

TQM and service organisations

A whole-hearted commitment to TQM ensures improved product quality and better performance, say Nandakumar Mekoth and Satish G. Hegde

Quality is a quest for perfection. The quest for perfection is probably as old as human existence. The 1980s was the decade of quality and the 1990s is the decade of customer satisfaction. Customer satisfaction is important to the success of any business. The quality products/services is expected to yield satisfaction to consumers and success to organisations. Therefore, quality is a 'value' in which both customers and marketers claim to provide value for customers' money.

The techniques and philosophy of quality management can be traced to W.A. Shewhart's *Economic Control of Quality of Manufactured Products*, published in 1932, but rapid dissemination of quality management in the United States did not become a phenomenon until the 1980s. TQM (Total Quality Management) had its origin in the United States, development in Japan and further development in North America and Europe during the 1980s. Thus TQM

integrates in itself American technical and analytical skills, Japanese implementation and organisational expertise, European and Asian traditions of craftsmanship and integrity (Grant, Shanl and Krishnan, 1994).

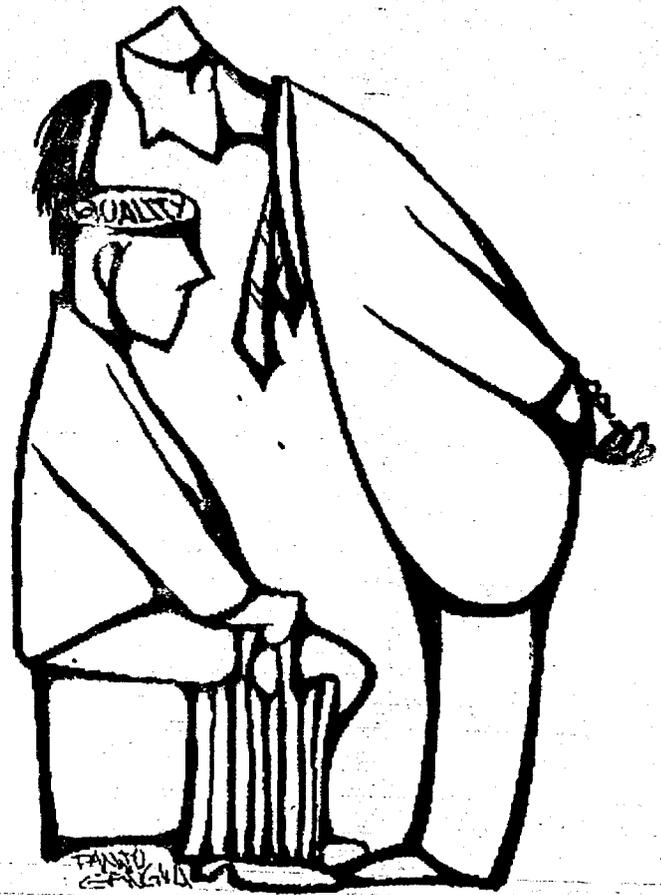
The concept and practice of quality have always been existing. But TQM brought a qualitative change in both the concept and practice. Quality was a responsibility of the management and an instruction to follow for the workers. TQM is a philosophy of the entire organisation. The success of companies like Xerox, Allen Bradley, Motorola, Marriot, Harley-Davidson, Ford, Hewlett-Packard, Kodak, (Grant *et al.* 1994) and Telco (Naganathan, 1989) can be attributed to their whole-hearted commitment to TQM. TQM ensured improved product quality and better performance in these organisations.

TQM embodies development of a company-wide culture for quality. TQM typically increases participation of lower levels in higher level decisions. Obviously, the role of

the lower level enhances both qualitatively and quantitatively and role of the higher level changes to that of consultants and advisors. Therefore, TQM necessarily involves an increase of awareness through training motivation and participation. In all, customers expect quality and employees are committed on their own to provide it. TQM is nothing but an understanding and performance of roles by each and every individual in the pursuit of quality movement.

