
MIGRATION AND INSTABILITIES IN INSTITUTIONALIZED PRACTICES: A CASE STUDY OF A TOTAL QUALITY MANAGEMENT SYSTEM IN A SPANISH ELECTRICITY COMPANY

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ABSTRACT

This paper presents empirical evidence on the attempts to migrate a Total Quality Management (TQM) practice of an acquired firm to the acquiring firm upon a takeover. The migration of the TQM was largely unsuccessful as it failed to achieve the same level of institutionalization it had in the acquired firm. Based on a longitudinal case study in two large Spanish electricity companies, the paper argues that the explanations for the failed migration lay in complex sets of political, functional and social factors, such as the deregulation of the Spanish electricity sector, the lost of the custodians or entrepreneurs of the TQM, and the normative fragmentation as a result of organizational restructuring undertaken by the acquiring firm. The paper contributes to calls for institutional theory researchers to extend their analysis to focus on instabilities and institutional change instead of the dominant view of stability and durability of institutionalized practices.

Keywords: *Migration; Institutional Theory; Total Quality Management; Spanish Electricity Sector.*

1. INTRODUCTION

The process through which management practices become institutionalized has been extensively discussed in the literature (DiMaggio and Powell, 1983; DiMaggio, 1988; Powell and DiMaggio, 1991; Lounsbury and Crumley, 2007). However there is minimal attention on understanding the instability, change or failure of institutionalized practices (Oliver, 1992; Scott, 2001) especially the transfer or migration of institutionalized practices (Dacin and Dacin, 2008). Questions that could be asked are: What happens to the process of institutionalization when a practice which has already been institutionalized in one environment is lifted or migrated to another environment? How do we make the transfer or the migration of such a practice successful? What factors determine whether the practice will be accepted and institutionalized in the new environment? Answers to these questions will not only contribute to developments in institutional theory but also help managers understand what is necessary for practices to be successfully transferred from one environment to another. This is particularly important under takeovers or acquisitions when decisions would have to be made about transferring practices from either the acquiring firm to the acquired firm or the vice versa.

This paper presents empirical evidence on attempts to migrate or transfer a Total Quality Management (TQM) of a Spanish electricity company, Sevillana (the acquired firm) to the Endesa Group (the acquiring firm). The paper explores the process of the migration and attempts to understand whether this has been successful or not. TQM was adopted and became part of the culture of Sevillana at the beginning of the 1990s. It became mandatory for all departments to acquire quality certification and these certificates were proudly displayed in departmental offices. As part of the deregulation of the Spanish Electricity Sector (SES), Sevillana was acquired by the Endesa Group in the mid-1990s. At the time of the takeover Sevillana employees were given the assurance by both their management and the management of the Endesa Group that the TQM program will continue and will play a vital role in the new Group structure. The Head Office subsequently encouraged the development of Sevillana's TQM in the new Group and even tasked Sevillana to diffuse this to the other subsidiaries in the Group. This role as the champions of the TQM gave some power to Sevillana employees in

the new Group structure. Up to this point it appeared the TQM was going to have the same influence in the Endesa Group as it had in Sevillana.

The influence of the TQM however began to decline from the early 2000s. A new SES law introduced in the late 1990s forced the Endesa Group to undergo organizational restructuring. This new law which was designed to prevent anti-competitive practices prohibited any single company from engaging in all the electricity activities, namely, the generation, commercialization, transportation, and the distribution of electric power. The Endesa Group responded to this regulation by dissolving all of its existing 11 subsidiaries (including Sevillana), and forming 5 different Strategic Business Units (SBUs) from 1999. By creating these new SBUs, the Endesa Group was able to meet the regulatory requirements to engage in all four electricity activities identified above.

With the disappearance of Sevillana as an organization under the new structure, the TQM which it was championing became fragmented and began to lose its influence in the Group. The Sevillana employees who now found themselves located in different parts of the Group became dejected that the TQM was losing its influence despite the promises made to them about its continuity. Having observed the decline in the TQM and the frustration of the Sevillana employees, we wonder whether it is possible for a practice which has a strong foundation in one environment to be successfully relocated or migrated to another environment, especially from an acquired firm to the acquiring firm. In particular, we aim to analyze why the TQM was successfully institutionalized in Sevillana but failed to achieve the same status in Endesa.

The remainder of the paper is structured as follows. In the next section, we present the theoretical framework that informs our analysis. After this the research method is described. The next two sections discuss the results of the case study in line with our theoretical framework by examining the institutionalization and the migration of the TQM. The final section provides some discussions and conclusions.

2. THEORETICAL FRAMEWORK

A practice is said to be institutionalized when it is embedded or entrenched such that is likely to endure and resist pressure for change. Zeitz *et al.* (1999, p.759) argued that “*institutionalized practices are more formally articulated, display greater compatibility with other entrenched practices, are more fixed in organizational identities, are better supported by theory, and exhibit greater interdependence between support bases and between levels of analysis*”. Zeitz *et al.* (1999) identified five qualitative indicators that can be used to assess the extent of institutionalization or entrenchment of a particular practice. We adopt these indicators to assess whether the TQM has been institutionalized or not institutionalized in our case (see Figure 1).

