

2 The Nature of Quality

There has been an increasing concern for quality of service in public sector management over the last few years. The development of what has been called a 'public service orientation' has become a key part of the strategic development of central government¹, the National Health Service² and local government³. The Audit Commission has argued that 'the continued existence of local government depends on its ability to be competitive, offer consumer choice and provide well-managed, quality services'. In the case of housing the need for a high quality of service is more apparent than in other cases, both because the threats of statutory changes are more obvious and because there is a great deal of criticism of council housing based on the premise, whether valid or not, that the service provided is of poor quality. It is imperative that housing departments justify their existence on the basis of the service provided.

The concept of quality is difficult to define. Different people have different views of what it is in any particular circumstance, and much of the role of the manager is to balance conflicting internal and external views on quality. In this chapter we consider the meaning of the concept of quality, the particular difficulties of developing quality in public services, and the implications of the concept for housing management.

Specification and fitness

Quality of service may be defined in two ways, the first of which lays emphasis on the technical aspect of the product or service. The second emphasises the relationship with the consumer. In the technical approach we may define quality as follows:

A product or service is of good quality when it meets the specification laid down for it.

This definition encompasses two elements of the quality process in an organisation, quality of design and quality of production. The specification for a product or service is a statement of the design requirements that it should meet. This definition implies that there is a clear specification and that it is possible to judge the product or service against it. Either of these assumptions may fail. There may be no very clear specification, for example because it has always been assumed that the nature of the service is commonly known and understood. It is rarely the case that people are told what public service they can expect or should receive. It is often very difficult for tenants to judge whether or not the repairs service is of good quality if they are given relatively little information about response times or priority categories.

A second problem arises where there is a clear specification but it is not well known. We observed many cases where people came into housing offices with no very clear idea of what they could expect, for example what they could expect to be done on repairs or transfers and within what timescale. We will argue that expectations are crucial to the development of satisfaction or dissatisfaction with the housing service and that housing departments need to do more actively to understand and develop the expectations and views of their tenants.

Even if there is a clear specification for a product or service, and it is one against which the service user can judge actual performance, a definition of quality in terms of specification and conformance is still limited because it is static. If a project or service is to do its job then it needs to change to adopt to changing circumstances, needs and demands and to take account of changing technology. A dynamic definition of quality needs to take account of whether a project or service can actually do what it is supposed to do.

This dynamic approach involves the concept of fitness for purpose. A second definition of quality is:

A product or service is of quality when it is fit for its purpose.

A product that meets its specification will be what it says it is; a product or service that is fit for its purpose will do what it is supposed to do. It will also, as the National Consumer Council⁴ argues, not do what it is not supposed to do. The point is obvious, the provision of housing that led to vandalism or anti-social behaviour, as Alice Coleman argues some housing does⁵, would be doing what it was not supposed to do as well as failing to do what it was supposed to do. Housing should not make people unhappy or unhealthy.

The distinction between fitness for purpose and meeting the specification is also a distinction between the producer and the consumer view of quality.

The producer view of quality focuses on the internal systems and production process of the organisation. It focuses on specification. The fitness for purpose dimension focuses upon whether the product or service is meeting consumer needs and therefore focuses outside the organisation on experience and use. Most public services, precisely because they are services, need to give more attention to the boundary between themselves and those they serve and to managing their relationship with their public.

Fitness versus specification

The two dimensions of fitness and conformity with the specification are not only different, they are potentially in conflict with one another. That conflict may result in one of two possible failings – that the organisation fails to adapt to new circumstances and needs or that the staff become less competent. The internal focus on conformity within the organisation, stressing clear procedures and practices and sticking to known ways of doing things, is necessary if people are to become competent at what they do. Staff will develop competence in their jobs by learning from experience and repeating previously performed actions and procedures when they face the same circumstances. An organisation that lacked any standard operating procedures or clear rules and approaches would never get anything done – staff would find it impossible to operate if they had to make a new decision for every case. Equally an organisation that stuck to the same procedures however much circumstances might change would hardly provide services that were fit for their purpose. At times of radical change sticking to known and accepted ways of doing things becomes stagnation and leads to the production of services that no longer meet the context. A reorientation of the organisation is necessary. But it has its dangers. As Roger Harrison says:

‘During the past few decades, as our needs and wants have become more differentiated and unpredictable, systems have had to become more complex in the attempt to respond to consumer wants and they have predictably become less reliable as a result.’⁶

The organisation will need to search for the balance between change and stability.

