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A Study on TQM Development, Performance and Sustenance in Service Industries through Effective Communication, Critical Success Factors and Market Orientation

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Abstract : Total Quality Management (TQM) is a management philosophy which focuses on customer satisfaction by improving the organisation performance through co-ordination of various processes in all the business units. The purpose of TQM is to provide quality product or service to the customer which in turn provides increased productivity at low cost. TQM is applicable to all manufacturing and service industries. It operates on the principle that cost of prevention is less than the cost of correction. This study focuses on TQM development, performance and sustenance in service industries through effective communication, critical success factors and market orientation. It examines the quality improvement through effective employee communication and the relationship between CSFs and company performance. The study suggests Deming's Plan-Do-Study-Act (PDSA) cycle-based approach to develop and sustain TQM. It articulates the relationship between TQM and market orientation, in terms of both elements (practices) and performance. The study investigates the reasons for TQM failures and proposes guidelines for successful implementation of TQM.

Keywords - Critical Success Factors (CSFs), Effective Communication, Market Based Quality, PDSA, TQM Failures, and TQM Implementation.

I.   INTRODUCTION

TQM was introduced in mid 1980s by Edwards Deming, Joseph Juran and Kaoru Ishikawa. This approach aims at process improvement, waste reduction, business optimization and quality performance. Earlier empirical studies in TQM suggested that the successful implementation of TQM will result in improved employee involvement, improved communication, increased productivity, improved customer satisfaction, and improved competitive advantage. A strong competitive pressure has forced service industries to adopt QM tools and techniques to offer higher quality products and services as a way to delight and keep their customers intact. Many organizations have implemented TQM and identified CSFs for better business performance in order to improve their position in the global market which is now become an important research area in TQM.

II.   TOTAL QUALITY MANAGEMENT

TQM is characterized by its principles, practices, and strategies that emphasizes upon continuous improvement in quality, increased involvement of employees, commitment of top management, employee empowerment, teamwork, benchmarking, leadership, rewards and recognitions, feedback and relationship with suppliers. TQM models prescribe several important factors: starting with effective leadership that executes brilliant strategies, emphasizing best practices and quality improvements [1]. The factors fall into six factors: leadership, best practices, customer focus, employee focus, community focus and productivity focus.

There are several elements of TQM that must be adopted for TQM to work.

- There must be a common quality vision.
- There must be a commitment to organize for quality.
- There must be dedication to continuous improvement.

G-114

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- Quality should be everyone's responsibility not just quality control and the CEO.
- People who work with the system know more about the system and they should be consulted when a process is being analyzed.

2.1 TQM Practices

TQM practices can be defined as "the critical areas which an organization must accomplish to achieve its mission by examination and categorization of their impacts". TQM practices as shown in Fig. 1 are the actions and processes that can be controlled by management to achieve the organizations goals and to attain its vision. The importance of defining the TQM practices for implementation is to increase the success rate, reduce delivery time, and prevent disillusioned state with continuous improvement programs. Better management of TQM practices will result in improved quality and increased financial performance for the organization.
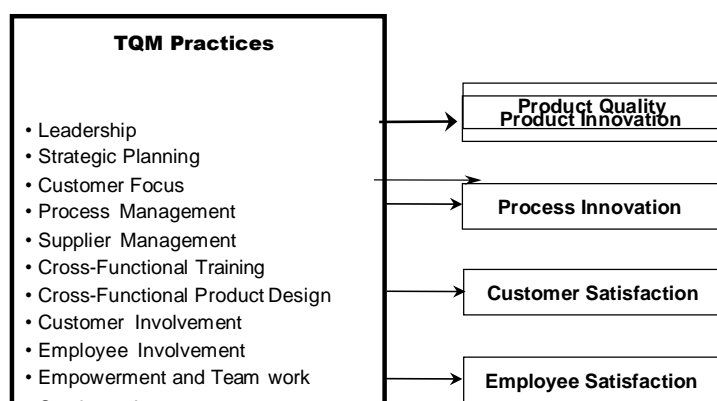

TQM Practices

- Leadership
- Strategic Planning
- Customer Focus
- Process Management
- Supplier Management
- Cross-Functional Training
- Cross-Functional Product Design
- Customer Involvement
- Employee Involvement
- Empowerment and Team work

Product Quality
Product Innovation

Process Innovation

Customer Satisfaction

Employee Satisfaction

Figure 1. TQM Practices and its impact on organizational performance.

