

# Total quality management: today's business excellence strategy

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## ABSTRACT

In this world of hard competition and globalization quality has become the necessity and the requirement of every customer. Quality is must to win the game of competition. Quality is a mandatory factor to retain the customers. Poor quality leads to loss of customers. This paper has been made to make the readers aware about the concept of Total Quality Management (TQM). The research methodology used in this paper is purely based on research work. This includes data based on primary and secondary sources. Secondary sources include various research papers, news papers, professional journals, magazines, text books and various websites. Primary data was collected with the help of personal interactions, telephonic interactions with the learned people.

**Keywords:** Customer; Globalization; Organization; Quality; Total Quality Management

## 1. INTRODUCTION

In today's global competition, quality is one of the most important factors for achieving competitive advantage. A good quality product or service is must for an organization to add new customers and retain old customers. Due to poor quality of products or services customers become discontented, so the costs of poor quality are not just those of immediate waste or rectification but also the loss of future sales. Innovations in technology have diffused geographical boundaries resulting in more informed customers.

The business environment is becoming more and more complex day by day and the marketplace has changed from local to global. There is application of constant pressure on the management for the improvement of competitiveness by lowering operating cost and improving the logistic. Every customer is becoming more aware of rising standards day by day, due to heavy access to wide range of products and services to choose from. The demand of quality products or services is ever-increasing and this global revolution had forced organizations to invest substantial resources in adopting and implementing total quality management strategies. The introduction of total quality management (TQM) has played an important role in the development of contemporary management.

In today's global market place to compete with competition, quality (that has been considered a key strategic factor in achieving business success), is more than ever required, and it has become the key slogan as organizations strive for a competitive advantage in markets

characterized by liberalization, globalization and knowledgeable customers. Quality gurus such as Juran, Deming and Crosby have advocated various methodologies for business success and single out some quality practices. In both manufacturing and service sectors all these practices have positive impact on business performance.

## **2. EVOLUTION OF TQM**

The concept of TQM philosophy and its principles is quite old and was introduced into the USA around 1980. This concept was primarily in response to the severe competitive challenge from Japanese companies. Initially, the attention was towards manufacturing industries with little consideration being given to the service industries largely because of the domination of researchers. The emergence of TQM philosophy in service industries has been a recent development and is being applied from last two decades.

## **3. DEFINITION OF TQM**

TQM can be defined as a set of techniques and procedures used to reduce or eliminate variation from a production process or service-delivery system in order to improve efficiency, reliability, and quality (Steingrad & Fitzgibbons, 1993). Vuppalapati, Ahire, and Gupta (1995) stated that TQM is an integrative philosophy of management for the continuous improvement of product and process quality in order to achieve customer satisfaction. According to Dean and Bowen (1994), TQM is a management philosophy or an approach. TQM is a technique that is characterized by some principles, techniques and practices.

## **4. NEED OF THE STUDY**

In such a competitive environment resulted from world globalization, firms have to face with much difficulty to survive unless they create the competitive advantage over their competitors. With the increase of competition, business survival pressure, changing customer-oriented environment, total quality management (TQM) has been recognized as one of the important issues and generated a substantial amount of interest among managers and researchers. TQM has been regarded as one of effective ways for firms to improve their competitive advantage.

Leading pioneers in the quality area asserted that competitive advantage can be gained by providing quality products or services. A quality holds the key competitiveness in today's global market. In addition, TQM has widely considered as an effective management tool to provide business with stability, growth, and prosperity. The benefits of quality improvement can not only be reflected on cost reduction, but also on maximization of business profits. In the words of quality improvement, what really matters for an organization is not just cost minimization, but superior quality's effects has on maximizing profits.

## **5. OBJECTIVES OF THE STUDY**

1. To make the readers aware about the concept and need of quality and total quality management.
2. To study the driving factors for TQM.
3. To study the role of TQM in today's business excellence.

