point out that the manipulation or influence can be equally explored by both parties. According to Wright et al. (2002) in some of the cases, the consultant unconsciously becomes the tool in the managerial political game or seen as the threat to client’s authority or job security. “Being able to manage such resistance and create an impression of success is therefore crucial for consultancies if client relations and the consultancy’s reputation are to be maintained” as indicated by Wright et al. (2002, p.185). There is no doubt that the consultants’ ability to diplomatically and delicately handle the variety of the situations at the client site is of great importance. Furthermore, the consultancy projects should be perceived as the results of mutual efforts. As indicated Williams (2001) the client and consultant both produce and consume the rhetoric, defining and feeding each other’s needs and identities. Another point in favour of this conclusion is provided in the study of Kipping et al. (2002), who wrote that “for any consultancy project to be fruitful and sustainable, external input must not only be accompanied by internal support in the initial phase, but also be discontinued in time and followed by internal succession and progression” (p. 221). A further argument supporting this viewpoint is given by Schein (2002). He pointed out that the willingness of the client to be assisted and advised is one of the important prerequisites for the successful consultancy.

### ***2.3. Quality Management Consultancy***

*The predecessor of QMS.* According to Klefsjo et al. (2008) the quality management system concept has always been greatly influenced by consultants. However Klefsjo et al. (2008) concluded that in spite of a burgeoning literature, quality management is not universally accepted, has no accepted or agreed definition and does not have a theoretical framework.

The predecessor of QMS introduced the total quality management strategy which has been used in large parts of the world (Klefsjö et al., 2008). Although the promised advantages over the competitions without the implemented TQM has been never proved, the concept’s declared values and ultimate focus on customer satisfaction received a great acceptance and

recognition of entrepreneurs. Since the TQM has been repositioned as a universal concept to other sectors (e.g. service and public sectors) and countries the implementation has been improperly carried out (Klefsjo et al., 2008). It has therefore ignored the many potential political, psychological and behavioural difficulties in organisation and undermined the importance of cultural environment.

*The perspective on a multi-sided quality assurance system.* The relativism and ambiguity of the term quality does not give us a clear explanation of the ultimate objective the businesses strive for. To help to resolve this issue, the ISO standard determines the quality by comparing the set of inherent characteristics of the product or service with company's in-house defined set of requirements (ISO Standards, n.d.). The level of compliance determines whether the product or the service is of a high or low quality. It also determines which characteristics are preset by the company itself. Terziovski et al. (1997) elaborated on the versatility of perspectives on ISO purpose, as conformity of quality system consistency. The conformity of the potential capability of the organisation to produce "qualitative" products and services does not guarantee the product excellence itself. The misperceptions and assigning mistaken attributes to the quality assurance system have been throughout discussed by Taylor (1995) in his study about UK senior executives. Taylor (1995) found that the top level managers expected the ISO 9000 to improve the actual characteristics of product and service, rather than to allow for the consistent and disciplined means of supplying goods and services for customers. He continued that undoubtedly in some cases ISO 9000 will lead to improvements in the quality of product, but this is more likely to be connected with the consistency of product production process rather than enhanced product characteristics. "However, to expect ISO 9000 to achieve this kind of outcome is to misunderstand its purpose, which is primary that of a standard for quality management system" wrote Taylor (1995, p.52). In addition, these findings were latterly confirmed by empirical study run by Zaramdini (2007) in the UAE, there senior managers assigned the non existing attributes to ISO 9000, and therefore overvalued the outcomes of the implemented standard. Both authors make clear that the management intentionally or unintentionally delude themselves and their clients about the actual value of the undertaken initiative [ISO certification]. The management often did not take in consideration that by failing to deliver the promised benefits they jeopardise the return on their investments. The disappointments of the employees and the clients may shrink their trust in company. Therefore it is important

to bear in mind that the communication of the initiative should be based on the realistically achievable goals.

The clients, however, are facing the challenges to find out whether their supplier has achieved the ISO certification simply for possession of it or to advance their organisational effectiveness to better serve their interest, as indicated Hughes et al. (1997; 1999). According to Hughes et al. (1997) "if clients want a true measure of quality they would be better advised to examine the prospective company's motivation and implementation approach rather than simply accept the possession of a certificate" (p. 214).

The vagueness of perceptions of ISO has been partially caused by growing pressure from the clients and government purchasing policy. Since then the true value behind the certificate has always been questioned (Petersons, 2004; Andersons, 2002).

Therefore the author believes that it is important to embrace the improvement of the whole organisation business processes rather than to narrow the QMS implementation down to quick wins alternatives.

*The quality consultancy: evidence from others countries.* The majority of studies on quality management consultancies, which have been reviewed within this study, come from the UK and Northern Ireland, Australia, New Zealand, Lithuania, Spain and the UAE academics and practitioners. The underlying topic of all discussions and debate is the definition of quality.

On February 9<sup>th</sup>, 1993 IEEL<sup>5</sup> - the Institute of Electrical and Electronics Engineers, Inc. hosted the special conference on Management Consultancy and ISO 9000. The main topics were as follows: what the clients think of the consultants, how to make effective use with the selection process of the consultant and does the ISO apply to the consultants too. Taylor (1993) indicates that there are very good reasons to use quality consultancy as (a) they help with project management, (b) provide technical expertise in the interpretation of the standard into business practice, and (c) develop and deliver training programmes. From experience most companies only carry out one ISO 9000 implementation. They therefore try to avoid mistakes and cut down the learning curve by using someone's practical experience.

Describing the quality consultant's recruitment process, the special attention should be paid

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<sup>5</sup> A non-profit organization, IEEE is the world's leading professional association for the advancement of technology. Today, the organization's scope of interest has expanded into so many related fields, that it is simply referred to by the letters I-E-E-E. [www.ieee.org](http://www.ieee.org)

to consultant's ability to advice on the ISO standard application to client's business specific, method of implementation and potential difficulties (Williams, 1993). Furthermore, the consultant selection and recruitment is perceived to be one of the cornerstones of the assignment's success. On the other hand, the consultants are often criticised for advocating the concepts they have never used themselves. What is more important is that the quality consultancy companies can base their arguments in the favour of the quality system on their own experience. The necessity of quality consultancy organisation to be ISO certified is discussed by both practitioner Birtwhistle (1993) and academic Williams (1993). Neville-Clarke quality management consultancy has demonstrated an encouraging example of quality system implementation. Given this, Birtwhistle (1993) highlighted the importance of measuring and improving levels of quality consultancy's client satisfaction as basis for developing and improving long term relationship. Although the attainment of ISO certification is very welcomed, there are a very few evidence that ISO certified quality consultancy companies significantly out perform its non-certified rivals.

Another aspect to consider is a share of external quality consultant's driven implementation versus in-house projects. The question of quality consultancy engagement has been part of the research on ISO 9000 establishment within local community businesses in Northern Ireland (Taylor, 1993). The main findings indicated that 87% of certified organisations have made use of external expertise (Taylor, 1993). Hughes et al. (1997) study finding showed that 61% of the respondents employed external advisor. Casadesus et al. (2002) indicated that 80% of sampling companies used help of quality consultant. Although there was evidence that clients using consultancy for the first time are probably poor critics of this provision. As it was indicated by Taylor (1993) it is rather likely that as long as the primary objective is achieved, the clients will be quite happy with the advisor's services. However due to lack of long scale studies, the question about the relationship between clients' judgement and their experience with the quality consultancy services is highly debatable.

