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Total Quality Management and Services Marketing

Dr. Neelam Turan

Assistant Professor, Govt. P.G. College for Women, Karnal

Abstract- Total quality management (TQM) represents a major philosophical revolution in the management of organizations. Currently TQM is being applied to a diversity of sectors, including the health, education, banking, transportation, hotels, and profit and non-profit, organizations in the service sector. There are two reasons for this. Firstly, services have become an important part of the economy. Second, service quality has become a key factor in achieving competitive advantage for both manufacturing and service organizations. Also, quality improvement leads to increase in sales, optimal production and distribution of services, profitability, better salaries for employees, and high morale. The objective of this paper is to shed some light on the current TQM practices of service organizations. TQMS is expected to face problems in implementing it, because intangibility of services, the heterogeneous nature of the service processes, and various customer requirements, etc.

***Keywords*-- TQM, Service Sector**

I. INTRODUCTION

India is one of the world's major emerging economies where services have become an important part of the financial system. The significance of services has led to focus attention on the effective management of service organizations and, thus, the emergence of service management as a discipline. Due to its holistic approach to quality, total quality management (TQM) is generally considered as a framework that supports service management. Hence, TQM has been widely applied in service organizations in recent years although its origin is in manufacturing.

II. CHARACTERISTICS OF SERVICES

Services have defined in so many ways but with no general agreement. Kotler defines services as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may be tied to a physical product. Several researchers have identified four characteristics of services that distinguish services from manufacturing organizations. These are: intangibility, inseparability, heterogeneity and perishability (Dean and Evans, 1994; Dotchin and Oakland, 1994; Parasuraman et al., 1985; Sasser et al., 1978). As services are intangible, they cannot precisely specifications for uniform quality and measurement of performance. The inseparability and heterogeneity of services mean that there is less managerial control over quality, since the services cannot be tested and assured before delivery and standardised during the delivery. It is also difficult to predict, and hence influence, how the customer would perceive and evaluate the service quality. The final characteristic of perishability implies that service organizations need to retain excess capacity to meet the fluctuating demands of customers.

III. CONCEPT OF TOTAL QUALITY MANAGEMENT

The phrase total quality management (TQM) has become a common part of today's business language. It generally means a quest for excellence, creating the right attitudes and controls to make prevention of defects possible and optimize customer satisfaction by increased efficiency and effectiveness. Definitions of TQM are as broad as the literature associated with it. Schonberger defines it as "quality of goods, services, of time, of

place, of equipment and tools, of processes, of people, of environment and safety, of information and measurements." TQM is an approach to doing business that attempts to maximize the competitiveness of an organization through the continual improvement of the quality of its products, services, people, processes, and environments (Goetsch and Davis, 1995). It is a customer-oriented management system, which seeks to meet or exceed customer expectations by providing defect-free goods or services the first time, on time, all the time.

While the original concepts of TQM defined by Deming and Juran found their base in manufacturing industries, the developed nations have now come to benefit from short learning curves, available technology and cheap labour to undercut prices. There is a much greater emphasis on service industries, which in turn brings different challenges. In recent years, some service organizations in different service industries such as healthcare, insurance, hospitality among others have shown interest in TQM (Hasan and Kerr, 2003). This interest may attribute to the positive impact of TQM on the strategic and operational facets of organizational performance (Reed et al., 1996; Zahiri et al., 1994).

IV. OBJECTIVES OF THE STUDY

The main objective of study is:

I. To study the emergence of total quality management in services.
II. To study the TQM effects in promotional avenues in the organization.

V. DRIVING FORCES FOR TQM IMPLEMENTATION IN SERVICE SECTOR

The adoption of TQM results in better quality of service facilitating to increase the market share and profitability. It enhances the image of the company by treating a loyal customer base and helps to attract high quality human resource to have a career in the organization. It is indeed important for service businesses where human resource is the key to long-term success. Quality improvement leads to increase in sales, optimal production and distribution of services, better salaries and promotional avenues to employees, and high morale. Last, the cultural change would help service business to attend to the needs of customers in an improved manner, thus promoting customers' delight. Other drives include the following:

- Growth in Services: There has been a substantial growth in services in last two decades. Healthcare services, business services, accounting, engineering, architectural services, and hospitality services have grown at approximately double the rate of other industries since mid-1980s (Rowdy and Martin, 2001). Ghobadian et al state that the service sector has become the dominant element of the economy in the industrialized nations. The service activities in the US accounted for a 20 percent of the Gross Domestic Product, employing 53 percent of the US workforce in 2001 (Statistical Abstract of US, 2002). The trend signifying the increasing importance of the service sector is expected to be strengthen in the future (Lemark and Reed)

- Complexity of Problems: The second major trend inducing more attention to the service operations is the seriousness and complexity of problems within modern society. These include the population explosion, and its concentration in urban areas, the coexistence of affluence and poverty, rising expectations for better health and education, concern about pollution of the physical environment and a growing hostility towards the modus operandi of the traditional institutions. Increasingly, there seems to be a belief that the appropriate quality technology can put to work to solve current social problems.