## **6. RESEARCH METHODOLOGY**

The research methodology used in this paper is purely based on research work. This includes data based on primary and secondary sources. Secondary sources include various research papers, news papers, professional journals, magazines, text books and various websites. Primary data was collected with the help of personal interactions, telephonic interactions with the learned people

## **7. DRIVING FACTORS FOR TQM**

### **7. 1. Customer Focus**

For business enterprises, the significant driving force to establish the quality goals basically originates from customer needs. Generally speaking, customer needs identify the operational goals for firms to meet. And this type of quality goals is also referred as market-driven. That quality started with the understanding of customer needs and ended when those needs were satisfied. In order to meet the requirement of customers, top management should clarify the customers' expectations. Further, organizational strategy should also be developed based on customers' needs. The customer focus is the under pinning principles for firms to implement programs of TQM. Since the senior management may have the influence and authority to dominate the entire implementation of TQM implementation, dedicated top management's commitment about implementing TQM is certainly a need or requirement. Therefore, this study tells that customer focus is positively related to management leadership.

### **7. 2. Management Leadership**

Management leadership is considered to be another major driver of TQM and it has a significant influence on determining whether or not a TQM program can be implemented effectively. Management leadership in fact, refers to how management level guides and supervises personnel of a firm in an appropriate manner. Management level provides the necessary resources for training employees to meet the new requirements and/or changes that are resulted from implementation of TQM, and consequently, creates a environment for work which is conducive to employee involvement in the process of changes. In addition, effective management leadership is critical to influence the decision of selecting qualified suppliers and certifying suppliers for quality material. Management level is also responsible for mentoring product design and considering market demands & consumer needs. In other words, the focus of management is essential for firms to produce goods that are manufacturable and meet the needs of customers. In conclusion, management level plays a significant role on conducting organizational operation and also highly influences the decision-making and resource allocation processes for supplier management and design management.

Therefore, management level has positive effects on human resource, suppliers' management, and design management.

### **7. 3. Human Resource**

In terms of quality management, employees must be able to measure and utilize quality data efficiently and effectively. Human resources, which include employee training and employee relation, was related to quality improvement positively, which was mediated through utilizing quality data and reporting. Thus, whether or not a TQM program will be successfully implemented mainly depends on the collaboration and coordination among a firm's workforce. An effective implementation of TQM can be derived from employees' understanding of the philosophy and principle of implementation of TQM. Furthermore, if employees are highly conscious for TQM, the data and reporting of quality control prepared by working staffs will be easy to uncover the reality and thus, can be used for correction of quality flaws or mistakes immediately and in an effective way. Better human management results in more positive effect on producing quality data and reporting.

### **7. 4. Quality Data & Reporting**

Quality data and reporting utilize quality reports and control charts to identify explicit & potential quality problems and provide timely information for correcting & improving problems explored. In other words, a good data and reporting system can timely and correctly reflect the actual circumstance/situation to management level. It can provide adequate management level information to make decisions timely. With regard to quality, it can help employee or management to identify and solve problems stemming from input materials that are supplied by cooperative suppliers. In addition, several studies indicated that the goals for firms to implement TQM were mainly focused on building quality into the products rather than merely inspecting quality into the finished products or removing defective products. Since effective design management requires various resources to support, such as considering the customers' requirements or coordination of procurement function, design function, production function and supply function, design management can be implemented effectively only if quality data and reporting are collected and shared throughout the organization in a timely manner. Additionally, quality data and reporting can provide employee timely information to deal with changes or problems occurred and further examine the results with the improvements made. Thus, an effective quality data and reporting system will have positive impacts on enforcing management of suppliers, design management, and aspects of process management. Therefore, the authors propose that quality data and reporting is positively related to management of suppliers, design management, and process management.

### **7. 5. Suppliers' Management**

With regarding to management of suppliers, an effective management of suppliers will enforce the cooperation between suppliers and firms by allowing suppliers' involvement and/or participation not only in the design process but also in the production process, and help the materials' procurements or parts meet firm's requirements and be efficiently utilized. The research findings showed that suppliers' management, which emerged as an important component of TQM implementation, had direct positive effects on both design management and process management. In addition, the quality of materials provided by suppliers is important and the starting point for firms to produce quality products. Eventually, raw materials of a good quality will reduce the scrap, and/or defective outputs and occurrences of rework.

Ultimately, it can result in a good operational performance. Suppliers' management can be used to streamline the suppliers' base to facilitate the following tasks such as managing relationships of suppliers, developing suppliers' strategic alliances, cooperating with suppliers to ensure meeting the customers' expectations, involving suppliers early in the product development process, and enhancing the process management. Therefore, the authors propose that suppliers' management is positive related to design management, process management, and operating performance.