[Take in Figure 1]

The extent of institutionalization can be determined by the compatibility, formality, depth, systemic coherence and interdependence of the practice. Compatibility refers to how the practice matches or fits into other acceptable practices. In terms of the TQM in our study this would refer to how it is aligned with other practices in the organization. Formality refers to the extent to which the procedures incorporated by the practice are specified. In terms of the TQM in our study this would refer to how its principles and guidelines are specified to employees. Depth refers to the degree to which the practice is embedded within cognitive and value structure and therefore become part and parcel of the knowledge of actors. For the TQM in our study this would refer to the extent to which it has become part and parcel of the cultural orientation and therefore the taken for granted assumptions in the organization. Systemic coherence refers to how the practice is well supported by a systematic and coherent theory or ideology. For the TQM in our study this would mean the extent to which it is theoretically supported. Finally, interdependencies relate to the degree to which the levels of analysis (individual, organizational, inter-organizational, societal) come to be structured such that they are mutually reinforcing. For the TQM in our study, this would mean the extent to which it is developed and accepted across the different levels of analysis (including inter-organizational boundaries).

The next stage of our analysis focuses on the migration or transfer of the practice. When an institutionalized practice (which we assume is stable) is transferred or migrated it could reproduce itself as either a stable or

unstable practice in the new environment. We assume that a stable institutionalized practice will have similar characteristics as before - high compatibility, high formality, etc (as in Figure 1). On the other hand, an unstable practice will demonstrate low compatibility, low formality, etc. So institutions are not necessarily stable or durable (Seal, 2003; Lounsbury, 2008). They may weaken or even be abandoned after migration. The question therefore is: *how do we understand whether a particular practice will become unstable after its migration?* We believe that the political, functional and social pressures identified by Oliver (1992) and Dacin and Dacin (2008) as contributing to the weakening or decline of institutionalized practices can provide answers to this question. In the remainder of this section we explain how these factors can help us understand whether the migration of a particular practice will be successful or not.

Political pressures: Institutionalized practices need political support to survive in a particular environment (Oliver, 1992; Seal, 2003). When a practice is relocated it may fail to achieve the same level of institutionalization if it does not have a strong political support. This could occur because the leaders who brought in the practice have lost their power or are replaced. It may also be because the organization is facing mounting performance crises resulting in the legitimacy of the practice being called into question. Increased pressures on the organization to adopt innovative practices could also lead to the failure of the practice to be accepted and institutionalized if it is perceived as not innovative enough. Furthermore, a reduction in the dependence on the institutional constituents that have encouraged or enforced the transfer of the practice is also likely to lead to its non-acceptance and hence its failure to be institutionalized.

Functional pressures: When there is doubt about the perceived utility or the instrumental value of the practice in the new environment then it is unlikely to be accepted and institutionalized. Functional pressures occur under several conditions such as when institutional constituents in the environment withdraw the reward associated with sustaining the practice, when social and economic criteria of organizational success conflict significantly with one another thereby questioning the value of the practice, and when the organization experiences an increase technical specificity and reduction in the ambiguity of its processes and goals resulting in the value the practice being called to question. Oliver (1992) suggested that when an organization changes from public to private for example, its objectives would become more technically specific and hence less ambiguous. In this case, institutionalized prescribed activities are likely to be replaced by more technical criteria. Therefore a practice that has a high utility in the public sector may not necessarily have the same utility in the private sector as goals are much clearer in the private sector than the public sector. The factors that cause the functional pressures may also be associated with conditions in the external environment such as intensified competition for resources or unexpected events in the environment that challenge the value of sustaining the practice.

Social pressures: The political and functional pressures described above assume that the decline or non-acceptance of a particular practice occurs as a result of some intentional action by organizational members in response to changing power distribution and the utility of the practice being challenged (Oliver, 1992). Social pressures on the other hand focus on explaining other conditions under which an organization is neither pro-active agent nor centrally intent on abandoning or rejecting a particular practice. Thus social pressures are by-products of other events inside and/or outside the organization. For example, social pressures could arise from increasing social or normative fragmentation (such as increasing workforce diversity, high employee turnover, etc), disruptions to the organization's historical continuity (such as under mergers), changes in state laws or societal expectations that prohibit or discourage the continuity of a practice, and structural changes to the organization or its environment that disaggregate collective norms and values.

Drawing on the work of Dacin and Dacin (2008), we introduce the concepts institutional remnants and custodians or entrepreneurs. Institutional remnant is based on the concept that institutionalized practices are unlikely to disappear completely (Scott, 2001; Dacin and Dacin, 2008). The practice can be reinvented or it can remerge in a different form. Institutionalized practices require custodians or entrepreneurs for their survival. The existence of custodians or entrepreneurs will thus strengthen the acceptance of the practice hence will facilitate its institutionalization. On the other hand, the absence of custodians or entrepreneurs will weaken the acceptance of the practice and hence speed up its rejection. Custodians are therefore important in protecting and preserving

a particular practice. They are likely to play key roles in the reinvention or reemergence of an institutionalized practice.