Fitness and specification may also conflict because of the needs of staff for certainty in the way that they work. In one of our case study authorities the Director of Housing did not favour rigid rules and relatively few procedures were written down at the centre but local housing managers developed their own rules and procedures because of their need for security in what they were doing. The danger is either that there will be excessive

adherence to set rules and procedures or a lack of framework; either will tend to lead to poor service.

Production quality and consumer quality

The nature of the debate and distinction between specification and fitness may be summed up in the distinction between production quality and consumer quality. Product quality is concerned with the product itself whereas the consumer dimension acknowledges the fact that consumer evaluation is a necessary part of the process of service production and delivery. A pure production focus is not enough because the consumer is part of the process of service management. The Director of Housing in one shire district put the argument in rather an extreme form:

‘Quality is whatever the customer tells us it is.’

This is an overstatement: customers may be wrong or behave in such a way as to reduce the quality of service for others. The important question that it is necessary to ask is: ‘*On what basis do people evaluate the service that they receive from the housing department?*’ Service users can hardly be expected to have coherent views on the basis of little information. The greater is the users’ involvement with the service the more they will want information. Given the complexity of housing and the important that it has in peoples’ lives, housing departments provide relatively little information. We will argue that the evaluation of service by tenants of housing departments is primarily comparative or relative and that the important thing that the housing department has to do is to establish and influence the criteria on which people evaluate the housing service that they get.

Quality management

There are two approaches to quality management, quality control and quality assurance, both of which have a part to play in the quality management system. Quality control involves checking the work output in order to ensure that it is of an acceptable standard, and takes place after the service has been produced. Quality control is product oriented, internally focussed, negative and backward facing. It is product oriented because it is concerned with checking whether the service that has been produced meets the internally generated design specification. Many of the performance measures and checks that are used in housing departments are of this form. Quality control is internally focussed because it is concerned with whether or not the organisation has lived up to its own standards. It is negative because it is concerned with checking

the level of failure to meet the specification rather than with promoting and measuring success. Finally, quality control is backward facing because it is concerned with what has been done and takes place after production. Quality control is little practised in the housing service. We found that the standard methods of statistical analysis used in quality control were only practised in one of the authorities we studied (related to repairs only), even though they are obviously applicable to many aspects of the housing service, such as repairs or arrears management, with large numbers of units of output. There is a good deal of room for the development of standard quality control procedures in housing.

Quality assurance is concerned with ensuring that good work is done in the first place and attempts to limit the need for, and cost of, quality control by ensuring that there is less failure. It involves doing the job right first time. Quality assurance is process oriented, has both an internal and an external focus, is positive rather than negative and is forward facing. It is process oriented because it does not only focus on the service that has been delivered but on the process by which it is produced, for example a system of quality assurance would be concerned with the process by which decisions on housing benefit, homelessness or lettings were made. It would ask questions such as whether a centralised or a decentralised decision process would be more likely to produce mistakes and failures, or what approaches would prevent rent arrears arising. Quality assurance has both an internal and an external focus in being concerned not only with whether the specification has been met but also whether the user is satisfied and the service does its job. For example in one of our case study authorities senior officers felt that there was a good repairs system, in which jobs were done quickly and no repair took longer than six weeks. But they also had to take account of the fact that public perception of the repairs service was that it was slow. Quality assurance is positive because it is not concerned with inspecting out failure but with managing in good performance. It is forward facing because it is concerned with what will happen after the product or service is produced rather than the integrity of the production process within the organisation.