In Indian organisations quality was in the back seat until the 1990s. Saxena and Jain (1994) suggest that the Chalega Syndrome of Indian businesses should be replaced by the philosophy of Quality Right First Time and Always. The reason for the Chalega Syndrome is attributable to the indifferent attitude towards providing better quality to the customers. By and large, Indian business was in the 'sellers' market rather than the 'buyers' one.

The environment is rapidly changing; companies have been giving increasing attention to customer satisfaction. A nation-wide opinion poll of 100 companies carried out for *Business Today* by the Delhi-based market research and customer satisfaction measurement agency, Indica Research, revealed that 99 per cent of the CEOs rated customer satisfaction among their three more critical strategic initiatives this year; and 38 per cent



identified it as their first priority (Anand Vishwanathan, 1994). CEOs in a number of organisations such as Hindustan Lever, Cadbury India, Modi Xerox, Thermax, Videocon, TVS Suzuki and Damania Airways were unanimous in their opinion that there is no better strategy than satisfying customers for business success. They have effected organisational restructuring in such a way that quality and customer satisfaction take priority over the rest. It is evident that TQM is born out of market-driven factors and

hence all those organisations which operate in a competitive environment do need it most.

Garvin (1908) in his highly acclaimed book *"Management of Quality"* discussed eight dimensions of quality, including performance, feature, reliability, conformance, durability, serviceability, aesthetics and perceived quality (Khare, 1994). He noted with reasons the difference in perceptions by customers, companies and service personnel. Garvin's concept of quality is more relevant for tangibles than services.

Quality in service organisations is much more complex. It is complex because consumers cannot define precisely what they require and businesses fail to design what consumers want. Parsuraman *et al* (1985) defined service quality as a subjective assessment that customers arrive at by comparing the service levels they believe an organisation ought to deliver to the service level they perceive is being delivered (Ravi Shanker, 1993 pp.28.)

The service quality can be measured on the following five dimensions (Ravi Shanker, 1993, pp 27 and 28):

Reliability: The ability to perform the promised service dependably and accurately.

Tangibles: The appearance of physical facilities, equipment, personnel and communication materials.

Responsiveness: The willingness to help customers and provide prompt service.

Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence.

Empathy: The caring individualised attention provided to the customer.

Service marketers have embraced the 'Gap Model' which suggests that consumers will judge a service encounter as high quality if the experience exceeds their expectations. That is why service marketers often say, "We do not want to just meet our customers' expectations, we want to exceed them", or "We don't want to simply satisfy our customers, we want to delight them by exceeding their expectations."

It is difficult in service industries to ensure quality than intangibles. Parsuraman *et al* (1980) have identified possibilities of service quality deficiencies in five types of gaps:

Marketing Information Gap: Difference between customers' expectation of services and management's perception of customers' expectation.

Standards Gap: Difference between management's perception of customers' expectation and performance specification.

Service Performance Gap: Difference between service specification and service actually delivered.

Communication Gap: Difference between service delivered and communication to customers about services.

Overall Gap: Difference between the perceived quality of service delivered and the expected service. This gap depends on the size and direction of the first four gaps.

In brief, the characteristics of services (intangibility, heterogeneity, simultaneity of production and consumption, non-transferability and perishability) make drop in quality easier than maintaining it. Unlike tangible goods, the quality of which can be checked before releasing them to the market, the service quality testing is entirely done by the customers. Service quality is known to even

providers only after it is delivered to and consumed by customers. These characteristics of services necessitate TQM to a higher extent in service organisations. TQM is the outcome of the attitude of employees from top to bottom. Interestingly, attitude, courtesy and all such subjective human elements form part of quality of service. For example, a consumer quality in a restaurant, bank or airlines may include the 'smile' of front line employees.