3. RESEARCH METHODS

Our research is based on two large Spanish Electricity Companies, namely, Sevillana and the Endesa Group. Sevillana was established in 1894 to engage in the generation, transportation, distribution and commercialization of electric power. By the middle of the 1990s, Endesa had acquired 11 out of the 17 companies (including Sevillana) in the SES. Sevillana was specifically acquired at the end of 1996 under the Spanish government's privatization scheme. With these acquisitions, Endesa became the leading electricity group in Spain (Noceda, 1999).

To understand the evolution of the TQM we conducted a longitudinal case study in both Sevillana and the Endesa Group between 1996 and 2004. According to Otley and Berry (1994), longitudinal case studies are useful in the study of the evolution of organizational practices as they allow researchers to consider the historical, social, economic and organizational contexts of the particular activity being studied. The longitudinal case study approach is useful in our case as we were interested in understanding the evolution of the TQM. The case study method also enabled us to adopt a holistic approach to obtain rich description of the processes of the evolution of the TQM (Yin, 1989).

We selected Sevillana and the Endesa Group for the study for three main reasons. First, these organizations were going through change at the time in view of the deregulation of the SES and we wanted to understand the process of the change. Second, Sevillana's quality program has been widely publicized in the Spanish media and we wanted to understand the impacts of Sevillana's takeover by the Endesa Group on the TQM. Third, we had full access to both companies for data collection.

The principal information sources were:

- a. Participant observation: one of the researchers worked in the Treasury Department of Sevillana from the middle of 1996 to the middle of 1997.
- b. Semi-structured interviews: we conducted 32 interviews with managers and employees of the Quality Area of Sevillana and other areas of the company that were involved in the development of quality, for example, Commercial, Internal Control, Internal Auditing and Financial Function.
- c. Non-participant observation: we visited Sevillana regularly between 1998 and 2004 which allowed us to follow the development of the Quality Plan over time.
- d. Documents: we analyzed both specific documents about the TQM in Sevillana (such as Improvement Plan of Sevillana, Quality Policy, Procedure Manuals of the various departments, documents about the Quality Plan, etc.), and other documents that enabled us to understand the organizational changes (for example, internal bulletins, journals and annual financial reports of Sevillana and Endesa Group during the period 1995-2004, the Agreement about the Organizational Restructuring of the Endesa Group).
- e. Informal discussions with approximately 20 employees from both Sevillana and the Endesa Group, which were very important as they allowed us to make comparisons with the information collected through the formal sources.

In terms of the data analysis, we initially prepared tables listing issues frequently raised by the interviewees. Several themes (such as, deregulation, power and interest, loss of autonomy, emergence of new practices, etc.) were drawn out from these responses. The data representing the themes were then clustered together at this stage. The documentary evidence collected was subsequently matched with the themes. We were then able to establish links between the themes in order to discover any relationships. For example, we established how the deregulation of the SES and the subsequent restructuring of the group led to the loss of power and autonomy. This subsequently led to the loss of interest in the TQM. Inconsistent responses were also checked for accuracy during this stage, mainly using the documentary evidence and, where necessary, a follow-up interview, which was undertaken to clarify issues (see for instance Potter and Wetherell, 1995 for a similar approach).

4. THE ENTRENCHMENT OR INSTITUTIONALIZATION OF THE TQM IN SEVILLANA

The commitment of Sevillana to quality dates back to the end of the 1980s when the company joined the European Foundation for Quality Management (EFQM) as a co-founding member. In the same year, Sevillana founded the Quality Management Club together with several other Spanish companies. The President of Sevillana also joined the Government Committee on EFQM in 1992 and also served as the President of the Quality Management Club during the 1990s. Also, the Manager responsible for Quality Management in Sevillana joined the Executive Committee of EFQM in 1992, and he has also served as the President of the Quality Management Club.

In 1990, Sevillana designed its Quality Plan which was divided into four successive stages. The significance of the way the quality plan is drawn is that each stage is assumed to be continuous with the possibility of overlaps with subsequent stages. The first stage, Shared View, was initiated in 1991 and its aim was to establish the mission and guidelines of the quality policy of Sevillana. Specifically, the Quality Policy Document of Sevillana established the basic guidelines for the company (e.g. “*We must know what our customers want*”, “*You must show interest in the improvement of your own training*”). These guidelines were communicated to employees through internal bulletins, letters from the President of Sevillana to employees, presentations about quality, diaries, cards, etc.

The second stage of the Quality Plan, termed Systematic Processes, began in 1993 and its aim was the implementation of quality systems in Sevillana, as well as their ensurement and certification. The quality system was first implemented in five areas of operations, namely, the Customer Accounts Department, The Thermal Station of Los Barrios, Transport Engineering, Commercial Processes, and Internal Audit. These areas were selected based on a preliminary study of the impact of the quality program on the area’s performance. The quality systems implemented in these were ensured and certified by the Spanish Association of Standardization and Certification (AENOR).

