Implementation Of TQM For Improving Organizational Effectiveness

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ABSTRACT

This paper presents an analytical study on the relationship between implementing total quality management (TQM) and organizational effectiveness in an industrialized country like India. Organizations worldwide have been exploring and developing ways to improve business practices to gain competitive edge. Implementation of TQM is not just a management challenge. It’s a socio-technological endeavor, which focuses on modifying existing applications and redesigning existing business processes to facilitate implementation of TQM. Total quality management (TQM) was proposed to improve organizational effectiveness and received considerable attention in current scenario. Present study has examined critically the extent to which TQM and organizational effectiveness are correlated to each other and how TQM impacts various phases of business planning. Hence, there are organizational and cultural issues to be addressed, which determine the success of TQM implementation. The main objective of implementing a TQM system is to integrate the organizations business processes and operations for improved business results. But not all organizations have been successful in the TQM implementation. The aim of this paper is to understand the importance of Total Quality Management (TQM) philosophy or Business Excellence Models-Strategy. This paper is an attempt to integrate the concept of TQM implementation within a broader perspective of business as a part of corporate strategy in an organization. The concerns and issues for TQM implementation are discussed. The paper attempts to give a holistic perspective of TQM implementation as a part of Business Excellence Strategy Implementation. Large companies had higher Implementation levels across almost all practices except for teamwork and open organization when compared to small- and medium-sized companies. TQM practices were statistically more significant in manufacturing companies compared to service companies and firms having a higher degree of innovation also showed higher levels of TQM practice implementation.

Keywords: Total Quality Management (TQM), organizational effectiveness, Strategy implementation,

1. INTRODUCTION

In this era of competition in global market, the focus of companies is to study and analyse leading examples of quality. Importance of innovation and quality is the key factor identified for success. Thus, the driving force behind the changes taking place within any organizations should be concept of Total Quality Management (TQM). Total Quality Management (TQM), has been extensively identified since the mid-1980s. It is the combination of techniques, theories, strategies of quality in order to obtain the excellent quality. TQM can be defined as the way of managing for the future market scenario and is much wider in its implementation than just maintain product or service quality – it is the way of managing resources, people, time and various business processes to ensure complete customer satisfaction at every stage from procurement of material to the dispatch of finished goods. The simplest TQM model is shown in the figure 1. In the beginning of this model we should understand customer needs. Implementation of TQM mainly consists of the set of processes which continuously collect data, analyse and act on customer information. TQM Activities are also extended to understanding of nature and behavior of competitor’s customers. Developing a proper and systematic understanding of customer needs helps TQM organizations to predict behavior of future customer. Prime focus of TQM organizations is to integrate customer knowledge with other information available and effective use of the planning process to develop action plan throughout the organization to manage day to day activities and make efforts to achieve future goals. Business Plans are to be reviewed at regular intervals and are to be adjusted as per requirement. First phase of Implementation of TQM is the planning process, which acts as a glue that holds together all TQM activity. TQM organizations clearly understand that customers can only be satisfied if they consistently receive products and services meeting their requirements. Products /Services are delivered when expected and are priced for value. TQM organizations are using techniques of process management to develop cost-controlled stable and capable processes meeting customer expectations.
Figure 1: Basic TQM Model

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2. SIX C’S OF TQM

For proper implementation of a TQM following Six Cs are required

1. COMMITMENT: All employees of the organization must have quality improvement commitment. If a good TQM culture is to be developed in the organization, then quality improvement should become a normal part of everyone’s job, a clear support and commitment from the top management must be provided. Without commitment all else fails. ‘Quality’ issue is not a responsibility of a single employee since this cannot create an environment for changing mindset and breaking down the barriers to quality improvement. Collective efforts can bring fruitful results.
2. CULTURE: Organization must develop and follow a modern culture for quality improvement on a regular basis. Training on regular basis is very essential for bringing a change in culture and attitudes. Management accountants, too often associate ‘creativity’ with ‘creative accounting’ and associated negative perceptions. It can be changed to encourage individual contributions and to make ‘quality’ a normal part of everyone’s job.

3. CONTINUOUS IMPROVEMENT: There must be continuous improvement in all policies, procedures and activities laid down by top management for the company. Recognition that TQM is a ‘process’ not a ‘programme’ necessitates that we are committed in the long term to the never-ending search for ways to do the job better. There will always be room for improvement, however small.

4. COOPERATION: Cooperation among employee and experience of employees must be utilized for improving strategies and enhancing performance. The application of Total Employee Involvement (TEI) principles is paramount. The on-the-job experience of all employees must be fully utilized and their involvement and co-operation sought in the development of improvement strategies and associated performance measures.

5. CUSTOMER: For long-term survival of the business, organisation must focus on customers' requirements and satisfaction of their expectations. The needs of the customer are the major driving thrust; not just the external customer (in receipt of the final product or service) but the internal customer’s (colleagues who receive and supply goods, services or information). Perfect service with zero defects in all that is acceptable at either internal or external levels. Too frequently, in practice, TQM implementations focus entirely on the external customer to the exclusion of internal relationships; they will not survive in the short term unless they foster the mutual respect necessary to preserve morale and employee participation.

6. CONTROL: There must be effective control for monitoring and measuring the real performance of the business. Documentation, procedures and awareness of current best practice are essential if TQM implementation is to function appropriately. The need for control mechanisms is frequently overlooked, in practice, in the euphoria of customer service and employee empowerment. Unless procedures are in place improvements cannot be monitored and measured nor deficiencies corrected. Difficulties will undoubtedly be experienced in the implementation of quality improvement and it is worthwhile expounding procedure that might be adopted to minimize them in detail.