In the manufacture of tangible goods, precise tools like Statistical Process Control determine when to accept and when not to accept a product quality and also how to redesign the production process to reduce variability (Grant *et al*, 1994). So it may be said that the application of TQM is relatively less difficult in product design than in service design. On the contrary, relevance of TQM in service organisations is higher due to the involvement of customers in the production process. For example, involvement and participation of a patient in the delivery of health care service exist in the very production process. The possibility of variation in service quality is high as service organisations are generally labour-intensive. Bitner *et al* (1994) concluded that one of the sources of customer dissatisfaction could be the customer's own misbehaviour. In the context of higher education in India, we may say students (who are the customers) misbehaviour in class rooms and educational institutions could be one of the factors for low performance and consequent dissatisfaction.

"Service quality researchers have suggested that the proof of service (quality) is in its flawless performance" (Berry and Parsuraman, 1991, pp.15), a concept akin to the notion of 'zero defects' in manufacturing.

A customer of a tangible product may consider behaviour of marketing personnel,

including field staff and front-line employees, as secondary to product quality. Hence, firms engaged in the marketing of tangible products can separate to some extent the quality of the product from salesmanship. In the case of services, since customers find it difficult to distinguish between service design and service delivery, TQM which is considered as an advanced technique is just a minimum requirement in service organisations.

It is said that a service firm has customers at two levels: employees and customers. Marketing ideas should be first sold to the employees who in turn will sell them to customers. Gronross' "Services Marketing Model" classified marketing activities in service enterprises into three heads external marketing, internal marketing and interactive marketing.

The model emphasises on the need for marketing within the company. The internal marketing may be done by way of employee training on product knowledge, product handling, customer knowledge, selling, motivation, etc. Interactive marketing refers to the skills of employees in handling customer contacts. The traditional four Ps (product, place, price and promotion) are involved in external marketing. Therefore, there is a higher need of TQM in service marketing as the need for involvement of employees in delivering service quality to customers' is high.

Quality in service marketing is produced, delivered and consumed during the interaction with customers and hence the quality consciousness among front-line employees has to be high. So TQM is a bare minimum for service organisations. Logically, we can not expect a quality service from a front-line employee if he/she has poor quality consciousness. When TQM may be instrumental in bringing spectacular success to a product

organisation, it is necessary for even survival of a service organisation. A natural but inevitable conflict TQM is essential for a service firm but difficult to practice it.

A service employee gets comparatively less time to deliver quality as most of the time quality is to be produced during customer contact times. Hence, there is no chance for trial and rejection. But customers' expectation could be the same if not more. In the interaction between customer and service provider, if at all a service employee reacts unpleasantly, it becomes part of quality and customer will judge it as poor. Consequently, buyer-seller interaction which is supposed to create core value in service deliberation will become a means of losing the customer and losing reputation through negative word-of-mouth communication.

TQM involves understanding customers' expectation from time to time and commitment of the organisation's members towards satisfying it through quality products. But in service firms, since the involvement and participation of members is a major constituent of quality TQM ought to be the culture of every one.

Conclusion

TQM has produced wonderful results in organisations both in India and abroad. Some organisations have started questioning the newness of the concept as well as its utility to organisations without probably realising that weakness lies in the implementation not in the concept. Some of

the service organisations like Citibank, Damania Airways, Grindlays Bank, HongKong Bank, etc, have found new ways to extend service parameters to achieve customer satisfaction. Unsuccessful organisations may question the need for TQM and probably customers will question the need for their existence.

Service organisations' problems and prospects with regard to application of TQM are typical. They are typical in the sense that what is TQM in other types of firms is just a bare necessity in service firms. A positive attitude towards customer and constant enhancement of quality in service organisations should be ingrained in the minds of employees. TQM emphasises that customers' needs should be identified and disseminated among the lower level employees through training. In service firms, it is rather the customer contact employees who are the source of TQM. Top level management should be in constant touch with these employees so that customers' expectation is taken care in service design as well. Due to a relatively high level of labour intensity and less scope for automation, the need for TQM is high in service organisation, but its implementation difficult. Further, service organisations need a rigorous TQM that other types or organisations.

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