2.2 Primary Elements Of TQM

Total quality management can be summarized as a management system for a customer-focused organization that involves all employees in continual improvement. It uses strategy, data, and effective communications to integrate the quality discipline into the culture and activities of the organization. These elements as shown in Fig. 2 are considered so essential to TQM that many organizations define them, in some format, as a set of core values and principles on which the organization is to operate.
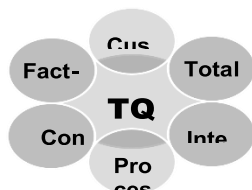

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Fig 2. Primary Elements of TQM

III.   TQM In Service Industries

The growth of service industries has resulted in an increased focus on the implementation of TQM principles in service organizations and in delivering high-quality service to customers. The growth of service sector is due to the fact that service organizations cover a broad spectrum [2]. They interact directly with large number of customers. With the ever increasing competitive and tough market conditions, service organizations are concerned about their customer needs and requirements, and to satisfy them.

3.1 Understanding the Service System

Services industry can be defined as "An industry made up of companies that primarily earn revenue by providing intangible products and services." Service industries involve a large number of white-collar staff working with a purpose to satisfy the varying needs of customers. The service-producing sector includes the divisions of (1) transportation, communications, and utilities; (2) wholesale trade; (3) retail trade; (4) finance, insurance, and real estate; (5) public administration; and (6) services which includes etc.,

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Other service industries include personal services like dry cleaning, hair cutting, business services like business software developers, health care services, legal services, private education services, social services, mobile service providers, police and security system, internet service provider, real estate, retail services, non- financial services and many others where TQM concept can enrich the working style, service quality and performance [3].

3.2 The Role Of Top Management

For TQM to be successful in an organization it must be actively supported by top management. If employees are confident that top management strongly supports TQM initiative, employees become involved in the TQM initiative. Successful employee empowerment and involvement are essential components of any TQM program. The reason for gaining the commitment of top management to implement the TQM program is that management has the responsibility to help employees through all the different stages of TQM. Leadership is the heart and soul of change. Change will not occur without leadership.

Leaders must lead the pro-active change to TQM to overcome fear of change. Change to TQM demands stamina, a spirit of entrepreneurship, endless patience, continuous communication, encouragement and recognition of those who achieve successes along the line. It is a process that is exciting as well as dangerous. Cultural change should be planned and should occur in a consistent and incremental manner.

To introduce TQM, an open cooperative culture has to be created by the management. Employees have to be made to feel that they are responsible for customer satisfaction. They are not going to feel this if they are excluded from the development of visions, strategies, and plans. It is important that they participate in these activities for complete success of TQM implementation. The success of an organization's quality efforts relies largely on focusing on the right objectives and its ability to communicate them to both its external and internal customers.

4. Communication To Ensure Service Quality

Communication to the customer should clearly reflect what customers will actually receive during service rendering and must help customers to understand their role in the service rendering process. Just like leadership, communication plays a primary role in an organization‟s service rendering to improve service quality. The service quality of an organization can improve by means of accurate and applicable communication with the customer. Inadequate horizontal communication and an inclination to make promises that are not kept, is the biggest cause of gaps between customers and organizations. This problem can be solved and lessened by ensuring that communication with the customer does not create unnecessary expectations that cannot be met. Internal communication between sections at the organization must be improved and communication with the customer should focus on the quality dimensions and characteristics that are the most important to the customer.

4.1 Supportive Dimensions For Effective Communication
4.1.1 Clear Communication

The first supportive dimension that influences the success of a TQM effort is communication. By virtue of the supportive dimensions, communication plays a key role in the TQM effort. In order to successfully implement TQM activities in an organization, executives must have to communicate effectively.