- Government Recognizing Benefits of TQM: It has shown that there is a positive relationship between export performance and economic growth. To succeed in the world market, services must be competitive both in quality and in price. Implementation of TQM in service concerns enhances quality and reduces cost, thus increasing their competitiveness in international markets. Increased exports boost the foreign exchange earnings that, in turn, facilitate economic development by enabling the acquisition of needed capital goods. Improved quality of services also makes them more attractive to domestic consumers, thereby boosting increased consumption at home. Therefore, quality improvement can contribute to breaking the vicious cycle of poverty that has plagued most developing countries. Awareness of the implications of improving quality through TQM adoption is therefore, prompting government to push for its implementation in service organizations.

- Quality-Productivity-Profitability Connection: It has shown that adopting the TQM process leads to improvements in the overall quality of an organization's services, and that such improvements result in increased productivity and profitability. Achieving improved organizational performance through TQM implementation enables managers to get personal recognition and reward for their achievements. Therefore,

managers of service organizations who are aware of TQM's potential as a cost-effective approach to improving both quality and productivity push for its implementation.

VI. RESTRAINING FORCES FOR TQM IMPLEMENTATION IN SERVICE SECTOR

Even though the TQM framework may be broadly applicable to service organizations, there are special implementation problems, Such as:

- **Problems in Defining Quality of Service:** Application of total quality principles and techniques in service sector has always remained a major and challenging task. The traditional definition of quality as "conformance to standards" is usually not applicable in services, since there are often no specified standards and even if these are specified, they are difficult to measure. The lack of standards thus makes it difficult to judge quality performance. The most important problems that the authors have observed in many service organizations are as follows:

- **Intangible Products**: The major problem associated with service business is the absence of an easily identifiable a product to which focus can direct. The factors, which govern the satisfaction of the customer, include speed and responsiveness of service, comfort and cleanliness of the facility, courtesy and helpfulness of employee and many other behavioral factors. These factors undergo a lot of variation and in fact are difficult to standardize as they depend mainly on the customer's expectations. Because of this, many service organizations find it difficult to apply total quality concepts to their business.

- **Inadequate Knowledge Base:** Successful TQM implementation requires that workers at all levels go through rigorous on-the-job training in behavioural, problem-solving and technical areas. However, training institutions are either inadequate or unavailable, and well-trained managerial and technical personnel are in short supply in India. The generally poor educational system also means that workers at all levels should go through extensive on-the-job training which can drive up the training costs and render TQM implementation quite expensive. These discourage some managers from initiating the TQM effort in the first place, or force a discontinuation of the process.

- **Ignorance Regarding Customers' Requirements**: Good service is an expectation of the individual customer, which may be unknown or unstated, and may vary from customer to customer and from time to time (Jessome, 1988). The key contributing factors to the existence of this problem are insufficient market research, inadequate use of research findings, lack of communication between management and customers, inadequate upward communications and too many levels of management.

- **Government Control and Bureaucratic Bottlenecks:** The state owns a large part of the service sector in India, and government plays a prominent role in economic activity. In addition, it has shown that the management of public enterprises is tainted by politics. Accordingly, a number of management decisions, including personnel recruitment, promotions, rewards and recognitions are made more from the perspective of political pragmatism than the interests of the enterprises. Such interference by government stifles the success of the TQM efforts.

It should be noted that the same forces might be strong champions of the TQM process in some firms, while they will be staunch resisters in others. Therefore, some forces, such as managers and government leaders, are shown both as drivers and as resisters in order to emphasize the different reaction they may have in different situations. It is propose that whether such forces become proponents or resisters of TQM implementation will depend on the degree of their awareness regarding the potential benefits of TQM. The government leaders and managers who are dissatisfied with the existing conditions and who are convinced of the potential benefits of TQM will push for its implementation.

