UNIT 8
QUALITY THINKING AND SYSTEMS THINKING
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INTRODUCTION

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Socio-cultural Systems
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LEARNING OUTCOMES

Evaluate critically the link between systems thinking and quality thinking in Namibian SME context;

Apply the integrated quality thinking and systems thinking concept and model(s) to improve/solve Namibian SME challenges/problems.
SOCIO-CULTURAL SYSTEMS 1
CONTI (2006: 297-298)

Systems thinking (ST) has emerged as a convergence point of the sciences;

ST is a fundamental way of interpreting nature;

Through ST increasing complexity is mastered;

The world is made up of systems;

All systems interact with one-another;

There is an interdependence among the constituent parts of systems;

Holism describes the fundamental character of systems;
Holism derives its identity from the relations among a system’s constituent parts (emergent properties);

In life there is a hierarchy of interactions between constituent parts of systems;

Systems that interact with the environment are called open systems;

Systems that interact with other systems form supra-systems (eg. cellular to multi-cellular to ecosystem)

Higher animals and humans are part of “social organisations” that have social relations;
Intelligence & capacity of choice makes human systems unique - capable of mastering or changing the rules of the supra-systems they live in;

Organisations are multi-minded & purposeful systems with properties of their own;

Organisations should not be managed mechanistically;

Multi-minded & socio-cultural models of management should be applied to organisations;

Culture is the DNA of social systems since it determines identity and the ability to generate value.
The link between quality thinking & systems thinking is in “relations”;

Quality is linked to the value exchanges that takes place in relations;

Quality refers to a feature or a property of something;

Quality has implications when associated with the concept of value (economic-; personal-; human-; etc.);

A quality perception is a perception of value;

The latter perception is also a judgement of value if a rational reflection is made;

The “quality + value” concept is associated with relations among men, between men and their environments;
Quality & value in social relations are important from both economic & non-economic points of view;

Relations between people consist of exchanged values which could be material or immaterial (moral; spiritual) and positive or negative;

The relation between two or more people is a “quality relation” if ALL the parties involved aim at fair value exchanges, that are 
*mutually satisfying*;

On the contrary, many business owners (and others) in the real world pursue only their own interests (selfish; egocentric);
Conti (2006: 299) refers to the economic self-centeredness of decision-making by some people as “the predatory instinct of our wild ancestor”, implying that “pursuing one’s own interest” (others would experience this as not mutually satisfying) is not acceptable in a modern & democratic world and cannot be associated with quality & value;

Modern definitions of quality are always connected to the principle of mutual satisfaction (all stakeholders);
Conti (2006: 299) furthermore states that “..., in non-economic social relations educated people try hard to forget their animal origin and to pursue behaviours that are more appropriate to homo sapiens …” (modern man);

Good manners are quality manners and are always mutually satisfying, therefore if certain behaviours in relations are not mutually satisfying, then those behaviours could not be associated with quality behaviours.
Organisations are purposeful systems;

An organisation’s purpose (for being) dictates the kind of value that needs to be generated;

The purpose of most enterprises are primarily to generate economic value;

The purpose of the enterprise and the way that it is pursued usually depends on the “constituent pact” amongst the enterprise members;

The value generation process could be negatively influenced (inefficiency) by misunderstandings between members;
Enterprises are normally created by their owner(s) who define the purpose & rules of their organisation (not a democratic process);

Employees join these enterprise at their own will and need to accept and abide by the rules (by contract);

Internal relations in these enterprises are strongly influenced by the social relations of the specific social environment;

Democratic; autocratic; paternalistic; autonomy,.....;

In the search for enterprise excellence, an understanding of the interplay between social, corporate and personal values is of utmost importance.
Value generation cluster consists of: elements (persons or groups) interacting with each other within a value environment and defined by a system boundary;

The synergetic effect between these elements create value which is eventually perceived as “output value”;

Both value creation capability and mutual satisfaction between elements strongly depend on value exchange in their relations;

The primary value flow is from the element(s) towards the enterprise. In return a fair value flow is essential for motivating the respective elements (people or groups).
The total value that is generated by people within an enterprise is more than the sum of their individual contributions;

Employee’s motivation to collectively add value to an enterprise is usually proportional to the gratification that they get in return;

“Creating a well accepted cultural environment, with shared basic values and respect for non-shared values is fundamental for the success of any purposeful system”

Corporate value should not interfere with spiritual value – respect for such value is fundamental;
Mutual relations between entities in a “value generation cluster” should be based on: trust; openness; willingness to share information and to build knowledge together; mutual respect and empathy;

Excellence is synonymous with quality, and in systems language it is referred to as “emergent property”.

Total Quality Management (TQM) models; Excellence models or Organisational improvement models are all the same concepts;

Organisations are open systems with bi-directional flows of value between their inner environments (within the organisations) and external environment (outside the organisation) the supra-system;

The external environment could be divided into two distinct environments: transactional & independent;
Transactional environment: it could be influenced by the organisation;

Independent environment: it could not be influenced by the organisation;

Organisations are usually managed in a way to increase their transactional environments (more influence);

Psychological resonance: where the empathy and willingness to co-operate of the members of a group are enhanced to create increased outcome (value);
ENTERPRISE QUALITY IMPROVEMENT 3
CONTI (2006: 303-307)
**TASKS**

Read the journal article of Conti (2006) to consider and reflect critically on all the aspects pertaining to the formulated learning outcomes of this Unit 8;

Apply the integrated model of quality and systems thinking as suggested by Conti (2006) to improve an own selection of Namibian SME’s leadership and management systems for optimal performance;

Draw and know the annotated diagrams of all the figures as presented and discussed by Conti (2006).