Later in 1997, Hughes et al. published the research examined ISO as the measurement of quality in construction industry in UK. This research had several important conclusions as follows:

- consultants focus more on the technicalities of change at client site rather than on process adoption,
- a larger that needed manuals provided by consultants have a disruptive effect on staff willingness to internalise new routines,

- a large number of companies engaging consultants have revised double of their manuals after the attainment of the certification that ones, who did not use the external consultancy.

The question of ownership has echoed William's study (1993), who pointed out if the system is developed and the procedures written by others with little or no involvement of the responsible ones for the business processes then there is very little ownership. This system is seen as the consultants owned system. Another point in favour of this highlight found in a study of Taylor (1995) where he claimed that in some cases the consultants were responsible for writing most of the documentation, rather than guiding employees in the client organisation to produce their own procedures and manual. This created misguided views of quality management system focusing on the paperwork rather than raising the efficiency and consistency of the business processes. However Taylor (1995) reasoned that winning the assignment required the consultants to adjust themselves, especially with a smaller sized company. The consultants therefore adjust their consulting styles to meet the client's need and better fit the client organisation.

As a continuation of the persistent symptoms of technically focus consulting, another UK based researcher Murphy (1999) signalled that ISO 9000 consultancy is primarily concerned with the short term aim of obtaining certification. This caused senior management to question the quality consultants' ability to advice on strategic issues. On the other hand, the academics are concerns with the misuse of the consultancy services to impose the changes. Hughes et al. (1997) certainly correct when saying that the management should use consultants as an implementation resource rather than as change enforcers. It is true to point out that for at least some companies the consultants are used to coerce the change rather than to facilitate the change institutionalisation. The consultants therefore face the enormous resistance from the employees who are reluctant to participate and share their information.

Another important aspect to look at is a reason to seek the ISO certification. The motivation behind the ISO certification has had limited research undertaken. Hughes et al (1997) study findings indicated that 51% of the respondents' dominant factor was badge hunting or marketing reason whilst 49% of companies were pursuing the internal initiative objectives. This finding contradicts Taylor's (1995) senior executive study, which pointed out that the customer pressure was not a dominant reason. The external motives were of less importance to Spanish firms and UAE companies as per Zaramdini (2007) study. In regards to the non development category of companies' motivational reasons for certification was client pressure and may not solely confirm that a particular wrong approach to implementation was

adopted. As Hughes et al. (1997) argued, many clients require that all tenders be certified to ISO 9000 would in fact make the certification a corporate necessity. Lithuanian researcher Bertašius's (2007) study about effectiveness of the management system dittoed previous studies on over valuating and misunderstanding the ISO certificate. This indicates that Lithuanian companies were expecting the ISO certification to increase quality and improve company reputation and image. The variety of the reasons and lack of researches to favour one reason over another point out that all reasons are worth studying.

Despite the fact that the role of consultant has tended to merit only on certification company audit passing mention, Viadiu et al. (2005) research indicated that even after attainment of ISO certificate some companies who have established quality department continued working with consultants to achieve the fundamental change in the business. This was in order to be successful in implementing their quality system as another step toward cultural change in organisation. Nevertheless the human quality of the consultants has been playing a significant role in building up their success. Viadiu et al. (2005) described the following winning attributions of the consultant:

- a good professional with capacity to instil confidence
- proactive attitude toward satisfying client needs and wants
- able to show empathy to the client
- a good communicator who looks after the best interests of client

The limited number of works on the quality consultancy process provides the basis to conclude that it is untypical of ISO research to focus on the consultancy process itself. The reviewed researches so far were concentrating mostly on the client's perspective toward consultant's job. Emphasis was also on the consultancy project value to client's business that seeking multidimensional perspectives of both stakeholders on jointly produced outcome. Importance was further placed on the dynamics of their relations and the course of assignment. The chosen theoretical framework will enable the author to underpin the multiple layers within quality consultancy project knowledge diffusion and dynamic of relation. The author's objective is to provide both consultants and their potential clients with outlines on existing tendencies in quality consultancy project and highlight opportunities to improve it. The conclusions and recommendations of this study will provide the quality consultants on prospects on future development of their industry. The study's findings and recommendations

will create a foundation for thoughts and possible actions of Latvian Association for Quality and third party certification organisations.

### 3. Method

#### 3.1. *Population and sample*

The main objective of the study is to provide the current empirical evidence on the situation in Latvia. As the principle two objects of this study are the quality consultants and ISO certified private sector companies, the preliminary search has been undertaken to collect the data on ISO certified enterprises and quality consultancy market's players. The latter includes a variety of consultancies and individual practitioners. To define the criterion for quality consultancy populated sampling list, the author carried out the quality consultancy industry research. The primary sources for this initial analysis were publicly available information from (a) Latvian Association for Quality<sup>6</sup> web page, (b) B2B educational portal's<sup>7</sup> information on quality management related training companies on, (c) Leta news portal published press releases on ISO certification, and (d) Google / Delfi internet search<sup>8</sup> results on key words, such as quality consultants, and quality management consultancy. The main findings from this preparatory research were as follows:

- Both individual consultants and consultancy organisations operate on the market;
- Presently there are around 15 consultancy companies which actively provide consulting and other services related to quality management system implementation and maintenance. The provision of service is done either by company employed quality management specialised consultant or subcontractor - a self employed individual.
- Based on the author's preparatory research, there are approximately 30-35 active quality consultants operating in Latvia.
- 96% of all certified companies attained ISO 9001:2000 certificate.
- Main sectors certified with ISO are as follows: construction, wholesales, retail and services.
- The construction industry's share in newly certified companies topped 20 percent between 2004 and 2008.

The analysis results provided a base for defining the principle criterion to generate the sampling list. The requirements are listed below:

- Consultant is a quality management practitioner who has been engaged by enterprises to provide consultancy on ISO standard conformed quality management system

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<sup>6</sup> Consultants - [http://www.lka.lv/index.php?module=Articles&cat\\_id=15&view=list](http://www.lka.lv/index.php?module=Articles&cat_id=15&view=list)

<sup>7</sup> [www.b2binfo.lv](http://www.b2binfo.lv) – training industry portal

implementation in 2008. If the consultant did not have any completed projects in 2008, they were discarded from the populated list;

- Client – a private sector company who attained ISO standard certificate in 2008, but no later than 2007 and who had engaged quality consultant (either individual practitioner or a representative of the quality consultancy company) to support ISO complied quality management system implementation. The person to reply research questions was either the QMS project manager or any other authorised company’s employee (e.g. quality manager) who worked with the consultant on a daily basis throughout the course of consultancy assignment.

The lists of quality consultants and ISO certified companies who matched the above mentioned criterion have been generally based on public information from (a) Latvian Association for Quality<sup>9</sup> web page, (b) B2B educational portal’s<sup>10</sup>; (c) Leta news portal published press releases, and (d) Google / Delfi internet search.

The information from Latvian Association for Quality on “brand new” ISO certified companies is summarised in the table below.

