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**QUALITY ASSURANCE IN CHINA
A SLEEPING TIGER AWAKENS**

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ABSTRACT

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The People's Republic of China has undergone major economic reform in the past decade producing a new free-market system that is distinctly Chinese. The Chinese realize that to be successful in world trade, quality management and export trading must be given the highest priority in China's strategic economic plans. Many manufacturing companies are now implementing TQM and the ISO 9000 international quality management standards.

A first hand survey of the quality movement in China today is the objective of this paper.

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BIOGRAPHY

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Dick is a senior member of the ASQC and a charter member of the Quality Audit Division where he is presently serving a second term as treasurer. Dick is a CQA and an RAB Certified ISO 9000 Quality Systems Lead Assessor. Dick received a BS Degree from Lawrence Institute of Technology. Dick spent 27 years with the General Motors Research Laboratory's Metallurgical Research Department before joining Sandia National Laboratories in 1983. Dick is a member of the Technical Staff at Sandia and has held various quality positions including QA Coordinator, Auditor, and Lead Auditor/Assessor.

Quality Assurance in China A Sleeping Tiger Awakens

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Abstract

The People's Republic of China has undergone major economic reform in the past decade, producing a new free-market system that is distinctly Chinese. The Chinese realize that to be successful in world trade, quality management and export trading must be given the highest priority in China's strategic economic plans. Many manufacturing companies are now implementing TQM and ISO 9000 international quality management standards.

This paper will provide a brief overview of the quality movement in China today.

Introduction

China's State Bureau of Technical Supervision and the China Quality Control Association invited an American group of delegates with backgrounds and expertise in the fields of quality management, international quality standards, systems, certification, statistical techniques, teamwork, restructuring and re-engineering, and international trade, to travel to China in June 1996. The delegates were chosen by the Citizen Ambassador Program of People to People International for their background and professional interests in the above mentioned fields of interest. This Quality Management Delegation met with ministry officials to establish dialogue regarding the development of policies to enhance the expansion of world trade and foreign investment.

Background

It is well known that the People's Republic of China has undergone major economic reform in the past decade. Although it remains politically a centralized socialist economy, in contrast to political reforms in Russia, political leaders and economic planners in China are motivated by a new free-market system that is distinctly Chinese. The "boom town" activity in the specially created coastal trade zones, and Hong Kong's 1997 return to Chinese administrative rule only magnify the tremendous changes taking place in China today and their unique and profound impact on the rest of the world.

Export trading and quality management systems have been given the highest priority in China's strategic economic plans, in order for the Chinese to be successful in world trade. For example, many Chinese manufacturing companies are now implementing the ISO 9000 international quality management standards, and the Chinese want to learn more about this valuable management system.

The Quality Management Delegation participated in technical meetings and discussion sessions with ministry officials, institution and facility visits, and informal gatherings. These functions were held in Beijing, Dalian, and Shanghai (see Figure 1). During the technical meetings, discussions, and facility meetings the following topics were explored:

- Status and progress of quality management systems in the major sectors of the economy, such as manufacturing and services
- Status and progress of international quality system standards (ISO 9000, ISO 14000, and QS 9000)
- Utilization of modern, global, quality management system planning and implementation techniques
- Process management and control techniques, including Statistical Process Control, Quality Function Deployment, and Just-In-Time inventory management
- Education, training, and certification issues

History

China has a population of about 1.2 billion people, one fifth of the world's population; is the third largest country in the world occupying 3,619,000 square miles. The Chinese people have shared a common culture which dates back to the early imperial dynasties in 221 BC. The dynastic system was replaced by a weak republican government in 1911. The Communist party took over the People's Republic of China in 1949, and has ruled ever since.

Education

When the Communist party came to power in 1949, less than 20% of the population could read and write. The Cultural Revolution saw the government close many schools and colleges. Since Chairman Mao's death, China has renewed its drive for education and expanded the country's educational infrastructure. Today over 75% of China's population are literate. Today, in the

rural areas, most people finish primary school (grades 1-6). In the cities most students complete high school but only about 2 in 10,000 go on to college.

Business and Industry

Under the Communist regime, the state owns over 70% of all industry and business while cooperatives own 27%, leaving only 3% privately owned. The government is encouraging joint ventures but usually requires 51% of the business or venture be owned by the state.

Chinese Organizations Visited

Beijing

- China State Bureau of Technical Supervision
- China National Accreditation Committee for Quality System Registration Bodies
- National Committee for Quality Certification
- China Quality Control Association
- Beijing Matsushita Colour Picture Tube Ltd., Co.
- Pearl Factory

Dalian

- Dalian Municipal Economic Committee
- Dalian Technical Supervision Association
- Dalian Rolling Stock Parts Plant
- Embroidery Factory
- Cloisonné Factory
- Sculptured Silk Rug Factory
- Sea Shell Factory
- Silk Factory

Shanghai

- Shanghai Commodity Inspection Bureau
- Shanghai Electronic Industry and Instrumentation Audit Institute
- Shanghai Quality Control Association
- Jade Carving Factory

Figure 1.

Discussion

Throughout the delegation's travels in China, the people encountered were very friendly but became guarded when asked about some business and quality assurance practices such as "statistical process control", "production quotas", "remuneration systems", and Environmental Safety and Health issues. Everywhere one looked, people were busy working. There was very little evidence of the existence of a homeless segment of the population. As long as an individual owned a bicycle, they were not considered to be homeless. They were just resting on a long journey.

The ministry officials and business managers interviewed all expressed interest in or adherence to the principals of Total Quality Management and ISO 9000 quality standards. There was considerable interest in environmental issues and a lot of questions were asked about the ISO 14000 standards. The Chinese government realizes that China has many pollution problems and that something must be done in the areas of prevention and cleanup. Production personnel do not use Statistical Process Control techniques, but use 100% inspection methods instead. Quality improvement programs is another area that is quite nebulous. Everyone seemed to feel that quality can be inspected into a product. In this respect, the large available trainable work force could supply any quantity of inspection personnel required.

Conclusions

China is a country living under a communist form of government. The government is exhibiting a large interest in capitalistic economic business practices as evidenced by the fact that businesses are becoming less governmentally owned and controlled. China is courting outside capital investment by promoting joint ownership ventures in which the government owns and controls no less than 51% of the business. While the government may hold the controlling interest in the joint ventures they are being exposed to ideas, suggestions, and business practices brought to them from around the world by their new business partners. The percentage of existing privately owned businesses remain very small but is increasing. The government still controls the news, birthrate, career choices and the living conditions of its citizens.

The immense interest shown by Chinese officials in the ISO 9000 and 14000 International Standards gives a very strong signal that they will become the Chinese national quality and environmental standards through governmental edict in the not too far distant future.

China, with it's population of over 1.2 billion will eventually be the world's largest producer and consumer of goods. Today, China could be considered a land of opportunity for the businessman, trainer, or consultant who is willing to take the

extra step and pursue the potential business opportunities that are available. China's government, businesses and industry are looking for help to educate and train people in the fields of ISO standards, TQM, Quality Assurance, and Quality Control. They realize that economically their export products must be able to compete in world markets. Now the majority of this help is coming from Europe, Japan, or Korea. China has sent and is sending people to the United States for training but the Americans are not taking advantage of these opportunities to do business there. Seventy-five percent of the country's population is literate and the government wants to put as many of the population to work as possible.

China's emerging entrepreneurial spirit, industrial growth and expanding tourism industry reminds one of an awaking sleeping tiger. A beast that has unknown, undirected, almost unlimited power that when fully awake and aware of its capabilities, becomes an entity to be dealt with.