4.1.2 Culture forming

The third supportive dimension that influences the success of a TQM effort is culture forming. Every organization has a unique work culture, and it is virtually impossible to achieve excellence in its products and services unless a good quality culture has been fostered. Thus, an integrated system connects business improvement elements in an attempt to continually improve and exceed the expectations of customers, employees, and other stakeholders.

Culture forming is a critical success factor to implement TQM. It is essential that a thorough study be made to determine whether the organization is ready for the implementation of TQM as it can have a major impact on the culture of an organization. The beliefs, behaviors, norms, dominant values, rules and climate in the organization form the culture of the organization. Any organization needs a vision framework, comprising its guiding philosophy, core values and beliefs, purpose and mission.

1. Effects of TQM practices on market orientation

Gaining market advantage is the objective of market orientation that is the result of responding to changing customer needs earlier or better than competitors. A market advantage means a firm is generating supernormal profits by getting more customers, keeping them longer, or charging higher price for the products that are valued by the customers. Other than differentiation (pricing) and customer relationships, market advantage can be exploited through intangible strategic assets like reputation, patents, trademarks, brand equity, knowledge and learning orientation. Achieving market advantage is also possible by leveraging technological.innovation, mass customization, globalization, and competitive orientation strategies such as benchmarking, positioning and competitive objective setting.

2. Market Advantage

Customer-oriented firms should convert customer satisfaction to customer retention and loyalty and creating customer partnership realizing that all those are important drivers to profitability. It can be postulated that TQM companies that establish customer relationships are likely to retain customers and achieve higher profitability. Long-term customer relationships would likely easier to create structural bonding such as joint investment in value delivery system which create difficult-to-imitate competitive advantage hence are likely sustainable. Market advantage in terms of customer oriented strategies mean that firms can improve customer retention rate thus lead to substantial improvement in profits.

IV.   Sustaining TQM

Sustainability is defined as „the ability of an organization to adapt to change in the business environment to capture contemporary best practice methods and to achieve and maintain superior competitive performance‟. Sustainability is described as the development that meets present needs without compromising the ability of future generations to meet their own needs. Without sustainability, there is little benefit to be gained from TQM.

4.1 PDSA Cycle For Sustainable Development Of TQM

This paper suggests Deming‟s Plan-Do-Study-Act (PDSA) cycle based approach to develop and sustain TQM. This approach is unique and can be customized to suit the organisation requirements [8]. The results will help the top management in setting out priorities to achieve sustained growth of TQM process. The PDSA cycle suggested for TQM sustainability consists of four steps:

- Step-1: Plan for TQM - The adoption of TQM in an organization has to start from a strategy for implementation involving the planning and preparation of document detailing the way forward. The preparation of such a document may constitute: (1) Creation of a TQM co-ordination body; (2) Development of a vision, mission and policy statements; (3) Education for the top management and coordinating body members on total quality principles and philosophy; (4) Selection and trial run of the first improvement project; and (5) Appraising the company‟s current level of quality management implementation.
- Step-2: Implement TQM.
- Step-3: Study and measure the level of implementation of TQM.
- Step-4: Take necessary actions to improve the less developed programs of TQM.

V. GUIDELINES TO EFFECTIVE TQM IMPLEMENTATION

Successful implementation of TQM program in service organization can be achieved by adopting a set of TQM practices and developing a model or framework based on these practices to get maximum benefits and desired outcome. The set of practices chosen depends upon the nature and characteristics of the service organization which is responsible for successful implementation of TQM program. For effective implementation of TQM and better results, following ten basic steps are identified.

- Adoption of state-of-art and advanced technologies instead of following traditional culture by the top-management in the organization. Thus, top-management commitment is crucial to success.
- Set the objectives or goals by involving employees at all levels and define them. This will act as the indicators of success in terms of mission.