	2004	2005	2006	2007	2008
Nr of companies certified for the first time	140	119	95	86	19 <sup>11</sup>
Variance (%)		-15%	-20%	-9%	

Table 2 “Number of newly certified companies between 2004–2008”. Source: Latvian Association for Quality.

Lack of any reliable empirical data on quality consultancy service usage by private companies was seen as the potential constraint to use as a sampling base such as criterion as company size, industry and revenue or number of employees. The client sampling list included 50 companies which obtained ISO certificate in 2008 and 20 companies which obtained ISO certificate in 2007. The author’s best efforts were used to generate the reliable list of the companies, thus the potential bias and discrepancies on the year of the issue of first ISO certificate might occur. The quality consultant sampling list contained 30 people.

The development of the questionnaire was aligned with the theoretical framework of the study and analysed studies. One single design questionnaire served to learn on six areas such as a project initiation phase, knowledge transfer, client organisation readiness, client

<sup>9</sup> Consultants - [http://www.lka.lv/index.php?module=Articles&cat\\_id=15&view=list](http://www.lka.lv/index.php?module=Articles&cat_id=15&view=list)

<sup>10</sup> [www.b2binfo.lv](http://www.b2binfo.lv) – training industry portal

<sup>11</sup> As retrieved on 2007, December 12 from [www.lka.lv](http://www.lka.lv). By time of writing the thesis not additional information yet was available.

consultant relation, dominant motive to seek ISO certification and opportunities to improve consulting project.

The questions were developed in the form of statements about the consultancy project process. The respondents were asked to verify the statement conformity with their actual experience. Consultants were asked to verify the statement accuracy comparing to their experience gained in 2008. Clients were asked to reflect on their experience whilst working with quality consultant. The questionnaire consists of two main parts. First part comprised of 25 questions focused on consultancy project initial phase, selected approach of implementation, client-consultant relation, client organisation involvement, decision making, organisational motivation and open ended question on project process improvements. Second part of questionnaire was focused on learning the client and consultant demographic related information.

The Likert scale of five points was used to evaluate every question statement. The scale was assigned values from one to five to indicate agreement or disagreement with the statement:

- “5” – strongly agree,
- “4” – agree to great extent,
- “3” – partially agree,
- “2” – disagree,
- “1” – completely disagree.

The empirical data were collected primarily by phone and 8 questionnaires were completed on-line. In total, the questionnaire was completed by 20 consultants (approximately 57%<sup>12</sup> of all active quality consultants) and 23 clients, out of which 16 were certified in 2008 and 7 companies certified in 2007.

### ***3.2. Interviews with third party***

As part of the empirical research, the direct interviews with representatives of Latvian Association for Quality and three major market players – DNV, Lloyd’s Register and Bureau Veritas were conducted after the field work. The preliminary results of clients and consultants responses were set as a base to structure interviews and guide discussions.

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<sup>12</sup> The calculation is done based on author’s assumption on number of active quality practitioners in Latvia. The assumption was made based on the preparatory research results and verified during the field work accordingly.

### ***3.3. Analysis approach***

The results of the survey were tabulated and groups' responses analysed using the statistical T-test. This is to determine if there were statistically significant differences in client and consultant perspectives on the same statement. Simple correlation analysis was used to bring together reciprocal relation between client and consultant judgements. The open ended questions were analysed using discourse analysis in conjunction with the experts' interviews' and quality consultants' publications in business press. The conclusions reached were based on four parties' perspectives on the research topic. These are to provide multi dimensional views on course of consulting and its areas of improvements.

## 4. Analysis of Data

### 4.1. Demographical data – Client - Consultant

In this sector, the author would like to analyse the data on client and consultant field of work and professional experience. The questionnaire and survey data analysis are depicted in Appendix A (Table 1). The data collection part of this study provided an initial data about usage of quality consultancy services. Descriptive statistical analysis of Client demographical information is exhibited in Table 3:

Description	Frequency
<i>Company turnover in 2007 ('000 LVL)</i>	
Small < 1 000 LVL	5
Medium > 1 000 LVL < 3 000 LVL	11
Large > 3 000 LVL < 6 000 LVL	1
Very large > 6 000 LVL	6
<i>Activities</i>	
Construction	5
Electric installations	2
Transportation	4
Manufacturing	4
Computer and office equipment	3
Real estate and property service	3
Medical equipment	1
Petrol retail	1
<i>Location</i>	
Riga	12
Latgale	4
Kurzeme	4
Vidzeme	2
Zemgale	1

Table 3 “Demographic information of companies”. Source – Lursoft, survey.

In terms of sampling distribution, the majority of respondents are medium sized companies with turnover in the range of 1 to 3 million LVL [Lats]. Despite the limitation of sampling to certain industries and locations, it did indeed represent significant part of Latvian GDP as depicted in Table 4.

Sector	Share in research sampling	Sector composition in GDP in 2008
Manufacturing	17%	9.2%
Transportation and communication <sup>13</sup>	30%	10.1%
Construction	30%	9.2%

Table 4 „Client sampling distribution vs sector composition in GDP”. Source: Central Statistical Bureau Latvia.

<sup>13</sup> Transportation and computer & office equipment.

The main contact persons to work with quality consultants were the quality managers. Their scope of responsibilities, in some cases, was not limited to quality function only. With reference to the survey data, the length of service of quality manager in particular company varied from 6 months till 4 years. The majority (35%) of the quality managers had held positions for 1 to 2 years. The second group which represented 30% of the responders held their position for 3 to 4 years.

With reference to the number of quality consultancy projects the quality managers have worked on, 87% of the respondents said this was their first experience in this position. There were only two quality managers who had used the quality advisor's service for two times and one quality manager who had used the quality consultancy service four times.

In relation to quality consultant experience of running the quality function, 60% of respondents used to work as a quality manager. In regards of the respondents' professional working proficiency, 80% of them had more than 6 years experience of client projects. The answers of consultants and quality managers are exhibited in the table below:

Nr of years	Quality Managers	Consultants
less than 5 years	4%	0%
from 5-10 years	39%	5%
from 11-20 years	35%	25%
more than 20 years	22%	70%

Table 5 "Clients' and consultants' overall working experience". Source: survey data.

#### ***4.2. Perspectives of client and consultant***

The main quantitative data of the survey were tabulated and analysed using the T-test (computed p values for intergroup comparisons) to determine statistically significant items. The test specified seven questions of significant difference in client and consultant responses.

<b>Question</b>	<b>Mean Client</b>	<b>Mean Consultant</b>	<b>Standard deviation Client</b>	<b>Standard deviation Consultant</b>	<b>Computed p value for intergroup comparisons (t-test)</b>
The customer viewed the establishing of quality management system to be of relevance to entire organisation.	4.65	3.85	0.76	0.79	0.00
The client placed main emphasis on developing ISO standard complied quality system documentation.	4.39	3.5	0.82	1.07	0.00

Client's senior management was involved in the quality system implementation project.	4.74	4.1	0.53	0.62	0.00
The client made decisions based on the consultant's recommendations.	4.43	3.9	0.58	0.7	0.01
The client showed the initiative during the consultancy project.	4.43	3.3	0.58	0.46	0.00
The QMS related terms and concepts were clearly explained to the client.	4.26	4.8	1.07	0.4	0.04
According to client evaluation, the outcome of the consulting project provided significant value.	4.52	4.1	0.58	0.62	0.03

Table 6 “Questions with statistically significant differences”. Source: survey data, Appendix A, Table 1.

