

THE APPLICATION OF TOTAL QUALITY MANAGEMENT IN SERVICE INDUSTRIES - THE ROLE OF TOP MANAGEMENT

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ÖZET: Günümüzde tüketicilerin kaliteye verdikleri önem arttıkça, işletmelerin de Kalite Güvencesi, Toplam Kalite Kontrol, Toplam Kalite Yönetimi ve benzeri isimler altında kalite iyileştirme sistemleri geliştirdikleri görülmektedir. Özellikle ürünlerin sosyal nitelik taşıdığı ve ürün kalitesinin ölçülme ve denetlenmesinin güç olduğu hizmet sektöründe kalite iyileştirme sistemlerinin rekabet gücüne olumlu katkıda bulunması beklenmektedir.

Toplam Kalite Yönetimi'nin hizmet sektöründe uygulanmasını konu alan bu makalede, başarılı bir sonuç elde etmek üzere, örgütün tepe yönetimine düşen görevler incelenmektedir.

I. INTRODUCTION

As the customers become more and more quality conscious, businesses respond by using quality improvement systems like Total Quality Management in their operations. Especially in service industries, given that the products are mostly of an intangible nature, quality is hard to measure and control and almost no chance exists to correct the poor quality perceptions of the customers. Firms can have competitive advantage through the use of these systems.

This paper examines the responsibilities of top management for a successful application of Total Quality Management in service industries.

II. TOTAL QUALITY MANAGEMENT DEFINED

According to British Quality Association, "Total Quality Management is a corporate business management philosophy which recognizes that customer needs and business goals are inseparable" [1]. The word "total" means all organization members participate actively in the quality improvement efforts. "Quality" is excellence in everything. "Management" is the coordination, control and follow-up of quality improvement efforts.

Total Quality Management (TQM) aims at the realization of both the business goals and customer satisfaction and at the same time developing the full potential of the workforce. Although TQM has been especially successful in Japan, it involves a lot of management theory and practices developed in the States. These are enlisted below [2]

Scientific Management	finding the one best way of doing a work
Group Dynamics	making use of group experience at work
Training and Development	investment into human resource
Achievement Motivation	the satisfaction that people get out of achieving something
Employee Participation	the influence of employees in organizational decision making process
Sociotechnic Systems	the functioning of organizations as open systems
Organizational Culture	organizational values and beliefs that lead the organization members' behavior
Organization Development	helping organizations to learn and change
New Leadership Theory	making people act through motivating and empowering
Linking Pin Concept	building up teams that are made up of different functions
Strategic Planning	determining where the organization is going to be and when and how this will be achieved.

These themes that lie in the roots of TQM all have a customer focus: they are directed at improving the organizational systems constantly to provide value for the customers. Customer denotes both external and internal customers. External customers are the ones that buy the goods and services produced by the business. Internal customers, on the other hand, are the departments in business that use the goods and services of the other departments. The satisfaction of internal customers is a prerequisite for the satisfaction of the external customers in the best way.

TQM emphasizes "Zero Defects" which is the effort to avoid the happening of defects from the start, instead of the effort to correct the defects after they happened.

III. BENEFITS OF TOTAL QUALITY MANAGEMENT

TQM has a lot of benefits for the businesses and employees when successfully applied. Major benefits for the employees are:

- better leadership quality
- more employee participation in the decision making process (empowerment)
- employees having more confidence in their ability at work and in achieving the goals
- employees having more feelings of achievement and self-respect, taking more pride out of their work through decreasing defects
- employees having the chance of getting more involved in their work and achieving success, thus employees enjoying the opportunity to develop themselves
- more cooperation, better team-work and less conflict at work [3].

TQM also contributes to the performance of business. Among the major advantages are;

- increase in profitability through increase in productivity
- cultural and behavioral change, elimination of losses
- increase in customer satisfaction
- maintenance or increase of the market share
- achieving excellence in product and business
- increase in the quality of the goods or services, increase in product safety and reliability
- minimization of the personal, business and society losses
- improvement in job safety, health and environment
- encouraging creativity in people [1]

IV. SUCCESS FACTORS IN TOTAL QUALITY MANAGEMENT

Despite the fact that TOM has been initially applied by the manufacturing firms mostly, there is an increasing use in the service sector. According to the authorities, businesses that plan to apply TQM - *be it a manufacturing firm or a service firm* - should have the on-going support of top management, make the necessary changes in the organization's culture, set realistic expectations and provide continuous support and training [4]. According to this, major responsibility in quality improvement efforts directed at satisfying the customers in the best way belongs to top management. Top management should clearly exhibit its commitment to continuous quality improvement in all possible ways: set the goals, mission, objectives and procedures of business in all its activities under the guidance of quality and lead the employees in quality improvement efforts through

equipping them with the necessary training and support to be successful.