There are many statements of the elements of a quality assurance system. British Standard 5750, *Guide to Quality Management and Quality System Elements*, as summarised in a recent British Quality Association⁷ paper covers:

- Management responsibility
- The need for a documented quality system
- Document control

- Purchasing procedures and the quality systems of suppliers
- Product identifiability and traceability
- Process control
- Inspection and testing
- Control of nonconforming products
- Corrective action
- Handling, storage, packaging and delivery
- Quality record systems
- Internal quality audits
- Training
- The use of statistical techniques

Work is now being done to adapt this British Standard to the service sector and to the circumstances of local government. Organisations are increasingly getting their quality management systems certificated by third parties.

The major work on quality assurance in the public service has been carried out in the health service in this country and overseas. Maxwell⁸ identifies six dimensions of quality in health, access to services, relevance to need, effectiveness, equity, social acceptability, and economy and efficiency. Farnham⁹ has summarised the elements involved in a quality assurance system in education and health:

- Knowing customers needs
- Designing a product or service for those needs
- Guaranteeing performance
- Providing clear instructions
- Delivering punctually
- Providing back-up services
- Using feedback

In our case study authorities we examined each of these elements. We found that local authority housing departments are relatively lacking in quality assurance mechanisms and quality management systems.

It is far more difficult to define and manage quality for services than it is for manufactured products. It is difficult to know what are the elements that go to make up quality in relatively intangible services. Bowen and Schneider¹⁰ distinguish ten dimensions of service quality:

- Reliability, so that users can be confident of a consistent standard of service
- Responsiveness, where interaction forms part of the service
- Competence of those delivering the service

- Access, for a perfectly satisfactory service fails if those who need it do not get it
- Courtesy, showing respect for the users of the service, especially if they are relatively powerless and disadvantaged
- Communication, so that users are able to find out about the service and make their needs known
- Credibility, so that users will have trust in those delivering the service
- Security, so that service users are not put at risk
- Understanding of the needs and circumstances of service users
- Knowledge on the part of those delivering the service so that they can act as guides to the users

To this list we might add:

- Speed and timeliness of provision so that users are not subject to undue waiting and queuing
- Choice so that users can have some leverage against the provider
- Redress so that users will be able to take action in the case of services failing

In our survey of tenants' perceptions of the quality of service in housing departments we investigated each of these elements of service quality. We need to be careful not to assume that these variables will have the obvious influence. For example there is evidence from marketing studies that the availability of more information leads to greater satisfaction and less confusion but tends to be followed by less rational choice.

Service quality

It is much more difficult to produce and maintain quality in the production of service compared with the production of manufactured goods. Services are different in three main ways:

- (i) They are intangible in that they have no material existence, and they may also be mentally intangible in that they are difficult to grasp. In some cases a service may be so intangible, for example advice or counselling, that people may be unaware when they are getting it or when they have had it.
- (ii) Production and consumption tend to happen simultaneously, and the service cannot be stored for use when needed. It is difficult to cope with peaks and troughs of demand, without overstaffing or queuing and waiting.

(iii) The consumer is also part of the production process, and the service cannot be produced without the involvement of the consumer. The service is often cooperatively produced. This means that to some degree the consumer can be blamed for service failure or that some consumers will be the cause of the poor service received by others.

In the case of manufactured goods we can build much of the control into the technology and the core production process can be protected from external changes. Manufacturing production can be protected from the disruption that might follow from fluctuations in demand or the availability of parts or raw materials by the development of marketing procedures or holding inventories. It is difficult to operate such mechanisms in service production. Levitt¹¹ has argued that consistent high quality will only be possible in services when they are highly automated. But his argument rather misses the point in relation to services in which personal contact and interaction is a part of the core service, not simply a means of delivery.