From the results it can be seen that clients and consultants have vastly different perspectives on client's initiative. According to clients' self assessment they were the ones to make a first move, lead and drive their own-initiatives. On the contrary, as stated by the consultants the client initiative was only partially present. Next controversial area is the involvement of senior management in consultancy facilitated QMS implementation project. Whilst the average results for both sides are within a one scale point. The adoption of the quality management system has been a point of disagreement. As anonymous consultants commented”.. depending on the clients, the quality system has been introduced either within only one division (e.g. construction) or as a pilot project only within certain front line functions” (Anonymous consultants, 2008)<sup>14</sup>. ”Thus back office functions such as finance, human resources, the environment and labour protection were out of the project scope” (Anonymous consultants, 2008). Despite the fact that the majority of quality managers claimed that the QMS project covered all business areas, some feedback was made on particular cases when uninvolved finance and accounting departments were just informed on the project course. In spite of client and consultant agreement reached on consulting assignment objectives the question about client's main emphasis received different ratings. The developing of the ISO standard requirements compiled documentation was of special significance to clients. Although one anonymous quality manager confronted this finding by pointing out that documentation was not on their priority list at all, as the true focus was on

<sup>14</sup> Here and further the quotations come from the survey respondents interviewed in December, 2008 and January, 2009.

improvement of the process efficiency (Anonymous quality manager, 2009). Contrary, the consultants did not see the documentation to be client's main points of interest.

According to consultants' opinion, they have had minimal influence on the client's decisions. However the author received controversial comments on this matter "on the contrary consultant adapts himself to client"; "client is forced to adapt himself ...since it is required by standard" (Anonymous respondents, 2008; 2009). One of the anonymous quality managers from manufacturing company commented as follows: "We considered consultant's recommendations, thus final decisions were made solely by us. We even argued with the consultant, because the manufacturing has its own specifics and because the standards do affect business agility" (Anonymous quality manager, 2009). Another anonymous quality manager emphasised that consultancy project was perceived as a mutual process (Anonymous quality manager, 2009).

The consultants reservedly judged themselves on the project outcome's significance to client business. This was in contrast to quite high evaluation received from the clients, however in the case of explaining the quality and ISO essence the client rated the consultant's job lower than the consultants themselves.

The rest of the data has not shown any statistically significant difference. In relation to project stages, the absolute consensus was reached upon the project initiation and objectives setting. Both client and consultant confirmed that establishing the QMS did include the audit of the existing system and those embedding into the implemented one. The consultant discussed with clients possible potential QMS challenges and pitfalls. The chosen approach to system implementation was in line with client business specific. However the availability of alternatives of the approaches for the client to choose from was not of great importance. Some of the anonymous clients commented on their responses: "We already have an established system which required just few fine tunings" (Anonymous quality managers, 2009). The question about staff involvement in the project process has received relatively modest ratings at 3.9 and 3.6. Lower mark received the statement about staff involvement in the process. The requirements to organisational management system and process were determined just to conform to ISO minimum requirement. As per one anonymous consultant comments: " .. if a client goes for minimal requirements as stated in ISO standard, then this

means the objective of the project is just the paper [certificate] not the improvement” (Anonymous consultant, 2008).

According to consultants, the middle management and key employees were involved in the project. The majority of staff kept in the project periphery and played a passive role of observer, rather than facilitator. As indicated by both client and consultants, the latter managed to receive a credit of trust from the client company. However the true meaning of client and consultant long term relationship was of disputed character. The project itself was perceived more as a stand alone case with little hope for continuation. As one anonymous quality manager said “We hired the consultant for helping us to implement QMS. After the project we terminated the relationship” (Anonymous quality manager, 2009). The prospect of future contractual relation is rather illusive. The shortness of client-quality consultant relation in Latvia is opposite to how quality consultants work in Germany as per one anonymous consultant’s remark (Anonymous quality manager, 2009).

The knowledge diffusion and transfer was highly rated by client and consultant. The true ground of the clients’ expectations has been questioned by one anonymous consultant, who commented: “if the aim of the project is the certificate, than the expectations are well grounded” (Anonymous consultant, 2008). Overall, the consultant engagement proved right. As one anonymous quality manager stated, the attainment of ISO certificate is a criteria to conclude that the consultancy project paid off.

The survey provided information on what was one principal motive behind the ISO certification for certified companies. The results are summarised and exhibited in Table 7.

<b>Motive behind ISO certification</b>	<b>Client perspective</b>	<b>Consultant perspective</b>	<b>Computed p value for comparison of perspectives (Chi-square test)</b>
pressure from clients	13%	25%	0.02
necessary to participate in public sector bids	43%	35%	0.00
pressure from shareholders	12%	5%	0.06
organisational improvement initiative	30%	35%	0.01

Table 7 “The main reason behind the client’s company decision to obtain the ISO certificate”. Source: survey data, Appendix A, Table 1.

For 43% of the clients the main trigger to seek ISO certification was an opportunity to become a supplier for a public sector. The secondary group of the clients referred to internal overall quality improvement initiative which QMS was part of. The replies of the consultants almost reflect the clients' perspectives with only a minor difference: the consultants gave the same weight to two dominant reasons such as state bids and internal effectiveness. The comments on distinctive ground to go after ISO certification has been a topic of some anonymous consultants' comments "...e.g. construction companies do seek ISO certification only for the sake of paper [certificate], ...many clients need the certificate to be displayed on the wall, ... instead of choosing the quality the client favoured the consultant who offered effortless, fast and low cost certification" (Anonymous consultants, 2008). To verify the tabulated results the author performed computed p value for comparison of perspectives (chi square test). The results of the test confirmed the statistically significant differences of the findings with the exemption of the result for the motive "pressure from the shareholders". This is due to relatively small number of the respondents who selected this reply.

### ***4.3. Stepping into other's shoes***

The clients showed little interest or undertook very little attempts to take the consultant's perspective. Out of 23 respondents, 10 or 43% of respondents stated that they would have consulted client the same way as it did their consultant, who to their mind performed at satisfactory level. However one of the anonymous quality managers commented that lack of relevant experience with consultancy stopped him from answering the question. 57% of respondents would have wished the consultant to be a more active listener and showed interest to visit the clients more often. The importance of seeing the client's business through the client's eyes and providing the solution which fit the actual client's needs was expected to improve. Some of the anonymous clients perceived the consultant solution as a standardised template. The excessive use of buzzwords was perceived as a communication barrier. The clients would have wished the consultant to explain the quality concept using the client's business language. The need for comprehensive guidelines or even induction into quality philosophy was seen as an area for improvement. Understanding the differences between people' perceptions and ways people learn new things were regarded as a competitive advantage and imperative for the consultancy future.