The third stage of the Quality Plan of Sevillana, termed Continuous and Permanent Improvements, began in May 1996. This stage was also known as the Improvement Plan Stage and its aim was to direct the company towards Sevillana 2000, that was the fourth stage of the Plan that aimed at ensuring that Sevillana’s TQM is fully adapted to the EFQM quality model.

At the third stage, Sevillana’s quality program was compared to the EFQM model and 96 differences were identified which represented several improvement areas. Sevillana established 4 improvement mechanisms (process teams, unit teams, project teams and technical training) and 20 actions that were implemented in successive stages. These actions were classified into 5 groups: (1) initial actions (e.g. definition of process, by-process, customers, etc.); (2) measurement of actions (e.g. satisfaction of customers, satisfactions of employees, etc.); (3) executive behavior actions (e.g. guidelines for executive personnel, internal communication, external relationships, etc.); (4) actions for managing and improving the processes (e.g. complaints of external customers, activity costs, etc.); and (5) actions for managing personnel (e.g. training, personnel management and development, etc.).

To carry out the Improvement Plan, 20 teams were formed composed of 108 managers drawn from several areas of the company. Also, a Support Team guided and supported the development of the action plans. The members of this team were the Manager for Quality Management and a representative of each General Division of the company (Technical, Distribution-Commercial, and Economic-Financial). During the development of the Quality Plan, several employees of Sevillana were trained by AENOR and the consultant TQM Asesores as quality evaluators. More than 300 managers of Sevillana went through the quality training program.

The success of Sevillana’s quality program was widely recognized in the Spanish media. For example one Spanish press reported that: “*It is not by a chance that Sevillana has acquired more quality certificates than any other electricity company in Spain and its President represents Spanish organizations certified by AENOR in the Andalusian Congress*” (Ybarra, 1997). According to an interviewee, one of the factors that contributed to the

success of quality in Sevillana was the company's commitment to the principles of quality. The company had its own Quality Department for conducting strict follow-ups of its quality guidelines and plans. To illustrate how committed Sevillana was to quality, the Head of the Quality Department was made part of the executive team. One interviewee noted that; *"The inclusion of the Head of the Quality Department in the executive team made us all aware that quality is being promoted at the highest level of the company"*. The executive team designed the quality guidelines of the company which were communicated to the lowest levels of the organization.

There was high employee participation in the development of the Quality Plan. The wide communication, both internal (e.g. through the creation of a Web, presentations, meetings, publication and distribution of quality documents) and external (e.g. through the continuous participation of the top management of Sevillana in various public ceremonies, for example, the annual presentation of prizes in quality certificates in the Quality Ensurance in the Andalusian Congress and the Quality European Forum) contributed to the high participation. In general, employees contributed to developing the quality procedures embodied in their work. This task made the drawing up of the quality procedure manuals easier. Also, employees provided various suggestions to improve the processes.

In effect the institutionalization of the TQM in Sevillana was facilitated by among other factors (i) the increase number of publications about the topic in specialized journals in the late 1980s and early 1990s; (ii) the increase adoption of TQM in other Spanish organizations around this time; (iii) the introduction of TQM in the curricula of universities and professional institutions; (iv) the increase number of TQM consultants in Spain; (v) the high number of TQM associations in Spain; (vi) the creation of Spanish quality awards; and (vii) the increase number of seminars and congresses in Spain on TQM, for instance, the Quality Ensurance Andalusian Congress organized by AENOR (Leal, 1997; Lloréns and Fuentes, 2001).

We can conclude that the TQM was institutionalized or entrenched in Sevillana (see Table 1). The TQM was well integrated into other organizational processes and quality management formed part of both operating and non-operating decisions. All the relevant departments were quality certified.

[Take in Table 1]

5. MIGRATION OF THE TQM

Sevillana was acquired by Endesa at the end of 1996. In 1997, the Chief Executive of Sevillana made commitments to the employees that the TQM program will not be abandoned despite the takeover. These commitments were contained in an internal bulletin circulated among employees. Specifically, the Chief Executive stated that:

In the field of quality, our aims will continue despite the changes taking place. We will continue to focus on our customers, employees and all areas of the company. I want to assure you that we are committed to the continuous development and implementation of our Quality Plan (Internal Bulletin of Sevillana, n. 109, p. 3).

Endesa had its own TQM program at the time of the acquisition but this was very underdeveloped. Also, some of the other subsidiaries of the Group had implemented various quality initiatives but these were fragmented and underdeveloped. It was agreed by the senior management of the Group that Sevillana's TQM should be transferred to the Group and diffused to the various subsidiaries. The Endesa Group took advantage of Sevillana's advanced TQM and saw opportunities for the legitimacy that its adoption would provide them (Meyer and Rowan, 1977; Zbaracki, 1998; Hoque and Alam, 1999; Sharma and Hoque, 2002) especially as Sevillana has built the reputation in Spain as a champion of TQM.