The characteristics of services make it difficult to maintain quality. Perhaps the most important aspect of services is that they involve the relationship between consumer and producer as part of the product. In many cases it will not be possible for the service producer to deliver the service without the active cooperation of the consumer. For example it is difficult to have an efficient housing repairs function if tenants are never there when repairs workers call or to have a good system for the recovery of arrears without the cooperation of the tenant. It is also much more difficult to protect services from changing circumstances, such as fluctuation in demand, because of the direct link between the producer and consumer. It is not possible to store up the product and release inventories to meet increased demand. Rather one may store the user through the operation of queuing systems or simply letting people wait. Waiting lists and queuing are an inevitable part of the delivery of housing services, they cannot be eliminated, only better managed. The nature of services means that it will be crucial to pay attention to the relationship between producer and consumer.

The service package

Service is more than simply the basic service that is delivered. It needs to encompass the whole experience that the consumer has. Donabadien¹² in a comprehensive study of the development of quality management in the United States health system distinguishes two basic dimensions of the service package:

- *Technical* – the core service that is to be delivered
- *Interpersonal* – the relationships between producer and consumer in the provision of a service

To these we would add the physical context within which the service is delivered, for example the character of local offices. The physical context may be extremely important when the service itself is fairly intangible, for it offers what have been termed the physical clues or evidence that the service has been delivered. The local offices' physical layout is important in its own right in relation to producer and customer interaction, as well as influencing the efficiency of the local office management system.

In evaluating the technical quality of the service we will be concerned with the extent to which it meets the specification. For example in the case of repairs we would be concerned with speed, the standard of the work and cleanliness. In examining the relationship between housing staff and tenants we are interested in:

the cognitive aspect – that is the amount and quality of information that tenants are given and the extent to which staff are seen as competent and knowledgeable

the affective aspect – that is whether staff are seen as listening to problems, showing interest and understanding, and whether they are seen as friendly and polite.

Producer and consumer may be interested in very different things in a service encounter and judge it using quite different criteria. A study of encounters between clients and professionals in a social services department¹³ found that professionals judged the relative success of the first meeting in terms of content, but the client focussed on the process. In our survey we were concerned to establish the relative importance that people attached to different aspects of the relationship with housing staff. It is important to distinguish the dimensions of the relationship because they will determine the appropriate patterns of training and staff development. If all that people demand is a superficial politeness and friendliness then the 'charm-school' approach will work perfectly well. If more is needed then it will not.

It is important to distinguish between these two elements of service because it is perfectly possible for staff to be friendly and polite but unable to deliver an effective service because of the system of which they are a part. The charm-school approach will have limited value if the service itself is of inferior quality. It is, equally, perfectly possible to deliver a technically good service in a way that the user finds unpleasant. The more the service is based

around the relationship between the producer and the consumer then the more it will be necessary for the organisation to consider how it can empower staff and ensure that they deal with the user in a sympathetic fashion.

Clearly staff are central to the efficiency and effectiveness of the service delivery system. As a service industry the housing service is staff intensive, and it will be the behaviour, knowledge and abilities of staff that will determine the standard of service that is delivered. Public services are produced at the edge of the organisation, and it is those who work at the boundary with the public who are absolutely crucial to the quality of service provided. The relationship between senior management and those in direct contact with the customer will need to be one that enables staff to operate more effectively. The role of staff has not always been recognised in the development of indicators of whether the authority is providing a good service. Pollitt argues that:

‘...the majority of performance measurement schemes have been "top-down" affairs, propelled by the interests of politicians and senior officials in controlling both expenditure and the range and types of activities engaged in by lower level officials, particularly the "street level" service deliverers – counter staff, social workers and so on.’¹⁴

This is particularly the case in housing where local staff are often driven by the need to supply the centre with information that is often essentially negative and a statement of failure. Our case studies show that the demands of the centre were often unpredictable and highly disruptive to the effective management of the local office. Work-load planning was made very difficult as a result.

There will be many facets to the relationship between producer and consumer in the housing service. We will, for example, need to pay attention to:

- the knowledge of the providers
- the helpfulness of the providers
- the friendliness of the providers
- the understanding of the providers
- the discretion that is available to providers

Each of these will influence the satisfaction both of the service user and the service provider.