3. LITERATURE REVIEW
Z. Irani, et all (2004) discusses the concept of organizational culture and places this social construct within the arena of TQM. They have also highlighted the relationships that really exist among organizational culture, quality of service/Product and degree of competitiveness. There is an urgent need for an appropriate organizational culture to support the scope and implementation of Total Quality Management (TQM). Customer oriented systems focus; teamwork approach, involved management and continuous improvement are the aspects of TQM that results in improved
organizational culture, success, business growth and competitiveness. Now a day’s companies are focusing on continuous improvement with creativity & innovation, which is viewed as the successful exploitation of new ideas. There is a clear synergy between these two corporate success factors as they can be integrated under an appropriate corporate culture for exploitation. Ljungstrom and Klefsjo (2002,) has defined Total Quality Management (TQM) as, Management approach in an organization which is quality centered and focus on the participation of all its members and aim at customer satisfaction for long term success and benefits of all members of the organization and society. According to Temtime & Solomon (2002) TQM searches for continuous enhancement in the quality of Design, Plant layout, People, Processes, Products and services of an enterprise.

Desai and Erubothu (2010) have classified factors influencing TQM into:


(2) **Internal factors**: Top Management Policy, Leadership, Corporate Planning, Monitoring and Execution, Customer Focus, Human Resources Management, Quality and Process, Information and Analysis. Also they have listed Employee Satisfaction, Product & Service Quality, Process Quality and Vendor Performance as Performance Metrics. Sink & Keats (1982) has claimed that there exists a direct relation between productivity and quality. They also state that if efforts toward improvement of quality are efficient and effective then there will be a critical impact on productivity of a firm. Mefford (1991) has discussed three points that highlight the linkage between quality and productivity:

1. **By Reducing scraps & defective processes and by proper use of resources productivity of a firm is improved.**
2. **Any improvement in quality results in rise of productivity and vice versa.**
3. **Motivation plays a vital role in TQM.** Employees with high morale can maintain quality levels, thus maximizing the output. Desai and Erubothu (2010) rules out the theory of single best approach in implementing the TQM philosophy. An approach unique to the needs of customer and culture of the organization must be developed. Sohal and Terziovski (2000) has discussed that Total Quality is somehow linked to organisational culture. The term “Total Quality Culture” is very frequently used in the available literature but there still exists a disagreement on whether TQM involves changing a culture to achieve total quality or whether it means using the existing culture. Maull et al., (2001) has discussed that In recent times, Many companies implementing TQM have switched their attention from applying the tools and techniques of TQM to attempting to align their TQM programme with their prevailing organizational culture. Reeves and Bednar (1994) has emphasized problems associated with achieving a flexible, adaptable and committed workforce in organisations for organizational excellence. This is because they lack a dominant and coherent culture, in which values, commitments and approaches are likely to diverge, which can present a barrier to co-operation, joint action and problem solving across the organisation. Thus, managers should periodically analyse the relevance of corporate values to the evolving organizational environment. As a result, enabling managers to adapt and nurture the constructs that support the development of an aspired organizational culture.

### 4. TQM AND ORGANIZATIONAL EFFECTIVENESS

In recent years, organizational effectiveness in the practical and theoretical spheres has attracted special attention. Beyond the domain of the TQM literature, there are several fields, which have contributed to the development of current knowledge, namely organizational theory, strategic management, project management, production & operation management and finance. However, we can see, most of these fields have been studied separately, which has resulted in fragmented and disputed findings. Organizational effectiveness (OE) is one of the most extensively researched topics from the early phase of development of organizational theory. Organizational effectiveness & Performance measurement are integral part of all management processes and traditionally has involved management accountants through the use of budgetary control and the development of financial indicators such as return on investment. It is clear that TQM acts as a platform for organizations to enhance their competitiveness, still many organizations have been disappointed in the extent to which TQM has been associated with constant improvements in organizational effectiveness. Performance management systems are like cornerstone of human resource management (HRM) policies and are the basis for developing a systems oriented approach to organization effectiveness. Theoretically, a performance management system provides a linkage between organizational and employee goals through a goal-setting process, and subsequently links employee goal achievements to a variety of HR management decisions through a performance measurement process.
5. CONCLUSION

Recent research on total quality management has examined the relationships between the Total quality management and organizational effectiveness. Many researchers have examined the link between total quality management (TQM) and organizational effectiveness. It has been observed that effective TQM implementations improve organizational effectiveness, long-term profitability and financial returns. Also, higher intensity of TQM practices results in improved quality performance. In a review of the literature covering the relationship between TQM and organizational effectiveness, we can identify two competing arguments. The first argument suggests that TQM is positively related to organizational effectiveness because it establishes a system and culture that will provide a fertile environment for organizations to grow. The opposing argument states that the implementation of TQM principles and practices could hinder organizations from being innovative in their management approach. There is a growing body of empirical research supporting a direct relationship between the adoption of Total Quality Management (TQM) and improved organizational effectiveness. Content of TQM are distinguished based on the issue of two business management orientations: customer orientation and process orientation. In customer orientation approach, organizations are focusing to gain a market advantage where they can perform better than their competitors in terms of attracting and retaining more customers with distinguished products and charge an optimum price.

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