Sevillana's management and employees were then asked to help in the diffusion of the earlier stages of their TQM to the other subsidiaries. According to an interviewee from the Endesa Group, this was necessary to balance the level of quality in the Group. Some Sevillana employees noted during the interview that up to this

point, they had high hopes that their TQM will flourish in the Group and will be the basis of the Group's TQM. The Sevillana employees were playing active roles in the diffusion of the TQM to the other subsidiaries. For example, TQM seminars were organized for the various subsidiaries where the main facilitators were staff from Sevillana.

The TQM had strong support from the Head Office. The Head of the Quality Program in Sevillana was relocated to the Head Office to be in charge of the Group's quality initiatives. He became part of the Group executive team and was given a substantial budget to support the implementation of quality in the Group. All the other key quality personnel from Sevillana were also playing active part in the quality decisions of the Group. Despite the takeover, Sevillana was allowed to remain as a member of the prestigious EFQM and the Management Excellence Club. This continuous membership provided external legitimation to TQM in the Group. It appeared at this stage that the promises made to the Sevillana employees about the continuity of their TQM program in the Group was going to be fulfilled. The TQM still had its custodians as all the Sevillana executives that promoted it were still around and were playing active part in its diffusion.

At the end of 1999, the Endesa Group restructured its operations. The restructuring was in response to a new SES law which prohibited a single company from engaging in all the electricity sector activities (electricity generation, transportation, distribution and commercialization). The subsidiaries were no longer allowed to engage in all the activities hence the dissolution of the existing subsidiaries and the creation of the five new SBUs (Generation, Energy, Distribution, International, and Diversification). The creation of the SBUs allowed the Group to engage in all four activities.

In addition, the Endesa Services was created as a support unit to provide several services (such as telecommunications, information systems and control, consultancy, etc) to the various SBUs of the Endesa Group as well as to other national and international companies in which the Endesa Group had invested. The Endesa Services also assumed the coordination of the quality management system of the Group.

Sevillana which was championing the development of the TQM in the Group disappeared along with the other 10 subsidiaries after the restructuring. The restructuring resulted in massive job losses and the relocation of several employees. Nearly 44% of the former Sevillana employees lost their jobs during the restructuring. At the end of 1996 for example, Sevillana employed approximately 5,337 people. By the end of 2001 however, the number of employees has been reduced to approximately 3,000 after the implementation of two redundancy programs. Several quality managers together with the Head of the Group's quality program who was a former Sevillana executive left during this period. The departure of the Head of Quality was a big blow to quality development in the Group as he was perceived by the interviewees as the driving force behind the TQM.

There was thus disruption to the historical continuity of the TQM created by the high turnover, leader succession and increases in workforce diversity as a result of the takeover of Sevillana. The high number of Sevillana employees that had left the Group led to a decrease in the quality culture within the Group. Most senior managers of Sevillana belonged to EFQM but this was not the case with managers of Endesa. The disappearance of Sevillana as an organization also meant that it has lost its memberships of the EFQM and the Management Excellence Club. This removes any connections the Group has with these two prestigious external quality bodies. Membership of the two bodies had provided external legitimacy to Sevillana's TQM. Endesa's TQM did not have such external legitimacy as it is not a member of any of these external quality bodies.

In addition to losing the external legitimacy of the TQM, quality management also became fragmented in the Group after the restructuring. The Endesa Services which was delegated the role of coordinating quality management in the Group failed to produce any quality guidelines for the various SBUs to follow. An interviewee commented that: *"In Sevillana everything was laid down and there were clear guidelines. This was not the case in Endesa where people do their own things. This is very confusing as it is difficult to determine what is right or wrong. In Endesa quality means different things to different people"*.

The lack of quality guidelines meant that different SBUs implemented different versions of the TQM. The Head Office had minimal influence in quality decisions in the Group. The Endesa Services also lacked the necessary mandate to enforce any noncompliance of quality. The consequence of this was that employees developed negative attitude towards the TQM. An interviewee noted that:

The Endesa Services was not able to diffuse quality to the Group as it did not have the power to do so. Because of this, the individual business units were doing their own thing. Quality initiatives did not start from the top management of the Group but instead it started from individual business units. Some business units did not pay attention to quality at all. Also, employees did not see quality programs as coming from top management and this reduced the importance they attached to whole issue of quality. Employees did not think quality has senior management support.

Some of the interviewees who had in the past experienced the quality management system in Sevillana were able to contrast this with the TQM at the Endesa Group. For example, communication about quality in the Endesa Group was limited to very few people – usually top management of the SBUs that had implemented the TQM. This lack of communication also meant that employees' participation in TQM initiatives was low. Furthermore, while quality achievements were considered significant events in Sevillana they are less significant in Endesa.