On the other hand, the consultants were more generous to share their ideas on what can client do differently. The main findings can be divided in three groups: firstly the consultants were trying to alter the existing client's misperception of what the quality consultancy is for. The

consultants admitted that they tried to challenge the client's expectations of consultant as a safe short cut to ISO certification. They were the main facilitators who were employed to do implementation and bring quality manual with ready made documentation. Secondly the weak organisation of the project at the client's site resulted in time and resource wasting, the inability to maintain concentration and focus. The client's learn by doing approach with the consultancy services promoted lack of understanding to what one should expect the consultant to do. This created the chaos on the market as per the anonymous consultant's comments. The importance of senior management to own and drive the quality improvement initiative extending it to all parts of the organisation was seen by the consultants as an important prerequisite for the QMS implementation. Thus delegating it to empowered project team should run an intensive communication campaign to ensure the required state of motivation and involvement is achieved and kept high. Setting clear objectives, defining client and consultant responsibilities, deliverables and communication plan could have helped to raise the efficiency and avoid the misunderstanding. The deficit of information on project status milestone achievements and the training on quality culture impacts the staff motivation to appreciate and embed effectively QMS into their daily routine. The special attention received consultant selection and recruitment, particularly in the case of quality consulting company. When the client does not know whom they will be assigned to and this consequently has little influence on consultant selection. The criterion to evaluate potential candidates included consultant work experience, education and knowledge of client industry.

#### ***4.4. Correlation***

The correlation analysis was performed to find out if there is any relationship between key variables exhibited in the table below:

Variables	Correlation Client	Correlation Consultant
Clients put main emphasis on documentation development vs client and consultant agreed on assignment's objectives and expected results.	-0.14	-0.03
Senior management involvement vs staff involvement	0.36	0.51*
Clients put main emphasis on documentation development vs client sets up minimal requirements to implementing quality system	0.05	0.21
Senior management involvement vs client showed initiatives	0.23	0.24
Senior management involvement vs consultancy project succeed significant positive changes in client's business processes	0.34	0.58*
Client gained new knowledge vs improved Client's understanding of quality system role in developing sustainable business	0.39	0.58*
Client gained new knowledge vs improved Client's understanding of ISO purpose	0.49*	0.45*

\* Statistically significant correlation ( $p < 0.05$ ).

Table 8 "Correlations of variables". Source: Appendix A, Table 1 and survey data.

The performed correlation analysis showed quality managers' gain knowledge significantly correlated with their improved understanding of the quality system's role. Same interdependence confirmed the statistically significant correlation for the consultants' responses. The client's correlation coefficient equalled to 0.49 proved to be statistically significant. The rest of examined variables for the clients had weak links. In the case of consultants, the highest correspondences were equal to 0.51 and 0.58 respectively. These results showed that in accordance with consultant's perspective the companies with higher rating for top level management involvement were significantly correlated with the benefits the client received from the consulting project. The third highest correlation coefficient was equal to 0.51 and pointed out that the senior management involvement was moderately correlated with staff participation in the consultancy project. These results showed the difference of the clients' and consultants' opinions on important attributes of the project process.

The analysis of demographic data and motivational factors was performed to find any interdependence. The results showed that there were not any relations of the mutual dependences. This result indicated that changes in the sampling requirements to include company size and industry would not have had an impact on the research results.

#### ***4.5. Experts perspective on empirical evidence***

The survey data and client- consultant comments was a base to structure and guide four individual interviews with experts listed below:

- Sanita Stelpe – Executive director, Latvian Association for Quality
- Sigita Plesa –Board member, board of Latvian Association for Quality
- Agris Aizpuriētis – Certification department manager, Det Norske Veritas Latvia SIA
- Andris Veveris – Country manager, Bureau Veritas Latvia SIA
- Iveta Lazdina – Certification manager, Bureau Veritas Latvia SIA
- Viktors Trifanovs – Lead Auditor, Lloyd’s Register Quality Assurance

The discussion questions were pre set and concerned four areas in which the client and consultant reflected on:

- Many clients perceive consultant as a guaranteed short cut to ISO certification, is it true?
- Which needs do client and consultant satisfy: client company or client clients or assessors?
- Is there any threat of ISO certification value devaluation in Latvia?
- What are opportunities and threats of quality business in the context of this survey results?

In relation to presented survey results, all experts agreed that the survey results confirmed their beliefs. As stated by experts, the reasons and explanations for survey results were sought in early 2000 during the establishment of the quality consultancy sector. They were sought again in 2004 when Latvia joined the European Union. Overnight ISO certificate was a prerequisite to become a supplier to large EU companies and EU co-financed development projects in Latvia. Between 2005 and 2006 booming construction and those related suppliers industries were flagmen to attain the ISO certificate. Presently ISO certificate is a generally approved requirement to tenders to participate in majority of Latvian government and local authority bids. Therefore the ISO certification evolution went from being an exclusive distinction of few reputable companies to being an acknowledgment of a company management system conforming to best international practices of ISO standards. The commoditisation of the certification as a product and intense competition among consultants and certification companies made it possible for clients to choose based on their purchasing power, objectives and expectation of quality of service.

According to representatives of certification companies there are two main triggers for company motivation to seek ISO certification. One is company internal development. The

other is external motivation to certify either for increasing the value of the company for subsequent sale or necessary condition to participate in bids. In the latter the company prefers to set up the minimal requirements to internal process and procedure to conform to ISO standard requirements.

The role of consultants in the process of implementing the quality system received the controversial comments. As per experts' view, there are three options the client can use to get started with implementation: (a) hire the external consultant, (b) train dedicated employee, or (c) employ the person with an academic degree in quality management. The opinions differed as one group of experts saw the consultant as worth of considering an alternative to help companies establish and implement QMS. Whilst another group highlighted investment in establishing their own quality department as a sign of management commitments to make the implementation to be a next step in the ladder of company development.

The quality of consulting heavily depends on the practitioner's education and work experience, client industry knowledge and interpersonal skills. In some of the cases the clients prefer to skip the consultant selection part and make up their minds on the understanding of getting it [implementation] done quickly and cheaply. In some cases there was a one scheme fit all size approach. According to certification companies' view certification or licensing of quality consultants can help to set the industry standard and better protect the interest of the client.

The experts indicated the necessity for consultant professional competence and consultancy product range development to address the challenges of present economic turmoil and future recovery. The key development area is helping companies to establish and implement their industry specific standards which are better adjusted to client industry needs and expectations. Offering small sub-products such as training courses, manual development or fine tuning, consulting on specific quality issues, getting ready to external auditing and in-house survey enable to adjust to decreasing client purchasing power.

The accessibility of senior executives to quality managers is essential in driving quality agenda. According to Latvian Association for Quality representatives there are only a few companies, where quality managers are given the opportunities to participate to quality strategic decisions with top-level management. Low awareness about what quality system and ISO standard benefits are and what role it plays in building sustainable business is observed among business and public administration students.

With steady growth of ISO issued certificates around the globe, quality business seems very promising. According to experts' view, the significant changes made to ISO Guide 72:2001

“Guidelines for the justification and development of management system standards”<sup>15</sup> are to bridge the gap between ISO standard and other business improvement concepts. These pursue the interest of stakeholders and ensure long term balanced development.