VII. RESOLUTION OF RESTRAINING FORCES

Literature indicates that to improve the chances of success in introducing change, it is better to reduce the strength of the resisting forces than to increase the strength of the driving forces. The experiences of managers who have already implemented TQM also reveal that it is more effective to reduce the impact of the resisting forces than to strengthen the driving forces (Whitney, 1992).

Resolution of these restraining forces requires senior management commitment to provide necessary resources and leadership in promoting and driving the necessary change. Strategies for resolving the problems created by these factors include using information from customer complaints, researching customers' desires in similar industries, and research on intermediate customers, key client studies and comprehensive customer expectation studies. As McManus identifies, change cannot be successfully implemented without "awareness of customer requirements at all levels in the organisation, continuous improvement as the only way forward, a clear vision of the direction to follow, and top management will and determination".
Similarly, Zeithaml *et al.* consider it necessary to eliminate levels of management to allow managers to be closer to customers, to understand their needs and expectations. The type of organization best matching the above criteria is akin to the organic form described by Dawson, where people are essentially cosmopolitan, working in an environment where communication is both lateral as well as vertical, with task definition from a network of sources, and with control, which allows considerable flexibility and initiative.

VIII. APPLICATIONS OF TQM IN VARIOUS SERVICE SYSTEMS

Service quality is a multi-dimensional construct. Thus, service quality may be viewed based on the attributes of the service delivery system, the extent of customer satisfaction and/or the interactions among the different elements of the service system which define the service encounter (Chase and Bowen, 1991**;** Klaus, 1985**;** Parasuraman *et al.*, 1988). In recent years, some service organizations in different service industries such as healthcare, hospitality among others have shown interest in TQM (Hasan and Kerr, 2003)

Yasin and Alavi (1999) conducted the research aiming at understanding the facets of effective TQM implementation in different service operational settings. The research attempted to explore current TQM implementation practices and their operational and strategic outcomes and benefits. In general, the results of the study confirmed the reported literature findings concerning outcomes and benefits of effective TQM implementation as shown in table below:

The table depicts that TQM has been very effective in the fast food, book publishing, investment-banking and other service industries. TQM had a very positive impact on all of the strategic variables presented in the research instrument. We can only hypothesize that the other firms in these industries will eventually recognize that competitors who have effectively implemented the tools and techniques of TQM are achieving exceptional strategic outcomes and begin to experiment with TQM. The reported very positive impact of TQM on market share (ranging from a positive 63.83 to 100 percent), return on investment (67.74 to 100 percent), and

Table Level of impact of TQM on key externally measured strategic variables

	Market share (percent)	Return on investment (percent)	Competitive position (percent)
Fast food	100	100	100
Book publishing	80	70	81.82
Computer	67.57	78.38	80.56
Investment banking	86.96	88.46	95
Restaurant	70	67.74	87.50
Pharmaceutical	68	79.17	84.62
Gaming	80.95	71.43	76.19
Banking	63.83	87.23	91.67
Accounting	70.37	77.92	85
Range of impact	63.83-100 percent	67.74-100 percent	76.19-100 percent

competitive position (76.19

Source: Yasin and Alavi, 1999

to 100 percent) speaks volumes to the benefits of a well-implemented TQM program in the service industry.
If we examine the level of positive impact that the implementation of TQM has had on the three major externally measured strategic variables of market share, return on investment (ROI), and competitive position. An examination by other firms in each industry of successfully implementing TQM tools and techniques should be a significant motivator to reconsider their decisions not to implement a TQM programme.

IX. CONCLUSION

The application of a quality improvement programme in service industry has not received much attention until recently, but efforts aimed at spreading it are increasing rapidly. Understanding the basic service philosophy and developing strategy for continual growth are the necessary requirements for future service quality goals. The role of service systems in the global economy is changing. Managing such systems successfully requires an orientation towards conceptualizing the philosophies and essentials of TQM, and coupling them with implementation for providing better quality of life to the society at large. Viewed in the above perspective, service systems must anticipate impending challenges of market changes, economic globalization, wider dissemination of information etc. They need to develop professional expertise, executive capabilities and all the more a sound business philosophy.

Given the nature of most service operations where the customer is the focal point, there is a need to have customer-focused and quality-driven strategy orientations. To manage a service process with a quality-focus is a complex affair. Therefore, the managers of service systems need to commit themselves to a concept of "management by quality first" rather than a specific ideology. With commitment, and a suitable framework to guide implementation, TQM can be successfully applied to service organizations. As such, the effective implementation of TQM in service operational settings would be expected to be the rule rather than the exception.

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