The organizational restructuring has thus contributed to the decline in the TQM. Oliver (1992, p.576) noted that: “Organizational mergers and vertical integration commonly introduce a new culture into the organization that disrupts the historical continuity of its value system and creates social pressures on the organization to revise its established procedures”. In our case study, it was clearly evident that the quality culture of Sevillana was different from that of Endesa and this contributed to the different attitudes to quality which subsequently contributed to the decline in the TQM.

The organizational changes in Endesa created what Oliver (1992) referred to as the normative fragmentation. The change for example led to high labor turnover. Also the size of the Endesa Group has led to high labor diversity. All these created historical discontinuity which subsequently impeded the continuity of the TQM. Thus continued institutionalization requires shared history (Oliver, 1992). The normative fragmentation has also contributed to a decreased loyalty and commitment of employees to the Endesa Group (Escobar y González, 2005). The low commitment resulted in weak socialization. Oliver (1992) observed that weak socialization mechanisms within the organization can lead to decline in institutionalized practices. The socialization mechanisms for TQM within Sevillana were much stronger before the takeover. However they were weakened after the acquisition of Sevillana by the Endesa Group. For example, the internal and external communications about TQM were reduced after the acquisition, the participation of employees in the TQM development was much lower than in Sevillana, and employees and managers in the Endesa Group were not trained about TQM. We can conclude from the above that the TQM failed to achieve a similar level of institutionalization as in Sevillana evidenced by its lack of compatibility, formality, depth, systemic coherence, and interdependence (Table 2).

[Take in Table 2]

This failed institutionalization can be attributed to diverse political, functional and social pressures (Oliver, 1992; Dacin and Dacin, 2008) as summarized in table 3.

[Take in Table 3]

Dacin and Dacin (2008) suggested that institutions are unlikely to disappear permanently. Some practices are likely to reappear in different forms referred to as institutional remnants. Dacin and Dacin attributed institutional remnants to the existence of custodians or institutional entrepreneurs. The TQM in our case did not disappear completely. It reappeared in some of the SBUs in various forms. The lack of any coordinated quality programs

meant that while some SBUs implemented TQM others failed to do so. Also, some SBUs only implemented the TQM in some selected areas. We identified three SBUs where TQM was implemented: Generation, Distribution and Energy. The Energy SBU implemented the TQM only in its Commercial Services. One feature of the three areas that had implemented the TQM is that they all had very high Sevillana influence. For example, the top management teams in these units were made up of predominantly former Sevillana managers. Quality programs in the three areas were also headed by former quality managers from Sevillana. An interviewee noted that:

The General Directors of each business unit more or less promote quality in their unit depending on their experience and the importance that they attach to quality. Usually, quality is promoted more in those units where there are managers and employees of Sevillana. Each unit has its own quality guidelines which are not integrated into any single Group policy.

Sevillana's influence in quality management in the Endesa Group is evident from our case. For example, the Head of the quality program at the Commercial Services was the Head of quality at Sevillana's Commercial Services. One interviewee noted that: *"Most of the people working in the area of quality management at the Endesa Group's Commercial Services had previously worked in Sevillana. The quality system implemented at the Commercial Services was largely the system at Sevillana"*.

In the Generation SBU, both the manager and assistant manager of quality were previously quality managers at Sevillana. The majority of the staff at the Generation SBUs' quality department had also previously worked at Sevillana. The quality management system implemented in the Generation SBU is largely the quality system at Sevillana. The self-evaluation instrument used to measure compliance at the various power stations for instance was the same instrument used at Sevillana. For the process of implementation, the quality manager and assistant manager organized several seminars and held meetings with the managers of the power stations in which they explained the importance of the quality management system. The General Director of the Generation SBU and some senior executives of the unit attended these meetings to demonstrate their commitment to the quality project. The majority of these executives were former managers of Sevillana.

In the Distribution SBU, quality management was championed and supported by the General Director of the unit who was the former Chief Executive of Sevillana. The majority of the managers working in the Distribution SBUs' quality department are former Sevillana employees. The Distribution SBUs' quality plan had among its objectives: to comply with the social obligations in the distribution of electric power; to reduce costs of electrical faults; to improve customer loyalty; and to achieve the maximum satisfaction of customers in terms of economic efficiency (Internal Journal of the Endesa Group, no. 115). Not surprising, these objectives are similar to those contained in the quality plan of Sevillana.

Complete disappearance of an institutionalized practice though very rare (Scott, 2001) is likely to occur as a result of the loss of the custodians for that institution (Dacin and Dacin, 2008). In this sense, the TQM was abandoned in some areas of the Group, for example, in the Treasury Department. Sevillana's Treasury Department had a very strong quality management system before the takeover. For example, the Treasury Department's quality manual detailed among other things the process of implementing and monitoring quality systems in the Treasury Department, the benefits of the quality system to the treasury function, the training of treasury personnel in quality management, and the procedures for managing and controlling cash. Quality certificates and awards were proudly displayed in the Treasury Department. Upon the takeover and the subsequent restructuring of the Group, the Treasury Department of Sevillana was relocated from Seville to Madrid together with the Treasury Departments of the other subsidiaries to create the Group Treasury Department. The quality certification process of the treasury function was discontinued by the Group despite attempts by Sevillana's treasury staff to maintain this. Our analysis suggests that the Group Treasury Department had minimal Sevillana influence. The senior management of this department was dominated by managers from the Endesa Head Office who had less interest in quality management. As a result the TQM lacked strong custodians to ensure its continuity (Dacin and Dacin, 2008).