Present economic downturn in Latvia may be an excellent opportunity for consultants to master their consulting skills. They can also wide their product portfolio by focusing on local and oversees industry specific needs of their existing and potential clients. As experts pointed out, there will be client regrouping as some small businesses will not be able to withstand to changed market conditions and prefer to drop QMS certification, which may be existed only on paper. However the ones who did leverage the benefits of QMS will continue advancing their quality skills. The growing number of companies which see QMS implementation as a development has been positively welcomed. As per author analysis of Latvian Association for Quality information about certified companies ISO standard 9001:2000 certification is perceived as the first one the companies seek to obtain. The next growth is after specialised industry standards as per certification companies’ experts. However quality business future development in Latvia depends on the value chain the involved parties will be able to develop and continuously improve. Low quality at low price is seen as a potential threat to deteriorate the market, strengthen misperceptions and drive wrong demand.

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<sup>15</sup> More information can be obtained from <http://www.iso.org/iso/pressrelease.htm?refid=Ref1180>

## 5. Discussion of Results

### *5.1. Do clients and consultants have “a bird’s eye view” of the project?*

In regards of theoretical framework the survey findings pointed out the differences in clients’ and consultants’ abilities to judge and take the other party’s perspective into account. This was exemplified by consultants’ relatively accurate judgement of the quality managers’ viewpoints and at client site observed processes. On the contrary, the clients were less ready to tolerate the perspectives which were different to theirs. It is important to remember that the nature of consultancy implies the orientation with the client’s interests. Therefore the observed pattern of the behaviour confirmed that the quality consultancy has an important attribute of the advisory industry. From the results of the survey it can be seen that the clients trusted to the consultants. According to Montgomery (1994) the trust should have potentially led to the inclusion of the consultants into the clients’ action sphere. In addition the clients would have associated the consultants’ failures with the external factors. In contrast to it, the clients refused to do it. They considered the consultants’ mistakes as evidence of the latter’s incompetence and unprofessionalism. This confirmed the fact that the majority of the clients still regarded the quality consultants as outsiders. A further argument supporting this was the consultants’ strong focus on managing the technical part of the assignment rather than interpersonal dynamics of relationship between them and the clients.

Another interpretation to be considered is the clients’ and consultants’ perceptions of the success. In case of the both parties the primary measurement of their performance was the attainment of the ISO certificate. It is very likely that the achievement of the goal was perceived differently by the parties. The discrepancies in the judgements of the clients and consultants confirmed this assumption. This was exemplified by the statistically significant different ratings of the level of the clients’ initiative and the quality of the consultants run inductions to the quality concept. Both parties consciously or unconsciously denied their responsibilities for the possible failures which could have undermined their professional status. These facts speak in favour of Fiske et al. (1984) and Higgins et al. (2005) arguments that depending on the situation, people tend to adopt self-enhancing and self-defeating patterns of behaviour. In relation to the consultants’ ability to make the right impression on the clients the survey results provided a few evidences. A large number of the quality consultants were criticised for overuse of professional buzzwords. The consultancy rhetoric was rather satisfying the needs of the consultants than facilitating the development of the mutual understanding between them and the clients. It is very likely that the consultants used

the language both to increase their power at the client site and project the positive self image as it stated by Fiske et al. (1984). Unfortunately the study did not provide any additional information about the quality consultancy image symbols.

### ***5.2. Interpreting the differences***

Out of 24 questions, 7 statements or one third had statistically significant difference. The arithmetical mean of Likert five point scale ratings was at average 4.2. This is perceived as quite a high score, whilst allowing for improvement. The relatively small number of inaccuracies of consultants' perceptions about clients can be taken as an indicator of quality advisers being good professionals. They are able to establish a good rapport and take on a client's perspective. However, there are a few inconsistencies that shall be discussed further firstly, both client and consultant rated the initiation phase of the project and set up of objectives average at 4.61 and 4.55 respectively. Thus whilst answering the questions on whether clients emphasise the development of ISO documentation, the client and consultant views differed with arithmetical mean at 4.39 and 3.5. If the author is to apply the self-serving bias theory, (by giving the lower evaluation to this statement) the consultants would like to be seen as change agents contributing to company future growth rather than administrative technicians responsible for documentation development. This impression is of advantageous to their self-importance and supports their willingness to be perceived as ones who are capable to add the incremental value to the bottom line.

Comparing the survey study results with UK research of Murphy (1999), the author discovered the finding that certification is an ultimate primary objective and prerequisite of consultancy assignment. The focus on the attainment of the certification is perceived as the first reason the client hires the consultant as indicated by Murphy (1999). Researchers from Spain Viadui et al. (2005) agreed that some companies do offset their shortcomings of knowledge and recourse by turning to consultant with the sole intention of achieving certification. However depending on consultant motivation to show sensitivity to client company culture, his or her ability to manage resistance and guide clients through implementation. This can potentially expand the scope of the assignment to include objectivity of strategic value to client organisation. The second inconsistency between perspectives points out at the level of client initiative rated by client at average 4.43 and by consultant at 3.3. Applying the theory of self-serving bias, the client rating can be viewed as an attempt to take the credit for successful attainment of certification and project a favourable

image of greater contributor. On the other hand, the quality manager agenda is preset by company management. Their involvement has been rated higher by the client rather than the consultant. Lack of any previous experience in buying and consuming quality consultancy service for the majority of respondents should also be taken into consideration. Without this first experience to base their behaviour on or any reliable source of information on quality consulting, the quality managers may project their experience and expectations of using other services for quality consultancy. The fourth aspect is the shortage of localised literature on quality subject with the exception of a few books and brochures in Latvian language<sup>16</sup>. This limitation makes it particularly hard for quality managers to acquire information and learn professional jargon of the consultants. Finally the last one is the ad hoc contractual relationship between client and consultant. The fact that there is little probability that the client will turn to the same consultant for help might have an impact on consultant motivation to adopt his or her behavioural style to the client. Lack of important human dimension as it was defined in the work of Murphy (1999) might be perceived as a down turn to client initiative. On the other hand, according to Murphy (1999) and Heffner et al. (n.d.) ad hoc quality assignment is a particular case for small-sized companies. However it is important to point out that the ad hoc relation is in conflict with the idea of consultancy business, where long term partnership with client is considered an imperative component to improve consulting effectiveness and ensure long-term success.

Another interdependence and contradiction is observed between the client rating of the consultant's job in regards to explaining the quality concept and terminology was at an average of 4.26. The client comments on consultants using an excessive incomprehensible rhetoric and consultants wishing clients could have effectively used an opportunity to learn more from them. As it was indicated by Schein et al. (2002) consultants perceive themselves of being capable to give much more than the client seems to want. Therefore the importance of remaining focused and speaking the client's language can significantly improve cooperation and learning opportunities for both parties.

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<sup>16</sup> Latvian Association for Quality library [http://www.lka.lv/index.php?module=Articles&cat\\_id=24&view=list](http://www.lka.lv/index.php?module=Articles&cat_id=24&view=list)

### **5.3. Organisation readiness and motive**

The problem of insufficient top-level management involvement in consulting project has been widely recognised and throughout discussed in the works of Taylor (1997), Murphy (1999), and Hughes et al. (1997). Despite moderately positive evaluation given to senior management involvement, both experts and consultants raised their concern about QMS implementation project being delegated for execution and ownership to middle level management. One of the explanations was sought in the motivation background of decision making behind ISO certification. The analogy of non-development factor's dominance in Latvia is found in Hughes et al. (1997) study whilst indicated that 51% of the respondents' dominate factor was badge hunting or marketing reason. 49% of companies were pursuing the internal development objectives. However others researches such as Taylor (1995) and Zaramdini (2007) pointed out that external motive were of less importance to companies. In addition the tendency of ISO certification to become a mandatory requirement for companies which engaged in international supplier relation and would like to participate in public bids has been recognised by UK, Northern Ireland and Australian researches. The reason might be sought in course of market situation in Latvia and recent excessive public sector spending to provide the sound ground for such a motivation to appear. Since the passing of new law on public procurement in 2006<sup>17</sup>, the requirement for quality management system certification is a part of local authority and government bid template. This distinguished attribute is part of the Latvian quality business environment. Compared to other developed countries Latvia did not have enough time to ground the best practises of TQM concept and thus bypassed important milestone of quality culture entrenchment.