IV.1. COMMITMENT OF TOP MANAGEMENT

Quality improvement will be just a slogan if top management is not fully committed to quality. Commitment of top management is vital because of two reasons [5]. The first is the need to change the organizational culture in a way that quality is accepted as a realistic goal to be pursued rather than just an ideal. The second reason is related to the costs such as new equipment and facilities costs that will be realized as a consequence of the decision to set quality as a realistic goal and to pursue it.

It is evident that both the development of an organizational culture that emphasizes quality and the provision of new equipment and facilities can only be achieved through the full commitment of top management to quality improvement.

In order to show its full commitment to quality, top management should

- prepare a mission statement that states the commitment of business to its customers and improvements in quality
- set the goals of business aimed at improving quality (and reducing costs arising from quality improvement)
- develop strategies and plans to realize the aforementioned goals
- identify performance measures to be used in evaluating whether the goals are being realized or not
- rearrange the management structure to ensure the complete application of strategy and plans (reorganization)
- encourage a common objective to have the employees participate in the quality improvement process and support it [3].

It is possible to observe from the mission statement of Hilton Hotels that this document provides detailed information about the company and acknowledges its managers about what Hilton considers important. In this statement, it is declared that Hilton Hotels show an intense effort to be the best hotel company in the world. Among the most important issues stressed by the company are:

1. Involved and committed employees that can function as a team
2. Facilities and services at the superior quality level
3. Profitability as an indication of the survival, growth and success of the business [6].

In the following sections of the mission statement are the principles that guide the managers and employees at work. The principle with the highest priority is satisfaction of the customers through quality products and services. The priority on customer satisfaction is a very powerful guide for Hilton managers, because it stresses strict adherence to quality standards which in turn is a prerequisite for customer satisfaction. The importance of teamwork and delay being unacceptable are among the other principles in Hilton's mission statement.

IV.2. THE IMPORTANCE OF EMPLOYEE PARTICIPATION

Beside top management, work force is the other critical component in quality improvement efforts. TQM would be far from being effective unless the employees support and participate actively in quality improvement efforts and this requires a shift from traditional, control oriented management to participative management.

All successful quality enhancement programs depend on keeping the person responsible for doing the job responsible for making sure it is done right [5]. As much as employees are kept responsible for making sure that the job is done right, they should also feel that they have some authority, some control over their jobs (empowerment). Especially in services where the quality is determined by the personnel who interact directly with the customers, empowerment can be a very powerful tool in motivating employees for better quality. Service personnel who have the technical and behavioral training required can be quite effective in improving quality through enjoying a certain degree of control - *within certain limits* - over their jobs. By taking initiative when necessary, employees get a chance to solve the problems in the service process before a negative image is formed in customer's mind. Thus it may be possible to approach or better to achieve zero defects in the service industry through responding problems immediately and achieving a service quality that exceeds customers' expectations.

Despite the advantages mentioned, empowerment is not so easy to establish. To be more specific, just managers' saying that "*employees are empowered*" or that "*it is part of the organization's culture that employees have control over their jobs*" would be inadequate [7]. In order to get the most benefit from empowerment, employees should be provided with information about customer expectations and feedback from customers, goals of business and financial subjects in addition to the information on total service process that they are a part of. It is also very important to reward employees in proportion to their contribution to service quality and firm's financial performance.

V. CONCLUSION

The application of Total Quality Management in service industries demands a lot from managers. On top of all, top management should develop an organizational culture that emphasizes quality in all the works done by the organization as an evidence of its full commitment to quality. The values and beliefs embedded in the culture which focus on quality should be communicated over and over to the personnel starting from their first day in the organization.

Another important factor in applying Total Quality Management is participation of all personnel in quality enhancement efforts and having personnel feel responsible for quality. Empowerment will be a suitable tool in achieving this. Especially service employees who interact directly with customer should be provided with information on customer expectations, goals, financial situation and similar aspects of business, in addition to the technical and behavioral training related to their jobs so that they can take the necessary action immediately when they face unexpected situations in the service process. Thus, defects in the service process can be avoided or fixed in time to ensure maximum customer satisfaction and success in Total Quality Management.

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