6. DISCUSSION AND CONCLUSION

One of the central arguments in institutionalization is that the adoption of an organizational practice for example TQM in our case can have a ceremonial character (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Westphal *et al.*, 1997; Zbaracki, 1998; Hoque and Alam, 1999; Sharma and Hoque, 2002). Thus institutional isomorphism causes organizations to adopt practices for the purpose of maintaining legitimacy rather than for efficiency purposes (DiMaggio and Powell, 1983). This legitimacy is necessary to strengthen support and ensure survival. The adoption of a particular practice can also establish an organization as appropriate, rational and modern (Meyer and Rowan, 1977).

TQM was institutionalized in Sevillana before its takeover by the Endesa Group. The TQM was promoted through various means such as regular letters from the President of Sevillana to employees, the creation of a Web page, the publication and distribution of internal documents, and the participation of some members of the top management of Sevillana in several public ceremonies on quality. There was high employees' participation in the drawing up of quality manuals and the implementation of the TQM. Also, Sevillana's top management was highly committed to the TQM. Sevillana therefore had a strong TQM program before its acquisition by the Endesa Group. In fact, the company has been regarded as one of the founding members of TQM in Spain and has won several quality awards both in Spain and in Europe. The TQM was successful in Sevillana because it had strong custodians who promoted it both inside and outside the organization. Dacin and Dacin (2008) argued that custodians can contribute to the preservation of institutional practices.

Upon the takeover of Sevillana by Endesa the influence of the TQM began to decline despite initial attempts to diffuse it to the rest of the Group. Clearly political factors (Oliver, 1992) contributed to the changes in the industry. These changes precipitated the decline in the TQM. It was the deregulation of the SES which was the driving force behind the acquisition of Sevillana by Endesa. The acquisition resulted in the migration of the TQM from Sevillana to the Endesa Group. The new SES law in 1999 prohibited the Group from engaging all the electricity sector activities. This rendered the existing structure of the Endesa Group illegitimate (Scott, 2001; Dacin and Dacin, 2008). The organizational restructuring of the Endesa Group from the early 2000s in response to these regulatory requirements resulted in the establishment of an organizational structure on the basis of SBUs. As a consequence, Sevillana disappeared as a subsidiary. These changes created a culture driven by competition and profit. As a result the TQM which was appropriate under the much stable culture of Sevillana lost its utility under the competitive and market driven culture of the Endesa Group. Oliver (1992) suggested that a change from public sector to private sector for example is likely to make goals less ambiguous hence questioning the utility of some existing institutions.

The organizational restructuring meant the disaggregation of collective norms and values (Oliver, 1992; Dacin and Dacin, 2008) about the quality that were previously relevant in Sevillana. This fact affected the continuity of the TQM in Sevillana and subsequently in the Endesa Group. The level of involvement and commitment of the members of the Endesa Group in TQM are much lower than in the case of Sevillana. After the acquisition of Sevillana and other subsidiaries by the Endesa Group, the operations of the Group on the whole were dispersed than in Sevillana especially as the activities of the Group expanded (Miravalls, 1999). According to Oliver (1992, p.578), "*when the structure of an institutional field becomes more physically dispersed, loosely connected, non-interactive or locally differentiated, deinstitutionalization of collective values and practices is more likely to occur*". In our case study, the quality guidelines lost clarity and their results were less visible for the members of the organization after the restructuring. For example, the quality certificates did not have the same value and recognition in the Endesa Group as they used to have in Sevillana.

Political dissensus and conflicting interests can also be antecedents to decline in institutionalized practices (Oliver, 1992). In our case study, political dissensus and conflicting interests between the management of Endesa and Sevillana to some extent served as antecedents to the decline of the TQM (Oliver, 1992). There was disagreement among the organizational members about the meanings and interpretations of the TQM. This resulted in a loss of cultural consensus around TQM. TQM was part and parcel of the organizational culture of Sevillana. The employees used TQM as a reference for developing their activities in the organization. On the

contrary, TQM was more novel for the employees of the Endesa Group and they have not internalized the values and principles of TQM. Thus, for example, there were several quality manuals in Sevillana in which there was information about the way to do the activities and tasks in the organizational areas. No such manuals exist in the Endesa Group. While the employees of Sevillana were committed to developing the TQM, the management of Endesa was clearly not interested in it. There was no clear commitment by the senior management of the Endesa Group to the use of the EFQM model. The Endesa Group was not a member of EFQM, and it was not a member of the Management Excellence Club. The Group did not invest resources in promoting quality among employees and managers. There was minimal communication and employees did not receive training about quality, and common quality guidelines were not diffused. As a consequence, a shared knowledge about the organization's quality program was not developed among employees.