Survey results showed that consultants have received quite high evaluations and those services were of importance and value to clients. However the controversy of this evaluation comes with comments about profiles of consultants. Survey results found that the majority of quality consultants have a work experience of more that 20 years and have been in quality consulting business for more that 6 years. Despite this the experts and consultants all agreed that insufficient work experience is one of the issues of some quality consultants in Latvia, who jump into profession right after quality training. The criticisms of management consultancy companies hiring young graduates to work with clients were discussed in Kipping et al.'s study (2002). However this might depend on recruiting policy for a particular

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<sup>17</sup> The Law on Public Procurement has been passed on 1 May 2006. Source [www.likumi.lv](http://www.likumi.lv)

quality consulting company or for an individual practitioner. In case of the latter, failure or successes of these endeavour depends solely upon him or her. 70% of consultant sampling have work experience of more than 20 years. This does not exclude that some of the clients still claim consultant approaches and methods be inflexible and predetermined. In this way sufficient or insufficient work experience of consultant itself does not ensure the quality of the consulting.

#### ***5.4. Are consultant and client co-workers?***

Are local quality consultants' technicians or a value creator for a business? There is not direct answer to this question. While analysing the comments and shared thoughts of all parties, the author assumed that to some extent the demand for certain type of consulting approach is driven by clients. They got their own explicit or implicit goals but were not willing to share with an outsider. Nonetheless some consultants are more focused on technicalities of standard implementation rather than on adopting the standard to the needs of client business. There are also consultants who can be both quality strategists and technicians depending on client expectations and assignment objective.

The flexibility is definitely of great importance in Latvia. However every consultant defines themselves by how far they can adapt and at what cost of quality.

Selection of consultants is a special topic which correlates with all reviewed studies.

Recruitment of consultant has been indicated as a major weak point in the project course by both the experts and the consultants. By neglecting the selection part, the client unconsciously increases the risk of project failure. As it stated before, the QMS implementation itself is not necessarily at the priority list of top management. Therefore the criteria of selecting this or that consultant is more a matter of price, time and scope. In spite of clients ratings the consultant approach to addressing the business specific and business managing practice was at average between 4.04 and 4.48. The comments they gave later contradicted with previous high evaluation. The clients complained about the consulting approach to be too standardised and pre-set. This gave them little room for standard adjustment to business needs rather than vice versa. Nikolova et al. (2007) conclude that consultants see themselves as important change agents who introduce new perspectives and frames of reference into client organisations. On the other hand, clients regard consultants in many cases as pushing standardized solutions rather than really listening to the issues and

guiding accordingly. Therefore at the end of the project, the unnecessary risk of client possible dissatisfaction posed by improper selection and recruitment of consultants could have been eliminated.

In contrast to the above mentioned the importance for clients to consider few alternatives before deciding on actual implementation approach was rated at only 3.43. This could be interpreted as quality managers' reflections on learnt lessons and pro/cons of their first experience with quality consultant.

Analysing the qualitative part of expert interviews, the author found that comparing to criticism the consultants received, the role of quality managers in generally was only discussed in the light of insufficient empowerment. Furthermore there was an inability to influence quality related strategic decisions. This concern corresponds with findings of Fotis et al. (2007) that quality professionals are rarely perceived as key members of the strategic management team. They lack active contribution and influence to strategic and operational issues influencing QMS implementation. The role of quality manager is also likely to include combined roles.

The project course was not discussed on the matter of external and internal collaboration and ownership of system and internal efforts to institutionalise the new routines, putting the main emphasis on "wrong" motives behind ISO certification.

Relatively low level of employees' involvement rated at 3.6 by consultants and at 3.91 by the clients is to confirm experts' concern about an ineffectiveness of implemented and certified quality systems. This issue has been discussed by William (1993), Taylor (1995) and Murphy (1999) who claimed that quality consultants were responsible for documenting the formalities, rather than guiding company through implementation of new disciplines.

Despite the knowledge gap and existing wide spread misperceptions of ISO standard purpose the consultants are not publicly active in advocating the ideas of quality culture and educating client's clients on what the standards tell about preferring to it intelligent sales of quality consulting on way to establish and leverage the benefits of quality system.

## **6. Conclusions and Recommendations for Further Research**

The author was looking to answer questions in relation to quality consulting project process; quality advisory sector distinguished attributes and future development.

It is generally accepted that quality practitioners are part of considered alternatives for companies who choose to offset their shortcomings in knowledge and time. However the study did not provide evidence that engagement of quality consultant is to guarantee successful attainment of ISO certificate.

Main restraint to compare and draw conclusion on client ability to take consultant perspective was lack of evidence on companies' continuous consumption of quality consulting service. This particular attribute can be considered as a distinct characteristic of Latvian quality consultancy business. On this basis it may be concluded that the clients [quality managers] were unready to switch their perspectives, and therefore less prepared to accept a possibility of a different view.

The accuracy of consultants' judgements on client motivation to seek ISO certification is to confirm their ability to step into client's shoes and adjust themselves accordingly. Quality advisers are perceived as knowledgeable and experienced professionals who are focused on achievement of assignment objective. Nevertheless they are often criticised for imposing a heavy standardised approach, richly flavoured with incomprehensive rhetoric and showing little empathy to the client.

From the results it may be deduced that clients learnt new information from consultants. However lack of mutual understanding and 'professional' language impedes knowledge transfer efforts. Attainment of ISO certificate is perceived to be an ultimate objective and the primary criteria for consultant performance evaluation. Given this, the author assumes that pressure of short term objective over consultant and client impact both in the players' agenda and motivation from broadening the project scope to include long term business improvement. Study results provide evidence that the real power of decision making belongs to clients, thus consultants' input is taken into consideration.

Pursuing client, or future assessor or personal interests are motives which predetermine consultant motivation, which at the end of the day do impact on project outcome and client perception of him or her.

It is generally accepted that EU single economic market, EU structural funds co-financed development projects and excessive public sector spending had an effect on the course of development of ISO certification in Latvia. The fact that 18% of all companies certified

between 1996 and 2008 operated in the construction industry confirms this conclusion. Although participation in public and international bids appeared to be the main reason behind ISO certification, the ability of ISO certificate to deliver immediate return on investments should not be underestimated. However the results show positive tendency in a number of companies which prefer long term sustainable development and growth to short term cash flow improvements.