## **7. 6. Process Management**

Inferior quality manufacturing process will result in higher scrap rate and rework rate which will lead to more resource consumed to produce qualified products. The goal of process management is to reduce process variation by building quality into the production process. The effects of reducing process variation will increase the quality of outputs as well as decreasing the occurrences of unnecessary costs such as rework costs and waste costs by finding and correcting quality problems immediately. Thus, the effectiveness of process management implementation has been cited as one of the major dimensions of integrated quality efforts.

## **8. EMPIRICAL STUDY: TQM PRACTICE IN AMERICA**

The quality improvement movement in general and total quality management in particular have become very popular in America during the past three decades. The fierce competitiveness of the global market is the force that generated the quality improvement movement. As the relative decline of the American economy in the late 1970s became apparent, many U.S. industries started transforming the traditional way of doing business into an organizational approach focusing on continuous improvement in order to face the competition. In the 1980s, America started embarking on the quality improvement movement journey. The most prominent symbol of America's quality revolution is the prestigious Malcolm Baldrige National Quality Award (Hiam, 1992).

The purposes of the award are to "promote quality awareness, recognize quality achievements of American companies, and publicize strategies for the purpose of success of quality" (Hunt, 1992: 90). This award (that was established by US Commerce in 1987) recognizes outstanding American companies that provide quality goods and services that demonstrate quality management processes, and demonstrate commitment for regular or continuous improvement the quality of goods and services in the long-run. The ultimate goal of this quality revolution is that it is not only very important for American companies to produce quality goods and services in today's time, but it equally important that American companies maintain a consistent commitment to continuously improve the quality of goods and services in the coming future. Actually, quality has been one of the private sector's main preoccupations for a long time. It remains so today. In the early years of the trend of quality, the focus was structured around quality circles (Barra, 1983), quality control and quality assurance (Ishikawa, 1991). In the late 1980s and early 1990s, the definition shifted its emphasis to a broader sense; quality is now defined and driven by customer demand and satisfaction (Deming, 1986). Since the 2000's, quality has often been referred to as the "Lean Six Sigma" process improvement management (Thomsett, 2005). Another name is the "New Gold Standard" which has been mostly used and applicable in the service and hospitality industry (Michelli, 2008).

TQM program appears to continue to maintain its strong presence in several public organizations of modern times (Van Seaton, 2010). Initially, in state and local governments

TQM concepts and techniques were used to improve productivity of government programs and projects (Hunter, O'Neill & Wallen, 1987). Since then several success stories of TQM application in the public sector had been reported (Walters, 1992). In addition, results from a 1993 nationwide survey conducted in U.S. cities with populations between 25,000 and one million (with a 46 percent response rate) indicated that TQM was on the rise at the city government level (Streib & Poister, 1995). An recent empirical case study suggests that TQM is indeed a successful experience in state and local governments due to the fact that it is guided by a leadership commitment and a common organizational vision which "results in significant quantifiable benefits" (Kluse, 2009: 31).

Different variety of schedules related to productivity improvement in federal government, particularly those of the U.S. Environmental Protection Agency (Cohen & Brand, 1990) and the Internal Revenue Service (Chen & Sawyers, 1994), coalesced under the TQM banner (Federal TQM Handbook, 1991, 1992). Results of a survey conducted of 2800 federal installations conducted by the U.S. General Accounting Office (GAO) in 1992 indicated that about 1900 respondents (68 percent) said they were involved in TQM efforts (GAO, 1992: 9). This is an encouraging statistic for proponents of TQM. This 68 percent survey result indicated a wide level of support for TQM activities at the federal level. However, TQM experience at the federal government level reveals a mixed picture over time.

## 9. FINDINGS OF THE STUDY

1. With the help of TQM, Organizations all over the globe have been exploring ways to improve business practices to gain competitive edge.
2. Large organizations scored high in all the quality management practices except for teamwork and open organization, compared to smaller companies.
3. For the success of TQM in an organization, all of the components within the organization must be collectively involved.
4. Corporate Managers must agreed that they often attended professional seminars on quality management and learned more about quality management from reading literature such as books and professional journals.
5. Total quality management (TQM) is generally acknowledged as an approach to organizational management, which brings about enhanced performance.

## 10. CONCLUSION

Total quality management (TQM) has been proposed to improve business performance and received considerable attention in recent researches. A growing number of organizations use quality management as a strategic foundation for generating a competitive advantage and improving firm performance. Firms that have won quality awards generally outperform other firms with respect to both income measures and stock market value.

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