The liberalization and deregulation of the SES created uncertainty among the companies operating in the sector. This created what Oliver (1992) referred to as competitive environment pressures. The Endesa Group anticipated that new competitors could reduce its market share and its survival could be at risk. The Group began to question the utility of its organizational practices for responding to the higher competition in the electricity sector.

Our analysis has discussed the role of custodians in understanding the process of institutional decline (Dacin and Dacin, 2008). We argue that the influence of the TQM declined in Endesa because of the lost of key custodians. Sevillana was initially championing the TQM in the Group. A senior executive from Sevillana was also in charge of the TQM in the Group. It could be argued that the TQM had custodians at this stage. The restructuring however changed this. The departure of the Head of Quality meant the TQM lost its key custodian. Oliver's (1992) and Dacin and Dacin's (2008) analyses provide useful framework to explain and understand the process of the decline of the TQM after its migration. Institutional theorists believe in the continuity of institutionalized organizational practices. However as we have illustrated in the paper this may not necessarily be the case. The continuity of institutionalized organizational practices such as TQM which was adopted (and customized) at an early stage of the process of its diffusion can therefore be questioned. In our case study, the decline of the TQM was the result of a combination of several exogenous and endogenous factors including agency and internal organizational power struggles. This would suggest that any analysis of how particular practices are institutionalized or decline should include agency and organizational power relations. Our study has also drawn attention to the fact that institutionalized practices may not be as stable as postulated in some of the earlier formulations of institutional theory (DiMaggio and Powell, 1983).

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TABLES:

Table 1: Entrenchment of TQM in Sevilla

Compatibility	<ul style="list-style-type: none"> - TQM was compatible with other organizational practices in Sevilla and was adopted in all functional areas.
Formality	<ul style="list-style-type: none"> - TQM was highly formalized in Sevilla. There were quality plans, quality guidelines and principles, and quality procedures and manuals. - There were formal quality associations (i.e. EFQM) that Sevilla participated in. - Quality management positions were created within the formal organizational structure
Depth	<ul style="list-style-type: none"> - The TQM was highly embedded within the values and other organizational processes and became part of everyday life of actors. - It became a taken for granted assumptions in the organization and its principles and philosophies were never questioned.
Systemic coherence	<ul style="list-style-type: none"> - TQM was developed in Sevilla at a time when it was a very popular concept worldwide (1980s/1990s). - It had very strong foundations and widely promoted by powerful institutions and individuals.
Interdependences	<ul style="list-style-type: none"> - TQM was accepted at the different levels of the organization (different functional areas and management levels). - Externally, there were several powerful quality awarding bodies and the Spanish government accepted and supported its promotion.

Table 2: Failed Entrenchment of TQM in Endesa Group

Compatibility	<ul style="list-style-type: none"> - TQM was not compatible with other practices in Endesa. For example, it was incompatible with the new organizational structure based on strategic business units.
Formality	<ul style="list-style-type: none"> - Endesa did not have a specific quality plan and there were no clear quality guidelines and principles.
Depth	<ul style="list-style-type: none"> - Endesa had a culture which did not support TQM. The paternalistic culture of Sevillana was replaced by a much more impersonal culture at Endesa. - TQM was never part and parcel of the day-to-day activities at Endesa. - The value of TQM was very often questioned by employees at Endesa.
Systemic coherence	<ul style="list-style-type: none"> - By the early 2000s, researchers began to question the theories and ideologies upon which TQM was based. As a result the role of TQM as a competitive tool was challenged.
Interdependences	<ul style="list-style-type: none"> - TQM's role in organizations in general began to decline. - At Endesa, TQM was fragmented and not accepted in all parts of the organization.

Table 3: Political, Functional and Social Pressures in the Case of Endesa Group

Political pressures	<ul style="list-style-type: none"> - Endesa's managers have less interest in TQM and instead they were more interested in other strategic plans (e.g. cost reduction, information systems, etc.). - Employees of Sevillana who were championing the TQM in Endesa lost power after the restructuring. - The redundancies and reallocations of Sevillana's employees dispersed the support for the TQM.
Functional pressures	<ul style="list-style-type: none"> - Endesa considered that TQM was not an appropriate competitive tool in the new SES. Higher competition stressed economic efficiency and Endesa implemented several strategic plans (e.g. cost reduction plan, information system strategic plan, etc.) to the detriment of TQM. - The results of TQM in Endesa Group were less visible than in Sevillana and Endesa did not implement specific quality measurement systems.
Social Pressures	<ul style="list-style-type: none"> - There was a loss of consensus about the principles and values of the TQM in Endesa. - The elimination of Sevillana disrupted its historical continuity and this affected the customs and traditions of TQM. - Knowledge and behaviours about TQM were not transmitted to employees of Endesa and employees were not trained on TQM. - The new SES law forced the restructuring of Endesa Group and this caused the loss of clarity of quality guidelines.

FIGURES:

Figure 1: Theoretical Framework