From these results it can be seen that in general, quality consulting projects are more focused on technical details rather than on social aspects of change execution. Insufficient involvement of senior management and employees in consulting driven QMS implementations raised concern that some of the implemented and latterly certified quality systems may potentially be formal in nature. Therefore the adoption of continuous improvement is questionable.

Overall, the quality advisory sector in Latvia is following major steps of industry evolution observed in other countries, where quality practitioner institute was set up well before. So far the main driving industries behind quality certification growth were construction, wholesales and retail, and services. 96% of all certified companies chose to obtain the most popular ISO standard 9001:2000 certifications. The fact that some quality consulting companies attain ISO certificate themselves is good news for clients, who might expect service differentiation. In short, quality consulting market is predominantly represented by local companies and individual practitioners. No international company is yet set up as a full owned branch.

Despite the fact that quality consultancy is recognised by the business community, quality consultants are still judged by their ability to deliver ISO certificate. They are not judged by their ability to advice on strategic business improvements. The dominance of short-term non-development motives impacts on client choice for approach to implementation which then affect the scale of the system client wants to develop. The main areas of criticisms of consultants are their strong focus on fulfilment of standard requirements rather than making the latter to work for client business. Clients reiterated requirements for improvement of consultant soft skills and the competence in the social aspect of change confirm that conclusion. The clients expect quality advice to be of high relevance to their industry, market situation and company development stage specific.

On the other hand, consultants would like clients to focus on exploring the standard potential to improve business processes rather than investing resources in development of “pseudo

system”. Therefore leveraged benefits of the quality system could far outweigh the implementation and maintenance costs involved. The paradox of the ad hoc contractual relations between client and consultants indicates weak points of quality consulting. Given this, the consultants lack valuable continuous feedback needed to improve consulting service efficiency and develop a product range to anticipate client changed needs.

Finally it may be said that QMS and the quality certification idea is competing with other efficient and business improvement oriented management concepts in Latvia. Examples include Six Sigma, Lean Management, and Performance Excellence. However which concept will succeed depends on the ability of its proponents to tackle misperceptions, instil confidence and gain trust within the majority of senior management community.

To conclude, in spite of what kind of motivation is behind company decisions to pursue ISO certification, quality consultants proved to provide companies with necessary instruments to implement a quality management system. The real value of QMS implementation will depend solely on a senior management commitment, employees’ efforts and willingness to go beyond achieved certification. Therefore it is up to each and every company to decide to join, continue or quit from the journey in pursuit of quality.

### ***6.1. Implementation***

Based on analysis findings and discussion, potential areas for improvements of quality consulting project course are as follows:

#### *Recommendations for Clients*

- Decide what company needs ISO certification
- Set up a dedicated project team which is empowered to make decisions
- State clearly what quality advisor [person] is needed for and what your expectations are
- Invest time and resources in consultant selection and recruitment process
- Define selection criteria (ex. education, industry related work experience, references and interpersonal skills) to appropriately match a successful candidate to
- Agree upon consulting assignment scope, scale (including project succession from consultant and internal efforts to succeed in the goals the company set) and timeframe

- Agree upon roles, responsibilities, timelines and communication plan between client team and consultant
- Agree on key representative/-s to work with the consultant
- Make sure employees and senior management are kept informed and involved in project
- Exchange feedback with consultant
- Consider engagement of consultant for internal training and driving quality initiatives.

#### *Recommendations for Consultants*

- Ask client for feedback and evaluation
- Consider establishing long term relationship with clients
- Learn existing and potential clients specific industries' terminology
- Consider social and cultural aspects of change at client site
- Develop flexible offer to match client's immediate needs and purchasing power
- Consider industry specialisation and subsequent development of unique proposition to address industry/-ies needs for specific standards
- Offer outsourcing services of quality management including technology based solutions
- Establish quality consultant certification register
- Develop a Code of Conduct that can be applied to any quality consultant
- Explore growth promising sectors which have potential need for certification
- Liaise with the academics, certification companies and professional associations to advocate the quality idea concept.

### **6.2. Recommendation on further research**

This study provides a Polaroid like snap shot of the quality advisory sector and the consultancy assignment process. Due to limitations of samplings and findings, the study conclusions are of general character and should be verified in large-scale linkage research based on larger and qualitative sampling distribution. It would be of interest to study QMS implementation and the attainment of ISO certification with or without the help of the external adviser. Another area of further research is a course of QMS internalisation and progression depending on companies' motivation behind ISO certification.

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## 8. Appendices

### Appendix A

Table 1. "Survey Data Analysis by Question"

Nr	Question	Mean Client	Mean Consultant	SD Client	SD Consultant	Computed p value for intergroup comparisons (t-test)
1	At the beginning of the consultancy project the consultant and the client agreed on the objectives and expected results.	4.61	4.55	0.57	0.67	0.76
2	The customer looked at establishing the quality management system within the entire organisation.	4.65	3.85	0.76	0.79	0.00
3	Customer's existing business processes and systems were integrated into the quality management system.	4.61	4.55	0.57	0.5	0.73
4	The potential pitfalls and challenges related to the implementation of the quality management system were through out discussed during the course of the consultancy project.	4.17	4.6	0.76	0.66	0.06
5	It was important for the client to consider several alternatives of QMS implementation.	3.43	3.8	1.31	1.12	0.35
6	The chosen approach of system implementation fit client's business management practice.	4.04	4.3	1	0.56	0.33
7	The client placed the main emphasis on developing ISO standard complied quality system documentation.	4.39	3.5	0.82	1.07	0.00
8	Consultant's proposed solutions and recommendations suited the client's business specific.	4.48	4.45	0.65	0.59	0.89
9	All staff of the client's company was involved in the quality system's implementation project.	3.91	3.6	1.02	0.92	0.31

10	Client approved requirements to establishing quality management system exceeded the minimum requirements of ISO standard.	3.35	3.65	1	1.01	0.34
11	Client's senior management was involved in the quality system's implementation project.	4.74	4.1	0.53	0.62	0.00
12	The development of client-consultant relation was oriented on the long-term cooperation.	3.70	3.95	1.37	0.92	0.49
13	The client had made decisions based on the consultant's recommendations.	4.43	3.9	0.58	0.7	0.01
14	During the consultancy project the client showed the initiative.	4.43	3.3	0.58	0.46	0.00
15	The QMS related terms and concepts were clearly explained to the client.	4.26	4.8	1.07	0.4	0.04
16	The client trusted the consultant.	4.52	4.4	0.65	0.73	0.58
17	The client adapted himself to consultant's proposed solution.	3.74	3.5	0.67	0.81	0.31
18	Client gained new knowledge from the consultancy project.	4.52	4.45	0.58	0.67	0.71
19	Client's expectations regarding the consultancy benefits were well-grounded.	4.09	4.2	0.72	0.68	0.61
20	Consultancy project enabled the significant positive changes to client company's business processes.	3.96	4.15	0.91	0.65	0.44
21	The consultancy project improved client's understanding of quality management system's role in the development of the sustainable business.	4.26	4.3	0.74	0.56	0.85
22	Consultancy project improved client's understanding of the ISO standard purpose.	4.57	4.3	0.65	0.71	0.22
23	The client regarded the outcome of the consultancy project as an important one.	4.52	4.1	0.58	0.62	0.03
24	Overall, the consultant engagement proved right.	4.48	4.45	0.58	0.59	0.88