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- Developing quality awareness, imparting training and education on the principles and core concept of TQM to the employees, changing their attitudes and mind set towards quality culture, and commitment of never ending the continuous improvement and innovation in the organization.
- Develop and document the approach to TQM and make sure that it is being practiced in the organizations and should not remain on papers only.
- Identify the key TQM practices for the organization and create an environment to implement and restrain them by force.

Without a strategy to implement TQM the effort will lead to frustration of employee and thus, leads to the total failure of the TQM implementation [9]. Therefore, all the employees should have prior knowledge of TQM and must be educated and trained before TQM is initiated for implementation. Implementation of TQM
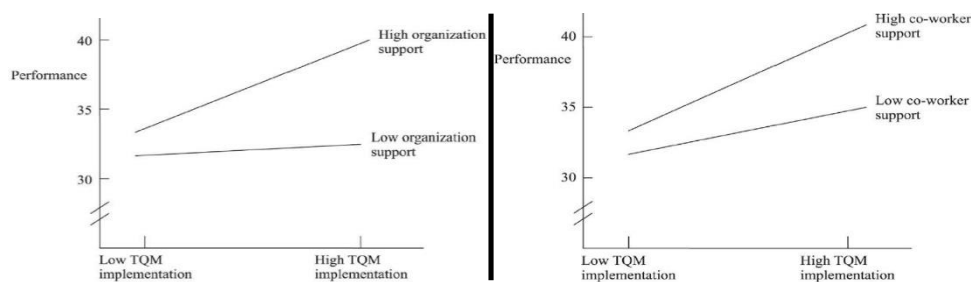

Fig 3. Effect of Organization support and Co-worker support on TQM implementation

V.   TQM FAILURES AND SYMPTOMS

Many organizations have been using TQM to improve performance and they are quite successful in implementing it, there are also some cases where organizations have failed to reap the benefits of TQM due to their different focus in its implementation. Results do not always come quickly. It is generally acknowledge that the longer organizations work at TQM, the more successful they will be. Two to three years into implementation have been quoted in the literature as the period after which some tangible benefits of TQM are more likely to be evident [10]. The success of implementing TQM in an organization is ultimately judged by its customers.

VI.   DISCUSSION

5.1 Theoretical Implications

This study examined the TQM development, performance and sustenance in service industries through effective communication, critical success factors and market orientation. This study also found that an environment of support within the organization enhances the effectiveness of TQM implementation [11]. More specifically, organization support that encourages a positive reciprocal relationship between employees and their organizations, and strong collegial support that promotes sharing knowledge in an encouraging, supportive manner produce a synergistic effect on the TQM/performance relationship.

5.2 Managerial Implications

This study has important implications for managers. First, it motivates managers (and provides a justification) to invest in the time and resources to implement TQM programs. Based on the results of this study, the implementation of TQM practices is associated with enhanced organization performance.

Second, this study signals the importance of ensuring a supportive organizational environment for the effective implementation of TQM. The study suggests that organizations should develop an environment or "culture" of support, which includes fostering support among co-workers, for the effective implementation of TQM. If employees do not feel there is sufficient acknowledgement and support from the organization and from colleagues with whom they work, then firms may not reap the benefits of TQM programs. and hence, increased customer satisfaction.

G-118

VII.   CONCLUSION

The study emphasizes the importance of implementing a comprehensive TQM program. It is more systematic in explaining the fundamentals and components of TQM. The study covered theory, concepts of TQM, its practices, service system together with the reasons of TQM failures, and approach to TQM implementation. This study makes a real contribution in:

- understanding the service system and the reasons for its growth;
- understanding TQM in service organization and its impact;
- understanding the role of TQM practices in service organizations;
- Knowing what causes „TQM failure"?
- Understanding how TQM can effectively be implemented for better result?

From the study, it is also concluded that organizations that want to implement TQM effectively must have patience because TQM takes a long time to get implemented and to have fruitful results. It requires major changes in cultural aspects as well as employee mindset in an organization. This study will help service managers in better understanding of TQM and service quality concept, and their implementation in their organizations by considering the top-management commitment and customer focus as most important principles for service organizations. It will also help them to motivate and create a vision for the change.

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