The third element of the service package is the surroundings in which the service is delivered. The evidence on the impact of the surroundings in which a service is delivered is limited, and mostly derives from studies of the retailing

process and its influence on purchasing behaviour. It is not clear what importance people attach to the surroundings in which a service is delivered and what influence it has on their behaviour. For example do poorly maintained reception areas affect people's assessment of the way that the organisation values them? Do people care greatly about the physical character of housing offices? In our tenant survey we asked questions about the importance of the physical surroundings in which service was delivered and we also studied the effects of different types of surrounding in our case study.

Expectation and performance

Quality of service concerns the relationship between expectation and performance, and people experience disappointment if the service received does not come up to expectations. In his book *Shifting Involvements*¹⁵ Hirschman discusses the inevitability of disappointment as we grow used to the products and standards we have already experienced and continually search for the new and the better. Different people become dissatisfied more quickly. Our own survey and those of others have shown that younger people tend to be more demanding and critical. There is also evidence that people do not necessarily expect that an organisation will get everything right first time. We expect mistakes to be made. The important point is how they are rectified and the action that is taken when mistakes are discovered. British Airways found that customers value four things:

- Care and concern by contact people
- Problem-solving capacity in front-line personnel
- Spontaneity and flexibility in the application of procedures and policies
- The ability of front-line people to recover the situation when it has gone wrong

For British Airways problem solving capacity is important because people do not expect that everything will always go smoothly in air travel. In other services it may also be important to ensure that mistakes and failings are put right. There is other evidence that the ability to put things right when they have gone wrong is important. Albrecht and Kemze¹⁶ quote work in the United States showing that complainers are more likely than non-complainers to do business with an organisation again, even if the problem is not satisfactorily sorted out. Of those who register a complaint, between 54 per cent and 70 per cent will do business with the organisation again if the complaint is resolved, and 96 per cent will do so if it is resolved quickly.

Much of our information about products and services comes by word-of-mouth. The effect of negative word-of-mouth information seems to be much greater for intangible services than for manufactured products, presumably because it is much harder to check criticisms out against reality. We argue that it is at least as important not to generate criticism of a service organisation as it is to generate positive satisfaction.

What people will value in the service encounter will also depend upon the relationship between experience and expectation. We tend to shift our levels of what we find satisfactory and unsatisfactory as a result of our experience. Donabadien, in his study of quality in health care, found that:

‘...clients want technical expertise and personal concern in equal degree because neither is efficacious without the other, but...either one or the other may receive greater attention depending on which is seen to be more critical to the patient’s welfare in any particular situation.’¹⁷

It may be that the present moves towards informing, consulting and investigating the attitudes of tenants, while laudable will serve to raise expectations which departments may then fail to satisfy. However, without such moves service organisations can rapidly become out of touch with customer reality.

Consumer involvement

People care more deeply about some things than others. The degree of consumer involvement will be greater the more important a particular service is. It seems fair to assume that people will value their housing highly and be heavily involved in it, though this is not universally the case as we found in our tenant survey.

Table 2.1
Influence of home and environment on contentment in daily life
(828 respondents)

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| The one thing which has the biggest influence on how content I am in my day-to-day life is the condition and location of my home | 25% |
| The location and condition of my home has quite a big influence on how content I am in my daily life | 51% |
| The location and condition of my home does not have very much influence on how content I am in my daily life | 13% |
| The location and condition of my home does not have any influence at all on how content I am in my daily life | 5% |

It can be seen that a significant proportion of those surveyed did not see the home they lived in as being of great or indeed any significance in their lives. Those who saw their home as a major influence on their lives were more likely to be dissatisfied with the standard of service provided by the housing department. We would expect people who were more involved with their own housing situations to have different perceptions of quality to others.

Conclusion

In our tenant survey and study of the operation of the housing departments we framed our investigation to take account of the various dimensions of quality and the involvement of the consumer in the provision of service. We are primarily concerned with the quality of service that is provided by housing departments, and not with the physical quality of the stock or of estates. The two are of course inter-linked and we would expect peoples' attitudes to be influenced by the physical quality of their homes and surroundings. We have consequently taken account of these dimensions in the detail of our study.

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